



FORM 20-F

AerCap Holdings N.V. - AER

Filed: April 01, 2009 (period: December 31, 2008)

Registration of securities of foreign private issuers pursuant to section 12(b) or (g)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the fiscal year ended December 31, 2008
Commission file number 001-33159**

AerCap Holdings N.V.

(Exact name of Registrant as specified in its charter)

The Netherlands

(Jurisdiction of incorporation or organization)

**Stationsplein 965
1117 CE Schiphol Airport
The Netherlands
+ 31 20 655 9655**

(Address of principal executive offices)

Wouter M. den Dikken, Stationsplein 965, 1117 CE Schiphol Airport, The Netherlands,
Telephone number: +31 20 655 9655, Fax number: +31 20 655 9100
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Ordinary Shares	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares, Euro 0.01 par value	85,036,957
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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
(Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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SPECIAL NOTE ABOUT FORWARD LOOKING STATEMENTS

This annual report includes forward looking statements, principally under the captions "Item 3. Key Information—Risks Related to our Business", "Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects". We have based these forward looking statements largely on our current beliefs and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed in this annual report, could cause our actual results to differ substantially from those anticipated in our forward looking statements, including, among other things:

- the availability of capital to us and to our customers and changes in interest rates,
- the ability of our lessees and potential lessees to make operating lease payments to us,
- 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,
- 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,
- competitive pressures within the industry,
- 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 "Item 3. Key Information—Risk Factors" included in this annual report.

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 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 annual report might not occur and are not guarantees of future performance.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected financial data.

The following table presents AerCap Holdings N.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 N.V.'s audited consolidated financial statements and related notes and "Item 5. Operating and Financial Review and Prospects".

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. This acquisition was a transaction under common control and accordingly, AerCap Holdings N.V. recognized the acquisition of the assets and liabilities of AerCap Holdings C.V. at their carrying values. 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 our acquisition by funds and accounts affiliated with Cerberus Capital Management, L.P., or the Cerberus Funds (referred to herein as the 2005 Acquisition). The historical consolidated financial data of AerCap Holdings C.V. are presented as if AerCap Holdings N.V. had been the acquiring entity of AerCap B.V. on June 30, 2005. The financial information presented as of December 31, 2007 and 2008 and for the fiscal years ended December 31, 2006, 2007 and 2008 was derived from AerCap Holdings N.V.'s audited consolidated financial statements included in this annual report. The financial information presented as of December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2005 and December 31, 2005 and for the fiscal year ended December 31, 2004 was derived from AerCap Holdings N.V. audited consolidated financial statements not included in this annual report. The financial information presented includes the results of AeroTurbine from the date of its acquisition on April 26, 2006, referred to herein as the AeroTurbine Acquisition.

Consolidated Income Statement Data:

	AerCap B.V.		AerCap Holdings N.V.			
	Year ended December 31, 2004	Six months ended June 30, 2005	Six months ended December 31, 2005(1)	Year ended December 31,		
				2006(2)	2007	2008
(In thousands, except share and per share amounts)						
Revenues						
Lease revenue	\$ 308,500	\$ 162,155	\$ 173,568	\$ 443,925	\$ 554,226	\$ 605,253
Sales revenue	32,050	75,822	12,489	301,405	558,263	616,554
Management fee revenue	15,009	6,512	7,674	14,072	14,343	11,749
Interest revenue	21,641	13,130	20,335	34,681	29,742	18,515
Other revenue	13,667	3,459	1,006	20,336	19,947	4,181
Total revenues	390,867	261,078	215,072	814,419	1,176,521	1,256,252
Expenses						
Depreciation	125,877	66,407	45,918	102,387	141,113	169,392
Cost of goods sold	18,992	57,632	10,574	220,277	432,143	506,312
Interest on debt	113,132	69,857	44,742	166,219	234,770	219,172
Impairments(3)	134,671	—	—	—	—	18,789
Other expenses	68,856	32,386	26,524	46,523	39,746	73,827
Selling, general and administrative expenses(4)	36,449	19,559	26,949	149,364	116,328	128,268
Total expenses	497,977	245,841	154,707	684,770	964,100	1,115,760
(Loss) income from continuing operations before income taxes and minority interest	(107,110)	15,237	60,365	129,649	212,421	140,492
Provision for income taxes	224	556	(10,604)	(21,246)	(25,123)	431
Minority interest, net of tax	—	—	—	588	1,155	10,883
Net (loss) income	\$ (106,886)	\$ 15,793	\$ 49,761	\$ 108,991	\$ 188,453	\$ 151,806
(Loss) Earnings per share, basic and diluted	\$ (145.19)	\$ 21.45	\$ 0.64	\$ 1.38	\$ 2.22	\$ 1.79
Weighted average shares outstanding, basic and diluted	736,203	736,203	78,236,957	78,982,162	85,036,957	85,036,957

- (1) 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 annual report as the six months ended December 31, 2005.
- (2) Includes the results of AeroTurbine for the period from April 26, 2006 (date of acquisition) to December 31, 2006.
- (3) Includes aircraft impairment, investment impairment and goodwill impairment.
- (4) Includes share based compensation of \$78.6 million (\$69.1 million, net of tax), \$10.9 million (\$9.5 million, net of tax) and \$7.5 million (\$6.4 million, net of tax) in the years ended December 31, 2006, 2007 and 2008, respectively.

Consolidated Balance Sheets Data:

	AerCap B.V.	AerCap Holdings N.V.			
		As of December 31,			
	2004	2005(1)	2006(2)	2007	2008
	(US dollars in thousands)				
Assets					
Cash and cash equivalents	\$ 143,640	\$ 183,554	\$ 131,201	\$ 241,736	\$ 193,563
Restricted cash	118,422	157,730	112,277	95,072	113,397
Flight equipment held for operating leases, net	2,748,347	2,189,267	2,966,779	3,050,160	3,989,629
Notes receivable, net of provisions	250,774	196,620	167,451	184,820	134,067
Prepayments on flight equipment	135,202	115,657	166,630	247,839	448,945
Other assets	207,769	218,371	373,697	574,600	531,225
Total assets	\$ 3,604,154	\$ 3,061,199	\$ 3,918,036	\$ 4,394,227	\$ 5,410,826
Debt	3,115,492	2,172,995	2,555,139	2,892,744	3,790,487
Other liabilities	419,643	468,575	611,893	551,110	511,302
Shareholders' equity	64,019	419,761	751,004	950,373	1,109,037
Total liabilities and shareholders' equity	\$ 3,604,154	\$ 3,061,199	\$ 3,918,036	\$ 4,394,227	\$ 5,410,826

(1) 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 annual report as the six months ended December 31, 2005.

(2) Includes the results of AeroTurbine for the period from April 26, 2006 (date of its acquisition) to December 31, 2006.

RISK FACTORS

Risks Related to Our Business

We require significant capital in 2009 and 2010 to fund our obligations under our forward purchase commitments. The global recession and financial crisis, along with the failure of one of our joint venture partners to make required equity contributions, has decreased the amount of capital available to us and has adversely impacted the operating cash flows we would use to fund these obligations.

As of March 31, 2009, we, either directly or through AerVenture Limited ("AerVenture"), had 42 new A320 family aircraft, 28 new A330 wide-body aircraft and three new Boeing 737-800 aircraft under forward purchase commitments, with 28 scheduled to be delivered in the remainder of 2009 and 33 scheduled to be delivered in 2010. In addition, as of March 31, 2009 we had entered into sales contracts for seven of the A320 family aircraft scheduled to be delivered in the remainder of 2009. As of March 31, 2009, our commitments in 2009 and 2010 to make pre-delivery and final delivery payments under our forward purchase commitments exceeded the amounts available under our committed borrowing facilities by \$174.5 million and \$248.6 million, respectively. In order to meet our commitments under our forward purchase contracts during 2009 and 2010, including commitments by AerVenture, and to maintain an adequate level of unrestricted cash we will need to raise additional funds through a combination of (i) accessing committed debt facilities, (ii) securing additional financing for pre-delivery and final delivery payment obligations, (iii) selling aircraft or other aircraft investments, including participations in our joint ventures, (iv) accessing restricted cash in our cash restricted entities, and (v) if necessary, generating proceeds from potential capital market transactions. Due to the level of existing committed pre-delivery or final delivery debt commitments, we expect that only a portion of the additional funding to meet our forward purchase commitments can be sourced through additional debt funding.

The global recession and financial crisis have caused banks and financial institutions to significantly decrease the amount of capital available for lending and have significantly increased the risk premium of such borrowings. Should banks with whom we have committed borrowing facilities default in their obligations towards us, such defaults may decrease the amounts available under our committed borrowing facilities. In addition, the recent failure by International Cargo Airlines Company KSC ("LoadAir"), our AerVenture joint venture partner, to make a required \$80.0 million capital contribution to AerVenture has resulted in LoadAir's removal as our joint venture partner and AerVenture becoming our wholly-owned subsidiary, thereby decreasing the amount of equity capital available to AerVenture and us. Although we are pursuing several transactions to raise additional funds, we may not be able to close some or all of these transactions. If we are unable to close on some or all of these initiatives and are unable to find sufficient alternative funds, it will adversely and could materially adversely affect our liquidity and the cash available to us to fund our pre-delivery payment and final delivery payment obligations under our forward purchase commitments.

We have historically relied on sales of aircraft as an integral part of our liquidity strategy in order to meet cash requirements for our operations and committed capital expenditures. As a result of the current global recession and financial crisis and the corresponding decrease in capital available to finance the purchase price of aviation assets, we have experienced a decrease in demand and offer prices from third-party investors interested in buying our aircraft and engines. In addition, insolvencies of aircraft operators and sales of aircraft portfolios by aircraft lessors have and are expected to increase the supply of aircraft available for sale, negatively affecting prices for aircraft. In this challenging market, we may experience a significant decrease in aircraft sales revenue which could adversely affect our liquidity and the cash available to fund our forward purchase commitments.

Since a significant portion of our aircraft (40% of the net book value of our aircraft as of December 31, 2008) are owned by special purpose entities, or "restricted cash entities," and are subject to financing structures which require that most, if not all, cash, after the payment of required expenses, be utilized to service outstanding debt in those structures, there is limited free cash made available to

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us from the operations of these entities to fund our general operations or to fund the purchase commitment obligations of other group entities. In addition, AeroTurbine's credit facility also limits the dividends it can pay us to \$10 million per year.

The global recession and financial crisis are also having a significant negative impact on our lessees. If our lessees, in particular those outside our restricted cash entities, are unable to meet their obligations under their leases with us, our cash flow will be negatively impacted both by the non-receipt of lease rentals and the costs associated with repossession of the leased aircraft.

Due to the global recession and financial crisis and the failure by LoadAir to make its capital contributions to AerVenture, our typical sources of funding may not be sufficient to meet our operating requirements and fund our forward purchase commitments in 2009 and 2010 and we may be required to raise additional capital through the issuance of new equity or equity-linked securities. If we issue new equity or equity-linked securities, the percentage ownership of our then current shareholders would be diluted. Any newly issued equity or equity-linked securities may have rights, preferences or privileges senior to those of our ordinary shares. If we cannot raise sufficient funding through our various initiatives, the issuance of equity securities or otherwise, we would be required to restructure our forward aircraft purchase commitments or default on those agreements. If we default on a forward purchase contract with Airbus, the contract may be terminated in whole by Airbus and all deposits we have made for aircraft under that contract forfeited. In addition, nonpayment on related pre-delivery payment facilities would result in defaults on our other committed borrowing facilities which could result in acceleration of these facilities and foreclosure on assets pledged to secure such facilities.

Our business model depends on the continual re-leasing of our aircraft and engines when current leases expire and the leasing of new aircraft on order, and due to current market conditions, 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 operations and pay our debt service obligations. Between December 31, 2008 and December 31, 2011, aircraft leases accounting for 29.7% of our lease revenues for the year ended December 31, 2008, are scheduled to expire and the aircraft subject to those leases that we do not sell prior to lease termination will need to be re-leased or extended. In 2008, we generated \$67.4 million of revenues from leases that were scheduled to expire in 2009, \$62.3 million of revenues from leases that are scheduled to expire in 2010 and \$50.3 million of revenues from leases that are scheduled to expire in 2011. As of December 31, 2008, we also had 11 aircraft on order and scheduled to be delivered in 2010 and nine aircraft scheduled to be delivered in 2011 through 2013 which are subject to executed lease agreements. 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 existing aircraft and engines or lease a new aircraft prior to delivery will depend on general market and competitive conditions at the time the leases expire. Currently, the global recession has put downward pressure on aircraft lease rates, in particular the lease rates for older less fuel-efficient aircraft and wide-body aircraft used for freight. If we are unable to re-lease an existing aircraft or engine or lease a new aircraft prior to delivery on acceptable terms, our lease revenue and margin 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 operations.

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

Our financial condition depends on the financial strength of our lessees, our ability to appropriately assess the credit risk of our lessees and the ability of lessees to perform under our leases. In 2008, we generated 48.2% of our revenues from leases to the aviation industry, and as a result, we are indirectly affected by all the risks facing airlines today. In 2008, three of our aircraft lessees filed for bankruptcy, and as a result, we repossessed eight aircraft. If the current global recession and

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financial crisis continues, we expect aircraft passenger traffic to decline and freight traffic to continue to contract. If this occurs, we believe it is likely that additional lessees will default on their leases or file for bankruptcy.

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:

- passenger air travel and air cargo rates;
- passenger air travel and air cargo demand;
- competition;
- economic conditions and currency fluctuations in the countries and regions in which the lessee operates;
- the price and availability of jet fuel;
- availability and cost of financing;
- fare levels;
- geopolitical and other events, including war, acts of terrorism, outbreaks of epidemic diseases and natural disasters;
- increases in operating costs, including labor costs and other general economic conditions affecting our lessees' operations;
- labor difficulties;
- governmental regulation and associated fees affecting the air transportation business; and
- environmental regulations, including, but not limited to, restrictions on carbon emissions.

Generally, airlines with high debt leverage are more likely than airlines with stronger balance sheets to seek operating leases. As a result, most of our existing lessees are not rated investment grade by the principal U.S. rating agencies 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 leases. Current turmoil in global financial markets and the general economic environment may have an additional negative effect on the ability of airlines to find adequate sources of financing to fund operations. 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. Further or future downturns in the aviation 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 further deteriorate. If lessees of a significant number of our aircraft or engines default on their leases, our financial results will be adversely affected.

The recent changes in demand and supply of aircraft could depress lease rates and the value of our aircraft portfolio.

The global recession and financial crisis and the recent slowdown in air travel have contributed to a decrease in the demand by airlines for aircraft, while a number of recent airline bankruptcies, as well as financial challenges potentially facing other airlines and a potential consolidation of the aviation industry, may result in an increase in the supply of aircraft. In addition, the significant decline in freight

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traffic has decreased the demand for freight aircraft, in particular wide-body aircraft. This shift in supply/demand dynamics is putting downward pressure on aircraft lease rates and values, and in particular the lease rates for older less fuel-efficient aircraft and wide-body aircraft used for freight. This decrease in lease rates will adversely affect our lease revenues in future periods as our current leases terminate and to the extent that airlines default on their leases.

In addition, several large portfolios of leased aircraft may be available for sale. For example, it has been reported that American International Group intends to sell ILFC, its aircraft leasing business, which is the largest aircraft lessor in the world, measured by portfolio value. In addition, Royal Bank of Scotland has announced its plans to sell RBS Aviation, its aviation finance and leasing subsidiary, Babcock and Brown, which owns 14% of Babcock and Brown Air, agreed to a restructuring plan with its lending group and Allco Finance Group, another large aircraft lessor, has announced the appointment of voluntary administrators under Australian law and may sell its aircraft portfolio. Due to the current global recession and liquidity crisis, if any of these aircraft portfolios were sold, we expect that such sales would result in lower aircraft values since there are few buyers with access to capital to compete for purchases of aircraft portfolios. In particular, if any of these portfolios were sold or liquidated in a disorderly fashion, we would expect the prices received for the aircraft to be significantly below recent market aircraft prices. If this occurred, we would expect our aircraft sales revenue to be significantly and adversely impacted as a result of the lower prices we could receive for sales of our own aircraft. In this situation, we may curtail or stop our aircraft sales.

Furthermore, the decrease in capital available to finance the purchase price of aviation assets resulting from the ongoing global financial crisis has reduced the level of activity in the secondary trading market for such aircraft and engines since many purchasers have been unable to obtain the necessary financing. A prolonged slowdown in secondary market activity will limit our ability to generate cash from sales of aviation assets which will have a material adverse impact on our financial condition and liquidity. In addition the significant decrease of activity in the secondary aircraft trading market is likely to result in lower prices for any aircraft sold.

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

We are currently joint venture partners in several joint ventures, including AerDragon, an unconsolidated joint venture which owns two aircraft and has 13 A320 aircraft on order with Airbus, and AerCap Partners, a consolidated joint venture which owns 19 Boeing aircraft. It is our strategy to enter into additional joint ventures in the future. Under the AerDragon and AerCap Partners joint venture agreements, we share control over significant decisions with our joint venture partners. Since we have limited control over our joint ventures and may not be able to exercise control over any future joint venture, we may not be able to require our 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.

We were required to write-down the value of some of our assets during 2008 due to the global recession and financial crisis and a prolongation or worsening of these conditions could require us to make additional significant write-downs.

We test long-lived assets for impairment whenever events or changes in circumstances indicate that the assets' carrying amounts are not recoverable from their undiscounted cash flows. As a result of the global recession and financial crisis, we performed impairment analysis of our long-lived assets during the year 2008 and as of December 31, 2008. In this impairment analysis, we focused on aircraft older than 15 years, since the cash flows supporting our carrying values of those aircraft are more dependent upon current lease contracts, which leases are more sensitive to weakness in the current global economic environment. In addition, we believe that residual values of older aircraft are more exposed to non-recoverable declines in value in the current economic environment. No impairments to aircraft

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resulted specifically from our impairment analyses; however, we recorded an impairment on AeroTurbine's inventory of \$11.5 million and we recorded an impairment on aircraft of \$7.3 million, based on sale negotiations for four of the older aircraft.

Given the global recession and financial crisis and the uncertainties regarding its potential impact on our business, our estimates and assumptions regarding forecasted cash flows from our long-lived assets, the duration of the ongoing economic downturn, or the duration or strength of any recovery, made for purposes of our long-lived asset impairment tests may prove to be inaccurate predictions of the future. If our assumptions regarding the forecasted cash flows of certain long-lived assets are not achieved, especially for aircraft older than 15 years, it is possible that an impairment may be triggered for other long-lived assets in 2009 and that any such impairment amounts may be material.

Changes in interest rates may adversely affect our financial results.

We use floating rate debt to finance the acquisition of a significant portion of our aircraft and engines. All of our revolving credit facilities bear floating interest rates. As of December 31, 2007 and December 31, 2008, we had \$2.6 billion and \$3.5 billion, respectively, of indebtedness outstanding that was floating rate debt. We incurred floating rate interest expense of \$105 million in the year ended December 31, 2008. If interest rates increase, we would be obligated to make higher interest payments to our lenders. Our practice has been to protect ourselves against interest rate increase on a portion of our floating-rate liabilities by entering into derivative contracts, primarily interest rate caps. However, we remain exposed to changes in interest rates to the extent that our derivative contracts are not correlated to our financial liabilities. In addition, we are exposed to the credit risk that the counter parties to our derivative contracts will default in their obligations. 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.

Decreases in interest rates may also adversely affect our lease revenues generated from leases with lease rates tied to floating interest rates. In the year ended December 31, 2008, 16.7% of our lease revenue was attributable to leases with lease rates tied to floating interest rates. Therefore, if interest rates were to decrease, our lease revenue would decrease. In addition, since 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 fixed rate leases we enter into may be at lower lease rates and our lease revenue will be adversely affected. As of December 31, 2008, 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 \$32.8 million on an annualized basis, including the offsetting benefits of interest rate caps currently in effect, and, if interest rates were to decrease by 1%, we would expect to generate \$7.3 million less lease revenue on an annualized basis.

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

As of December 31, 2008, our consolidated indebtedness was \$3.8 billion and represented 70% of our total assets as of that date and our interest expense (including the impact of hedging activities) was \$219 million for the year ended December 31, 2008. 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. If market conditions worsen and precipitate further declines in aircraft and aviation related markets, our operations may not generate sufficient cash to service our debt which will have a material adverse impact on us. Our high level of indebtedness:

- causes a substantial portion of our cash flows from operations to be dedicated to interest and principal payments and therefore not available to fund our operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;

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- restricts the ability of some of our subsidiaries and joint ventures to make distributions to us;
- may impair our ability to obtain additional financing in the future;
- may limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- may make us more vulnerable to downturns in our business, our industry or the economy in general.

The business of leasing, financing and selling aircraft, engines, and parts has 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.

In the past, the business of leasing, financing and selling aircraft, engines, and parts has experienced prolonged periods of aircraft and engine shortages and oversupply. As a result of the current global recession and financial crisis, we believe that the business of leasing, financing and selling aircraft, engines, and parts has moved from a market that had recently been characterized by relative shortage to one of oversupply, especially for certain older, less-fuel efficient aircraft. The oversupply of a specific type of aircraft or engine typically depresses 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 and cost of financing;
- 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.

Currently a number of airlines have postponed or cancelled delivery of new aircraft and have reduced the size of the fleet of aircraft they operate. These measures increase the number of available new and used aircraft in the market place which, along with the factors described above, 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 attractive prices. Any of these factors could materially and adversely affect our financial results.

In recent months, we have experienced a slowdown in demand for our older less fuel-efficient aircraft, such as our older Boeing 737-300s, -400s and -500s (737 classics) and older Airbus A320s. As of December 31, 2008, 10.7% of our owned fleet, by book value, consists of Boeing 737 classic aircraft and Airbus A320s in excess of 15 years of age. This slow-down in demand has put downward pressure on lease rates for these aircraft and made it more difficult for us to lease these aircraft when their leases expire or are terminated. If the current global recession and financial crisis continues, we

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expect significant declines in aircraft passenger traffic and further declines in freight traffic, which would likely result in further decreases in lease rates for older less fuel-efficient aircraft, as well as lower aircraft lease rates for more modern-fuel efficient aircraft. These decreases would adversely affect our financial results.

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

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 air travel 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;
- the age of our aircraft or engines;
- 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;
- decrease in the credit worthiness of our lessees;
- 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.

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 CFM International CFM56 family engines in our aircraft and engine portfolios, our financial results 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 December 31, 2008, 72.8% of the net book value of our aircraft portfolio was represented by Airbus aircraft. Our owned aircraft portfolio included 11 aircraft types, the four highest concentrations of which together represented 84.8% of our aircraft by net book value. The four highest concentrations were Airbus A320 aircraft, representing 39.3% of the net book value of our aircraft portfolio, Boeing 737 aircraft, representing 18.9% of the net book value of our aircraft portfolio, Airbus A321 aircraft, representing 14.0% of the net book value of our aircraft portfolio and Airbus A319 aircraft representing 12.5% of net book value of our aircraft portfolio. No other aircraft type represented more than 10% of our portfolio by net book value. In addition to our significant number of existing Airbus

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aircraft, we have 50 new Airbus A320 family aircraft on order through AerVenture and we have 28 new Airbus A330 wide-body aircraft on order. We also have a significant concentration of CFM56 engines in our engine portfolio. As of December 31, 2008, 68.9% of the net book value of our engine portfolio was represented by CFM56 engines and 13.1% 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.

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

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

A significant number of our aircraft and engines are leased to airlines in emerging market countries. As of December 31, 2008, we leased 51.5% of our aircraft and 19.7% of our engines, weighted by net book value, to airlines in emerging market countries. The emerging markets in which our aircraft are operated include Korea, Thailand, India, Indonesia, Vietnam, Czech Republic, Russia, Bulgaria, Hungary, Latvia, Turkey, Israel, Bahrain, Brazil, Ecuador, El Salvador, Jamaica, Mexico, Trinidad & Tobago, Kazakhstan, Tunisia and South Africa, and we also may lease aircraft and engines to airlines in other emerging market countries in the future.

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 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.

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. In recent bankruptcies we have incurred significant costs as a result of exercising our remedies and these costs are unlikely to be recouped from the bankrupt estate. You should expect that additional restructurings and/or repossessions with some lessees will occur in the future. If additional repossessions occur we will incur significant cost and expenses which are unlikely to be recouped and

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terms and conditions of possible lease restructurings may result in a significant reduction of lease revenue, all of which may adversely affect our financial results.

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.

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.

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

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 Aerospace, Aviation Capital Group, RBS Aviation Capital, AWAS, Babcock & Brown, Boeing Capital Corp., Macquarie Air Finance and AirCastle Advisors, 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. GE Commercial Aviation Services, through its acquisition in late 2006 of the Memphis Group, Inc., an aircraft parts trading company, in late 2006, is able to operate with an integrated business model similar to our own, and therefore directly competes with each aspect of our business.

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

- airlines;
- aircraft manufacturers and maintenance, repair and overhaul (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

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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.

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.

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, as currently seen in many regions, may have a material adverse effect on the ability of our lessees to meet their financial and other obligations under our leases. Furthermore a disruption in the financial markets, terrorist attack, high fuel prices or a weak local currency may increase the adverse impact on our lessees.

Lease rental revenues from lessees based in Asia accounted for 28% of our lease revenues in 2008. The outbreak of SARS in 2003 had a significant negative effect on the Asian economy, particularly in China, Hong Kong and Taiwan. In recent periods, Asia has been one of the highest growth areas for airline passenger traffic and freight traffic, which has resulted in strong demand for aircraft from the region. In the fourth quarter of 2008, most of the Asian economies, in particular, China, Korea, Taiwan, India and Japan, experienced significant economic slowdowns or contractions in response to the current global recession and financial crisis. As a result, according to International Air Transport Association ("IATA"), international airline passenger traffic in December 2008 declined 9.7% compared to December 2007 and freight traffic declined 26% in December 2008. These declines have adversely affected the financial condition of most airlines in the region. If the current global recession and financial crisis continues, we expect further significant declines in freight and passenger traffic in this region, which would adversely impact aircraft demand and lease rates and our ability to lease and release our aircraft.

Lease rental revenues from lessees based in Europe accounted for 42% of our lease revenues in 2008. 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. The current global recession and financial crisis has resulted in economic contraction in most of Europe. As a result, according to IATA, international airline passenger traffic in December 2008 declined 2.7% compared to December 2007 and freight traffic declined 21.2% in December 2008. These declines have adversely affected the financial condition of most airlines in the region. If the current global recession and financial crisis continues, we expect further significant declines in freight and passenger traffic in this region, which would adversely impact aircraft demand and lease rates and our ability to lease and release our aircraft.

Lease rental revenues from lessees based in North America, accounted for 18% of our lease revenues in 2008. In the recent past, a number of North American passenger airlines filed for bankruptcy and several major U.S. airlines ceased operations altogether, including Aloha, ATA Airlines and Skybus during 2008. The current global recession and financial crisis has resulted in a significant economic contraction in North America, and in the United States in particular. As a result, according to IATA, international airline passenger traffic in December 2008 declined 4.3% compared to

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December 2007 and freight traffic declined 22.2% in December 2008. These declines have adversely affected the financial condition of most airlines in the region. If the current global recession and financial crisis continues, we expect further significant declines in freight and passenger traffic in this region, which would adversely impact aircraft demand and lease rates and our ability to lease and release our aircraft.

Lease rental revenues from lessees based in Latin America accounted for 10% of our lease revenues in 2008. The economies of Latin American countries are generally characterized by lower levels of foreign investment and greater economic volatility when compared to industrialized countries. Lease rental revenues from lessees based in the Caribbean accounted for 0.9% of our lease revenues in 2008. The current global recession and financial crisis could result in significant economic downturns in Latin American or the Caribbean economies which would likely adversely affect the operations of our lessees in these regions.

Lease rental revenues from lessees based in Africa/Middle East accounted for 2% of our lease revenues in 2008. In recent periods the airline industry in the Middle East experienced tremendous growth as a result of high oil prices, strong economic growth, significant investment in attracting tourism and gradual deregulation of the airline industry. The current global recession and financial crisis and the significant decline in oil prices could disrupt the high growth witnessed in the past. Such disrupted growth in combination with the committed capacity growth through a significant order backlog at Airbus and Boeing could have an adverse impact on the financial health of some Middle Eastern airlines, including our lessees.

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

As our aircraft age, they will depreciate and generally the aircraft will generate lower revenues and cash flows. As of December 30, 2008, 11.8% of our aircraft portfolio by net book value was older than 15 years. 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.

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.

As of December 31, 2008, we owned 46 aircraft that were over 15 years of age, representing 11.8% of the net book value of our aircraft portfolio. In general, the costs of operating an aircraft, including maintenance expenditures, increase as the aircraft ages. 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.

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.

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.

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

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 or engine.

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 insurance 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.

Furthermore, the global recession and financial crisis also has an impact on insurance companies. Our lessee insurance coverage is dependent on the financial condition of insurance companies. If insurance companies are unable to meet their obligations, it could adversely impact our financial results.

In 2008, we incurred significant costs resulting from lease defaults and if the current global recession and financial crisis continues, we expect lease defaults to increase in 2009 which would adversely affect our financial results.

During 2008 lessees leasing nine of our aircraft defaulted, each resulting in repossession and early lease termination. We estimate that the total cost of these defaults in terms of lost revenue during off-lease periods and related technical costs totaled approximately \$18 million during 2008. If the current global recession and financial crisis continues, we expect additional lessees to default on their lease obligations or file for bankruptcy in 2009. If we are required to repossess an aircraft or engine they lease, 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 lessee 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.

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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 may be materially and adversely affected.

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.

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.

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

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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.

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 the 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.

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.

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. For Airbus, the impact of delayed deliveries of the A380 have resulted in substantial financial losses for the manufacturer, which subsequently forced Airbus to resort to a significant cost saving program. A strengthening of the Euro against the US dollar will put further cost pressure on Airbus. Although Boeing is not exposed to the same Euro-US dollar currency risk,

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announced delays in the Boeing 787 program could potentially lead to similar consequences to those resulting from the Airbus A380 program delays.

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

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, the United States and the International Civil Aviation Organization, or ICAO, have adopted a more stringent set of standards for noise levels which apply to engines manufactured or certified beginning in 2006. Currently, United States regulations do not require any phase-out of aircraft that qualify with the older standards, but the European Union established a framework for the imposition of operating limitations on aircraft that do not comply with the newer 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, European Union and other jurisdictions are beginning to impose more stringent limits on the emission of nitrogen oxide, carbon monoxide and carbon dioxide from engines. Though current emissions control laws generally apply to newer engines, new laws could be passed in the future that also impose limits on older engines, and therefore any new engines we purchase, as well as our older engines, could be subject to existing or new emissions limitations. For example, the European Union issued a directive in January 2009 to include aviation within the scope of its greenhouse gas emissions trading scheme, thereby requiring that all flights arriving, departing or flying within any European Union country, beginning on January 1, 2012, comply with the scheme and surrender allowances for emissions, regardless of the age of the engine used in the aircraft. Limitations on emissions such as the one in the European Union could favor the use of larger wide-body aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect our ability to re-lease or otherwise dispose of our narrow-body

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aircraft on a timely basis, at favorable terms, or at all. This is an area of law that is rapidly changing, and while we do not know at this time whether new emission control laws will be passed, and if passed what impact such laws might have on our business, any future emissions limitations could adversely affect us.

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 our 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 2008, we generated revenue of \$11.7 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 could be materially and adversely affected.

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

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 "Item 6. Directors, Senior Management and Employees". The departure of senior management personnel could have a material adverse effect on our ability to achieve our business strategy.

Risks Related to the Aviation Industry

Interruptions in the capital markets could impair our lessees' ability to finance their operations which could prevent the lessees from complying with payment obligations to us.

Recently, the global financial markets have been highly volatile and the availability of credit from financial markets and financial institutions has been systematically reduced. Many of our lessees have expanded their airline operations through borrowings and are leveraged. These lessees will depend on banks and the capital markets to provide working capital and to refinance existing indebtedness. To the extent such funding is unavailable or available only at high interest costs or on unfavorable terms, and to the extent financial markets do not allow equity financing as an alternative, our lessees operations

and operating results may be adversely affected and they may not comply with their respective payment obligations to us.

Airline reorganizations could impair our lessees' ability to comply with their lease payment obligations to us.

In recent years, several airlines have filed for protection under their local bankruptcy and insolvency laws and, in 2008, certain smaller airlines, particularly in the U.S., have gone into liquidation. Historically, airlines involved in reorganizations have undertaken substantial fare discounting to maintain cash flows and to encourage continued customer loyalty. The bankruptcies have led to the grounding of significant numbers of aircraft, rejection of leases and negotiated reductions in aircraft lease rentals, with the effect of depressing aircraft market values.

Additional reorganizations or liquidations by airlines under applicable bankruptcy or reorganization laws or further rejection or abandonment of aircraft by airlines in bankruptcy proceedings may depress aircraft values and aircraft lease rates. Additional grounded aircraft and lower market values would adversely affect our ability to sell certain of our aircraft or re-lease other aircraft at favorable rates.

A return to historically high fuel prices or continued rapid fluctuations in fuel prices and high fuel costs could affect the profitability of the aviation industry and our lessees' ability to meet their lease payment obligations to us, which would adversely affect our financial results.

Fuel costs represent a major expense to companies operating in the aviation industry. Fuel prices have fluctuated widely depending primarily on international market conditions, geopolitical and environmental events and currency/exchange rates. Fuel costs are not within the control of lessees and significant increases in fuel costs or hedges that inaccurately assess the direction of 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. In 2007 and 2008, during a broad based commodities boom, fuel prices increased to historical highs until recently declining sharply with the advent of the global financial crisis.

A return to recent historically high fuel prices that are not hedged appropriately would have a material adverse impact on airlines' profitability. Swift movements in fuel prices when airlines have hedged their fuel costs can adversely affect profitability and liquidity as airlines may be required to post cash collateral under hedge agreements. Due to the competitive nature of the aviation industry, operators may 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 may incur. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. If fuel prices return to historically high levels 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.

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.

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, the Israeli/Palestinian conflict and tension over Iran's and Pakistan'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.

Terrorist attacks and adverse geopolitical conditions have negatively impacted 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 only provide 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 not be 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

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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.

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.

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 Health 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.

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.

The Cerberus Funds and accounts affiliated with Cerberus Capital Management, L.P., or Cerberus, own 40.2% of our ordinary shares. As a result, Cerberus may be able to significantly influence 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

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named experts referred to in this annual report 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 the courts of The Netherlands courts would enforce certain civil liabilities under U.S. securities laws in original actions and enforce claims for punitive damages.

Under our articles of association, we indemnify and hold our directors, officers and employees 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 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 geopolitical, 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.

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 Taxation

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

We do not believe we will be classified as a PFIC for the 2009 fiscal year. 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. It is unclear how some of these rules apply to us. Further, this determination must be tested annually and our circumstances may change in any given year. We do not intend to make decisions regarding the purchase and sale of aircraft with the specific purpose of reducing the likelihood of our becoming a PFIC. Accordingly, our business plan may result in our engaging in activities that could cause us to become a PFIC. 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 "Item 10. Additional Information—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.

We and our subsidiaries are subject to the income tax laws of Ireland, The Netherlands, Sweden 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, we may be subject to such taxes in the future and such taxes may be substantial. The imposition of such taxes could have a material adverse effect on our financial results.

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

We expect to make current tax payments in some of the jurisdictions where we do business in the normal course of our operations. Our ability to defer the payment of some level of income taxes to future periods is dependent upon the continued benefit of accelerated tax depreciation on our flight equipment in some jurisdictions, the continued deductibility of external and intercompany financing arrangements and the application of tax losses prior to their expiration in certain tax jurisdictions, among other factors. The level of current tax payments we make in any of our primary operating jurisdictions could adversely affect our cash flows and have a material adverse effect on our financial results.

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, 2008, we had \$223 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

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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. We may not 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 may depend on the nature and level of activities carried on by us and our subsidiaries in each jurisdiction, the identity of the owners of equity interests in subsidiaries that are not wholly owned and the identities of the direct and indirect owners of our indebtedness.

The nature of our activities may be such that our subsidiaries may not continue to qualify for the benefits under income tax treaties with the United States and that may not 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.

Item 4. Information on the 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. It is our strategy to acquire aviation assets at attractive prices, lease the assets to suitable lessees, and manage the funding and other lease related costs efficiently. We also provide aircraft management services and perform aircraft and limited 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 are headquartered in Amsterdam and have offices in Ireland, the United Kingdom, China, Texas, Florida and Arizona with a total of 382 employees, as of December 31, 2008.

We operate our business on a global basis, providing aircraft, engines and parts to customers in every major geographical region. As of December 31, 2008, we owned 160 aircraft and 71 engines, managed 53 aircraft and had 78 new aircraft and two new engines on order, had entered into purchase contracts for four aircraft, had entered into sales contracts for seven forward order aircraft and had executed letters of intent to purchase two 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 December 31, 2008, our owned and managed aircraft and engines were leased to 102 commercial airline and cargo operator customers in 43 countries and managed from our offices in The Netherlands, Ireland, the United Kingdom, China 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 Holding Company.

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, 2006 to December 31, 2008, we have executed over 800 aircraft and engine transactions, including 257 aircraft leases, 132 engine leases, 249 aircraft purchase or sale transactions, 99 engine purchase or sale transactions and the disassembly of 16 aircraft, 19 airframes and 44 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, 2006 and December 31, 2008, our weighted average owned aircraft utilization rate was 98.3%.

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 the liabilities owed by AerCap B.V. to its prior shareholders for a total consideration of \$1.37 billion, \$370.0 million of which was funded with equity contributions from the Cerberus funds. 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. On November 27, 2006, we completed the initial public offering of 26.1 million of our ordinary shares on The New York Stock Exchange. On August 6, 2007 we completed the secondary offering of 20 million additional ordinary shares on The New York Stock Exchange.

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Our principal executive offices are located at Stationsplein 965, 1117 CE 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 annual report. Puglisi & Associates is our authorized representative in the United States. The address of Puglisi & Associates is 850 Liberty Avenue, Suite 204, Newark, DE 19711 and their general telephone number is (302) 738-6680.

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;
- entering into sale-leaseback transactions with aircraft and engine operators;
- 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 for both aircraft and engines and reduce time off-lease;
- maintaining diverse sources of global funding;
- 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 ability to successfully source acquisition opportunities of new and used aircraft at favorable prices, as well as secure long-term funding for such acquisitions, lease aircraft and engines at profitable rates, minimize downtime between leases and associated technical expenses and opportunistically sell aircraft and engines.

Efficiently Manage our Liquidity. As of March 31, 2009, we had access to \$3.8 billion of committed undrawn credit facilities. However, in response to the current global recession and economic crisis, we continue to seek new sources of liquidity and maintain and safeguard our existing cash balances. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, securitization structures and export/import financings including ECA ("European Export Credit Agencies")-guaranteed loans, in order to maximize our financial flexibility. We also leverage our long-standing relationships with the major aircraft financers and lenders to secure access to capital. In addition, we attempt to maximize the cash flows from our restricted cash entities to those entities which are not cash restricted and continue to pursue the sale of aircraft to generate additional cash flows.

Expand Our Aircraft and Engine Portfolio. We intend to grow our portfolio of aircraft and engines through portfolio purchases, new aircraft purchases, sale-leasebacks, airline refleetings, acquisitions and other opportunistic transactions that increase our aircraft and engine portfolio. 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 intend to 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.

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Maintain a Diversified and Satisfied Customer Base. We currently lease 213 aircraft to 75 different airlines in 39 different countries. We monitor our exposure concentrations by both lessee and country jurisdiction and intend to maintain a well diversified customer base. We believe we offer a quality product, both in terms of asset and customer service, to all of our customers. We have successfully worked with many airlines to find mutually beneficial solutions to operational and financial challenges. We believe we maintain excellent relations with our customers. We have been able to achieve a high utilization rate on our aircraft and engine assets as a result of our customer reach and quality product offering.

Enter into Joint Ventures. 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, our ability to obtain price discounts on large aircraft orders and reduce our capital expenditures. We also enter into joint ventures for diversification and risk management purposes. We expect to benefit from greater geographical and product diversity made possible for our portfolio through the use of joint venture structures. In addition, we expect to generate fees from our joint ventures by providing them with aircraft management services.

Obtain Maintenance Cost Savings. We seek to reduce 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 fleet of serviceable spare engines as replacements for engines leased on aircraft that are undergoing overhaul and repair services.

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 December 31, 2008, we owned and managed 213 aircraft. We owned 160 aircraft in our aircraft business and managed 53 aircraft. As of December 31, 2008, we leased these aircraft to 75 commercial airline and cargo operator customers in 39 countries. In addition, as of December 31, 2008, we had 50 new Airbus A320 narrowbody aircraft on order through AerVenture and 28 new Airbus A330 wide-body aircraft on order. We also had entered into a purchase contract for four aircraft, had entered into sales contracts for seven forward order aircraft and had executed letters of intent for the purchase of two additional aircraft. Including all owned and managed aircraft, aircraft under contract or letter of intent and aircraft in our order book, our portfolio totaled 297 aircraft as of December 31, 2008.

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.

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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 509 aircraft transactions between January 1, 2006 and December 31, 2008.

The following tables set forth information regarding the aircraft transactions we have executed between January 1, 2006 and December 31, 2008, 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.

Activity	Owned Aircraft			Total/ Average
	2006	2007	2008	
New leases on new aircraft	15	22	45	82
New leases on used aircraft	16	10	34	60
Extensions of lease contracts	15	12	34	61
Average lease term for new leases (months)(1)(4)	103.2	96.5	123.2	112.4
Average lease term for re-leases (months)(1)	58.7	72.0	63.6	63.7
Average lease term for lease extensions (months)(2)	22.3	46.5	36.2	34.8
Lease restructurings	1	0	1	2
Aircraft purchases	41	40	58	139
Aircraft sales	17	24	26	67
Average aircraft utilization rates(3)	98.9%	98.4%	97.7%	98.3%

(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.

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(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) Including the letters of intent signed during 2008, the average lease term is 124 months.

Activity	Managed Aircraft			Total/ Average
	2006	2007	2008	
New leases on used aircraft	9	7	12	28
Extensions of lease contracts	14	6	6	26
Average lease term for re-leases (months)(1)	40.9	48.0	64.0	52.6
Average lease term for lease extensions (months)(2)	21.5	46.0	46.5	32.9
Lease restructurings	1	—	—	1
Aircraft purchases	—	—	—	0
Aircraft sales	13	25	5	43

(1) Average lease term of re-leases contracted during the period. The average lease term for 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, throughout 2006 and 2007, as strengthening in the commercial airline sector continued, we lengthened the terms of our owned aircraft leases to lock-in the generally higher lease rates prevailing in the market at the time. During 2008, average lease terms for re-leases and extensions have decreased as compared to 2007, in reaction to the deterioration in lease rates resulting from the global economic slowdown occurring during much of 2008. Leases of new aircraft generally have longer terms than used aircraft which are re-leased. In addition, leases of more expensive aircraft generally have longer lease terms than less expensive aircraft. The average lease term for new leases increased in 2008 due to the signing of longer-term lease contracts on new A330 aircraft, which are more expensive than new A320 aircraft, which comprised the bulk of new leases in years previous to 2008. Lease terms for owned aircraft tend to be longer than for managed aircraft because the average age of our owned fleet is lower than that of our managed fleet.

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 maintenance condition at the expiration of the lease. The size of the security deposit is typically equal to two months' rent.

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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. In most lease contracts not requiring the payment of supplemental rents, the lessee is required to re deliver the aircraft in a similar maintenance condition as when accepted under the lease. To the extent that the delivery condition is different from the acceptance condition, there is normally an end of lease compensation adjustment for the difference at re delivery. As of December 31, 2008, 72 of our owned aircraft lessees in respect of 160 owned aircraft 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. All of our leases contain extensive provisions regarding our remedies and rights in the event of a default by the lessee, and also include 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 63 aircraft under defaulted leases with 29 different lessees in 19 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 December 31, 2008, we owned and managed 213 aircraft. We owned 160 aircraft and managed 53 aircraft. Of the 213 aircraft as of December 31, 2008, 203 were on operating lease and 10 were off-lease (six owned and four managed). Of the 10 aircraft off-lease, nine were subject to our regular remarketing efforts and one aircraft is intended to be disassembled or sold. As of December 31, 2008, we leased the 203 aircraft on operating leases to 75 commercial airline and cargo operator customers in 39 countries. The weighted average age of our 160 owned aircraft was 6.7 years as of December 31, 2008. We believe that we own one of the youngest aircraft fleets in the world.

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The following table provides details regarding our aircraft portfolio by type of aircraft as of December 31, 2008:

Aircraft type	Owned portfolio		Managed portfolio	Number of aircraft on order	Number of aircraft under purchase contract or letter of intent	Total owned, Managed and ordered aircraft
	Number of aircraft owned	Percentage of total net book value	Number of aircraft			
Airbus A300 Freighter	1	0.8%	—	—	—	1
Airbus A319	16	12.5%	—	8	—	24
Airbus A320	64	39.3%	13	39	—	116
Airbus A321	18	14.0%	1	3	—	22
Airbus A330	5	6.2%	—	28	—	33
Boeing 737NGs	18	15.3%	—	—	3	21
Boeing 737Classics	16	3.6%	30	—	1	47
Boeing 757	11	3.9%	3	—	—	14
Boeing 767	4	3.1%	2	—	2	8
MD-11 Freighter	1	0.8%	1	—	—	2
MD-83	4	0.3%	1	—	—	5
MD 82	2	0.1%	2	—	—	4
Total	160	100.0%	53	78	6	297

In July 2008, we entered into an agreement with Airbus Freighter Conversions GmbH ("AFC") whereby AFC would convert 30 of our older Airbus A320s and A321s from passenger to freighter aircraft. Delivery of the first converted aircraft is expected to take place in 2011, with the remaining 29 aircraft scheduled for conversion between 2012 and 2015. In the future we may choose to acquire additional freighter aircraft or continue to convert some of our older A320 family passenger aircraft to freighter aircraft.

Aircraft on Order or Subject to Letters of Intent.

We have a large number of new aircraft on order, either directly or indirectly through AerVenture, and have signed letters of intent for the purchase of a number of additional aircraft.

In January 2006, AerVenture, placed an order with Airbus for the purchase of 70 new A320 family aircraft, including five aircraft subject to reconfirmation rights. During 2008 and the first two months of 2009, AerVenture notified Airbus that AerVenture will not take delivery of the five aircraft subject to reconfirmation rights. As of December 31, 2008, 12 aircraft had been delivered, three aircraft were transferred to AerCap and 50 aircraft (excluding the five aircraft subject to reconfirmation rights) remain to be delivered under the agreement. As of December 31, 2008, the 50 remaining aircraft consist of eight A319 aircraft, 39 A320 aircraft and three A321 aircraft. The remaining 50 aircraft are scheduled to be delivered between 2009 through 2011. Included in the 50 aircraft are seven delivery positions which have been sold to a third party.

In December 2006, we placed an order with Airbus to acquire 20 new A330-200 wide-body aircraft. In May 2007, we added an additional ten A330-200 aircraft to this order. The delivery schedule for the 30 A330-200 aircraft order included delivery of two aircraft in 2008, eight aircraft in 2009, ten in 2010, four in 2011 and six in 2012. As of December 31, 2008, 28 of the aircraft remained to be delivered pursuant to the agreement.

The following table provides information regarding the letters of intent and purchase and sale agreements in place and executed as of December 31, 2008.

<u>Aircraft type</u>	<u>Number of aircraft</u>	<u>Letter of Intent or Agreement</u>	<u>New/Used</u>
<i>Purchases</i>			
Boeing 737-800	3	Purchase Agreement	New
Boeing 737-300	1	Purchase Agreement	Used
Boeing 767-200ER	2	Letter of Intent	Used
	<u>6</u>		
<i>Sales</i>			
Airbus A320-200(1)	7	Sale Agreement	New
	<u>7</u>		

(1) The seven Airbus A320-200 aircraft are currently on order from Airbus by AerVenture.

Although we expect to be able in each case to negotiate and agree on final documentation with respect to our letters of intent, we may not be able to do so and therefore these transactions may not in fact occur.

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The following table provides information regarding the percentage of lease revenue arising from leases of aircraft to the indicated lessees of our owned aircraft portfolio for the year ended December 31, 2008.

<u>Lessee</u>	<u>Percentage of 2008 lease revenue</u>
TUI Aviation GmbH	6.2%
Thai Airways International Public Co., Ltd	4.9%
Kingfisher Airlines Ltd.	3.9%
US Airways	3.9%
Wizz Air Hungary Ltd	3.4%
Air Berlin	2.9%
Indian Airlines Ltd.	2.9%
Bangkok Airways Co	2.7%
Asiana Airlines Inc	2.7%
British Midland Airways Ltd	2.6%
My Travel Airways PLC	2.5%
Atlas Jet	2.3%
Monarch Airlines	2.2%
Air France	2.2%
Air Astana	2.1%
TACA	2.0%
Other(1)	50.6%
Total	49.4%

(1) Consists of more than 100 individual lessees. No other lessee accounted for more than 2.0% of our lease revenue in 2008.

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

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percentage of our total lease revenue by country of lessee in which we lease our owned aircraft for the year ended December 31, 2008.

<u>Country</u>	<u>Percentage of 2008 lease revenue</u>
United States of America	13.7%
Germany	11.1%
India	7.7%
Thailand	7.6%
United Kingdom	6.3%
Turkey	4.1%
Republic of Korea	4.0%
Canada	3.7%
Hungary	3.4%
Indonesia	3.2%
Denmark	3.0%
Brazil	2.7%
France	2.5%
Belgium	2.5%
Kazakhstan	2.1%
El Salvador	2.0%
Mexico	1.7%
Greece	1.6%
Trinidad & Tobago	1.5%
Japan	1.4%
Czech Republic	1.2%
Italy	1.2%
Tunisia	1.1%
Russia	1.1%
Pakistan	1.0%
Other(1)	8.6%
Total	100.0%

(1) No other country accounted for more than 1.0% of our lease revenue in 2008.

As of December 31, 2008, leases representing approximately 29.7% of our lease revenues in 2008 were scheduled to expire before December 31, 2011. As of December 31, 2008, of our 160 owned aircraft, 154 aircraft were on lease and had a weighted average remaining lease period per aircraft of 57.1 months and six aircraft were off-lease.

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The following table sets forth as of December 31, 2008 the number of leases that were scheduled to expire between December 31, 2008 and December 31, 2020 as a percentage of our 2008 lease revenue.

<u>Year</u>	<u>Percentage of 2008 lease revenue(1)</u>	<u>Number of aircraft with leases expiring(2)</u>
2009	11.1%	20
2010	10.3%	22
2011	8.3%	19
2012	11.7%	26
2013	9.2%	16
2014	13.8%	21
2015	7.0%	12
2016	5.0%	7
2017	0.7%	2
2018	0.6%	3
2019	1.4%	2
2020	0.4%	4
Total	79.5%	154

(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 2008 (4.7%), revenue from the six off-lease aircraft (3.9%), revenue from the leasing of engines and parts (9.8%) and lease revenue from the aircraft subject to lease-in lease out transactions (2.1%).

(2)

On December 31, 2008, we had six owned aircraft off-lease of which five aircraft are under letters of intent for re-lease to another lessee and one is intended to be parted out in our aircraft disassembly unit. Of the 20 aircraft with leases expiring in 2009, six are currently under letters of intent for lease extension with the current lessee or re-lease to another lessee and five aircraft are intended to be parted out in our aircraft disassembly unit. The remaining nine aircraft, which represented 2.8% of the net book value of our aircraft as of December 31, 2008, are subject to our regular remarketing efforts.

Aircraft Acquisitions and Dispositions

From January 1, 2006 to December 31, 2008, we purchased 139 aircraft and sold 110 aircraft. In addition, as of December 31, 2008, we had negotiated and entered into contracts to purchase an additional three new aircraft, entered into a purchase contract to purchase one used aircraft and have executed letters of intent to purchase an additional two aircraft. By selling our subordinated interests in securitization vehicles at two different occasions in past years, we also disposed of two large aircraft portfolios totaling 272 aircraft.

In January 2006, we, through AerVenture, placed an order with Airbus for up to 70 new A320 family aircraft, including five aircraft subject to reconfirmation rights, originally scheduled for delivery between 2007 and 2010. During 2008 and the first two months of 2009, AerVenture notified Airbus that AerVenture will not take delivery of the five aircraft subject to reconfirmation rights. In 2008, three delivery positions were transferred to AerCap for deliveries which took place in 2008. In addition, in 2007 AerVenture entered into an amendment under its Airbus contract pursuant to which delivery positions for seven aircraft under the contract were effectively transferred to a third party buyer. As of December 31, 2008, 50 aircraft remain to be delivered under the forward order from 2009 through 2011.

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In addition, on December 22, 2006 and May 11, 2007, we signed agreements with Airbus for the purchase of twenty and ten A330s, respectively. Of the total of 30 A330s subject to the forward orders, 28 aircraft remained to be delivered as of December 31, 2008.

We have a portfolio management team of 18 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 and 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 investors in aircraft assets who lack the infrastructure to manage their aircraft throughout their lifecycle. The buyers of our aircraft include airlines, financial 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 portfolio management 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 value, among other factors.

Our revolving credit facilities are designed to allow us to rapidly execute our portfolio management strategies by providing us with large scale committed funding to acquire new and used aircraft, engines and parts. As of December 31, 2008, we had \$3.5 billion of committed undrawn credit facilities, which are described below. This amount included \$0.5 billion of an undrawn facility that allows us to purchase aircraft of up to 15 years of age. Following the closing of the aircraft securitization completed by our consolidated subsidiary, Aircraft Lease Securitisation II Limited ("ALS II") in July 2008, we now have \$1 billion of committed long term financing to finance up to 30 new A320 family aircraft. We also have \$2.0 billion of undrawn amounts under borrowing facilities with commercial banks, including a \$1.4 billion export credit agency facility to finance new A330 aircraft which also closed in 2008.

Joint Ventures

We expect to conduct some 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 geographical and product 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. Prior to March 2009, we and LoadAir each had made equity contributions of \$30.0 million in AerVenture. In addition, we had provided \$70.0 million to AerVenture in the form of a convertible loan note. Thirty-five million of the convertible loan note was scheduled to be repaid by AerVenture in March 2009 using proceeds from LoadAir's required capital contributions. In March 2009, LoadAir failed to make \$80.0 million in required capital contributions to AerVenture, and as a result, LoadAir lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture. In addition, all of the directors appointed by LoadAir were automatically removed. We now control AerVenture and appoint all of its directors. In addition to the March 2009 capital contributions, LoadAir was obligated to make additional capital contributions of \$10.3 million in 2010.

To provide additional funding to us following the failure by LoadAir to fund its capital commitments, we signed a term sheet with a bank for a new financing transaction. The financing that would be provided upon closing of the transaction to which the term sheet relates would provide us with pre-delivery financing for certain A330 aircraft subject to forward purchase commitments with Airbus and funding on an owned aircraft. Under the terms of the term sheet, we would be required to purchase a new wide-body aircraft currently on order by LoadAir for which the bank previously provided pre-delivery payment financing. After we purchase the aircraft, we intend to lease it back to LoadAir. As part of this transaction, we expect to give LoadAir an option for a limited period of time to purchase up to 50 percent of the shares in AerVenture which have voting and economic rights, if it meets certain conditions. This transaction, excluding any proceeds from LoadAir, would decrease the amount by which our forward purchase commitments exceed our available cash by approximately \$50 million in 2009 and \$25 million in 2010.

In January 2006, AerVenture placed an order with Airbus for up to 70 new A320 family aircraft originally scheduled for delivery between 2007 and 2010. Five of the aircraft under the forward order were subject to reconfirmation rights and AerVenture elected to forego delivery of such aircraft pursuant to such rights. As of December 31, 2008, 50 aircraft under the original order remained to be delivered in 2009 and through 2011. Included in the 50 aircraft are seven delivery positions which have been sold to a third party. To finance the aircraft forward order, AerVenture has entered into two credit facilities and a securitization. In 2007, AerVenture closed a credit facility in the total amount of \$119.0 million, and subsequently increased the size of the facility to \$207.5 million. The proceeds of this facility finances the pre-delivery payments on the first 30 A320 family aircraft to be delivered to AerVenture. AerVenture closed a \$269.2 million credit facility to finance the pre-delivery payments for an additional 37 new A320 family aircraft, which are scheduled for delivery between November 2009 and May 2011.

Upon delivery of aircraft under the forward order, AerVenture will be required to pay the entire remaining purchase price and repay the pre-delivery payment financing. The purchase price for the first 15 deliveries that occurred in 2007 and 2008 were financed by AerCap's \$1 billion warehouse facility for 11 aircraft and by ECAs for three aircraft and one aircraft was sold. In June 2008, AerVenture's consolidated subsidiary, ALS II, closed a \$1 billion aircraft securitization, which will provide long-term non-recourse funding for the first 30 new A320 family aircraft under the forward order from Airbus. Of the 11 deliveries that occurred in 2007 and 2008, which are financed in the warehouse facility, seven aircraft will be refinanced through ALS II and four aircraft will remain in the warehouse facility. In this securitization, each of the underwriting banks has committed to make advances to ALS II, subject to certain conditions, including that ALS II shall have acquired at least 15 aircraft. The 15th aircraft is scheduled to be delivered to ALS II in May 2009. The principal balance of the outstanding debt in the securitization will increase with the delivery for each aircraft.

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As a result of LoadAir's failure to make the required equity contributions as described above, we will be required to invest additional equity in AerVenture so that it will have sufficient cash available to fund the equity portion of the purchase price for its upcoming aircraft deliveries. As of March 31, 2009, AerVenture's commitments in 2009 and 2010 under its forward purchase commitments exceeded the amounts available to it under its committed borrowing facilities by \$57.6 million and \$82.1 million, respectively. These amounts are included in the \$174.5 million and \$248.6 million for 2009 and 2010, respectively, by which AerCap's commitments in 2009 and 2010 to make pre-delivery and final delivery payments under its forward purchase commitments exceed the amounts available under its committed borrowing facilities which are described elsewhere in this annual report on Form 20-F. See "Operating and Financial Review and Prospects—Liquidity and Capital Resources."

With respect to the seven delivery positions that have been sold by AerVenture to a third party, sales recognition for financial reporting purposes has been deferred until delivery of each aircraft. For consistency with the accounting treatment for these sales, we will continue to include these seven positions as aircraft under order until the third party has fulfilled its obligations and taken delivery of these aircraft, which is expected to occur in the second and fourth quarters of 2009.

AerDragon. In May 2006, we signed a joint venture agreement with China Aviation Supplies Holding Company 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. The registered capital of AerDragon was increased to \$90.0 million in 2008. 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 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. In the future, 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. As of December 31, 2008, we do not consolidate AerDragon's financial results in our financial statements. AerDragon acquired its first aircraft, an Airbus A320 aircraft in February 2007. This aircraft was acquired from us. In October 2007, AerDragon acquired its second A320 aircraft directly from us and we guaranteed the performance of AerDragon under debt secured by the purchased aircraft. In December 2007, AerDragon signed a forward order agreement with Airbus for the delivery of 12 A320 family aircraft. The forward order with Airbus was increased by one aircraft in 2008 and now totals 13 aircraft.

Annabel and Bella. In 2005, we signed a joint venture agreement with Deucalion Capital Limited to form the Annabel joint venture in which we held a 27% equity interest. Annabel purchased a used A340 aircraft in 2005. The aircraft was on lease to Sri Lanka Airlines through 2015. The Annabel investment was sold in 2008. In 2006, we signed a joint venture agreement with Deucalion to form the Bella joint venture in which we held a 50% equity interest. Bella purchased two used Airbus A330-322 aircraft in April 2006, one of which is on lease through 2009 and one of which is on lease through 2013. In 2008 we acquired the remaining 50% of Bella from Deucalion. Accordingly, following such purchase, Bella became a fully owned subsidiary of AerCap.

AerCap Partners. In June 2008, AerCap Partners I Holding Limited, or AerCap Partners, a 50% joint venture entered into between us and Deucalion Aviation Funds, acquired a portfolio of 19 aircraft from TUI Travel. The aircraft acquired are leased back to TUI Travel for varying terms. The aircraft portfolio was financed through a \$425.7 million senior debt facility and \$125.6 million of subordinated debt consisting of \$62.8 million from us and \$62.8 million from our joint venture partner. On the applicable maturity date under the senior debt facility, which for the first tranche is April 2012 and for

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the second tranche is April 2015, or, if earlier, in case of an AerCap insolvency, if the joint venture partners do not make additional subordinated capital available to the joint venture, AerCap can be required to purchase the aircraft from the joint venture for a price equal to the outstanding senior debt facility balance plus certain expenses and taxes related to the purchase. We have also entered into agreements to provide management and marketing services to AerCap Partners. We consolidate AerCap Partner's financial results in our financial statements.

Relationship with Airbus

We have a close and longstanding mutually advantageous relationship with Airbus. Our relationship dates back to our formation, when Daimler AG (formerly known as Daimler-Benz AG and DaimlerChrysler 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 110 new commercial jet aircraft from Airbus and 31 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 December 31, 2008, we had aircraft management and administration service contracts with nine parties covering over 300 aircraft (including the aircraft on order by AerVenture), two of which accounted for 84% of our aircraft services revenue in 2008. 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 revenues or sale proceeds, or specific upside sharing arrangements.

We provide cash management and administrative services to securitization vehicles and joint ventures. As of December 31, 2008, we had four cash management agreements with clients holding an

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aggregate of 227 aircraft in their portfolios and seven administrative agency agreements with clients holding an aggregate of 308 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 2008, we successfully completed our planned management transition at AeroTurbine.

Engine Acquisitions and Dispositions

Engine sales and purchases 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 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 and maintenance professionals is composed of 36 licensed aircraft and engine mechanics, 14 licensed inspectors and 16 aircraft maintenance record specialists who track and document the maintenance history of each engine and airframe 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 327 engines, generating revenues in excess of \$306 million.

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We typically finance the purchase of engines with borrowed funds and internally generated cash flows. 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. We have a \$328 million committed revolving facility which we can use to fund acquisitions of aircraft, engines and aircraft parts. As of December 31, 2008, we had \$134 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 December 31, 2008, we owned 71 engines, had two new engines on order and executed letters of intent to purchase an additional two engines. Our engine portfolio consists primarily of CFM56 series engines, one of the most widely used engines in the commercial aviation market. As of December 31, 2008, 56 of our 75 engines were CFM56 series engines manufactured by CFM International.

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 also have the ability to perform limited MRO services on CFM56 series engines, which comprise most of the engines in our engine portfolio.

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, hydraulic and pneumatic systems, auxiliary power units, landing gear, interiors, flight control surfaces, windows and panels. We have disassembled 70 aircraft for the sale of their parts and we believe that we were among the first to voluntarily and strategically disassemble Airbus A320 and A340 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 facility in Goodyear, Arizona, 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

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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 December 31, 2008, we had 49 engines on lease to 33 customers located in 18 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 ten years, we have only had to resort to legal action for the repossession of engines with two of our lease customers.

Airframe MRO Capability

On August 4, 2006, we leased an aircraft MRO facility located in Goodyear, Arizona, acquired certain assets and hired 74 of the employees working at the facility. In connection with this lease, we acquired an additional 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 wide-body 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 120 aircraft with approximately 85 on site at the close of 2008. This transaction was primarily made to reduce our cost of aircraft disassembly, support the expansion of our airframe parts distribution and airframe MRO business. In 2008, we disassembled three customer aircraft and six AeroTurbine aircraft. We also performed heavy airframe maintenance on five AerCap aircraft (three Boeing 737s, a Boeing 767 and an MD11 aircraft). During the same period,

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customer heavy airframe maintenance aircraft have included three Boeing 737s, two MD80s and one Boeing 757.

After completing a strategic review of its Engine Maintenance & Overhaul business unit segment in 2008, AeroTurbine, Inc. reduced the operations of its engine performance restoration line. AeroTurbine will maintain current field service, accessories/line replaceable units (LRU) and light engine maintenance capabilities in support of its engine leasing business. As a result, AeroTurbine reduced its workforce at the Miami, Florida location by approximately 50 positions.

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 which was later increased to \$328.0 million 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 \$20 billion of funding in the global financial markets including over \$9 billion of funds through initial issuances and refinancings in the aircraft securitization market. In May 2007, we completed a \$1.66 billion securitization of 70 aircraft subject to operating leases. This securitization was a refinancing of our 2005 securitization. In the refinancing, we added 28 aircraft to the securitization, including 24 which had been previously secured by a variety of other debt structures and four which had yet to be purchased by us.

On June 26, 2008, our consolidated subsidiary ALS II closed a \$1 billion aircraft securitization. The securitization will provide long-term non-recourse funding for 30 new A320 family aircraft which are part of the 70 aircraft order placed by AerVenture. In this securitization, each of the underwriting banks has committed to make advances to ALS II. The proceeds received by ALS II from the advances and the issuances of certain additional notes, will be used by ALS II to acquire the 30 aircraft which will be leased to customers of AerCap and AerVenture and to pay certain transaction expenses.

On January 5, 2009, we signed a facility agreement with Calyon S.A. and other banks and financial institutions, which contained the negotiated terms pursuant to which the ECA have agreed to provide guarantees on up to \$1.4 billion of financing. This represents a significant portion of the remaining financing needed for the Airbus A330 order delivering between 2009 and 2012. The ECA consist of Coface in France, Export Credits Guarantee Department in the United Kingdom, and Euler-Hermes in Germany. The loans are to be provided by a syndicate of banks led by Calyon acting as Global Arranger and are subject to customary Export Credit Agency requirements.

In February 2009, we entered into a \$86.3 million facility with a European financial institution to finance the pre-delivery payments in connection with the delivery of three A330 aircraft pursuant to a purchase agreement signed with Airbus in December 2006, and amended in May 2007.

In March 2009, AerVenture closed a \$846.0 million export credit facility with a syndicate of commercial banks led by Calyon S.A. to finance up to 20 Airbus A320 aircraft. Repayment under the credit facility is guaranteed by the ECA. Currently no aircraft have been financed under this facility.

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Subsidiaries

AerCap Holdings N.V.'s major subsidiaries as of December 31, 2008 were AerCap B.V., AeroTurbine Inc., AerCap Ireland Ltd., Sunflower Aircraft Leasing Ltd., AerCap Aircraft Leasing XXX B.V., AerCap Dutch Aircraft Leasing I B.V. and AerCap Partners I Ltd. AerCap Holdings N.V. has numerous other subsidiaries, none of which contribute more than 5% of our consolidated revenues or represent more than 5% of our total assets.

Employees

The table below provides the number of our employees at each of our principal geographical locations as of the dates indicated.

<u>Location</u>	<u>December 31, 2006</u>	<u>December 31, 2007</u>	<u>December 31, 2008</u>
Amsterdam, The Netherlands	71	88	87
Shannon, Ireland	37	42	44
Fort Lauderdale, FL	13	16	17
Miami, FL(1)	163	172	128
Goodyear, AZ(1)	67	75	83
Other(2)	—	9	23
Total	351	402	382

(1) Employees located in Miami, Florida and Goodyear, Arizona are employees of AeroTurbine which we acquired in April 2006.

(2) We lease small offices in Shanghai (China), Irvine (TX), Brighton (UK) and Singapore.

None of our employees are covered by a collective bargaining agreement and we believe that we maintain excellent employee relations. Although under Netherlands law we are required to have a works council for our operations in The Netherlands, our employees have not elected to date to organize a works council. A works council is an employee organization that is granted certain statutory rights to be involved in certain of the company's decision making processes. The exercise of such rights, however, must take into account the interests of the company and its shareholders.

Organizational Structure

AerCap Holdings N.V. is a holding company which holds directly and indirectly consolidated investments in six main operating companies, most of which in turn own special purpose entities which hold our aircraft and engine assets. AerCap Holdings N.V. and subsidiaries employ 382 people and does not own significant assets outside of its investments in its subsidiaries. Within the group, we also have several inactive subsidiaries or subsidiaries which are in the process of being liquidated. In addition to AerCap Holdings N.V.'s ownership in our principal operating subsidiaries, it holds our economic interests in AerCap Partners (19 aircraft) and AerVenture (11 aircraft with 50 aircraft on order) which in turn holds the economic interests in AerFunding (11 aircraft). The six principal operating subsidiaries, their share ownership and the identity of their significant asset owning subsidiaries is detailed below.

AerCap B.V. is owned 100% by AerCap Holdings N.V. *AerCap B.V.* is located in Amsterdam, The Netherlands, and through its special purpose subsidiaries, owns the economic interests in 39 aircraft. *AerCap B.V.* does not employ any personnel.

AerCap Group Services B.V. is owned 100% by AerCap Holdings N.V. *AerCap Group Services, B.V.* is located in Amsterdam, The Netherlands and had 55 employees as of December 31, 2008. *AerCap*

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Group Services B.V. does not own significant assets, but provides a range of management services to other asset owning companies in the AerCap group of companies.

AerData B.V. is owned 51% by AerCap Holdings N.V. and 49% by senior management of AerData B.V. AerData B.V. was established in 2007 to provide aviation lease management software IT services to the AerCap group of companies and third parties. AerData B.V. had 15 employees as of December 31, 2008.

AerCap Ireland Limited is indirectly owned 100% by AerCap Holdings N.V. AerCap Ireland Limited is located in Shannon, Ireland and holds our economic interests in Aircraft Lease Securitisation Limited ("ALS I"), which owns 62 aircraft. In addition, AerCap Ireland Limited owns 19 aircraft directly or through single aircraft owning special purpose entities. AerCap Ireland Limited is also the holder of our joint venture investment in AerDragon (2 aircraft). AerCap Ireland Limited had 44 employees as of December 31, 2008.

AerCap, Inc. is owned 100% by AerCap Holdings N.V. AerCap, Inc. is located in Ft. Lauderdale, Florida. AerCap, Inc. does not employ any personnel. AerCap, Inc. owns 100% of AerCap Group Services, Inc., which had 17 employees as of December 31, 2008 and provides a range of services to other asset owning companies in the AerCap group of companies. AerCap, Inc. and its wholly owned subsidiaries (excluding AeroTurbine, Inc.) are the lessees under four lease-in, lease-out transactions and own one aircraft. AerCap, Inc. owns 100% of the share capital of AeroTurbine, Inc.

AeroTurbine, Inc is owned 100% by AerCap, Inc. AeroTurbine, Inc. is located in Miami, Florida, has a facility in Goodyear, Arizona and employed 211 people as of December 31, 2008. AeroTurbine, Inc. owns 61 engines, six aircraft which are designated for disassembly and part-out and an inventory of aircraft and engine parts for sale.

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 December 2008, GE Commercial Aviation Service and International Lease Finance Corporation together, according to Airclaims Client Aviation System Enquiry Database, represent approximately 44% of the operating lease market and 24% 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 seven 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

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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

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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

In April 2008, we relocated to a 37,000 square foot office facility in Amsterdam, the Netherlands. The new office has been contracted under a five-year lease which commenced on April 1, 2008. We also lease a 31,000 square foot facility in Shannon, Ireland. 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 also have a ten-year lease, which began on January 1, 2004, for a 150,000 square foot complex located near the Miami International Airport that we use as an office and warehouse. We lease our Goodyear facility, which includes a 226,000 square foot hangar and substantial additional space for outdoor storage of our aircraft, pursuant to a long-term lease that expires in 2026.

In addition to the above facilities, we also lease small offices in Irvine (Texas), Shanghai (China) and Brighton (U.K) and Singapore.

Trademarks

We have registered the "AerCap" name with WIPO International (Madrid) Registry and the Benelux Merkenbureau. The "AerCap" trademark and the AeroTurbine name have been registered 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. 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 Viação Aérea de São 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

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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.

In July 2006, we commenced a claim for damages in the English courts against VASP based on the damages we incurred as a result of the default by VASP under seven lease obligations. VASP was served process in Brazil in October 2007 and in response has filed an application to challenge the jurisdiction of the English court which we will oppose. VASP has applied to the Court to adjourn the date for the hearing of its application to challenge the jurisdiction of the English Court pending the sale of some of its assets in Brazil. We have opposed this application and by an order dated March 6, 2008 the English court dismissed VASP's applications. In September 2008, the bankruptcy court in Brazil ordered the bankruptcy of VASP. VASP has appealed this decision. In December 2008, we filed with the English court an application for default judgment for loss of profits plus accrued interest under seven lease agreements. On March 16, 2009 we obtained a default judgment in which we have been awarded a claim of approximately \$40.0 million for loss of profit plus accrued interest under seven lease agreements. In order to obtain this award, we will need to begin enforcement proceedings in Brazil against VASP, which is currently in bankruptcy. We cannot assure you as to the outcome of this claim.

Our management, based on the advice of external legal counsel, has determined that it is not necessary to make any provision 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 filed an appeal against this ruling with the Administrative Court of Appeal in Sweden. In December 2008 the Administrative Court of Appeal decided in our favor, and since the Swedish tax authorities did not file an appeal against this decision before February 19, 2009, the decision by the Administrative Court of Appeal has now gained legal force and the case is closed.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

You should read this discussion in conjunction with our audited consolidated financial statements and the related notes included in this annual report. 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 "Item 3. Key Information—Risk Factors" and "Special Note About Forward Looking Statements".

Overview

Net income for the full year 2008 was \$151.8 million. Net income excluding non-cash charges relating to the mark-to-market of interest rate caps and share based compensation was \$197.8 million, down 6% as compared to \$210.6 million in 2007. The after-tax charge relating to the mark-to-market of our interest rate caps was \$39.6 million and the after-tax charge from share based compensation was \$6.4 million. The decrease in net income excluding the non-cash charges was driven primarily by the impact from airline defaults which occurred in 2008, inventory impairments, lower gains from sales and lower other revenue. However, net spread, the difference between basic lease rents and interest expense excluding the mark-to-market of interest rate caps, was \$359.6 million for full year 2008, up 19% as compared to 2007. This measure reflects the increase in our leasing income. Total basic and fully diluted earnings per share for the full year 2008 were \$1.79. Total basic and fully diluted earnings per share excluding non-cash charges relating to mark-to-market of interest rate caps of \$0.46 per share and share based compensation of \$0.08 per share were \$2.33. The number of outstanding shares is currently 85.0 million.

Major Developments in 2008

During 2008 major developments included:

- We signed a facility agreement with Calyon S.A. and other banks and financial institutions, detailing the terms pursuant to which the ECA have agreed to provide guarantees of up to \$1.4 billion of financing. This represents a significant portion of the remaining financing needed for our Airbus A330 order scheduled delivery between 2009 and 2012. The ECA consist of Coface in France, Export Credits Department in the United Kingdom, and Euler-Hermes in Germany. The loans are to be provided by a syndicate of banks led by Calyon acting as global arranger and are subject to customary ECA requirements.
- We closed a \$1.0 billion aircraft securitization through ALS II that provides long-term, non-recourse funding for 30 new A320 family aircraft. These aircraft are part of a 70-aircraft order placed by AerVenture.
- We acquired a 19-aircraft portfolio from TUI Travel in a joint venture with Deucalion Aviation Funds. This portfolio contains 11 next generation Boeing 737-800s, six Boeing B757-200s and two Boeing B767-300ERs. The portfolio was financed through a \$425.7 million debt facility provided by DVB Bank and \$62.8 million of subordinated debt provided by Deucalion Aviation Funds.
- AerVenture closed a \$269.2 million credit facility with HSH Nordbank AG to finance the pre-delivery payments for 37 new A320 family aircraft under forward order from Airbus, scheduled for delivery between November 2009 and May 2011.
- We closed a \$100 million engine acquisition facility.
- We increased our pre-delivery payment funding facility by \$68.4 million. This facility was arranged by Citigroup Inc. and is to be used to finance the pre-delivery payments relating to A330 aircraft under forward order with Airbus, scheduled for delivery between January and April 2010.

Recent Developments

- In February 2009, we entered into a \$86.3 million facility with a European financial institution to finance the pre-delivery payments in connection with the delivery of three A330 aircraft pursuant to a purchase agreement signed with Airbus in December 2006.

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- In March 2009, AerVenture signed a \$846.0 million export credit facility with a syndicate of commercial banks led by Calyon S.A. to finance up to 20 Airbus A320 aircraft. Repayment under the credit facility is guaranteed by the ECA. No aircraft have yet been financed under this facility.

- In March 2009, LoadAir failed to make \$80.0 million in required capital contributions to AerVenture, and as a result, LoadAir lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture. AerVenture is now a wholly-owned subsidiary. As a result of LoadAir's failure to make the required equity contributions, we will be required to invest additional equity in AerVenture so that it will have sufficient cash available to fund the equity portion of the purchase price for its upcoming aircraft deliveries. To provide additional funding to us following the failure by LoadAir to fund its capital commitments, we signed a term sheet with a bank for a new financing transaction. The financing that would be provided upon closing of the transaction to which the term sheet relates would provide us with pre-delivery financing for certain A330 aircraft subject to forward purchase commitments with Airbus and funding on an owned aircraft. Under the terms of the term sheet, we would be required to purchase a new wide-body aircraft currently on order by LoadAir for which the bank previously provided pre-delivery payment financing. After we purchase the aircraft, we intend to lease it back to LoadAir. As part of this transaction, we expect to give LoadAir an option for a limited period of time to purchase up to 50 percent of the shares in AerVenture which have voting and economic rights, if it meets certain conditions. This transaction, excluding any proceeds from LoadAir, would decrease the amount by which our forward purchase commitments exceed our available cash by approximately \$50 million in 2009 and \$25 million in 2010.

Liquidity and Access to Capital

Aircraft and engine leasing is a capital intensive business and we have significant capital requirements. In prior years, we have achieved positive consolidated cash flow from operations. We have substantial commitments to purchase aircraft under forward order contracts, including through AerVenture. These commitments include requirements to make pre-delivery payments, as well as the requirement to pay the balance of the purchase price for aircraft on delivery. As of March 31, 2009, our commitments in 2009 and 2010 to make pre-delivery and final delivery payments under our forward purchase commitments exceeded the amounts available under our committed borrowing facilities by \$174.5 million and \$248.6 million, respectively.

Due to the current ongoing global recession and financial crisis, there has been a significant decrease in the amount of capital available to finance the purchase of aviation assets, including pre-delivery payments on forward purchase commitments, which has made it more challenging and expensive for us to obtain new credit. We have historically relied on sales of aircraft as an integral part of our liquidity strategy in order to meet cash requirements for our operations and committed capital expenditures. As a consequence of the current global recession and financial crisis and the corresponding decrease in capital available to finance the purchase of aviation assets, we have experienced a decrease in demand and offer prices from third-party investors interested in buying our aircraft.

We have also historically generated cash flows by selling equity interests in our aircraft owning subsidiaries and by forming joint ventures. One joint venture, AerVenture, was created in 2005 and LoadAir purchased a 50% equity interest in it in 2006. Under the AerVenture joint venture agreement, LoadAir was required to make \$80.0 million in additional capital contributions to AerVenture in March 2009, which it failed to make. As a result of LoadAir's failure to make the required equity contributions, we will be required to invest additional equity in AerVenture so that it will have sufficient cash available to fund the equity portion of the purchase price for its upcoming aircraft

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deliveries. As a result of the additional equity contributions we are now required to make to AerVenture, we will have less cash available to us to fund our other obligations and our liquidity will be materially and adversely affected.

In order to access the required capital to meet our obligations under our forward purchase commitments, we have completed or have undertaken several initiatives as more fully described below under "—Liquidity and Capital Resources."

Non Cash Charge for Share based Compensation

The non cash charge for share based compensation, net of tax, was \$6.4 million for the full year 2008. The charge relates to restricted shares and share options in entities that own a substantial percentage of our shares and which are held by members of our senior management, independent directors and a consultant and share options in AerCap Holdings N.V. which are held by members of our senior management. The charge did not reduce our net equity.

Non Cash Charge for Mark-to-market of Interest Rate Caps

The non cash charge for mark-to-market of interest rate caps, net of tax and minority interest, was \$39.6 million for the full year 2008. We use interest rate caps to hedge against the impact of interest rate increases on variable-rate debt. Our interest rate caps do not qualify for hedge accounting under US GAAP and the periodic mark-to-market gains or losses of our caps is recorded as interest expense.

Aviation Assets

Our total assets and owned portfolio continue to grow. We acquired \$1.5 billion of aviation assets including 58 aircraft and 25 engines in 2008. Total assets were \$5.4 billion at December 31, 2008. Total assets increased 23% during 2008 which was driven by the acquisition of aviation assets. The increase in flight equipment was the result of a net increase of 32 owned aircraft in our portfolio. The number of aircraft in our portfolio was 297 as of December 31, 2008, consisting of 160 owned aircraft, 53 managed aircraft, 78 aircraft in our order book, four aircraft subject to purchase contract and two aircraft under letter of intent. The number of aircraft decreased by 21 units from 318 since the end of 2007. The decline in aircraft was largely driven by the sale/termination of managed aircraft. The number of engines owned or on contract was 75, an increase of six engines from 69 engines owned at the end of 2007.

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 availability and cost of debt capital to finance purchases of aircraft and aviation assets;
- 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;

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- the recognition of non-cash share based compensation expense related to the issuance of restricted stock and stock options to our employees and our non-executive directors by the Cerberus Funds which controlled 100% of our stock at the time of the 2005 Acquisition and the issuance by the Company of stock options to our employees; and
- interest rates which affect our aircraft lease revenues, our interest on debt expense and the market value of our interest rate derivatives.

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. 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 \$1.4 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. 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 debt expense. 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.

AeroTurbine Acquisition

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. 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 was greater than the 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 and goodwill of \$6.8 million at the date of the AeroTurbine Acquisition. The inclusion of AeroTurbine in our consolidated results has increased our lease and sales revenue and cost of goods sold through the addition of \$317.5 million and \$345.1 million of combined flight equipment and inventory in our December 31, 2007 and December 31, 2008 consolidated balance sheets, respectively. In addition, the interest on AeroTurbine's debt has increased our consolidated interest expense and the inclusion of AeroTurbine's operations has increased our selling, general and administrative expenses. More specifically, for the year ended December 31, 2006, we recognized \$62.4 million of non cash, share based compensation, net of taxes, in our consolidated selling, general and administrative expenses related to restricted shares granted in connection with the AeroTurbine Acquisition.

Prior to the AeroTurbine Acquisition, we operated our business as one reportable segment: leasing, financing, sales and management of commercial aircraft. From the date of the AeroTurbine Acquisition, 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").

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Stock Compensation Expenses

Our financial results for the year ended December 31, 2006 include a charge of \$68.3 million, net of tax of \$10.3 million for non-cash, share based compensation expense related to the vesting of options and restricted stock previously granted or sold by the Cerberus Funds to the owners of AeroTurbine at the time of its acquisition by us and to members of our senior management, our non-executive directors and one consultant primarily in connection with the 2005 Acquisition. While we continue to recognize some additional non-cash, share based compensation in connection with these restricted stock and options, as well as options issued in 2007 and 2008 by AerCap Holdings N.V., future charges are not expected to be of a similar magnitude as those recognized in 2006. Our financial results for the year ended December 31, 2008 include a charge for share based compensation of \$7.5 million (\$6.4 million net of tax).

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 annual report. 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 no longer expect to reimburse maintenance rent to lessees.

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,

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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.

For older engines purchased primarily for short-term leasing through our AeroTurbine operations, 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. For newer engines purchased primarily for longer-term leases, we depreciate over a 30-year period to a residual of 10% of cost. 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 assets 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.

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 market value at the time of purchase. We estimate market value for this purpose based on internal estimates of sales values and recent sales activity of similar inventory. We charge the cost of sold inventory to cost of goods sold based on the ratio of remaining cost to the market value of such inventory. We evaluate this ratio periodically and make prospective adjustments in connection with updated market values. Any inventory identified with a market value lower than cost is reduced to market value at the time of the review.

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 and upon the occurrence of events or circumstances that indicate that the asset may be impaired. We determine the fair value of our reporting units using discounted cash flow and earnings multiples approaches. When our valuation 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 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, we may incur maintenance and repair expenses for off-lease aircraft. We recognize leasing expenses in our income statement for all such expenditures. 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. Up to 2008, we did not recognize such supplemental rent received as revenue, but as an accrued maintenance liability. In 2008, we changed the methodology we employ to estimate of the amount of maintenance rent we expect to reimburse lessees. The change in estimate arose from the implementation of a new model used to forecast future maintenance reimbursements.

We record as revenue all maintenance rent receipts not expected to be repaid to lessees. In these leases, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft or engine, we make a payment to the lessee to help compensate for the cost of the maintenance, up to the maximum of the supplemental maintenance rental payments made with respect to the lease contract. In shorter-term lease contracts (primarily engine lease contracts) where the terms of the lease are designed specifically to allow us to directly manage 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.

In most lease contracts not requiring the payment of supplemental rents, 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. We recognize receipts of

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end-of-lease compensation adjustments as lease revenue when received and payments of end-of-lease adjustments as leasing expenses when paid.

In addition, in both types of contracts, we may be obligated to make additional payments to the lessee for maintenance related expenses (lessor maintenance contributions or top-ups) primarily related to usage of major life-limited components occurring prior to the lease. We record a charge to leasing expenses at the time of the occurrence of a lessor contribution or top-up payment, except in instances where we have established an accrual as an assumed liability for such payment in connection with the purchase of an aircraft with a lease attached, in which case such payments are charged against the existing accrual.

For all of our lease contracts, any amounts of accrued maintenance liability existing at the end of a lease are released and recognized as lease revenue at lease termination. 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 from the sale of 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 AerCap Partners joint ventures, our aircraft lease securitization vehicles, and our AerFunding financing vehicle, but exclude AerDragon. 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.

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.

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In the year ended December 31, 2008, 16.7% of our lease revenue was attributable to leases tied to floating interest rates. 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 end-of-lease compensation payments we receive and the amount of accrued maintenance liabilities released to revenue during and at the end of a lease.

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 December 31, 2008, we had 160 owned aircraft on lease to 56 customers in 34 countries, with no lessee accounting for more than 10% of lease revenue for the year ended December 31, 2008. The following table shows the regional profile of our lease revenue for the periods indicated:

	AerCap Holdings N.V.		
	Year ended December 31, 2006	Year ended December 31, 2007	Year ended December 31, 2008
Asia/Pacific	43%	33%	28%
Europe	35	39	42
North America/ Caribbean	15	17	18
Latin America	7	10	10
Africa/Middle East	—	1	2
Total	100%	100%	100%

The geographical concentration of our customer base has varied historically, reflecting the opportunities available in particular markets at a given time.

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.

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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 ALS I'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, interest earned on assets supporting defeased liabilities 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 scheduled amortization of defeased liabilities, 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, and reversals of provisions on such 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, interest on debt, other operating expenses, and selling, general and administrative expenses.

Depreciation.

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 Debt.

Our interest on debt expense arises from a variety of funding structures and related derivative instruments as described in "—Indebtedness". Interest on 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 and provision for doubtful notes and accounts receivable.

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 the leases on the remaining four aircraft at December 31, 2008 expire between 2010 and 2014. As described in Note 15 to our consolidated financial statements included in this annual report, 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. This amount is amortized 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, lessor maintenance contribution expenses, technical expenses we incur to monitor the maintenance condition of our flight equipment during a lease, end-of-lease payments, expenses to transition flight equipment from an expired lease to a new lease contract and non-capitalizable flight equipment transaction expenses.

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.

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;
- the frequency of lease transitions and the associated costs; and
- the frequency and amount of lessor maintenance contribution expenses.

Selling, General and Administrative Expenses.

Our principal selling, general and administrative expenses consist of personnel expenses, including salaries benefits, charges for share based compensation, professional and advisory costs and office and travel expenses as summarized in Note 20 to our audited consolidated financial statements included in this annual report. 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.

[Table of Contents](#)**Provisions for Income Taxes**

Our operations are taxable primarily in four main jurisdictions in which we manage our business: The Netherlands, Ireland, the United States and Sweden. 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 2006 to 2008. The primary source of temporary differences is the availability of accelerated tax depreciation in our primary operating jurisdictions. 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 in certain jurisdictions 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 the tax asset 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.

Comparative Results of Operations*Results of Operations for the Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007*

	Year ended December 31, 2007	Year ended December 31, 2008
	(US dollars in millions)	
Revenues		
Lease revenue	\$ 554.2	\$ 605.3
Sales revenue	558.3	616.6
Management fee revenue	14.3	11.7
Interest revenue	29.7	18.5
Other revenue	20.0	4.2
Total revenues	1,176.5	1,256.3
Expenses		
Depreciation	141.1	169.4
Asset Impairment	—	18.8
Cost of goods sold	432.2	506.3
Interest on debt	234.8	219.2
Operating lease in costs	20.2	14.5
Leasing expenses	18.8	55.6
Provision for doubtful notes and accounts receivable	0.7	3.7
Selling, general and administrative expenses	116.3	128.3
Total expenses	964.1	1,115.8
Income from continuing operations before income taxes and minority interest	212.4	140.5
Provision for income taxes	(25.1)	0.4
Minority interest net of taxes	1.2	10.9
Net income	\$ 188.5	\$ 151.8

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Revenues. Our total revenues increased by \$79.8 million, or 6.8%, to \$1,256.3 million in the year ended December 31, 2008 from \$1,176.5 million in the year ended December 31, 2007. In the year ended December 31, 2008, we generated \$1,069.8 million of revenue in our aircraft segment and \$186.4 million of revenue in our engine and parts segment, and, in the year ended December 31, 2007, we generated \$980.0 million of revenue in our aircraft segment and \$196.5 million in our engine and parts segment. The principal categories of our revenue and their variances were:

	Year ended December 31, 2007	Year ended December 31, 2008	Increase/ (decrease)	Percentage Difference
(US dollars in millions)				
Lease revenue				
Basic rents	\$ 494.2	\$ 520.8	\$ 26.6	5.4%
Maintenance rents and end of lease compensation	\$ 60.0	\$ 84.5	\$ 24.5	40.8%
Sales revenue	558.3	616.6	58.3	10.4%
Management fee revenue	14.3	11.7	(2.6)	(18.2)%
Interest revenue	29.7	18.5	(11.2)	(37.7)%
Other revenue	20.0	4.2	(15.8)	(79.0)%
Total	\$ 1,176.5	\$ 1,256.3	\$ 79.8	6.8%

Basic rents increased by \$26.6 million, or 5.4%, to \$520.8 million in the year ended December 31, 2008 from \$494.2 million in the year ended December 31, 2007. The increase in basic rents was attributable primarily to:

- the acquisition between January 1, 2007 and December 31, 2008 of 98 aircraft for leasing with an aggregate net book value of \$2.3 billion at the date of acquisition, partially offset by the sale of 50 aircraft, during the same period, with an aggregate net book value of \$0.9 billion at the date of sale. The net increase in our aircraft portfolio resulted in a \$44.1 million increase in basic rents; and
- an increase of \$9.0 million in basic rents resulting from the increase in our engine lease activities;
partially offset by
- a decrease in payments from leases with lease rates tied to floating interest rates in the year ended December 31, 2008 due to decreases in market interest rates, which resulted in a \$14.3 million decrease in basic rents; and
- a decrease in basic rents of \$12.2 million in the year ended December 31, 2008 as a result of airline defaults.

Maintenance rents and end-of-lease compensation increased by \$24.5 million, or 40.8%, to \$84.5 million in the year ended December 31, 2008 from \$60.0 million in the year ended December 31, 2007. The increase in maintenance rents is attributable, in part, to a change in the estimate of the amount of maintenance rent expected to be reimbursed to lessees. The change in estimate is due to the implementation of a new model used to forecast future maintenance reimbursements, which was implemented on July 1, 2008. AerCap records as revenue all maintenance rent receipts not expected to be repaid to lessees. In the six month period between July 1, 2008 and December 31, 2008, AerCap recorded \$20.8 million as maintenance revenue as a result of the change in estimate. Of the \$20.8 million, \$12.9 million was recorded on July 1, 2008 as a cumulative adjustment relating to all prior periods and \$7.8 million was recognized in relation to maintenance rents collected from lessees during the six months between July 1, 2008 and December 31, 2008. The remaining increase was largely

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due to the termination of leases due to airline defaults which resulted in the recording of maintenance rents.

Sales revenue increased by \$58.3 million, or 10.4%, to \$616.6 million in the year ended December 31, 2008 from \$558.3 million in the year ended December 31, 2007. The increase in sales revenue is mainly a result of the mix of aircraft types sold. In the year ended December 31, 2008, we sold three A330 aircraft, three A321 aircraft, eight A320 aircraft, two Boeing 737 aircraft, one MD83 aircraft, six MD82 aircraft, one DC8 aircraft and two Fokker 100 aircraft, whereas in the year ended December 31, 2007, we sold four A330 aircraft, two A321 aircraft, one A300 aircraft, two Boeing 737 aircraft, one Boeing 767 aircraft, one Boeing 757 aircraft, one MD87 aircraft, one DHC8 aircraft and ten Fokker 100 aircraft.

Management fee revenue decreased by \$2.6 million, or 18.2%, to \$11.7 million in the year ended December 31, 2008 from \$14.3 million in the year ended December 31, 2007. The decrease in management fee revenue was attributable primarily to the expiry of a management fee agreement when we sold the last remaining aircraft under management on behalf of the aircraft owner.

Interest revenue decreased by \$11.2 million, or 37.7%, to \$18.5 million in the year ended December 31, 2008 from \$29.7 million in the year ended December 31, 2007. The decrease was mainly caused by (i) the loss of interest income from a subordinated investment in an aircraft securitization (AerCo) which ceased paying interest on such subordinated investment in the first quarter of 2007, (ii) the elimination of a fair value adjustment which was amortizing to interest income when we extinguished the underlying guarantee liability at a discount to its carrying value, and (iii) a decrease in deposit rates of interest.

Other revenue decreased by \$15.8 million, or 79.0%, to \$4.2 million in the year ended December 31, 2008 from \$20.0 million in the year ended December 31, 2007. In the year ended December 31, 2008, we sold an A340 aircraft held in a joint venture which was 27% owned. The sale resulted in other revenue of \$3.2 million. The remaining \$1.0 million of other revenue recognized in the year ended December 31, 2008 was related to the recovery of bankruptcy claims. In the year ended December 31, 2007, we recognized a gain of \$10.7 million when we extinguished a guarantee liability in relation to the purchase of a portfolio of nine aircraft and three engines and a gain of \$9.1 million upon the sale of the rights associated with a claim from a lessee.

Depreciation. Depreciation increased by \$28.3 million, or 20.0%, to \$169.4 million in the year ended December 31, 2008 from \$141.1 million in the year ended December 31, 2007 due primarily to the acquisition of 98 new aircraft between January 1, 2007 and December 31, 2008 with a book value at the time of the acquisition of \$2.3 billion. The increase was partially offset by the sale of 50 aircraft during the same period with a book value at the time of sale of \$0.9 billion.

Asset impairment. Asset impairment was \$18.8 million in the year ended December 31, 2008. Asset impairment was caused primarily by the decrease in fair values of inventory parts, older fuel-inefficient aircraft and engines. In the year ended December 31, 2008 we impaired four MD82 aircraft, six engines which were off-lease and our parts inventory.

Cost of Goods Sold. Cost of goods sold increased by \$74.2 million, or 17.2%, to \$506.3 million in the year ended December 31, 2008 from \$432.1 million in the year ended December 31, 2007. The increase in cost of goods sold is mainly a result of the mix of aircraft types sold described above.

Interest on Debt. Our interest on debt decreased by \$15.6 million, or 6.6%, to \$219.2 million in the year ended December 31, 2008 from \$234.8 million in the year ended December 31, 2007. The majority of the decrease in interest on debt was caused by:

- a \$27.4 million non-recurring expense in the year ended December 31, 2007, related to the write-off of unamortized debt issuance costs at the time of the ALS I refinancing; and

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- a decrease in our average costs of debt by 2.1 percentage points to 4.6% in the year ended December 31, 2008 from 6.7% in the year ended December 31, 2007. The decrease in our average cost of debt results from the use of caps as part of our hedging strategy in combination with a decrease in interest rates. This resulted in a \$58.3 million decrease in our interest on debt. Our average cost of debt for the year ended December 31, 2008 includes a credit of \$2.8 million resulting from the discounted purchase of ALS I securitized bonds; *partially offset by*

- an increase in the average outstanding debt balance to \$3.3 billion in the year ended December 31, 2008 from \$2.8 billion in the year ended December 31, 2007, resulting in a \$25.6 million increase in our interest on debt; and

- a \$43.8 million increase in the recognition of non cash mark-to-market charges on derivatives to \$58.2 million in the year ended December 31, 2008 from \$14.4 million in the year ended December 31, 2007.

Other Operating Expenses. Our other operating expenses increased by \$34.1 million, or 85.9%, to \$73.8 million in the year ended December 31, 2008 from \$39.7 million in the year ended December 31, 2007. The principal categories of our other operating expenses and their variances were as follows:

	Year ended December 31, 2007	Year ended December 31, 2008	Increase/ (decrease)	Percentage difference
	(US\$ in millions)			
Operating lease in costs	\$ 20.2	\$ 14.5	(5.7)	(28.2)%
Leasing expenses	18.8	55.6	36.8	195.7%
Provision for doubtful notes and accounts receivable	0.7	3.7	3.0	428.6%
Total	\$ 39.7	\$ 73.8	34.1	85.9%

Our operating lease in costs decreased primarily due to the purchase of four aircraft in the year ended December 31, 2008 and four aircraft in the year ended December 31, 2007, which were previously subject to head leases and the termination of those leases.

Our leasing expenses increased by \$36.8 million, or 195.7%, to \$55.6 million in the year ended December 31, 2008 from \$18.8 million in the year ended December 31, 2007. The increase is primarily due to more transitions of aircraft from expiring leases to new leases and three airline defaults involving nine of our aircraft in 2008. In the year ended December 31, 2008, we incurred leasing expenses totaling approximately \$15 million related to the three lessee defaults.

Our provision for doubtful notes and accounts receivable increased by \$3.0 million, or 428.6%, to \$3.7 million in the year ended December 31, 2008 from \$0.7 million in the year ended December 31, 2007. The increase is primarily due to more airline defaults in 2008 as compared to 2007.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by \$12.0 million, or 10.3%, to \$128.3 million in the year ended December 31, 2008 from \$116.3 million in the year ended December 31, 2007, due primarily to (i) the increase in the US Dollar/Euro exchange rate, which resulted in a \$5.4 million increase and (ii) severance payments of \$2.9 million made as a result of redundancies of senior executives.

Net 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 \$71.9 million, or 33.9%, to \$140.5 million in the year ended December 31, 2008 from \$212.4 million in the year ended December 31, 2007.

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Minority interest net of taxes. Our minority interest net of tax increased by \$9.7 million to \$10.9 million in the year ended December 31, 2008 from \$1.2 million in the year ended December 31, 2007, due primarily to a \$21.7 million recognition of non cash mark-to-market charges on derivatives in our 50% joint ventures AerCap Partners and AerVenture.

Provision for Income Taxes. Our provision for income taxes decreased by \$25.6 million to a benefit of \$0.4 million in the year ended December 31, 2008 from a charge \$25.1 million in the year ended December 31, 2007. Our effective tax rate was positive 0.3% (income) for the year ended December 31, 2008 and was negative 11.8% (a charge) for the year ended December 31, 2007. Our effective tax rate in any year is impacted by the mix of operations among our different tax jurisdictions. In the fourth quarter of the year ended December 31, 2007, we completed a corporate tax restructuring that resulted in more deductible expenses in one of our higher tax rate jurisdictions which positively impacted the mix of our profits for income tax purposes in the year ended December 31, 2008. In addition, the most significant portion of charges related to airline defaults and impairments occurred in higher tax rate jurisdictions and the most significant portion of pre-tax earnings occurred in lower tax rate jurisdictions.

Net Income. For the reasons explained above, our net income decreased by \$36.7 million, or 19.4%, to \$151.8 million in the year ended December 31, 2008 from \$188.5 million in the year ended December 31, 2007.

Results of Operations for the Year Ended December 31, 2007 Compared to the Year Ended December 31, 2006

	Year ended December 31, 2006	Year ended December 31, 2007
(US dollars in millions)		
Revenues		
Lease revenue	\$ 443.9	\$ 554.2
Sales revenue	301.4	558.3
Management fee revenue	14.1	14.3
Interest revenue	34.7	29.7
Other revenue	20.3	20.0
Total revenues	814.4	1,176.5
Expenses		
Depreciation	102.4	141.1
Cost of goods sold	220.3	432.2
Interest on debt	166.2	234.8
Operating lease in costs	25.2	20.2
Leasing expenses	21.5	18.8
Provision for doubtful notes and accounts receivable	(0.2)	0.7
Selling, general and administrative expenses	149.4	116.3
Total expenses	684.8	964.1
Income from continuing operations before income taxes and minority interest	129.6	212.4
Provision for income taxes	(21.2)	(25.1)
Minority interest net of taxes	0.6	1.2
Net income	\$ 109.0	\$ 188.5

Revenues. Our total revenues increased by \$362.1 million, or 44.5%, to \$1,176.5 million in the year ended December 31, 2007 from \$814.4 million in the year ended December 31, 2006. In the year ended December 31, 2007, we generated \$980.0 million of revenue in our aircraft segment and

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\$196.5 million of revenue in our engine and parts segment, and, in the year ended December 31, 2006, we generated \$689.2 million of revenue in our aircraft segment and \$125.2 million in our engine and parts segment. The principal categories of our revenue and their variances were:

	Year ended December 31, 2006	Year ended December 31, 2007	Increase/ (decrease)	Percentage Difference
	(US dollars in millions)			
Lease revenue	\$ 443.9	\$ 554.2	\$ 110.3	24.8%
Sales revenue	301.4	558.3	256.9	85.2%
Management fee revenue	14.1	14.3	0.2	1.4%
Interest revenue	34.7	29.7	(5.0)	(14.4)%
Other revenue	20.3	20.0	(0.3)	(1.5)%
Total	\$ 814.4	1,176.5	362.1	44.5%

The increase in lease revenue was attributable primarily to:

- the acquisition between January 1, 2006 and December 31, 2007 of 83 aircraft for leasing with an aggregate net book value of \$1.7 billion at the date of acquisition, partially offset by the sale of 42 aircraft, during such period, with an aggregate net book value of \$536.9 million at the date of sale, which resulted in a \$82.9 million increase in lease revenue; and
- an increase of \$29.9 million as a result of the AeroTurbine acquisition which occurred on April 26, 2006. The results of operations for the year ended December 31, 2006 include the results of operations of AeroTurbine from the date of our acquisition, whereas the results of operations for the year ended December 31, 2007 include a full year of AeroTurbine operations.

The increase in sales revenue was attributable primarily to:

- an increase in average sales price to \$18.2 million (23 aircraft) in the year ended December 31, 2007 from \$12.2 million (19 aircraft) in the year ended December 31, 2006. The increase of the average sales price is mainly a result of the mix of aircraft types sold and increased demand for the aircraft sold. In the year ended December 31, 2007, we sold four A330 aircraft, two A321 aircraft, one A300 aircraft, one Boeing 757 aircraft, one Boeing 767 aircraft, two Boeing 737 aircraft, one DHC8 aircraft and one MD87 aircraft in addition to ten Fokker 100 aircraft where in the prior period we sold four A320 aircraft, two Boeing 757 aircraft and 13 Fokker 100 aircraft; and
- an increase of \$49.1 million as a result of the AeroTurbine acquisition which occurred on April 26, 2006. The results of operations for the year ended December 31, 2006 include the results of operations of AeroTurbine from the date of our acquisition, whereas the results of operations for the year ended December 31, 2007 include a full year of AeroTurbine operations; and
- the sale of three spare engines by AerVenture, which resulted in a \$22.1 million increase in sales revenue in the year ended December 31, 2007. No engines were sold by AerVenture in 2006.

Management fee revenue did not materially change in the year ended December 31, 2007 compared to the year ended December 31, 2006.

Interest revenue decreased by \$5.0 million, or 14.4%, to \$29.7 million in the year ended December 31, 2007 from \$34.7 million in the year ended December 31, 2006. The decrease was mainly caused by (i) the loss of interest income from a subordinated investment in an aircraft securitization which defaulted, (ii) the sale of interest bearing notes receivable in late 2006 and early 2007 and (iii) the elimination of a fair value adjustment which was amortizing to interest income when we

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extinguished the underlying guarantee liability at a discount to its carrying value, partially offset by an increase in cash balances and an increase in deposit rates of interest.

Other revenue did not materially change in the year ended December 31, 2007 compared to the year ended December 31, 2006. In the year ended December 31, 2007, we sold the rights associated with a claim from a lessee bankruptcy for a gain of \$9.1 million and we recognized a gain of \$10.7 million when we extinguished a guarantee liability in relation to the purchase of a portfolio of nine aircraft and three spare engines (see interest revenue). In the year ended December 31, 2006, we sold four unsecured notes receivable for a gain of \$15.8 million, received \$2.1 million from an investment in liquidation, sold notes secured by aircraft for a gain of \$0.7 million and received \$1.7 million from an insurance claim on an engine.

Depreciation. Depreciation increased by \$38.7 million, or 37.8%, to \$141.1 million in the year ended December 31, 2007 from \$102.4 million in the year ended December 31, 2006 due primarily to the acquisition of 83 new aircraft between January 1, 2006 and December 31, 2007 with a book value at the time of the acquisition of \$1.7 billion. The increase was partially offset by the sale of 43 aircraft with a book value at the time of sale of \$536.9 million.

Cost of Goods Sold. Cost of goods sold increased by \$211.9 million, or 96.2%, to \$432.2 million in the year ended December 31, 2007 from \$220.3 million in the year ended December 31, 2006 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 \$13.6 million in the year ended December 31, 2007 from \$9.1 million in the year ended December 31, 2006. The increase of the average cost of goods sold is a result of the mix of aircraft types sold. In the year ended December 31, 2007, we sold four A330 aircraft, two A321 aircraft, one A300 aircraft, one Boeing 757 aircraft, one Boeing 767 aircraft, two Boeing 737 aircraft, one DHC8 aircraft and one MD87 aircraft in addition to 10 Fokker 100 aircraft where in the prior period we sold four A320 aircraft, two Boeing 757 aircraft and 13 Fokker 100 aircraft;
- the AeroTurbine Acquisition on April 26, 2006, which resulted in a \$42.0 million increase in cost of goods sold. The results of operations for the year ended December 31, 2006 include the results of operations of AeroTurbine from the date of our acquisition, whereas the results of operations for the year ended December 31, 2007 include a full year of AeroTurbine operations; and
- the sale of three spare engines by AerVenture, which resulted in a \$21.9 million increase in cost of goods sold in the year ended December 31, 2007. No engines were sold by AerVenture in 2006.

Interest on Debt. Our interest on debt increased by \$68.6 million, or 41.3%, to \$234.8 million in the year ended December 31, 2007 from \$166.2 million in the year ended December 31, 2006. The majority of the increase in interest on debt was principally caused by:

- a \$27.6 million non-recurring expense in the year ended December 31, 2007, related to the write-off of unamortized debt issuance costs at the time of the ALS I refinancing;
- an increase in the average outstanding debt to \$2.8 billion in the year ended December 31, 2007 from \$2.5 billion in the year ended December 31, 2006, resulting in a \$20.1 million increase; and
- a \$22.5 million decrease in the non cash recognition of mark-to-market gains on derivatives to a \$14.6 million loss in the year ended December 31, 2007 from a \$7.9 million gain in the year ended December 31, 2006.

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Other Operating Expenses. Our other operating expenses decreased by \$6.8 million, or 14.6%, to \$39.7 million in the year ended December 31, 2007 from \$46.5 million in the year ended December 31, 2006. The principal categories of our other operating expenses and their variances were as follows:

	Year ended December 31, 2006	Year ended December 31, 2007	Increase/ (decrease)	Percentage difference
	(US\$ in millions)			
Operating lease in costs	\$ 25.2	\$ 20.2	(5.0)	(19.8)%
Leasing expenses	21.5	18.8	(2.7)	(12.6)%
Provision for doubtful notes and accounts receivable	(0.2)	0.7	0.9	N/A%
Total	\$ 46.5	\$ 39.7	(6.8)	(14.6)%

Our operating lease in costs decreased primarily due to the purchase of four aircraft which were previously subject to head leases and the termination of those leases.

Our leasing expenses decreased by \$2.7 million, or 12.6%, to \$18.8 million in the year ended December 31, 2007 from \$21.5 million in the year ended December 31, 2006. The decrease is primarily due to fewer transitions of aircraft from expiring leases to new leases in 2007 compared to 2006 and particularly significant transition expenses in 2006 related to several A321 aircraft which were redelivered from an Asian carrier and leased to another airline.

Our provision for doubtful notes and accounts receivable did not materially change in the year ended December 31, 2007 compared to the year ended December 31, 2006. We did not have any significant defaults in the years ended December 31, 2006 and 2007.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses decreased by \$33.3 million, or 22.3%, to \$116.3 million in the year ended December 31, 2007 from \$149.4 million in the year ended December 31, 2006, due primarily to a decrease of \$67.6 million in charges for share based compensation to \$10.9 million in the year ended December 31, 2007 from \$78.6 million in the year ended December 31, 2006, partially offset by (i) the AeroTurbine Acquisition, which resulted in a \$15.2 million increase, (ii) expenses in relation to the implementation of Sarbanes Oxley Act requirements and our secondary public offering, which resulted in a \$5.9 million increase, (iv) an increase in salaries and benefit expenses associated with the growth in the number of our employees to 402 at December 31, 2007 from 351 at December 31, 2006, which resulted in an \$8.0 million increase and (v) the increase in EUR compared to USD, which resulted in a \$4.2 million increase.

Net 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 \$82.8 million, or 63.9%, to \$212.4 million in the year ended December 31, 2007 from \$129.6 million in the year ended December 31, 2006.

Provision for Income Taxes. Our provision for income taxes increased by \$3.9 million or 18.4% to \$25.1 million in the year ended December 31, 2007 from \$21.2 million in the year ended December 31, 2006. Our effective tax rate for the year ended December 31, 2006 was 16.4% and was 11.8% for the year ended December 31, 2007. Our effective tax rate in any year is impacted by the mix of operations among our different tax jurisdictions. In 2007, we completed a corporate tax restructuring that resulted in more deductible expenses in one of our higher tax rate jurisdictions, which positively impacted the mix of our profits for income tax purposes.

Net Income. For the reasons explained above, our net income increased by \$79.5 million, or 72.9%, to \$188.5 million in the year ended December 31, 2007 from \$109.0 million in the year ended December 31, 2006.

Liquidity and Capital Resources

Aircraft and engine leasing is a capital intensive business and we have significant capital requirements. In prior years, we have achieved positive consolidated cash flow from operations. However, as discussed below, a large portion of our operating cash flows and the net proceeds from aircraft sales are restricted in restricted cash entities designed to repay indebtedness related to assets included in such structures. Our restricted cash entities include ALS I, ALS II and AeroTurbine. Since a significant portion of our capital requirements are not in restricted cash entities, our management analyzes our cash flow at both the consolidated and unconsolidated levels to determine if we have sufficient cash flow available to finance our capital needs in our restricted cash entities and outside our restricted cash entities. Our ability to increase our unconsolidated cash flow depends upon the cash flow from operations at the holding company level, non-restricted cash entities and the various restricted cash entities, and also upon the restrictions in the borrowing documents of the restricted cash entities.

Historically, we have satisfied our liquidity requirements through several sources, including:

- lines of credit and other secured borrowings;
- sales of aircraft, engines and parts;
- aircraft and engine lease revenues;
- contributions from joint venture partners;
- supplemental maintenance rent and security deposits provided by our lessees;
- management fee revenue; and
- capital markets transactions (debt and equity offerings).

We have substantial commitments to purchase aircraft under forward order contracts, including through AerVenture. These commitments include requirements to make pre-delivery payments, as well as the requirement to pay the balance of the purchase price for aircraft on delivery. As of March 31, 2009, we had 73 aircraft under forward purchase commitments, with 28 scheduled to be delivered in the remainder of 2009 and 33 scheduled to be delivered in 2010. In addition, as of March 31, 2009, we had entered into sales contracts for seven of the A320 family aircraft scheduled to be delivered in the remainder of 2009. As of March 31, 2009, our commitments in 2009 and 2010 to make pre-delivery and final delivery payments under our forward purchase commitments exceeded the amounts available under our committed borrowing facilities by \$174.5 million and \$248.6 million, respectively.

As a result, we will need to raise additional funds through a combination of (i) accessing committed debt facilities, (ii) securing additional financing for pre-delivery and final delivery payment obligations, (iii) selling aircraft or other aircraft investments, including participations in our joint ventures, (iv) accessing restricted cash in our cash restricted entities, and (v) if necessary, generating proceeds from potential capital market transactions.

Due to the current ongoing global recession and financial crisis, there has been a significant decrease in the amount of capital available to finance the purchase of aviation assets, including pre-delivery payments on forward purchase commitments, which has made it more challenging and expensive for us to obtain new credit. In addition, the failure of our AerVenture joint venture partner to make \$80.0 million of required capital contributions to AerVenture has reduced the amount of equity capital available to AerVenture and to us and thus increased our capital needs.

We have historically relied on sales of aircraft as an integral part of our liquidity strategy in order to meet cash requirements for our operations and committed capital expenditures. In each of 2007 and 2008, we generated approximately \$110 million of cash from the sale of aircraft outside our restricted

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cash entities. As a consequence of the current global recession and financial crisis and the corresponding decrease in capital available to finance the purchase of aviation assets, we have experienced a decrease in demand and offer prices from third-party investors interested in buying our aircraft. In addition, insolvencies of aircraft operators and sales of aircraft portfolios by aircraft lessors have and are expected to increase the supply of aircraft available for sale, negatively affecting prices for aircraft. In this challenging market, we may experience a significant decrease in aircraft sales revenue which could adversely affect our liquidity and the cash available to fund our obligations under our forward purchase commitments.

We currently generate significant cash flows from our aircraft and engine leasing business; however, since most of our owned aircraft are held through restricted cash entities (40% of the net book value of our aircraft as of December 31, 2008) including consolidated joint ventures or finance structures which borrow funds to finance or refinance the aircraft, the net cash (the cash generated after we pay the interest costs associated with the aircraft), available from our restricted cash entities is limited. Most of the net cash flow we generated in 2008 and expect to generate in 2009 from our aircraft and engine leasing businesses was, or will be, used to repay indebtedness in our restricted cash entities. The provisions of our aircraft securitization vehicles, ALS I and ALS II, prohibit distributions on the subordinated notes to us until such time as the senior classes of notes are repaid in full. Additionally, AeroTurbine's revolving credit facility limits dividend payments to us to a maximum of \$10.0 million per year. However, under limited circumstances, we are able to receive cash from AeroTurbine through the sale to it of assets at arms-length prices. These assets are typically older generation aircraft which are scheduled to be disassembled by AeroTurbine. AeroTurbine generally funds these purchases by drawing on its revolving credit facility. Additionally, our revolving warehouse credit facility with a syndicate of banks led by affiliates of UBS Real Estate Securities Inc., or "warehouse facility," permits limited distributions to us by the relevant subsidiary borrower during the first two years provided specified principal payments are made. Furthermore, most of our 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. In some cases we have provided our restricted cash entities with subordinated loans in connection with their original senior financing or we hold some of their senior debt. As a result, our liquidity also depends on the ability of our subsidiaries to distribute cash to us as dividends and in the form of other distributions, including in the form of interest and principal payments and the return of subordinated investments.

We have also historically generated cash flow by selling equity interests in our aircraft owning subsidiaries and by forming joint ventures. One joint venture, AerVenture, was created in 2005 and LoadAir purchased a 50% equity interest in it in 2006. Prior to March, 2009, LoadAir had made equity contributions to AerVenture of \$30.0 million. In addition, we had provided \$70.0 million to AerVenture in the form of a convertible loan note. Thirty-five million of the convertible loan note was scheduled to be repaid by AerVenture in March 2009 using proceeds from LoadAir's required capital contributions. Under the AerVenture joint venture agreement, LoadAir was required to make \$80.0 million in additional capital contributions to AerVenture in March 2009, which it failed to make. In addition to the March 2009 capital contributions, LoadAir was obligated to make additional capital contributions of \$10.3 million in 2010. As a result of LoadAir's failure to make the required equity contributions, we will be required to invest additional equity in AerVenture so that it will have sufficient cash available to fund the equity portion of the purchase price for its upcoming aircraft deliveries. As of March 31, 2009, AerVenture's commitments in 2009 and 2010 to make pre-delivery and final delivery payments under its forward purchase commitments exceeded the amounts available under its committed borrowing facilities by \$57.6 million and \$82.1 million, respectively. These amounts are included in the \$174.5 million and \$248.6 million for 2009 and 2010, respectively, by which AerCap's commitments in 2009 and 2010 to make pre-delivery and final delivery payments under its forward purchase commitments exceed the amounts available under its committed borrowing facilities discussed above.

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As a result of the additional equity contributions we are now required to make to AerVenture, we will have less cash available to us to fund our other obligations and our liquidity will be materially and adversely affected.

In order to access the required capital to meet our other obligations under our forward purchase commitments, we have completed or have undertaken the following initiatives:

- In March 2009, we completed the intercompany sale of an investment to a group company which released \$63.0 million of otherwise restricted cash. The purchase was financed by drawing on an existing credit facility.
- We have signed a term sheet with a bank to obtain pre-delivery financing, for a new financing transaction, for certain A330 aircraft subject to forward purchase commitments with Airbus and secured funding on an owned aircraft. As part of the transaction, we would be required to purchase a new wide-body aircraft currently on order by LoadAir for which the bank previously provided pre-delivery payment financing. After we purchase the aircraft, we intend to lease it back to LoadAir. As part of this transaction, we expect to give LoadAir an option for a limited period of time to purchase up to 50 percent of the shares in AerVenture which have voting and economic rights, if it meets certain conditions. This transaction, excluding any proceeds from LoadAir, would decrease the amount by which our forward purchase commitments exceed our available cash by approximately \$50 million in 2009 and \$25 million in 2010.
- We have signed a letter of intent for the sale of two aircraft by a non-restricted cash entity, which, if the transaction closes, will generate unrestricted cash proceeds of approximately \$11 million in the second or third quarter of 2009.
- We are negotiating a term sheet with a bank for additional final delivery financing for one A330 aircraft under a forward purchase commitment, which, if completed, would provide to us approximately \$70 million of additional funds in 2010.

We believe that the expected cash generated from the first three transactions above combined with cash balances in our unrestricted cash entities of \$150 million as of March 31, 2009, which includes the proceeds from the intercompany sale of an investment as described above, should be sufficient to meet our cash obligations in 2009 and maintain an adequate level of unrestricted cash balances. However, our pending transactions may not close, and if we are unable to obtain an alternative source of funding our liquidity would be materially and adversely affected in 2009. As mentioned above, our 2010 forward purchase commitments exceed the amounts available to us under our borrowing facilities and we are relying on these and other potential initiatives to fund our liquidity requirements in 2010. We are pursuing, and will pursue in the future, a variety of transactions in addition to the specific transactions noted above, including possible sales of a portion of our investments in joint ventures and other special purpose entities, sales of owned aircraft, transactions that could involve both permanent and temporary reductions of our cash commitments under forward purchase commitments and possible issuance of new equity or equity-linked securities to support our liquidity requirements in 2009 and 2010.

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 new bank debt, the refinancing of existing bank debt and other capital raising initiatives. For additional information on the availability of funding under our contracted credit facilities see "—Indebtedness".

Consolidated Cash Flows

The following table presents our consolidated cash flows for 2007 and 2008. As described above, since substantially all of our owned aircraft are held through restricted cash entities and a significant portion of our capital requirements are outside our restricted cash entities, our management analyzes our cash flow at both consolidated and unconsolidated levels to make sure that we have sufficient cash

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flows available to finance our capital needs in our restricted cash entities and outside our restricted cash entities. Therefore, you should read the following table and analysis in conjunction with the overview provided in the introduction to this section on Liquidity and Capital Resources.

	<u>2007</u>	<u>2008</u>
	(US dollars in millions)	
Net cash flow provided by operating activities	\$ 205.9	\$ 253.2
Net cash flow used in investing activities	(415.8)	(1,163.8)
Net cash flow provided by financing activities	321.1	860.6

Year ended December 31, 2008 compared to year ended December 31, 2007.

Cash Flows Provided by Operating Activities. Our cash flows provided by operating activities increased by \$47.3 million, or 23.0%, to \$253.2 million for the year ended December 31, 2008 from \$205.9 million for the year ended December 31, 2007 primarily due to: (i) the receipt of \$17.5 million of deposits under forward sale agreements in the year ended December 31, 2008 which did not occur in the year ended December 31, 2007. A significant portion of our operating cash flows stated above, including nearly all of our cash flows from our leasing operations originate within restricted cash entities, where the financing structures in such restricted cash entities do not allow use of such cash flows to fund general operations or to fund obligations of other group entities.

Cash Flows Used in Investing Activities. Our cash flows used in investing activities increased by \$748.0 million, or 179.9%, to \$1,163.8 million in the year ended December 31, 2008 from \$415.8 million in the year ended December 31, 2007, primarily due to: (i) an increase of \$570.0 million in the net cash used in aircraft purchase and sale activity (including purchases of intangible lease premiums) in the year ended December 31, 2008 as compared to the year ended December 31, 2007 and (ii) an increase of \$175.3 million in the amount of pre-delivery payments made in the year ended December 31, 2008 as compared to the year ended December 31, 2007. Aircraft purchased in 2008 included the acquisition of the TUI portfolio for \$520.7 million.

Cash Flows Provided by Financing Activities. Our cash flows provided by financing activities increased by \$539.5 million, or 168.0%, to \$860.6 million in the year ended December 31, 2008 from \$321.1 million in the year ended December 31, 2007. This increase in cash flows provided by financing activities was due primarily to attributable to an increase of \$529.9 million in new financing proceeds, net of repayments in the year ended December 31, 2008 as compared to the year ended December 31, 2007 due primarily to the \$448.6 million borrowing to fund the acquisition of the TUI portfolio.

Indebtedness

As of December 31, 2008, our outstanding indebtedness totaled \$3.8 billion and primarily consisted of export credit facilities, Japanese operating lease financings, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

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The following table provides a summary of our indebtedness at December 31, 2008:

<u>Debt Obligation</u>	<u>Collateral</u>	<u>Commitment</u>	<u>Outstanding</u>	<u>Undrawn amounts</u>	<u>Weighted average interest rate</u>	<u>Final stated Maturity</u>
(US dollars in thousands)						
Export credit facilities—A320 financings	20 aircraft	\$ 671,778	\$ 636,813	\$ 34,965	3.34%	2020
Export credit facilities—A330 financings	—	1,410,000	—	1,410,000		
Japanese operating lease financings	3 aircraft	91,095	91,095	—	2.64%	2015
AerVenture A320 Pre-delivery payment facility—Calyon facility	—	120,761	96,432	24,329	4.18%	2010
AerVenture A320 Pre-delivery payment facility—HSH facility	—	261,860	68,109	193,751	3.70%	2012
Airbus A330 Pre-delivery payment facility	—	206,190	121,027	85,163	1.24%	2010
UBS revolving credit facility	14 aircraft	1,000,000	477,277	522,723	3.47%	2014
AeroTurbine revolving credit facility	6 aircraft & 61 engines	328,000	194,188	133,812	5.22%	2011
ALS II debt	—	1,000,000	—	1,000,000	—	2038
ALS I debt	62 aircraft	1,120,516	1,120,516	—	2.15%	2032
TUI Portfolio Acquisition facility	19 aircraft	407,804	407,804	—	3.48%	2015
TUI Portfolio Subordinated debt*	—	61,921	61,921	—	20.00%	2015
Engine Acquisition facility	6 engines	100,000	53,300	46,700	3.16%	2010
Calyon Aircraft Acquisition facility	29 aircraft	214,779	211,346	3,433	2.52%	2013
Commercial bank debt	5 aircraft	124,358	124,358	—	4.04%	2019
Capital lease obligations under defeasance structures	3 aircraft	126,301	126,301	—	—	2010
Total		\$ 7,245,363	\$ 3,790,487	\$ 3,454,876		

*

Subordinated debt issued to our joint venture partner relating to the TUI portfolio acquisition.

In February 2009, we entered into a \$86.3 million facility with a European financial institution to finance the pre-delivery payments in connection with the delivery of three A330 aircraft pursuant to a purchase agreement signed with Airbus in December 2006, and amended in May 2007.

In March 2009, AerVenture closed a \$846.0 million export credit facility with a syndicate of commercial banks to finance up to 20 Airbus A320 aircraft. Repayment under the credit facility is guaranteed by the ECA. Currently no aircraft have been financed under this facility.

The weighted average interest rate in the table above excludes the impact of related derivative instruments which we hold to hedge our exposure to interest rates.

See "—Indebtedness" for more information regarding our indebtedness and see "Interest Rate Risk" for more information on our portfolio of derivative financial instruments.

Contractual Obligations

Our contractual obligations consist of principal and interest payments on 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 cash flows. We believe that our sources of liquidity will be sufficient to meet our contractual obligations.

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The following table sets forth our contractual obligations and their maturity dates as of December 31, 2008:

Payments Due By Period as of December 31, 2008

<u>Contractual Obligations</u>	<u>Less than one year</u>	<u>One to three years</u>	<u>Three to five years</u>	<u>Thereafter</u>	<u>Total</u>
	(U.S. dollars in thousands)				
Debt(1)	\$ 608,991	\$ 1,055,792	\$ 964,459	\$ 1,425,117	\$ 4,054,359
Purchase obligations(2)	1,750,310	1,874,740	349,614	—	3,974,664
Operating leases(3)	26,146	50,492	16,182	8,944	101,764
Derivative obligations	3,437	442	(2,636)	(3,414)	(2,171)
Total	2,388,884	2,981,466	1,327,619	1,430,647	8,128,616

- (1) Includes estimated interest payments based on one-month LIBOR as of December 31, 2008, which was 0.436%.
- (2) Includes 28 new A330 wide-body aircraft on order from Airbus and 50 Airbus A320 family aircraft on order from Airbus by AerVenture.
- (3) 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.

The table below provides information as of December 31, 2008 regarding our debt and interest (includes estimated interest payments based on one-month LIBOR as of September 30, 2008, which was 0.436%) obligations per facility type:

	<u>Less than one year</u>	<u>One to three years</u>	<u>Three to five years</u>	<u>Thereafter</u>	<u>Total</u>
	(US dollars in thousands)				
Pre-delivery payment facilities(1)	\$ 200,215	\$ 88,750	\$ —	\$ —	\$ 288,965
Non-recourse debt facilities(2)	239,088	492,111	418,374	749,061	1,898,634
Joint venture facilities(3)	57,631	116,228	156,141	254,529	584,529
Capital lease obligations under defeasance structures(4)	6,515	119,786	—	—	126,301
Other facilities	105,542	238,917	389,944	421,527	1,155,930
Total	\$ 608,991	\$ 1,055,792	\$ 964,459	\$ 1,425,117	\$ 4,054,359

- (1) Repayment of debt owed on pre-delivery payment facilities is essentially offset by proceeds received from aircraft purchase debt facilities.
- (2) Debt repayment is due only to the extent that cash is available in non-recourse facilities.
- (3) Joint venture partners share in the debt repayment responsibilities.
- (4) Obligations are defeased through an offsetting notes receivable amount.

Under the AerDragon joint venture agreement, we have contributed \$25.0 million of equity to fund AerDragon's initial aircraft and engine purchases.

[Table of Contents](#)**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,		
	2006	2007	2008
	(US dollars in thousands)		
Capital expenditures	\$ 879,497	\$ 720,336	\$ 1,302,157
Pre-delivery payments	93,708	164,074	339,422

In 2006, our principal capital expenditures were for three A319 and three A320 aircraft delivered under our 1999 forward order agreement and 17 A320s, one A319, three 737-700/800s, six 737-300/400s, four 757s and one 767 purchased in portfolio or single aircraft purchase transactions. In 2007, our principal capital expenditures were for five A319, three A320 and two A321 aircraft delivered under our forward order agreements and ten A320s, four 737-700/800s, two 737-200/300/400s, two 757s, one 767, six MD82s, one MD83, one DC8, two Bombardier CRJ-100s and one Canadair CL600 purchased in portfolio or single aircraft purchase transactions. In 2008, our principal capital expenditures were for three A319, nine A320 and two A330 aircraft delivered under our forward order agreements and 10 A320, 11 B737-800, six B737-300, seven B757, two B767, four MD 82 and four MD 83 aircraft purchased in portfolio or single aircraft transactions.

The table below sets forth our expected capital expenditures for future periods indicated based on contracted commitments as of December 31, 2008.

	2009	2010	2011	Thereafter
		(US dollars in thousands)		
Capital expenditures	\$ 1,322,820	1,403,354	212,658	301,076
Pre-delivery payments	427,490	159,586	99,142	48,537
Total	\$ 1,750,310	1,562,940	311,800	349,613

As of December 31, 2008, we expect to make capital expenditures related to the 28 A330, three A321 aircraft, 39 A320 aircraft and eight A319 aircraft on order by AerVenture in 2009 and thereafter. As we implement our growth strategy, currently focused on the mid- to long-term, 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.

Off-Balance Sheet Arrangements

As of December 31, 2007, we were obligated to make sublease payments under six aircraft operating leases of aircraft with lease expiration dates between 2009 and 2013. In February 2008, we purchased two of the six aircraft that had been subject to operating leases and terminated the operating leases as described in Note 15 to our consolidated financial statements included herein. As of December 31, 2008, we were obligated to make sublease payments under four aircraft operating leases of aircraft with lease expiration dates between 2009 and 2013. We lease these four 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 four 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

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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 debt liabilities. Note 15 of our consolidated financial statements included in this annual report includes more information on this arrangement, including a table of future lease obligations by year.

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.

As discussed above, we have entered into a joint venture, AerDragon, that does not qualify for consolidated accounting treatment. This joint venture's assets and liabilities are off our balance sheet and we only record our net investment under the equity method of accounting.

Management's use of "net income excluding non-cash charges relating to the mark-to-market of our interest rate caps and share based compensation"

The following is a definition of a non-GAAP measure used in this report on Form 20-F and a reconciliation of such measure to the most closely related GAAP measure:

Net income excluding non-cash charges relating to the mark-to-market of our interest rate caps and share based compensation. This measure is determined by adding non-cash charges related to the mark-to-market losses on our interest rate caps and share based compensation during the applicable period, net of related tax benefits, to GAAP net income. We believe this measure provides investors with a more meaningful view of our operational performance and allows investors to better understand its operational performance in relation to past and future reporting periods. We use interest rate caps to allow us to benefit from decreasing interest rates and protect against the negative impact of rising interest rates on its floating rate debt. Management determines the appropriate level of caps in any period with reference to the mix of floating and fixed cash inflows from our lease and other contracts. We do not apply hedge accounting to our interest rate caps. As a result, we are required to recognize the change in fair value of the interest rate caps in our income statement during each period. The following is a reconciliation of net income excluding non-cash charges relating to the mark-to-market of interest rate caps and share based compensation to net income for the years ended December 31, 2008 and 2007:

	<u>Year ended December 31, 2007</u>	<u>Year ended December 31, 2008</u>
	(US dollars in millions)	
Net income	\$ 188.5(1)	\$ 151.8
Plus: Non-cash charges relating to the mark-to-market of interest rate caps, net of tax	12.6	39.6
Non-cash charges related to share-based compensation, net of tax	9.5	6.4
Net income excluding non-cash charges related to mark-to-market of interest rate caps and share-based compensation	\$ 210.6	\$ 197.8

(1) Includes a charge to interest expense from refinancing of securitized bonds of \$24.0 million, net of tax.

Management's use of "net spread"

Net spread. This measure is the difference between basic lease rents and interest expense excluding the impact from the mark-to-market of interest rate caps and non-recurring charges. We believe this measure provides investors a better way to understand the changes and trends related to the earnings of our leasing activities. This measure reflects the impact from changes in the number of aircraft leased, lease rates, utilization rates, as well as the impact from the use of interest rate caps instead of swaps for hedging purposes. The following is a reconciliation of net spread to basic rents for the year ended December 31, 2008 and 2007:

	Year ended December 31, 2007	Year ended December 31, 2008
	(US dollars in millions)	
Basic rents	\$ 494.2	\$ 520.7
Interest on debt	234.8	219.2
Plus: mark-to-market of interest rate caps	(14.4)	(58.1)
Less: Non-recurring charges from refinancing of securitized bonds	(27.4)	—
Interest on debt excluding the impact of mark-to-market of interest rate caps and non-recurring charges from refinancing of securitized bonds	193.0	161.1
Net spread	\$ 301.2	\$ 359.6

Recent Accounting Pronouncements**SFAS 141(R)**

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) establishes requirements for an acquirer to record the assets acquired, liabilities assumed, and any related noncontrolling interest related to the acquisition of a controlled subsidiary, measured at fair value as of the acquisition date. The Company is required to adopt SFAS 141(R) in the first quarter of 2009. The Company does not currently expect that the implementation of SFAS 141(R) will have a material effect on the Company's results of operations and financial position.

SFAS 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures regarding fair value measurement but does not change existing guidance about whether an asset or liability is carried at fair value. The application of SFAS 157 for financial instruments which are periodically measured at fair value did not have a material effect on the Company's results of operations or financial position (See Note 4—Fair value measurements). For non-financial assets and liabilities which are not periodically recognized or disclosed at fair value, the effective date for SFAS 157 has been deferred one year.

SFAS 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits entities to choose to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value. Subsequent changes in fair value for designated items will be required to be reported in income. SFAS 159 also establishes presentation and disclosure requirements for similar types of assets and

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liabilities measured at fair value. SFAS 159 permits the fair value option election on an instrument-by-instrument basis for eligible items existing at the adoption date and at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The Company adopted this standard at January 1, 2008, its required effective date. The adoption of this standard did not have any effect on our consolidated financial condition, results of operations or cash flows, since we did not choose to fair value any financial instruments or other items not currently measured at fair value.

SFAS 160

In December 2007, the FASB issued SFAS No. 160, *"Non-controlling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51"* ("SFAS 160"). SFAS re-characterizes minority interests in consolidated subsidiaries as non-controlling interests and requires the classification of minority interests as a component of equity. Under SFAS 160, a change in control will be measured at fair value, with any gain or loss recognized in earnings. The effective date for SFAS 160 is for fiscal periods beginning on or after December 15, 2008. Early adoption and retroactive application of SFAS 160 to years preceding the effective date are not permitted. We are currently evaluating the impact, if any, of SFAS 160.

SFAS 161

In March 2008, the FASB issued SFAS No. 161, *"Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133"* ("SFAS 161"). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This Statement is effective for us in the first quarter of 2009. We are currently evaluating the impact of SFAS 161.

SFAS 162

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS No. 162"). The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. GAAP for nongovernmental entities. SFAS No. 162 will become effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The adoption of SFAS No. 162 will have no material impact on our consolidated financial statements.

EITF Issue No. 08-6

In November 2008, the Emerging Issues Task Force issued EITF No. 08-6, *Equity Method Investment Accounting Considerations* (EITF 08-6) that addresses how the initial carrying value of an equity method investment should be determined, how an impairment assessment of an underlying indefinite-lived intangible asset of an equity method investment should be performed, how an equity method investee's issuance of shares should be accounted for, and how to account for a change in an investment from the equity method to the cost method. EITF 08-6 shall be effective in fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. EITF 08-6 shall be applied prospectively with early application prohibited. The impact of adopting EITF 08-6 is not expected to have a material impact on our consolidated financial condition or results of operations.

FSP FAS No. 142-3

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing a renewal or extension assumptions used for purposes of determining the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). FSP FAS 142-3 is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other GAAP. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier application is not permitted. We believe the impact of adopting FSP FAS 142-3 will not have a material effect on our consolidated financial condition or results of operations.

INDEBTEDNESS**Export Credit Facility Financings—Airbus A320 aircraft**

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 the ECA. 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. In November 2008, the export credit facility was further amended to cover an additional one aircraft and the maximum amount of the facility remained unchanged. 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 December 31, 2008, we had financed 20 aircraft under this facility. We had \$636.8 million of loans outstanding under our export credit facilities as of December 31, 2008.

Interest Rate. Set forth below are the interest rates for our export credit facilities.

	<u>Amount outstanding at December 31, 2008</u>	<u>Interest rate</u>
	(US dollars in thousands)	
Floating Rate Tranches:	\$ 254,360	Three-month LIBOR plus 0.12%
	194,238	Three-month LIBOR plus 0.25%
	68,253	Three-month LIBOR plus 0.27%
	22,032	Three-month LIBOR plus 0.30%
	102,321	Three-month LIBOR plus 0.90%
Purchase accounting fair value adjustments	(4,391)	
Total:	<u>\$ 636,813</u>	

Maturity Date. We are obligated to repay principal on the export credit facility over a 10 or 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

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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, which was obtained in connection with the 2005 Acquisition. 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.

Export Credit Facility Financings—Airbus A330 aircraft

General. In December 2008, we entered into a \$1.41 billion export credit facility for the financing of up to 15 Airbus A330 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. As of December 31, 2008, no aircraft under this facility have been delivered from the manufacturer.

Interest Rate. Set forth below are the interest rates for the first and the subsequent three of our export credit facilities. The interest rates for the remaining loans will be agreed on a rolling basis.

	<u>Amount outstanding at December 31, 2008</u>	<u>Interest rate</u>
	(US dollars in thousands)	
Floating rate tranches	—	Three-month LIBOR plus 0.80%
	—	Three-month LIBOR plus 0.35%

Maturity Date. We are obligated to repay principal on the export credit facility over a 10 or 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 will enter 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 2008 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 December 2008 export credit facility if:

(i) AerCap Holdings N.V.'s 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 issued shares and voting rights 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.;

(ii) AerCap Holdings N.V. ceases to own and control 100% of the shares in AerCap A330 Holdings B.V., AerCap B.V. or AerCap Ireland Limited; or

(iii) AerCap A330 Holdings B.V. ceases to own and control and least 51% of the shares in AerCap A330 Holdings Limited.

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Export Credit Facility Financings—AerVenture A320 aircraft

General. In March 2009, AerVenture, entered into a \$846.0 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 the ECA. As of this date, currently no aircraft under this facility have been financed.

Interest Rate. The interest rates for the loans will be agreed on a rolling basis.

Maturity Date. We are obligated to repay principal on the export credit facility over a 10 or 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 will enter into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerVenture. 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 AerVenture and 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 2009 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 March 2009 export credit facility if:

- (i) AerCap Holdings N.V.'s 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 issued shares and voting rights 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.;
- (ii) AerCap Holdings N.V. ceases to own and control (directly or indirectly) 100% of the relevant servicer;
- (iii) AerCap Holdings N.V. ceases to own and control 100% of the shares in AerCap AerVenture Holding B.V.;
- (iv) AerCap AerVenture Holding B.V. ceases to own and control at least 50% of the shares in AerVenture;
- (v) AerVenture ceases to own and control (directly or indirectly) 100% of the export lessees.

Aircraft Lease Securitisation I

General. On May 8, 2007, we completed a refinancing of our securitization of ALS I with the issuance of \$1.66 billion of securitized notes in one class of AAA-rated class G-3 floating rate notes. The proceeds from the refinancing were used to redeem all outstanding ALS I debt, other than the most junior class of notes, to refinance the indebtedness that had been incurred to purchase 24 previously acquired aircraft, and to finance the purchase of four additional new aircraft, increasing ALS I's aircraft portfolio size to 70 aircraft. Following a number of aircraft sales, there are 62 aircraft in the ALS I portfolio as of December 31, 2008. The primary source of payments on the notes is lease payments on the aircraft owned by the subsidiaries of ALS I. We retained the most junior class of notes in the securitization, as a result of which we still consolidate ALS I's results in our financial statements.

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MBIA Insurance Corporation issued a financial guaranty insurance policy to support the payment of interest when due and principal on the final maturity on the new notes, which are currently rated Baa1 and AA by Moody's Investors Service and Standard & Poor's Ratings Services, respectively.

Liquidity. Calyon provided a liquidity facility in the amount of \$72.0 million, which may be drawn upon to pay expenses of ALS I and its subsidiaries, senior hedge payments and interest on the new senior class of notes.

Interest Rate. Set forth below is the interest rate for the Class G-3 note:

	<u>Amount outstanding at December 31, 2008</u> (US dollars in thousands)	<u>Interest rate</u>
Class G3 notes	\$ 1,120,516	One month LIBOR plus 0.26%

Aircraft Management Services. We provide lease and aircraft management and re-leasing and remarketing services for ALS I's aircraft, for which we receive a retainer fee of 0.212% per year of the initial appraised value of the aircraft, which was \$2.1 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 ALS I 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 ALS I 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, 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. To the extent that the amount of funds available for payment on any payment date exceeds the amount needed to pay all payments having an equal or higher priority under the trust indenture, any such excess funds will be applied to reduce the outstanding principal balance of the new notes by distributing such excess amount in accordance with the priority of payments set forth in the trust indenture.

ALS I may voluntarily redeem the new 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 for the new notes was 101% for the class G-3 notes, and such percentage decreases gradually until May 15, 2010. On that date, the redemption price of the notes will equal the outstanding principal balance of the notes. In addition, ALS I must pay any accrued but

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unpaid interest on the notes and any premium due to MBIA Insurance Corporation upon redemption of the notes. ALS I 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 ALS I may only redeem the notes in whole.

Maturity Date. The final maturity date of the notes will be May 10, 2032.

Collateral. The property of ALS I 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 ALS I, as well as by the interests of ALS I'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 ALS I aircraft will be placed in a collection account and paid out according to a priority of payments.

Aircraft Lease Securitisation II Limited

General. On June 26, 2008, we completed a securitization in which ALS II issued securitized class A-1 notes and class A-2 notes, rated A+ by Standard & Poor's and A1 by Moody's. The class A-1 notes each had an outstanding principal balance of zero, and were issued to commitment holders. The commitment holders have committed to advance funds, subject to certain conditions, including that ALS II shall have acquired at least 15 aircraft, up to an aggregate amount of \$1 billion in connection with the purchase of aircraft by ALS II. The 15th aircraft is scheduled to be delivered to ALS II in May 2009. The principal balance of the class A-1 notes will increase in an amount equal to the amount advanced by each commitment holder. Funded class A-1 notes may be exchanged for class A-2 notes subject to certain conditions. The aggregate principal balance of the class A-1 notes together with the class A-2 notes will not exceed \$1 billion. The class A-1 notes are ranked pari passu with the class A-2 notes.

The advances made by the commitment holders will be applied to purchase 30 aircraft from AerVenture Leasing 1 Limited, a subsidiary of AerVenture, with the first aircraft delivery to ALS II expected to occur in May 2009. The 30 aircraft are among the 70 aircraft being delivered by Airbus to AerVenture between 2007 and 2011. The primary source of payments on the notes will be lease payments on the aircraft owned by subsidiaries of ALS II.

ALS II also issued class E-1 notes (the most junior class of notes) to AerVenture Leasing 1 Limited on June 26, 2008, the proceeds of which will be applied to pay expenses of ALS II during the period between June 26, 2008 and the first delivery of aircraft. Additional class E-1 notes will be issued to AerVenture Leasing 1 Limited in connection with the sale of aircraft to ALS II, and will be issued to AerVenture Leasing 1 Limited, AerVenture and AerCap Holdings N.V. in certain other circumstances. We expect AerVenture and AerVenture Leasing 1 Limited to retain this junior class of notes, and we expect to consolidate ALS II's financial results in our financial statements.

Liquidity. Calyon provided a liquidity facility in the amount \$55 million, which may be drawn upon after the initial delivery of aircraft to ALS II to pay expenses of ALS II and its subsidiaries, commitment fees owed to the commitment holders, senior hedge payments and interest on the class A-1 notes and class A-2 notes.

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Interest Rate. Set forth below is the interest rate for the subclasses of notes not held by us. LIBOR is the London interbank offered rate for one-month U.S. dollar deposits or, under certain circumstances, an interpolated LIBOR rate.

	<u>Amount outstanding at December 31, 2008</u> (US dollars in thousands)	<u>Interest rate</u>
Class A-1 Notes	—	One month LIBOR plus 1.85%
Class A-2 Notes	—	One month LIBOR plus 1.85%

Maturity Date. The final maturity date of the notes will be June 26, 2032.

Collateral. The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of ALS II, as well as by ALS II'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 ALS II 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 LLC, Deutsche Bank Trust Company Americas and certain other financial institutions. The revolving loans under the UBS revolving credit facility are divided into two classes: class A loans, which have a maximum advance limit of \$830.0 million and class B loans, which have a maximum advance limit of \$170.0 million. As of December 31, 2008, we had \$477.3 million of loans outstanding under the UBS revolving credit facility.

Borrowings under the UBS revolving credit facility can be used to finance between 66% and 79% of the appraised value of the acquired aircraft or, in the case of Boeing 737NG and Airbus A320 family aircraft, between 74% and 80% 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, or (b) in the case of class B loans, based on the eurodollar rate plus the class B applicable margin. The following table sets

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forth the applicable margin for the two classes of the UBS revolving credit facility during the periods specified:

	Class A	Class B
Borrowing period(1)	1.35%	3.75%
First 180 days following conversion	2.10%	4.50%
From 181 days to 360 days following conversion	2.60%	5.00%
From 361 days to 450 days following conversion	2.85%	5.25%
From 450 days to 541 days following conversion	3.10%	5.50%
Thereafter	3.35%	5.75%

(1) The borrowing period is four years from May 8, 2007 after which the loan converts to a term loan.

Additionally, we are subject to (a) a 0.25% fee on any unused portion of the unused class A loan commitment and (b) a 0.50% fee on any unused portion of the unused class B 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 May 12, 2014.

Cash Reserve. AerFunding is required to maintain up to 6.0% of the borrowing value of the aircraft in reserve for the benefit of the class A and B 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. 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;

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- 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 Credit Facility

General. On December 19, 2007, AeroTurbine entered into a second amended and restated senior credit agreement with Calyon and certain other financial institutions identified therein. Pursuant to this agreement, the total commitment of the credit facility under the first amended senior credit agreement increased from \$220.0 million to \$328.0 million, and a letter of credit facility in the commitment amount of \$10.0 million (which amount is included in the total commitment of \$328.0 million) was added. As of December 31, 2008, AeroTurbine had \$194.2 million outstanding under the Calyon credit facility.

Interest Rate. Under the Calyon credit facility, AeroTurbine can borrow revolving loans based on either LIBOR or ABR (which is a rate per annum equal to the greater of the prime rate in effect on such day and the federal funds effective rate in effect on such day plus $\frac{1}{4}$ of 1%). Set forth below are the interest rates for the Calyon revolving loan facility.

	Amount outstanding at December 31, 2008	Interest rate	
		ABR Loans	LIBOR Loans
	(US dollars in thousands)		
Revolving Loan Facility	\$ 194,188	ABR + 0.25%	LIBOR + 1.25%

Prepayment. Advances under the Calyon credit facility may be prepaid without prepayment penalty. Mandatory prepayments of the Calyon facility are required:

- if the aggregate principal amount borrowed under the 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 interest under the revolving loan facility are due quarterly (or, if the interest period is less than three months for a LIBOR loan, the last day of the interest period for that loan). Payments of principal on the revolving loan facility are due on the maturity date. All outstanding revolving loans not paid during the term shall be due on the maturity date. AeroTurbine will reimburse the letter of credit issuer for any drawing made under any outstanding letter of credit on the date AeroTurbine receives notice of such drawing (if such notice is received prior to 12 noon on such date) or on the immediately following business day (if such notice is received at or after 12 noon on such date).

Maturity Date. The maturity date of the Calyon credit facility is December 19, 2012.

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Collateral. Borrowings under the Calyon credit 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 credit 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 the Calyon credit facility;
- make advances, loans, extensions of credit, guarantees, capital contributions or other investments;
- declare or pay any dividends or other asset distributions;
- 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.

Japanese Operating Lease Financings

General. In 2004 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 December 31, 2008, we had financed three aircraft under Japanese operating lease financings. The aggregate principal amount of the loans outstanding under Japanese operating leases financings was \$91.1 million as of December 31, 2008.

Interest Rate. Set forth below are the interest rates for our senior loans and subordinated debt.

	<u>Amount outstanding at December 31, 2008</u>	<u>Average interest rates</u>
	(US dollars in thousands)	
Senior debt	\$ 58,733	Three month LIBOR plus 0.96%
Subordinated debt	32,362	Fixed rates 4.03%
Total	<u>\$ 91,095</u>	

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 A320 Pre-delivery Payment Facility—Calyon

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

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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 entered into a facility on November 3, 2006, as amended and restated on July 27, 2007, in which Calyon has arranged a credit facility, the AerVenture facility, to finance a portion of the pre-delivery payments to Airbus in an amount up to \$207.5 million.

Prior to drawing on the AerVenture facility, AerVenture will pay, on average, 15% of the pre-delivery payment amount owed for each aircraft. 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. We agreed with Calyon that we will invest at least an additional \$25 million in AerVenture, subject to limited exceptions. The aggregate principal amount of the loans outstanding under the AerVenture pre-delivery payment facility was \$96.4 million as of December 31, 2008.

Interest Rate. Borrowings under the AerVenture facility will bear interest at a floating interest rate of three month LIBOR plus a margin of 1.00%, payable quarterly in arrears.

	<u>Amount outstanding at December 31, 2008</u>	<u>Interest rates</u>
	(US dollars in thousands)	
Calyon Facility	\$ 96,432	Three month LIBOR plus 1.00%

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 November 3, 2009, however, in the event of delayed delivery of the aircraft, the maturity date may be extended up to the earlier of (i) the delayed delivery date of the aircraft and (ii) January 31, 2010, for the repayment of the indebtedness financing the pre-delivery payments of the delayed aircraft.

Collateral. Borrowings under the AerVenture facility are secured by, among other things, the partial assignment of the airframe and engine purchase agreements in respect of the 30 aircraft covered by the facility, including the right to take delivery of the aircraft where Calyon has provided the pre-delivery payments and the aircraft remains undelivered.

Certain Covenants. The AerVenture facility contains customary affirmative and financial covenants for secured financings and a restriction on the payment of dividends while the facility is outstanding. All other financial covenants were removed when the facility was amended in July 2007. In addition, AerCap has agreed to maintain a minimum of 25% of the shares of AerVenture until the AerVenture facility is fully repaid.

AerVenture A320 Pre-delivery Payment Facility—HSH Nordbank AG

General. In January 2006, AerVenture signed a purchase agreement for the purchase of up to 70 aircraft from Airbus. As of December 31, 2008, 11 of the aircraft had been delivered and the remaining are scheduled to be delivered prior to the second quarter of 2011.

In connection with the scheduled delivery of the remaining 37 aircraft, AerVenture entered into a facility agreement in April 2008 with HSH Nordbank AG to finance a portion of the required pre-delivery payments to Airbus in an amount up to \$269.2 million. Prior to drawing on the AerVenture facility, AerVenture will pay, on average, 15% of each pre-delivery payment amount owed for each aircraft. AerVenture must repay the lenders for the amounts drawn for the pre-delivery payment for each aircraft on the delivery date of that aircraft or, if the aircraft is not delivered on the

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scheduled delivery date, within three months of the scheduled delivery date. The aggregate principal amount of the loans outstanding under the facility was \$68.1 million as of December 31, 2008.

Interest Rate. Borrowings under the AerVenture facility will bear interest at a floating interest of the higher of one-month LIBOR plus a margin of 1.20% and HSH's cost of funds payable monthly in arrears after the initial drawing on the facility.

	<u>Amount outstanding at December 31, 2008</u>	<u>Interest rates</u>
	(US dollars in thousands)	
HSH Nordbank AG Facility	\$ 68,109	One month LIBOR plus 1.20%

Prepayment. Borrowings under the AerVenture facility may be prepaid (subject to minimum payment and notice provisions) without penalty, except for break funding costs if payment is made on a day other than an interest payment date.

Maturity Date. The maturity date of the AerVenture facility will be the earlier of (a) the delivery date for the final aircraft to be delivered and (b) December 31, 2012.

Collateral. Borrowings under the AerVenture facility are secured by, among other things, the partial assignment of the airframe and engine purchase agreements in respect of the 37 aircraft covered by the facility, including the right to take delivery of the aircraft where the lenders have provided the pre-delivery payments and the aircraft remains undelivered.

Certain Covenants. The AerVenture facility contains customary covenants for secured financings. AerVenture also covenants in the AerVenture facility (a) not to elect to change the aircraft model, the thrust rating of any engine or the delivery date for any aircraft, (b) to notify the agent of if the total cost of Specification Change Notices, or "SCNs" for any aircraft will exceed the SCN budget for such aircraft and (c) pay all buyer furnished equipment, or BFEs prior to the delivery date.

A330 Pre-delivery Payment Facility

General. In December 2006, we signed a purchase agreement to purchase up to 20 Airbus A330 aircraft. In May 2007, the purchase agreement was amended to add ten additional aircraft. As of December 31, 2008, 2 of the aircraft had been delivered and the remaining are scheduled to be delivered prior to the first quarter of 2013.

Under the purchase agreement, we 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 eight aircraft before the end of 2009, AerCap entered into a facility in October 2007 with a syndicate of banks, which was arranged by Citigroup Global Markets Limited to finance up to \$182.6 million of the pre-delivery payments to Airbus.

In connection with the scheduled delivery of another three aircraft in 2009 and 2010, we entered into an additional facility in April 2008 with a syndicate of banks, also arranged by Citigroup Global Markets Limited to finance up to an additional \$68.4 million of the pre-delivery payments to Airbus.

Prior to drawing on the facilities, we will pay, on average, 10% of the pre-delivery payment amount owed for each aircraft. We 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 first facility will bear interest at a floating interest rate of one-month LIBOR plus a margin of 0.75%. Borrowings under the second facility will bear interest at a

floating interest rate of one-month LIBOR plus a margin of 1.00%. Interest under both facilities is payable monthly in arrears after the initial drawing on the respective facility.

	<u>Amount outstanding at December 31, 2008</u>	<u>Interest rates</u>
	(US dollars in thousands)	
Floating rate tranches	\$ 109,917	One month LIBOR plus 0.75%
	11,111	One month LIBOR plus 1.00%
	\$ 121,027	

Prepayment. Borrowings under the facilities may be prepaid (subject to minimum amounts of \$5.0 million or integral multiples thereof and subject to AerCap giving the agent at least 10 Business Days' notice) without penalty, except for break funding costs if payment is made on a day other than an interest payment date.

Maturity Date. The maturity date of the facilities will be the earlier of (a) the delivery date for the final aircraft to be delivered and (b), in respect of the first facility, January 31, 2010, or, in respect of the second facility, July 31, 2010.

Collateral. Borrowings under the facilities are secured by, among other things, the partial assignment of the airframe and engine purchase agreements in respect of the 11 aircraft covered by the facilities, including the right to take delivery of the aircraft where the lenders have provided the pre-delivery payments and the aircraft remains undelivered.

Guarantee. AerCap Holdings N.V. guarantees the performance by AerCap Ireland of its obligations under the facilities and related documentation.

Certain Covenants. The facilities contain customary covenants for secured financings. We also covenant in the facilities (a) not to elect to change the configuration of any aircraft from a multi-passenger layout; and (b) to prepay to the relevant manufacturer or supplier any SCN or BFE costs incurred in excess of the agreed budgets set out in the facilities.

AerCap Ireland A330 Pre-delivery Payment Facility

General. In December 2006, we signed a purchase agreement to purchase up to 20 Airbus A330 aircraft. In May 2007, the purchase agreement was amended to add ten additional aircraft. The aircraft are scheduled to be delivered between the fourth quarter of 2008 and the first quarter of 2013.

In connection with the scheduled delivery of three of the aircraft, we entered into a facility in February 2009 with a European financial institution to finance the pre-delivery payments to Airbus in an amount up to \$86.3 million. Part of this facility will be used to refinance each of pre-delivery payments already made by AerCap Ireland Limited in respect of the relevant three aircraft and the rest of the facility will be used to pay to Airbus the remaining pre-delivery payments in respect of the relevant aircraft as such fall due and payable. AerCap Ireland 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 five months of the scheduled delivery date.

Interest Rate. Borrowings under the facility will bear interest at a floating interest rate of the higher of three months LIBOR and the financial institution's cost of funds plus a margin of 1.20% broadly payable quarterly in arrears after the initial drawing on the facility.

Prepayment. Borrowings under the facility may be prepaid (subject to minimum notice requirements) without penalty, except for break funding costs if payment is made on a day other than an interest payment date.

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Maturity Date. The maturity date of the facility is the earlier of the delivery date for the final aircraft to be delivered and February 2011.

Collateral. Borrowings under the facility are secured by, among other things, the partial assignment of the airframe and engine purchase agreements in respect of the three aircraft covered by the facility, including the right to take delivery of the aircraft where the lenders have provided the pre-delivery payments and the aircraft remains undelivered.

Certain Covenants. The facility contains customary covenants for secured financings. We are required to pay for all buyer furnished equipment, or BFEs, prior to the delivery date.

Calyon Aircraft Acquisition 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 were 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 the facility, we provided junior and subordinated debt to finance the balance of the purchase price. This subsidiary entered 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.

We, or one of our wholly owned subsidiaries currently provide the junior loan facility and the subordinated note financing. As of December 31, 2008, the amount outstanding under the senior facility was \$211.3 million.

On December 20, 2007, the original facility was amended and supplemented to allow for an additional senior facility in an aggregate amount of up to \$150.0 million to be provided by Calyon and certain other financial institutions. A wholly-owned subsidiary is an additional borrower under the additional senior facility. This additional facility is available to finance a percentage (calculated by reference to relevant aircraft types and lease status) of the purchase price of a variety of specified aircraft makes and models. We concurrently provide subordinated debt to finance the balance of the purchase price of such additional aircraft under the amended subordinated note purchase agreement, to which the additional borrower has acceded. As of December 31, 2008, \$146.6million of the additional senior facility was outstanding.

The original borrower and the additional borrower are jointly and severally liable for their respective obligations and liabilities under the original facility, the additional facility and all related documentation.

Interest Rate. Borrowings under the senior facilities 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.

	<u>Amount outstanding at December 31, 2008</u> (US dollars in thousands)	<u>Interest rates</u>
Calyon	\$ 211,346	One month LIBOR plus 1.75%

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Prepayment. After full repayment of amounts outstanding under the liquidity facility described below, prepayment of borrowings under the senior facilities 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 17, 2014.

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 have provided a liquidity facility in the maximum amount of \$27.0 million through December 2009; thereafter the liquidity facility is available in an amount equal to the difference between (i) \$27.0 million multiplied by a fraction, the numerator of which is the aggregate outstanding principal amount under the senior facilities and the denominator of which is the aggregate amount outstanding under the senior facilities at December 2009. 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 borrowers and their subsidiaries, as well as their bank accounts and lease interests.

Certain Covenants. The loans include general and operating covenants that restrict the borrowers from incurring additional indebtedness and other limitations which are customary for such credit facilities.

TUI Portfolio Acquisition Facility

General. In June 2008, AerCap Partners I Holding Limited, or AerCap Partners, a 50% joint venture established between us and Deucalion Aviation Funds, entered into a sale and leaseback transaction pursuant to which it agreed to purchase 11 Boeing B737-800, six Boeing B757-200 and two Boeing B767-300 aircraft from the TUI Travel Group, or TUI, and lease the aircraft back to TUI.

To finance the purchase of the 19 aircraft, a subsidiary of AerCap Partners, AerCap Partners 1 Limited, entered into a senior facility in an amount of up to \$448.6 million with Calyon, KfW IPEX-Bank GmbH, Deutsche Bank AG London Branch and HSH Nordbank AG which was arranged by Calyon and KfW IPEX-Bank GmbH. The senior facility is divided into two tranches, the first being used to finance the purchase of the 11 Boeing B737-800 aircraft and the second to finance the

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purchase of the other eight aircraft. AerCap Partners pay the lenders for the amounts drawn on the senior facility in monthly installments. The principal amount outstanding under the loan in relation to the first tranche must be repaid in full on April 1, 2015 and the principal amount outstanding under the loan in relation to the second tranche on April 1, 2012. The aggregate principal amount of the loans outstanding under the senior facility as of December 31, 2008 was \$407.8m.

Following drawdown of the amounts in relation to the 19 aircraft, the remaining commitment under the facility was cancelled subsequent to June 30, 2008.

Interest Rate. Borrowings under the first tranche of the senior facility bear interest at a floating interest rate of one month LIBOR plus a margin of 1.575% until April 1, 2013 and a margin of 1.75% thereafter. Borrowings under the second tranche of the senior facility bear interest at a floating interest rate of one month LIBOR plus a margin of 1.575% until April 1, 2010 and 2.00% thereafter. Interest under the senior facility is payable monthly in arrears on each repayment date.

	<u>Amount outstanding at December 31, 2008</u>	<u>Interest rate</u>
	(US dollars in thousands)	
Senior Facility	\$ 407,804	One month LIBOR plus 1.575%

Prepayment. Borrowings under the facilities may be prepaid (subject to minimum payment amounts and notice provisions) without penalty, except for break funding costs if payment is made on a day other than a repayment date. However, a prepayment fee of 1% of the amount prepaid is payable to the lenders if such prepayment exceeds \$15.0 million in aggregate in each of the first and second years following the signing date.

Put Option. If AerCap Partners 1 Limited is the owner of the aircraft on the relevant put option date relating to the 19 aircraft (April 1, 2015 with respect to the 11 B737-800 aircraft and April 1, 2012 with respect to the remaining eight aircraft) and amounts under the facility remain outstanding with respect to the aircraft subject to the put option, Calyon can require AerCap Holdings N.V. (i) to purchase the subject aircraft, (ii) to purchase the subject aircraft and the shares of the relevant lessor of the subject aircraft or (iii) to purchase the beneficial interest that AerCap Partners 1 Limited has in the subject aircraft. Calyon can, subject to certain provisions including cure rights of Deucalion Aviation Funds, also exercise the put option on an AerCap Holdings N.V. insolvency event.

Maturity Date. The maturity date of the senior facility is, in respect of the first tranche, April 1, 2015, and, in respect of the second tranche, April 1, 2012.

Collateral. Borrowings under the senior facility are secured by, among other things, charges over the shares in AerCap Partners, AerCap Partners I Holding Limited and Lantana Aircraft Leasing Limited, charges over various bank accounts, mortgages over the financed aircraft and security assignments of, inter alia, the lease agreements and letters of credit provided to AerCap Partners by Royal Bank of Scotland plc.

Certain Covenants. The senior facility contains customary covenants for secured financings through special purpose companies. AerCap Partners also covenants in the senior facility (a) to provide loan-to-value ratio appraisals to the agent on agreed dates and (b) that the ratio of tranche 1 aircraft to all financed aircraft must be at least 43%.

TUI Portfolio Subordinated Debt

General. On June 20, 2008, AerCap and our joint venture partner in the TUI portfolio acquisition each subscribed \$62.8 million of 20% fixed rate subordinated loan notes, or subordinated loan notes, issued by AerCap Partners. The subordinated debt held by AerCap is eliminated in consolidation of the

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joint venture. The subordinated loan notes are fully subordinated in all respects including in priority of payment to, amongst other debts of AerCap Partners, the senior facility. As is the case in respect of the senior facility, the obligation of AerCap Partners to make payments in respect of the subordinated loan notes is limited in recourse to certain amounts actually received by AerCap Partners.

Interest Rate. Interest accrues on the subordinated loan notes at a rate of 20% per annum. Subject to certain exceptions, interest is payable quarterly in arrears on the tenth business day after March 31, June 30, September 30 and December 31. Where (i) the amount which, pursuant to the terms of the senior facility, is available to AerCap Partners to make payments in respect of, amongst other things, the subordinated loan notes is insufficient to meet the interest payments or (ii) the terms of the senior facility prohibit the payment in full of interest on the relevant payment date, then AerCap Partners must pay the maximum amount of interest that can properly be paid to the noteholder on the relevant interest payment date and the unpaid interest carries interest at a rate of 20% per annum until paid.

Maturity Date. Outstanding subordinated loan notes must be redeemed by the later of December 31, 2015 and the date falling six months after the later of the senior facility tranche 1 maturity date and the senior facility tranche 2 maturity date.

Voluntary Redemption. Subject to certain conditions, including (while the senior facility security remains outstanding) the consent of the collateral trustee, AerCap Partners may at any time redeem all or any of the outstanding subordinated loan notes.

Collateral. The collateral granted in respect of the senior facility also secures the debt constituted by the subordinated loan notes. However, the rights of the holders of subordinated loan notes in respect of this security are subordinated to the rights of the senior facility lenders, amongst others.

AerCap Engine Leasing Limited Credit Agreement

General. On June 25, 2008, AerCap Engine Leasing Limited, a wholly owned subsidiary, entered into a credit agreement with Citibank, N.A. and certain other financial institutions to finance the acquisition of aircraft engines. Pursuant to this agreement, the total commitment of the credit agreement was \$100.0 million. The borrowing period is two years from June 25, 2008 after which the loan converts to a term loan. The aggregate principal amount of the loans outstanding under AerCap Engine Leasing Limited was \$53.3 million as of December 31, 2008

Interest Rate. Under the Citibank credit agreement, AerCap Engines can borrow loans based on LIBOR up to the total commitment. Set forth below are the interest rates for the Citibank credit agreement.

	<u>Amount outstanding at December 31, 2008</u>	<u>Interest rate</u>
	(US dollars in thousands)	
Credit Agreement Engine Facility	\$ 53,300	One month LIBOR plus 1.725%

Prepayment. Loans under the Citibank credit agreement may be prepaid without prepayment premium or penalty. Mandatory prepayments of the Citibank credit agreement are required:

- if the aggregate principal amount borrowed under the credit agreement exceeds the borrowing base; and
- upon the sale or other disposition of an aircraft engine or upon receipt of net cash proceeds from an event of loss with respect to an aircraft engine.

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Payment Terms. Payments of interest under the credit agreement are due quarterly. Payments of principal are due on the maturity date, and during the Extension Term (as defined below), if any, principal payments are also due quarterly in an amount equal to 0.75% of the then aggregate outstanding principal amount of the loans.

Maturity Date. The maturity date of the Citibank credit agreement is June 25, 2010. AerCap Engine Leasing Limited may elect to extend the maturity date by an additional three years (the "Extension Term"), subject to certain conditions, including but not limited to AerCap Engine Leasing Limited posting cash collateral in an amount equal to 2.5% of the then aggregate outstanding principal amount of the loans.

Collateral. Borrowings under the Citibank credit agreement are secured by security interests in and pledges or assignments of all the shares and other ownership interests in AerCap Engine Leasing Limited and its subsidiaries, as well as by all assets of AerCap Engine Leasing Limited and its subsidiaries.

Certain Covenants. The Citibank credit agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of AerCap Engine Leasing Limited to:

- change the business conducted by AerCap Engine Leasing Limited;
- incur additional indebtedness;
- create liens on assets, including assets financed with proceeds from the Citibank credit agreement;
- declare or pay any dividends or other asset distributions;
- engage in mergers or consolidations;
- engage in certain sale-leaseback transactions;
- make certain investments or capital expenditures; and
- permit its portfolio of aircraft engines to exceed certain "concentration limits" based on lessees, geographic regions and engine types.

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 1.50%. 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 \$250.7 million as of December 31, 2008.

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.

Item 6. Directors, Senior Management and Employees**Directors and senior management.**

Name	Age	Position
Directors		
Pieter Korteweg	67	Non-Executive Chairman of the Board of Directors
Ronald J. Bolger	61	Non-Executive Director
James N. Chapman	46	Non-Executive Director
Klaus W. Heinemann	57	Executive Director, Chief Executive Officer
W. Brett Ingersoll	45	Non-Executive Director
Marius J.L. Jonkhart	59	Non-Executive Director
Gerald P. Strong	64	Non-Executive Director
David J. Teitelbaum	37	Non-Executive Director
Robert G. Warden	36	Non-Executive Director
Executive Officers		
Wouter M. (Erwin) den Dikken	41	Chief Legal Officer; Chief Executive Officer AerCap Ireland
Patrick P. den Elzen	43	Head of Trading
Soeren E. Ferré	41	Head of Europe, Middle East, Africa & Asia/Pacific Regions; Chief Executive Officer AerCap Group Services B.V.
Keith A. Helming	50	Chief Financial Officer
Aengus Kelly	35	Chief Executive Officer AerCap, Inc.
Michael King	41	AeroTurbine Chief Executive Officer
Cole T. Reese	44	Chief Tax & Accounting Officer; Chief Operating Officer AerCap Group Services B.V.

Directors

Pieter Korteweg. Mr. Korteweg has been a director of our company since September 20, 2005. He serves as Vice Chairman of Cerberus Global Investment Advisors LLC, and Director of Cerberus entities in the Netherlands. In addition, he serves as Non-executive Board Member of Showa Jisho Co. Ltd (Tokyo) and Member of the Supervisory Board of Bawag PSK Bank (Vienna). He currently also serves as Member of the Supervisory Board of Mercedes Benz Nederland BV and as senior advisor to Anthos B.V. Mr. Korteweg previously served as Non-executive Member Board Aozora Bank Ltd., (Tokyo), Member of the Supervisory Board of Hypo Real Estate Holding AG (Munich), 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 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 Fine Grain Property Consortium. 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 SkyWorks Leasing, LLC, an aircraft management services company based in Greenwich, Connecticut, which he joined in December 2004. Prior to SkyWorks, 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 American Media Inc., Chrysler LLC, LNR Property Holdings Ltd., Scottish Re Group Ltd. and Tembec, Inc., 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., Co-Head 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 Chrysler, LLC, IAP Worldwide Services, Inc., 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. He is currently also a member of the Supervisory Boards of BAWAG P.S.K. AG, Corus Nederland N.V., Orco Bank International N.V. and Staatsbosbeheer, and a non-executive director of Aozora Bank. Mr. Jonkhart is an advisor to Cerberus Global Investment Advisors, LLC. Mr. Jonkhart is currently Chief Executive Officer of NOB Holding N.V. and 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 Connexion Holding N.V., 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.

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Gerald P. Strong. Mr. Strong has been a director of our company since July 26, 2006. He currently is a Partner of Cerberus UK Advisors running 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 Focus Ltd. 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 various public and private companies, including Bluelinx Corporation, Chrysler LLC and Four Points Media Group LLC. 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. In addition to his responsibilities as Chief Legal Officer, he has been appointed Chief Executive Officer of our Irish operations in 2007. 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. In addition to his responsibilities as Head of Europe, Middle East, Africa & Asia/Pacific Region, he has been appointed Chief Executive Officer of AerCap Group Services, B.V. in January 2008. 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 Nationale de l'Aviation Civile.

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Keith A. Helming. Mr. Helming assumed the position of Chief Financial Officer of AerCap in 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 served as our Group Treasurer from 2005 through December 31, 2007. He has been Chief Executive Officer of our US operations since January 2008. 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.

Michael King. Mr. King was named Chief Executive Officer of AeroTurbine on August 15, 2008. He joined the company in June 2006 as Senior Vice President of Materials and was later appointed as President in October 2007. Mr. King has an extensive aviation background having previously served as Group Vice President of Sales & Marketing for AAR Corp. where he worked for 14 years. During his tenure at AAR, he held various General Manager positions with overall responsibility for their New Parts Distribution Group, PMA Parts Group and Engine Parts Group. His prior experience with AAR also included roles as Vice President of their Engine Sales & Leasing Group, Engine Parts Regional Sales Manager and European Parts Regional Sales Manager (while based in their London, UK location). Mr. King is a graduate of the University of Illinois where he earned a BA in Economics and Marketing.

Cole T. Reese. Mr. Reese has been the Chief Tax and Accounting Officer of our company since September 2002, and has been appointed Chief Operating Officer of AerCap Group Services, B.V. since January 2008. 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.

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 2008, we paid an aggregate of approximately \$7.5 million in cash and benefits as compensation to our 8 executive officers during the year. In 2008, we paid our executive officers annual target bonuses, which are based on an evaluation of individual performance and the Company's achievement of established targets. All bonuses are determined by our Chief Executive Officer with approval from the Nomination and Compensation Committee, and the Board of Directors, upon recommendation of

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the Nomination and Compensation Committee determines the amount of any bonuses for our Chief Executive Officer. In 2008, the Nomination and Compensation Committee agreed to pay two executive officers \$1,000,000 each in December 2011 if they are employees in good standing at such time.

Equity Incentive Plans

Equity Incentives issued by the Cerberus Funds

In connection with the 2005 Acquisition and again during 2006, the Cerberus Funds, our indirect shareholders, issued restricted shares and stock options to certain of our employees, directors and a consultant to retain such individuals and motivate them to achieve our primary long-term performance goals. With the exception of options on shares in the Cerberus Funds outstanding to three members of management representing indirectly 1.0% of our ordinary shares, the restricted shares and options which were subject to vesting criteria were satisfied at the time of our initial public offering in 2006. In addition, all the shares and options in the Cerberus Funds were subject to repurchase by the Cerberus Funds in certain circumstances through November 27, 2008. No shares or options were ultimately repurchased by the Cerberus Funds prior to November 27, 2008, when the repurchase right lapsed. In connection with exchange rights granted by the Cerberus Funds at the time of our initial public offering, restricted shares and options in the Cerberus Funds held by current employees of AerCap representing indirectly 1.2% of our ordinary shares have now been exchanged for AerCap shares and are now held directly by such employees. In addition to remaining options on Cerberus Fund shares and the AerCap shares held directly by current employees as a result of exercising their exchange rights, fully-vested options issued by the Cerberus Funds exercisable for AerCap shares are held by members of our board of directors (including our Chief Executive Officer) representing indirectly 1.9% of our ordinary shares.

The indirect and direct ownership in our ordinary shares represented by the grants of shares and options discussed above are reflected in the table under "—Share Ownership".

AerCap Holdings N.V. 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 ("NV Equity Grants") 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.

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 for incentive stock options 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.

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In September 2007 and June 2008, a total of 2.4 million and 0.1 million, respectively of non-qualified stock options were issued under the equity incentive plan to certain employees of the Company. All options issued vest over a period of four years based on both time and performance based criteria. The September 2007 and June 2008 options are exercisable at a strike prices of \$24.63 and \$15.03 per share option, respectively.

In December 2008, a total of 0.7 million non-qualified stock options were issued under the equity incentive plan to certain employees of the Company. All options issued vest at December 31, 2011 if the option holder is still employed full-time by the Company or any of its affiliates and all options are exercisable at a strike price of \$2.95 per share option.

Board Practices

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. As a foreign private issuer, as defined by the Securities Exchange Act of 1934, as amended, we are not required to have a majority independent board of directors under applicable New York Stock Exchange rules.

We apply the Netherlands Corporate Governance Code independence criteria. According to these 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 any Dutch public company affiliated with us, (ii) in the year prior to his or her appointment, have had an important business relationship with us or any Netherlands public company affiliated with us, (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

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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 ensure, 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 and the Chairman are 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 up to ten current members of our senior management. The current members of our Group Executive Committee are Klaus Heinemann, Keith Helming, Aengus Kelly, Patrick den Elzen, Erwin den Dikken, Cole Reese and Soeren Ferré.

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 Financial 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, Klaus Heinemann, Robert Warden, Patrick den Elzen, Aengus Kelly and James Chapman.

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, Paul Rofe, Tom Kelly, Marius Jonkhart 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

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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 and recruits candidates for the positions of the Chief Executive Officer, non-executive director and Chairman of the Board of Directors and recommends their remuneration, bonuses and other terms of employment to the Board of Directors. In addition our Nomination and Compensation Committee approves the remuneration, bonuses and other terms of employment and recommends candidates for positions in the Group Portfolio and Investment Committee, the Group Treasury and Accounting Committee, the Group Executive Committee and recommends candidates for 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 two non-executive directors 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.

Employees

The table below provides the number of our employees at each of our principal geographical locations as of the dates indicated.

Location	December 31, 2006	December 31, 2007	December 31, 2008
Amsterdam, The Netherlands	71	88	87
Shannon, Ireland	37	42	44
Fort Lauderdale, FL	13	16	17
Miami, FL(1)	163	172	128
Goodyear, AZ(1)	67	75	83
Other	—	9	23
Total	351	402	382

(1) Employees located in Miami, Florida and Goodyear, Arizona are employees of AeroTurbine which we acquired in April 2006. We also lease small offices in Shanghai (China), Irvine (TX) and Brighton (UK) and Singapore.

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 date to organize a works council. A works council is an employee organization that is granted statutory rights to be involved in certain of the company's decision making processes. The exercise of such rights, however, must not only promote the interests of employees, but also take into account the interests of the company and its shareholders.

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Share ownership.

The following table sets forth beneficial ownership of our shares which are held by members of our senior management team and our non-executive directors:

	Cerberus Fund Options(1)		AerCap Holdings N.V. Options/Shares			Fully Diluted Ownership Percentage(6)
	Ordinary shares underlying vested, but unexercised options(2)(3)	Ordinary shares underlying unvested options(2)(3)(4)	Ordinary shares underlying options(5)	Ordinary shares acquired through exercise of Cerberus Fund exchange right	Ordinary shares acquired through open market purchases	
Directors:						
Ronald J. Bolger	27,734	—	—	—	—	*
James N. Chapman	55,300	—	—	—	2,000	*
Pieter Korteweg	55,469	—	—	—	—	*
W. Brett Ingersoll(7)	—	—	—	—	—	—
Klaus W. Heinemann(8)	1,409,926	—	—	—	35,000	1.7%
Marius J. L. Jonkhart	27,734	—	—	—	10,000	*
Gerald P. Strong(7)	—	—	—	—	—	—
David J. Teitelbaum(7)	—	—	—	—	—	—
Robert G. Warden(7)	—	—	—	—	—	—
Executive Officers:						
Wouter M. (Erwin) den Dikken	54,905	26,437	350,000	148,565	10,000	*
Patrick den Elzen	—	—	—	144,581	15,000	*
Soeren E. Ferré	—	—	500,000	167,366	6,000	*
Keith A. Helming	396,758	240,152	500,000	—	25,000	*
Aengus Kelly	109,813	52,870	750,000	252,791	10,000	*
Michael King	—	—	350,000	—	—	—
Cole T. Reese	—	—	350,000	209,227	10,000	*
All our directors and executive officers as a group (20 persons)	2,137,639	319,459	2,800,000	922,530	123,000	3.7%

* Less than 1.0%.

- (1) Shareholdings reflect indirect beneficial ownership of AerCap Holdings N.V. held through ownership of restricted common shares or options issued by the Cerberus Funds to acquire common shares of the Cerberus Funds or common shares of AerCap Holdings N.V. owned by the Cerberus Funds on a fully diluted basis, assuming the vesting and exercise of all outstanding share options.
- (2) All options outstanding expire on June 30, 2015.
- (3) The exercise price of options held by Mr. Heinemann is \$0.00. The exercise price of all other options is equivalent to \$7.00 per ordinary share.
- (4) None of these options are exercisable within 60 days.
- (5) Two million of these outstanding options expire on September 13, 2017 and carry a strike price of \$24.63 per option. 100,000 of these options expire on June 2, 2018 and carry a strike price of

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\$15.03 per option. The remaining 700,000 options expire on December 11, 2018 and carry a strike price of \$2.95 per option. 218,750 of the options expiring on September 13, 2017 with a strike price of \$24.63 per option are currently exercisable. None of the other options listed are exercisable within 60 days.

- (6) Percentage amount assumes the exercise by such persons of all options to acquire shares exercisable within 60 days and no exercise of options by any other person
- (7) Msrs. Ingersoll and Warden are each a Managing Director of Cerberus Capital Management, L.P. and Msrs. Strong and Teitelbaum are Managing Directors of affiliates of Cerberus Capital Management, L.P.
- (8) Mr. Heinemann is both a member of our Board of Directors and our Chief Executive Officer.

All of our ordinary shares have the same voting rights.

The address for all our officers and directors is c/o AerCap Holdings N.V., Stationsplein 965, 1117 CE Schiphol Airport, The Netherlands.

Item 7. Major Shareholders and Related Party Transactions

The table below indicates the beneficial holders of 5% or more of our common outstanding shares as of March 13, 2009, based on available public filings:

	Ordinary shares beneficially owned	
	Number	Percent
5% or Greater Beneficial Share Owner:		
Stephen Feinberg(1)	30,262,966	35.6%
Bank of America Corporation	8,926,278	10.5%
Wellington Management Company, LLP	8,073,849	9.5%

- (1) Cerberus beneficially owns 37.3% of our ordinary shares on a fully diluted basis assuming the vesting and exercise of all outstanding Cerberus Fund options. All of these shares have the same rights as our other ordinary shares. Stephen Feinberg exercises sole voting and investment authority over all of our ordinary shares owned by Cerberus. Thus, pursuant to Rule 13d-3 under the Exchange Act, Stephen Feinberg is deemed to beneficially own 37.3% of our ordinary shares. The address for Mr. Feinberg is c/o Cerberus Capital Management, L.P., 299 Park Avenue, New York, New York 10171.

As of December 31, 2008, none of our ordinary shares were held by record holders in the Netherlands. All of our ordinary shares have the same voting rights.

Related Party Transactions

The following is a summary of material provisions of various transactions we have entered into with related parties since January 1, 2005.

Related Party Transactions with Current Affiliate

AerDragon consists of two joint venture companies Dragon Aviation Leasing Company Limited, or Dragon, based in China and AerDragon Aviation Partners Limited or AerDragon, based in Ireland. Both companies are owned 50% by China Aviation Supplies Holding Company, 25% by affiliates of Calyon and 25% by AerCap. In 2007, AerCap assigned a purchase right it had with Airbus under AerCap's 1999 forward order agreement relating to an A320 aircraft which was then directly acquired by AerDragon. In addition, during 2007 AerCap sold an A320 aircraft that was subject to a lease with

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an airline to AerDragon and guaranteed the performance of AerDragon under debt which was assumed by AerDragon from AerCap in the transaction. Both of these transactions were executed at terms, which we believe reflected market conditions at the time. AerCap provides lease management, insurance management and aircraft asset management services to AerDragon. AerCap charged AerDragon a total of \$0.2 million as a guarantee fee and for these management services during 2007. We apply equity accounting for our 25% investment in both joint venture companies. Accordingly, the income statement effects of all transactions with either of the joint venture companies are eliminated in our financial statements.

AerCo is an aircraft securitization vehicle from which we hold all of the most junior class of subordinated notes and some notes immediately senior to those junior notes. We do not recognize value for the AerCo notes which we still hold on our consolidated balance sheets. Through March 2003 we consolidated AerCo, but we deconsolidated the vehicle in accordance with FIN 46 at that time. Subsequent to the deconsolidation of AerCo, we have received interest from AerCo on its D note investment of \$1.7 million, \$0.8 million, \$1.7 million and \$0.4 million for the six months ended June 30, 2005, the period from June 27, 2005 to December 31, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, respectively. In addition, we provide a variety of management services to AerCo for which we received fees of \$2.4 million, \$2.4 million, \$5.2 million and \$4.8 million for the six months ended June 30, 2005, the period from June 27, 2005 to December 31, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, respectively.

We have made payments to Cerberus and third parties on behalf of Cerberus totaling \$1.2 million in 2005 and 2006. 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 AeroTurbine Acquisition. In addition, this amount also includes \$0.2 million of reimbursements for consulting services incurred by Cerberus in connection with Cerberus's evaluation of the 2005 Acquisition. If we accept services from individuals employed by or contracted through Cerberus in the future, we will establish consulting agreements directly with such individuals instead of working with them through Cerberus. 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 lease two A321-200 model aircraft to Air Canada. Both leases expire in 2014. Cerberus indirectly controls 6.7% of the equity of Air Canada and 45.8% of the equity interest in AerCap Holdings N.V.

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 and or were 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 a JOL financing. The Japanese operating lessor 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 JOL financing, 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 March 2010. 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 that entered into the financing from the Japanese operating lessor.

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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. 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 December 31, 2008, we had drawn and there remained outstanding \$394.8 million of the class A loans and \$82.5 million of the class B loans.

Until November 2007, our AeroTurbine subsidiary leased their office and warehouse located in Miami, Florida from an entity owned by the current Chief Executive Officer and Chief Operating Officer of AeroTurbine. In November 2007, the entity sold the office and warehouse to an unrelated third party. AeroTurbine continues to occupy the premises under a lease which expires in 2013.

In 2004, we entered into leases for six A320 aircraft with WizzAir Hungary Limited. As part of a subsequent restructuring of amounts outstanding, 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. The convertible notes were carried on our balance sheet at December 31, 2005 at \$1.8 million. We sold all of our WizzAir convertible notes in September 2006.

In 2008, we acquired one A320-200, two Boeing 737s, Boeing 757 and six MD80s from EntreCap, an entity controlled by Cerberus. The purchase price of these aircraft was approximately \$67 million.

Related Party Transactions with Affiliates of our Prior Shareholders

Until the 2005 Acquisition, the Previous Shareholder Lenders had provided us with subordinated loans for a total of \$350.6 million as at December 31, 2004. The interest rates on these loans were variable and are calculated on the basis of six-month LIBOR. Interest of \$10.9 million and \$7.4 million was included in interest on indebtedness for the year ended December 31, 2004 and the six months ended June 30, 2005, respectively. These loans were acquired at the 2005 Acquisition by AerCap Holdings C.V. and are eliminated in consolidation in these consolidated accounts.

The Previous Shareholder Lenders also participated in our senior credit agreements prior to the 2005 Acquisition. A total of \$1,516.6 million was outstanding under these credit agreements at December 31, 2004. The interest rate on the credit facility is variable and is calculated on the basis of LIBOR. Interest on the senior debt of \$61.6 million and \$34.8 million is included in interest on debt for the year ended December 31, 2004 and for the six months ended June 30, 2005, respectively.

Wings is a wholly owned subsidiary of DASA, who is wholly owned by one of our Previous Shareholder Lenders. We provide aircraft lease management and remarketing services to Wings for which we received fees of \$1.6 million and \$0.7 million for the year ended December 31, 2004 and the six months ended June 30, 2005, after which Wings is no longer a related party due to the sale of our shares by our Previous Shareholder Lenders.

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Item 8. Financial Information

Consolidated Statements and Other Financial Information.

Please refer to Item 18. Financial Statements and to pages F-1 through F-44 of this annual report.

Item 9. The Offer and Listing.

Offer and listing details.

Not applicable.

Markets.

The Company's shares are traded on the New York Stock Exchange under the symbol "AER".

Trading on the New York Stock Exchange

The following table shows, for the periods indicated, the high and low sales prices per ordinary share as reported on the New York Stock Exchange Composite Tape.

	Price Per AerCap Holdings N.V. Ordinary Share(1)	
	High	Low
	(\$)	(\$)
Annual highs and lows		
2008	21.12	2.11
Quarterly highs and lows		
Quarter 1 2008	21.12	14.22
Quarter 2 2008	20.07	11.37
Quarter 3 2008	16.30	9.98
Quarter 4 2008	10.77	2.11
Monthly highs and lows		
January	21.12	14.22
February	20.24	16.81
March	20.47	16.57
April	20.07	15.95
May	18.72	14.60
June	15.16	11.37
July	15.27	11.39
August	16.30	12.18
September	16.00	9.98
October	10.77	5.37
November	7.69	2.11
December	4.52	2.45
2009		
January	6.31	3.08
February	5.45	3.00
March (through March 31, 2009)	3.83	1.83

(1) Share prices provided are closing prices for all periods presented.

On March 31, 2009, the closing sales price for our ordinary shares on the New York Stock Exchange as reported on the NYSE Composite Tape was \$3.25.

Item 10. Additional Information.

Memorandum and articles of association.

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 December 31, 2008, we had 200,000,000 authorized ordinary shares, par value €0.01 per share, of which 85,036,957 were issued and outstanding.

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.

At the annual general meeting held in 2008, 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 annual report 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. At the annual general meeting held in 2008, 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

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- 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.

At the annual general meeting held in 2008, pursuant to our articles of association our shareholders authorized our Board of Directors to acquire ordinary shares, which authorization is valid for 18 months.

Mandatory Offer

Under the laws of the Netherlands any person that acquires, alone or in concert with others, directly or indirectly, the right to exercise at least 30% of the voting rights in our general meeting of shareholders is required, subject to limited statutory exceptions, to make a mandatory offer for all of our ordinary shares in the Company.

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.

Risk Management and Control Framework

Our management is responsible for designing, implementing and operating an adequate functioning internal risk management and control framework. The purpose of this framework is to identify and manage the strategic, operational, financial and compliance risks to which we are exposed, to promote effectiveness and efficiency of our operations, to promote reliable financial reporting and to promote compliance with laws and regulations. Our internal risk management and control framework is based on the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (1992). The COSO framework aims to provide reasonable assurance regarding effectiveness and efficiency of an entity's operations, reliability of financial reporting, prevention of fraud and compliance with laws and regulations.

Our internal risk management and control framework has the following key components:

Planning and control cycle

The planning and control cycle consists of an annual budget and business plan prepared by management and approved by our Board of Directors, quarterly forecasts and operational reviews and monthly financial reporting.

Code of Conduct and Whistleblower Policy

Our Code of Conduct is applicable to all our employees, including the Chief Executive Officer, Chief Financial Officer and controllers. It is designed to promote honest and ethical conduct and timely and accurate disclosure in our periodic financial results. Our Whistleblower Policy provides for the reporting of alleged violations of the Code of Conduct and alleged irregularities of a financial nature by our employees or other stakeholders without any fear of reprisal against the individual that reports the violation or irregularity.

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Disclosure Controls and Procedures

The Disclosure Committee assists management in overseeing our disclosure activities and to ensure compliance with applicable disclosure requirements arising under U.S. and Netherlands law and regulatory requirements. The Disclosure Committee obtains information for its recommendations from the operational and financial reviews, letters of representation which include a risk and internal control self assessment, input from the documentation and assessment of our internal controls over financial reporting and input from risk management activities during the year. The Disclosure Committee comprises various members of senior management.

Risk Management and Internal Controls

We have developed a system of policies and procedures for all areas of our operations, both financial and non-financial, that constitutes a broad system of internal control. This system of internal control has been developed through a risk-based approach and enhanced with a view to achieving and maintaining full compliance with the requirements of section 404 of the Sarbanes Oxley Act ("SOX"). Our system of internal control is embedded in our standard business practices and is validated through audits performed by our internal auditors and through management testing of SOX controls, which is performed with the assistance of external advisors. In addition, senior management personnel and finance managers of our main operating subsidiaries annually sign a detailed letter of representation with regard to financial reporting, internal controls and ethical principles. All of our employees working in finance or accounting functions are subject to a separate Finance Code of Ethics.

Controls and Procedures Statement Under the Sarbanes Oxley Act

As of December 31, 2008, our management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation pursuant to section 302 of the US Sarbanes Oxley Act and Rule 13a-15 promulgated under the US Securities Exchange Act of 1934, as amended of the effectiveness of the design and operation of the our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2008, such disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the US Securities Exchange Act on 1934, as amended is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Our Auditors

Our external auditor is responsible for auditing the financial statements and auditing internal control over financial reporting. Following the recommendation by the Audit Committee and upon proposal by the Board of Directors, the General Meeting of Shareholders appoints each year the auditor to audit the financial statements of the current financial year. The external auditor reports to our Audit Committee. The external auditor is present at the meetings of the Audit Committee when our quarterly and annual results are discussed.

At the request of the Board of Directors and the Audit Committee, the Chief Financial Officer and the Internal Audit department review, in advance, each service to be provided by the auditor to identify any possible breaches of the auditor's independence. The Audit Committee pre-approves every engagement of our external auditor.

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

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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;
- legal merger or legal demerger within the meaning of Title 7 of Book 2 of The Netherlands Civil Code (Boek 2 van het Burgerlijk Wetboek)

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.

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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.

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 5:60 of The Netherlands Financial Supervision 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 or other legal proceedings.

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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.

Material contracts

Aircraft Purchase Agreement, dated December 30, 2005, between Airbus S.A.S. and AerVenture. Pursuant to this agreement, AerVenture placed an order with Airbus for the purchase of 70 new A320 family aircraft. As of December 31, 2007, 68 of the aircraft remained to be delivered under the agreement, consisting of 18 A319 aircraft and 50 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 between 2008 and the end of 2011.

Aircraft Purchase Agreement, dated December 11, 2006 as amended on May 11, 2007, between Airbus S.A.S. and AerCap Ireland Limited. Pursuant to this agreement, AerCap Ireland Limited placed an order with Airbus for the purchase of 30 new A330-200 aircraft. As of December 31, 2007, all 30 of the aircraft remained to be delivered under the agreement. The initial delivery schedule for the aircraft includes 10 aircraft to be delivered in 2009, 10 aircraft to be delivered in 2010, four aircraft to be delivered in 2011 and six aircraft to be delivered in 2012.

Joint Venture Agreement, dated December 30, 2005 as amended on November 2, 2007 and December 12, 2007, among AerCap AerVenture Holding B.V. (as transferee of AerCap Ireland Limited), NLM AerVenture Holding B.V. (as transferee of International Cargo Airlines Company KSC) and AerVenture. The joint venture agreement established our AerVenture joint venture. In January 2006, LoadAir (the owner of NLM AerVenture Holding B.V.), an investment and construction company based in Kuwait City, purchased a 50% equity interest in AerVenture. LoadAir has since defaulted on its obligations under the Joint Venture Agreement, and as a result of this default, LoadAir lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture. In addition, all of the directors appointed by LoadAir were automatically removed. We now control AerVenture and appoint all of its directors.

Stock Purchase Agreement, dated March 16, 2006, among AerCap, Inc. and Nicolas Finazzo, Rose Ann Finazzo and Robert B. Nichols. Pursuant to the Stock Purchase Agreement, in April 26, 2006, we acquired all of the existing share capital of AeroTurbine. The purchase price for the AeroTurbine shares was \$144.7 million.

In addition, we have entered into several credit facilities and other financing arrangements to fund our acquisition of our aircraft. See "Item 5—Indebtedness" for more information regarding the credit facilities and financing arrangements.

Exchange Controls

Not applicable.

Taxation.

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 as a "participation" for the purposes of The Netherlands Corporate Income Tax Act 1969. A participation generally exists in case of a shareholding of at least 5% of the company's paid-up share capital.

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 15%. The withholding mechanism requires us to deduct from the dividend an amount of withholding tax to be paid to The Netherlands tax authorities. The withholding tax is therefore effectively carried by the recipient of a dividend and not by us. 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 (in Dutch, "*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.

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A recipient of a dividend of the shares that is a qualifying company and that satisfies the conditions of the Convention between The Netherlands and the United States for the avoidance of double taxation of December 18, 1992 (the "Convention"), may be entitled to a reduced rate of dividend withholding tax (a "U.S. Holder"). These conditions include but are not limited to being a resident of the U.S. for the purposes of the Convention, being the beneficial owner of such dividend and qualifying under article 26 of the Convention (the so-called "Limitation on Benefits" article).

To claim a reduced withholding tax rate under the Convention (both reduction and refund procedure), the U.S. Holder that is a company must file a request with The Netherlands tax authorities for which no specific form is available.

A recipient that is a qualifying tax-exempt pension, trust or a qualifying tax-exempt organization and that satisfies the conditions of the Convention, may be entitled to an exemption or a refund of paid dividend taxes. Qualifying tax exempt must file form IB 96 USA for the application of relief at source from or refund of dividend withholding tax. Qualifying tax-exempt pensions, trusts or U.S. organizations are not entitled under the Convention to claim benefits at source, and instead must file claims for refund by filing form IB 95 USA. Copies of the forms may be obtained from the "Belastingdienst/Limburg/kantoor buitenland, Postbus 2865, 6401 DJ Heerlen, The Netherlands, or may be downloaded from www.belastingdienst.nl.

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 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.

In general, we will be required to remit all amounts withheld as Netherlands dividend withholding tax to The Netherlands tax authorities. However, under certain circumstances, we are allowed to reduce the amount to be remitted to The Netherlands tax authorities by the lesser of:

- Three percent of the portion of the distribution paid by us that is subject to Netherlands dividend withholding tax; and,
- Three percent of the dividends and profit distributions, before deduction of foreign withholding taxes, received by us from qualifying foreign subsidiaries in the current calendar year (up to the date of the distribution by us) and the two preceding calendar years, as far as such dividends and profit distributions have not yet been taken into account for purposes of establishing the above mentioned deductions.

Although this reduction reduces the amount of Netherlands dividend withholding tax that we are required to pay to The Netherlands tax authorities, it does not reduce the amount of tax that we are required to withhold from dividends.

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 realized 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 (in Dutch, "*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 a co-entitlement to the net worth of 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 (in Dutch, "*normaal vermogensbeheer*") or derives benefits from the ordinary shares that are (otherwise) taxable as benefits from other activities (in Dutch, "*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 (in Dutch, "*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 realized on the disposal thereof, will generally be subject to Netherlands corporate income tax at a rate of 25.5% (a corporate income tax rate of 20% applies with respect to taxable profits up to €40,000 and 23% over the following €160,000, the first two brackets for 2008).

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A Netherlands qualifying pension fund and a Netherlands qualifying tax exempt investment fund (in Dutch: "*vrijgestelde beleggingsinstelling*") are, in principle, not subject to Netherlands corporate income tax. A qualifying Netherlands resident investment fund (in Dutch, "*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 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.

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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

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reduction in such taxes under applicable law or tax treaty, will be creditable against the 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 advisors 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 expect to 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.

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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 applicable rules. It is unclear how some of these rules apply to us. Further, this determination must be tested annually at the end of the taxable year 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,

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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 advisors 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.

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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 advisors 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.

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 Netherlands GAAP statutory accounts, which may be different from our consolidated financial statements under US GAAP, such as those included in this form 20-F. 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, 2008 and our equity as of December 31, 2008 as set forth in our annual statutory accounts were \$137.4 million and \$1,132.4 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.

Documents on display.

You may read and copy the reports and other information we file with the Securities and Exchange Commission, including this annual report and the exhibits thereto, at the Commission's Public

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Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and at the Commission's regional offices at 175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604, and 3 World Financial Center, Room 4300, New York, New York 10281. You may also obtain copies of these materials by mail from the Public Reference Room of the Commission at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Commission's Public Reference Room by calling the Commission in the United States at 1-800-SEC-0330. You may also access our annual reports and some of the other information we file with or submit to the Commission electronically through the Commission's website at www.sec.gov. In addition, you may inspect material we file at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Item 11. 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, 11 and 14 to our audited consolidated financial statements contained in this annual report, which provide further information on our derivative instruments contained in this annual report.

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 floors 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

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 December 31, 2008 regarding our derivative financial instruments that are sensitive to changes in interest rates on our borrowing, including our interest rate caps and floors. The table presents the average notional amounts and weighted average interest rates which are contracted for the specified year. 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.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Thereafter</u>	<u>Fair value</u>
	(US Dollars in millions)							
Interest rate caps								
Average Notional amounts	\$ 2,768	\$ 2,086	\$ 1,753	\$ 1,262	\$ 883	\$ 616	\$ 879	\$ 12.8
Weighted average strike rate	4.11%	4.17%	4.21%	4.85%	5.13%	5.27%	5.47%	—

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Thereafter</u>	<u>Fair value</u>
(US Dollars in millions)								
Interest rate floors								
Notional amounts	\$ 192	\$ 166	\$ 141	\$ 107	\$ 70	\$ 45	\$ 27	\$ (10.7)
Weighted average pay rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	—

As of December 31, 2008, the interest rate caps and floors had notional amounts of \$2.7 billion and a fair value of \$12.8 million. As of December 31, 2008, the interest rate floors had notional amounts of \$212 million and a fair value of (\$10.7million). 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 the majority of our interest rate derivative counterparties are required to cash collateralize in the event of their downgrade by the rating agencies below a certain level. Our counterparties are subject to the prior approval of the treasury committee.

Foreign Currency Risk and Foreign Operations

Our functional currency is the US dollar. As of December 31, 2008, all of our aircraft leases and all of our engine leases were payable in US dollars. We incur Euro-denominated expenses in connection with our offices in The Netherlands and Ireland. For the year ended December 31, 2008, our aggregate expenses denominated in currencies other than the US dollar, such as payroll and office costs and professional advisory costs, were \$62.1 million in US dollar equivalents and represented 48.4% 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. 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.

Item 12. Description of Securities Other than Equity Securities.

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Not applicable.

Item 15. Controls and Procedures.

Disclosure Controls and Procedures.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in this report is recorded, processed, summarized and reported on a timely basis. Our management, with the participation of the chairman of our board of directors and the members of our Disclosure committee, has evaluated, as of December 31, 2008, our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2008, our disclosure controls and procedures are effective.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2008. The assessment was based on criteria established in the framework Internal Control—Integrated Framework, issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2008.

PricewaterhouseCoopers Accountants N.V., the independent registered public accounting firm that audited our Consolidated Financial Statements included in this Form 20-F, audited the effectiveness of our controls over financial reporting as of December 31, 2008 under Auditing Standard No. 5 of the Public Company Accounting Oversight Board (United States). Their audit report may be found on page F 2.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the year ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 16A. Audit committee financial expert.

Our board of directors has determined that Ronald Bolger is an "audit committee financial expert" as that term is defined by SEC rules, and that he is "independent" as that term is defined under applicable New York Stock Exchange listing standards.

Item 16B. Code of Conduct.

Our board of directors has adopted our code of conduct, a code that applies to members of the board of directors including its chairman and other senior officers, including the Chief Financial Officer and the Chief Accounting Officer. This code is publicly available on our website at www.aercap.com.

Item 16C. Principal Accountant Fees and Services.

In January 2003, the SEC adopted rules requiring disclosure of fees billed by a public company's independent auditors in each of the company's two most recent fiscal years. Our auditors charged the following fees for professional services rendered for the years ended December 31, 2007 and December 31, 2008:

	2007		2008
	(Euros in thousands)		
Audit fees	€ 2,412	€	2,586
Audit-related fees	—		—
Total	€ 2,412	€	2,586

Audit Fees are defined as the standard audit work that needs to be performed each year in order to issue opinions on our consolidated financial statements and to issue reports on our local statutory financial statements. Also included are services that can only be provided by our auditor, such as auditing of nonrecurring transactions and implementation of new accounting policies, reviews of quarterly financial results, consents and comfort letters and any other audit services required for US Securities and Exchange Commission or other regulatory filings.

Audit Related Fees include those other assurance services provided by the independent auditor but not restricted to those that can only be provided by the auditor signing the audit report. These fees comprise amounts for services for Sarbanes Oxley 404 controls design effectiveness review.

During the 12-month periods ended December 31, 2007 and December 31, 2008, our auditors were not engaged to perform any services that are defined as tax fees or for any other type of services.

Policy on Pre-Approval of Audit and Non-Audit Services of Independent Auditors

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by our auditor. These services may include audit services, audit related services, tax services and other services, as described above. Pre-approval is detailed as to the particular service or categories of services, and is subject to a specific budget. Our management and our auditor report to the Audit Committee regarding the extent of services provided in accordance with this pre-approval and the fees for the services performed to date on an annual basis. The Audit Committee may also pre-approve additional services on a case-by-case basis.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

Item 16G. Corporate Governance

The New York Stock Exchange (NYSE) requires U.S. domestic entities with shares listed on the exchange to comply with its corporate governance standards. However, as a foreign private issuer, the NYSE only requires us to comply with the NYSE rules relating to audit committees and periodic certifications to the NYSE as long as we comply with home country corporate governance standards—in our case Dutch corporate governance standards. The NYSE requires that we disclose to investors any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under NYSE requirements.

Among these differences, shareholder approval is required by the NYSE prior to the issuance of common stock:

- to a director, officer or substantial security holder of the company (or their affiliates or entities in which they have a substantial interest) in excess of one percent of either the number of shares of common stock or the voting power outstanding before the issuance, with certain exceptions;
- that will have voting power equal to or in excess of 20 percent of either the voting power or the number of shares outstanding before the issuance, with certain exceptions; or
- that will result in a change of control of the issuer.

Under Dutch rules, shareholders can delegate this approval to the Board of Directors at the annual shareholders meeting. In the past, our shareholders have delegated this approval power to our Board at our annual meeting.

In some situations, NYSE rules are more stringent, and in others the Dutch rules are. Other significant differences include:

- NYSE rules require shareholder approval for changes to equity compensation plans, but under Dutch rules, shareholder approval is only required for changes to equity compensation plans for members of the Board of Directors;
- All members of the audit, remuneration and nominating committees are required by NYSE rules to be independent. Under Dutch corporate governance rules these committees may have one non-independent member, and they may not be chaired by the Chairman of the Board;
- Under Dutch rules, auditors must be appointed by the general meeting of shareholders. NYSE rules require only that they be appointed by the audit committee;
- Both NYSE and Dutch rules require that a majority of the Board of Directors be independent, but the definition of independence under each set of rules is not identical. For example, Dutch rules require a longer "look-back" period for former directors; and
- The Dutch rules permit deviation from the rules if the deviations are explained in accordance with the rules. The NYSE rules do not allow such deviations.

PART III

Item 17. Financial Statements.

Not applicable.

Item 18. Financial Statements.

Please refer to pages F-1 through F-56 of this annual report.

Item 19. Exhibits.

We have filed the following documents as exhibits to this annual report:

Exhibit Number	Description of Exhibit
1.1	Articles of Association(1)
2.1	Aircraft Purchase Agreement, dated December 30, 2005, between Airbus S.A.S. and AerVenture Limited(1)(4)
2.2	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(1)
2.3	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(1)
2.4	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(1)
2.5	Pledge Agreement, dated April 26, 2006, between AerCap, Inc. and Calyon New York Branch(1)
2.6	Joint Venture Agreement, dated December 30, 2005, among AerCap Ireland Limited, International Cargo Airlines Company KSC and AerVenture Limited(1)
2.7	Stock Purchase Agreement, dated March 16, 2006, among AerCap, Inc. and Nicolas Finazzo, Rose Ann Finazzo and Robert B. Nichols(1)
2.8	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.(1)

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Exhibit Number	Description of Exhibit
2.9	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.(1)
2.10	AerCap Holdings N.V. 2006 Equity Incentive Plan (including form of Stock Option Agreement)(1)
2.11	Aircraft Purchase Agreement, dated December 11, 2006, between Airbus S.A.S. and AerCap Ireland Limited(2)(6)
2.12	Amended and Restated Trust Indenture, dated as of May 8, 2007, among Aircraft Lease Securitisation Limited, Deutsche Bank Trust Company Americas, as trustee, cash manager and Operating Bank and Calyon, as initial primary liquidity facility provider, and MBIA Insurance Corporation, as the policy provider(3)
2.13	Amendment No. 1 dated May 11, 2007 to Aircraft Purchase Agreement, dated December 11, 2006, between Airbus S.A.S. and AerCap Ireland Limited(3)(6)
2.14	Amended and Restated Credit Agreement, dated May 8, 2007, among AerFunding 1 Limited, AerCap Ireland Limited, UBS Real Estate Securities Inc. and other financial institutions named as Class A Lenders and Class B Lenders, UBS Securities LLC, the other Funding Agents named therein and Deutsche Bank Trust Company Americas(3)
2.15	First Amendment Agreement, dated as of November 13, 2007, among AerFunding 1 Limited, AerCap Ireland Limited, the Other Service Providers named therein, UBS Real Estate Securities Inc. and other financial institutions named as Class A Lenders and Class B Lenders, UBS Securities LLC, the other Funding Agents named therein and Deutsche Bank Trust Company Americas(4)
2.16	Amendment, Restatement and Accession dated December 20, 2007 to Senior Loan Facility Agreement originally dated October 12, 2006 between AerCap Dutch Aircraft Leasing I B.V., as Borrower, Azzurro Aircraft Leasing Limited, as Additional Borrower, Calyon as Senior Arranger, Senior Agent and Collateral Trustee and the financial institutions named therein(4)
2.17	Amended and Restated Facility Agreement dated July 27, 2007 among AerVenture Limited, as Borrower, and Calyon S.A. and KfW, as Lenders, and Calyon S.A. as Security Trustee and Agent(4)
2.18	Second Amended and Restated Senior Credit Agreement, dated as of December 19, 2007, among AeroTurbine, 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., DekaBank Deutsche Girozentrale and Norddeutsche Landesbank Girozentrale, as Co-Documentation Agents(4)

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Exhibit Number	Description of Exhibit
2.19	Amendment Agreement, dated November 2, 2007, among AerCap AerVenture Holding B.V., NLM AerVenture Holding B.V., International Cargo Airlines Company KSC and AerVenture Limited(4)
2.20	Amendment Agreement, dated December 12, 2007, among AerCap AerVenture Holding B.V., NLM AerVenture Holding B.V. and AerVenture Limited(4)
2.21	Trust Indenture, dated as of June 26, 2008, among Aircraft Lease Securitisation II Limited, Deutsche Bank Trust Company Americas, as the Cash Manager, Operating Bank and Trustee, Calyon, as the Initial Primary Liquidity Facility Provider, and Calyon as the Class A-1 Funding Agent(5)
2.22	Facility Agreement, dated as of December 30, 2008 among the Banks and Financial Institutions named therein as ECA Lenders, Calyon as National Agent, ECA Agent and Security Trustee, Jetstream Aircraft Leasing Limited as Principal Borrower, AerCap Ireland Limited and AerCap A330 Holdings Limited as Principal AerCap Obligor, and AerCap Holdings, N.V.
2.23	Facility Agreement, dated as of March 12, 2009 among the Banks and Financial Institutions named therein as ECA Lenders, Calyon as ECA Agent and Security Trustee, Constellation Aircraft Leasing Limited as Principal Borrower, Andromeda Aircraft Leasing Limited and Aquarius Aircraft Leasing Limited as Lessees, AerVenture Limited and AerCap Holdings, N.V.
8.1	List of Subsidiaries of AerCap Holdings N.V.
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
12.3	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002

(1) Previously filed with Registration Statement on Form F-1, File No. 333-138381.

(2) Previously filed with Form 20-F for the year ended December 31, 2006.

(3) Previously filed with Registration Statement on Form F-1, File No. 333-144468.

(4) Previously filed with Form 20-F for the year ended December 31, 2007.

(5) Previously filed with Form 6-K on September 11, 2008.

(6) Portions of this exhibit have been omitted pursuant to an Order of the Securities and Exchange Commission granting confidential treatment with respect thereto.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AERCAP HOLDINGS N.V.

By: /s/ KLAUS HEINEMANN

Klaus Heinemann
Chief Executive Officer

Date: April 1, 2009

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AerCap Holdings N.V. Consolidated Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of AerCap Holdings N.V.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of AerCap Holdings N.V. and its subsidiaries ('the Company') at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in 'Management's Annual Report on Internal Control Over Financial Reporting' on page 110. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our audits (which were integrated audits in 2008 and 2007). 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Rotterdam, April 1, 2009
PricewaterhouseCoopers Accountants N.V.

H.F.M. Gertsen RA

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2007 and 2008

	Note	As of December 31,	
		2007	2008
(US dollars in thousands except share and per share amounts)			
Assets			
Cash and cash equivalents		\$ 241,736	\$ 193,563
Restricted cash	3	95,072	113,397
Trade receivables, net of provisions of \$4,088 and \$11,983	4	35,591	43,649
Flight equipment held for operating leases, net	5	3,050,160	3,989,629
Flight equipment held for sale		136,135	—
Net investment in direct finance leases		—	30,571
Notes receivable, net of provisions, of nil and nil	6	184,820	134,067
Prepayments on flight equipment	7	247,839	448,945
Investments	8	11,678	18,678
Goodwill	9	6,776	6,776
Intangibles	9	41,855	47,099
Inventory	10	90,726	102,879
Derivative assets	11	21,763	19,352
Deferred income taxes	16	85,253	82,471
Other assets	12	144,823	179,750
Total Assets		\$ 4,394,227	\$ 5,410,826
Liabilities and Shareholders' Equity			
Accounts payable		\$ 16,376	\$ 7,510
Accrued expenses and other liabilities	13	81,379	104,750
Accrued maintenance liability		255,535	202,834
Lessee deposit liability		83,628	98,584
Debt	14	2,892,744	3,790,487
Accrual for onerous contracts	15	46,411	33,306
Deferred revenue		33,574	34,922
Derivative liabilities	11	—	12,378
Deferred income taxes	16	3,425	—
Commitments and contingencies	23	—	—
Total Liabilities		3,413,072	4,284,771
Minority interest, net of taxes		30,782	17,018
Ordinary share capital, €0.01 par value (200,000,000 ordinary shares authorized, 85,036,957 ordinary shares issued and outstanding)	17	699	699
Additional paid-in capital		602,469	609,327
Accumulated retained earnings		347,205	499,011
Total Shareholders' Equity		950,373	1,109,037
Total Liabilities and Shareholders' Equity		\$ 4,394,227	\$ 5,410,826

The accompanying notes are an integral part of these consolidated financial statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Income Statements

For the Years Ended December 31, 2006, 2007 and 2008

	Note	Year ended December 31,		
		2006	2007	2008
(US dollars in thousands, except share and per share amounts)				
Revenues				
Lease revenue	19	\$ 443,925	\$ 554,226	\$ 605,253
Sales revenue		301,405	558,263	616,554
Management fee revenue		14,072	14,343	11,749
Interest revenue		34,681	29,742	18,515
Other revenue	6,13	20,336	19,947	4,181
Total Revenues		814,419	1,176,521	1,256,252
Expenses				
Depreciation	5	102,387	141,113	169,392
Asset impairment	21	—	—	18,789
Cost of goods sold		220,277	432,143	506,312
Interest on debt	14	166,219	234,770	219,172
Operating lease in costs	15	25,232	20,176	14,512
Leasing expenses		21,477	18,825	55,569
Provision for doubtful notes and accounts receivable	4,6	(186)	745	3,746
Selling, general and administrative expenses(a)	20	149,364	116,328	128,268
Total Expenses		684,770	964,100	1,115,760
Income from continuing operations before income taxes and minority interest				
		129,649	212,421	140,492
Provision for income taxes	16	(21,246)	(25,123)	431
Minority interest, net of taxes		588	1,155	10,883
Net Income		\$ 108,991	\$ 188,453	\$ 151,806
Basic and diluted earnings per share	22	\$ 1.38	\$ 2.22	\$ 1.79
Weighted average shares outstanding, basic and diluted		78,982,162	85,036,957	85,036,957

(a)

Selling, general and administrative expenses include \$78,635 (\$69,133, net of tax), \$10,916 (\$9,477, net of tax) and \$7,538 (\$6,371, net of tax) of share-based compensation in the years ended December 31, 2006, 2007 and 2008, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

AerCap Holdings N.V. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2006, 2007 and 2008

	Year ended December 31,		
	2006	2007	2008
	(US dollars in thousands)		
Net income	\$ 108,991	\$ 188,453	\$ 151,806
Adjustments to reconcile net income to net cash provided by operating activities:			
Minority interest	(588)	(1,155)	(10,883)
Depreciation	102,387	141,095	169,392
Asset Impairment	—	—	18,789
Amortization of debt issuance costs	11,777	38,156	16,239
Amortization of intangibles	10,132	10,800	14,615
Gain on elimination of fair value guarantee	—	(10,736)	—
Gain on discounted purchase of securitized bonds	—	—	(2,783)
Provision for doubtful notes and accounts receivable	(186)	745	3,746
Capitalized interest on pre-delivery payments	(4,888)	(5,968)	(2,098)
Release of provision against debt	(4,139)	—	—
Gain on disposal of assets	(67,720)	(103,455)	(80,341)
Mark-to-market of non-hedged derivatives	(9,166)	(3,892)	51,646
Deferred taxes	21,011	13,929	(642)
Share-based compensation	78,635	10,916	6,858
Changes in assets and liabilities:			
Trade receivables and notes receivable, net	30,299	(28,647)	(5,208)
Inventories	(24,216)	8,460	(5,469)
Other assets and derivative assets	(7,990)	(16,041)	(48,581)
Accounts payable and accrued expenses, including accrued maintenance liability, lessee deposits	98,936	(41,904)	(28,001)
Deferred revenue	5,104	5,182	1,348
Net cash provided by operating activities	348,379	205,938	250,433
Purchase of flight equipment	(879,497)	(699,807)	(1,302,157)
Proceeds from sale/disposal of assets	253,199	449,313	487,475
Prepayments on flight equipment	(93,708)	(164,074)	(339,422)
Receipt of notes receivable in defeasance structures	—	—	44,157
Purchase of subsidiaries, net of cash acquired	(143,100)	—	—
Purchase of investments	(15,000)	—	(17,550)
Sale of investments	—	—	6,234
Purchase of intangibles	(10,636)	(18,427)	(21,410)
Movement in restricted cash	45,453	17,205	(18,325)
Net cash (used in) provided by investing activities	(843,289)	(415,790)	(1,160,998)
Issuance of debt	908,077	2,395,956	1,642,784
Repayment of debt	(607,721)	(2,025,298)	(742,258)
Debt issuance costs paid	(32,940)	(49,579)	(44,933)
Issuance of equity interests	143,617	—	—
Dividends paid to minority interests	(225)	—	—
Capital contributions from minority interests	32,750	—	5,000
Net cash provided by (used in) financing activities	443,558	321,079	860,593
Net increase (decrease) in cash and cash equivalents	(51,352)	111,227	(49,972)
Effect of exchange rate changes	(1,001)	(692)	1,799
Cash and cash equivalents at beginning of period	183,554	131,201	241,736
Cash and cash equivalents at end of period	\$ 131,201	\$ 241,736	\$ 193,563
Supplemental cash flow information:			
Interest paid	\$ 145,793	167,306	141,330
Taxes paid (refunded)	267	17,691	631

Fair values of assets acquired and liabilities assumed in purchase acquisitions

	AeroTurbine
Assets acquired	\$ 305,321
Liabilities assumed	(160,619)
Cash paid	\$ 144,702

The accompanying notes are an integral part of these consolidated financial statements.

AerCap Holdings N.V. and Subsidiaries
Consolidated Statements of Shareholders' Equity
For the Years Ended December 31, 2006, 2007 and 2008

	<u>Number of Shares</u>	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Retained (loss) earnings</u>	<u>Total shareholders' equity</u>
(US dollars in thousands, except share amounts)					
Year ended December 31, 2006					
Balance at January 1, 2006	78,236,957	\$ 646	\$ 369,354	\$ 49,761	\$ 419,761
Issuance of equity capital in public offering	6,800,000	53	143,564	—	143,617
Share-based compensation	—	—	78,635	—	78,635
Comprehensive income:					
Net income for the period	—	—	—	108,991	108,991
Comprehensive income					108,991
Balance at December 31, 2006	<u>85,036,957</u>	<u>\$ 699</u>	<u>\$ 591,553</u>	<u>\$ 158,752</u>	<u>\$ 751,004</u>
Year ended December 31, 2007					
Balance at January 1, 2007	85,036,957	\$ 699	\$ 591,553	\$ 158,752	\$ 751,004
Share-based compensation	—	—	10,916	—	10,916
Comprehensive income:					
Net income for the period	—	—	—	188,453	188,453
Comprehensive income					188,453
Balance at December 31, 2007	<u>85,036,957</u>	<u>\$ 699</u>	<u>\$ 602,469</u>	<u>\$ 347,205</u>	<u>\$ 950,373</u>
Year ended December 31, 2008					
Balance at January 1, 2008	85,036,957	\$ 699	\$ 602,469	\$ 347,205	\$ 950,373
Share-based compensation	—	—	6,858	—	6,858
Comprehensive income:					
Net income for the period	—	—	—	151,806	151,806
Comprehensive income					151,806
Balance at December 31, 2008	<u>85,036,957</u>	<u>\$ 699</u>	<u>\$ 609,327</u>	<u>\$ 499,011</u>	<u>\$ 1,109,037</u>

The accompanying notes are an integral part of these consolidated financial statements.

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements
(US dollars in thousands)

1. General

The Company

We are an integrated global aviation company, conducting aircraft and engine leasing and trading and parts sales. We also provide a wide range of aircraft management services to other owners of aircraft. We are headquartered in Amsterdam, The Netherlands, with principal offices in Shannon, Ireland, Ft. Lauderdale and Miami, Florida and Goodyear, Arizona.

These consolidated financial statements include the accounts of AerCap Holdings N.V. and its subsidiaries. AerCap Holdings N.V. is a Netherlands public limited liability company ("*naamloze vennootschap*") formed on July 10, 2006 for the purpose of acquiring all of the assets and liabilities of AerCap Holdings C.V. AerCap Holdings C.V. is a limited partnership ("*commanditaire vennootschap*") formed under the laws of The Netherlands 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."), which occurred on June 30, 2005 (the "2005 Acquisition"). In anticipation of our initial public offering, we changed our corporate structure from a Netherlands partnership to a Netherlands public limited liability company. This change was effected through the acquisition of all of the assets and liabilities of AerCap Holdings C.V. by AerCap Holdings N.V. on October 27, 2006. In accordance with Statement of Financial Accounting Standards ("SFAS") 141, "*Business Combinations*", this acquisition was a transaction under common control and accordingly, AerCap Holdings N.V. recognized the acquisition of the assets and liabilities of AerCap Holdings C.V. at their carrying values and no goodwill or other intangible assets were recognized. Additionally in accordance with SFAS 141, these consolidated financial statements are presented as if AerCap Holdings N.V. had been the acquiring entity of AerCap B.V. on June 30, 2005. On November 27, 2006, we completed an initial public offering of 6,800,000 of our common shares at \$23 per share (Note 17) generating net proceeds of \$143,017 which we used to repay debt.

Acquisition of AeroTurbine, Inc.

On April 26, 2006 we purchased all of the existing share capital of AeroTurbine, Inc ("AT" and the "AT Acquisition"). AT has been included in our consolidated financial 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 headquartered in Miami, Florida and has a location in Goodyear, Arizona. We acquired AT in order to diversify our investments in aviation assets and to give us a more significant presence in the market for older equipment.

Variable interest entities

In January 2006, we 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, including five aircraft subject to reconfirmation rights, between November 2007 and August 2011, with the intent of leasing these aircraft to third parties. The joint venture agreement requires us to make certain specified equity contributions and additional equity capital available to AerVenture depending on capital needs in the future. Other than with respect to such equity contributions, we are not obligated to support the activities of AerVenture and creditors of AerVenture have no recourse to us. We have entered into agreements to provide management and marketing services to AerVenture in

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

1. General (Continued)

return for management fees. In 2007 AerCap agreed to provide up to \$70.0 million convertible debt to AerVenture. As of December 31, 2008 AerVenture had drawn \$33.0 million under this convertible debt agreement. We have determined that AerVenture is a variable interest entity for which we are the primary beneficiary. As such, we have continued to consolidate AerVenture in our accounts since its inception date. In March 2009, LoadAir failed to make \$80.0 million in required capital contributions to AerVenture, and as a result, LoadAir lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture. In addition, all of the directors appointed by LoadAir were automatically removed. We now control AerVenture and appoint all of its directors.

As further discussed in Note 14, we hold equity and subordinated debt investments in ALS I and AerFunding. ALS I and AerFunding are variable interest entities and we, as their primary beneficiaries under FIN 46(R), consolidate the accounts of ALS I and AerFunding in our accounts since their inception dates.

In May 2006, we signed a joint venture agreement with China Aviation Supplies Holding Company 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 owned two aircraft at December 31, 2008, one of which it purchased from Airbus through an assignment of our purchase right under our 1999 Forward Order and one which it purchased directly from us. We act as guarantor to the lenders of AerDragon related to debt secured by the aircraft which AerDragon purchased directly from us. We provide aircraft management services to AerDragon in return for fees. As of December 31, 2008, we have determined that AerDragon is a variable interest entity. AerCap further determined that we are not the primary beneficiary of AerDragon and accordingly, we account for our investment in AerDragon according to the equity method. With the exception of debt for which we act as guarantor, the obligations of AerDragon are non-recourse to us. At December 31, 2008, our maximum exposure to losses incurred by AerDragon consists of the carrying amount of our equity investment and the face value of the debt guaranteed, totaling \$47.1 million.

Annabel and Bella. In 2005, we signed a joint venture agreement with Deucalion Capital Limited to form the Annabel joint venture in which we held a 27% equity interest. Annabel purchased a used A340 aircraft in 2005. The aircraft was on lease to Sri Lanka Airlines through 2015. The Annabel investment was sold in 2008. In 2006, we signed a joint venture agreement with Deucalion to form the Bella joint venture in which we held a 50% equity interest. Bella purchased two used Airbus A330-322 aircraft in April 2006, one of which is on lease through 2009 and one of which is on lease through 2013. In 2008 we acquired the remaining 50% of Bella from Deucalion. Hence as of December 31, 2008 Bella was a fully owned subsidiary of AerCap.

In June 2008, AerCap Partners I Holding Limited, or AerCap Partners, a 50% joint venture entered into between us and Deucalion Aviation Funds, acquired a portfolio of 19 aircraft from TUI Travel. The aircraft acquired are leased back to TUI Travel for varying terms. The aircraft portfolio was financed through a \$425.7 million senior debt facility and \$125.6 million of subordinated debt consisting of \$62.8 million from us and \$62.8 million from our joint venture partner. Under certain circumstances and at certain times, if the joint venture cannot meet its obligations under the senior debt facility, and the joint venture partners do not make additional subordinated capital available to the joint venture, AerCap can be required to purchase the aircraft from the joint venture for a price equal to the

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

1. General (Continued)

outstanding senior debt facility balance plus certain expenses and taxes in connection with the purchase. We have also entered into agreements to provide management and marketing services to AerCap Partners. We have determined that AerCap Partners is a variable interest entity for which we are the primary beneficiary. As such, we have consolidated AerCap Partners in our accounts.

Risks and uncertainties

Aircraft and engine leasing is a capital intensive business and we have significant capital requirements. In order to meet our commitments under our forward order contracts, we will need to (i) access committed debt facilities and/or; (ii) secure additional financing for pre-delivery payment obligations and/or (iii) use our existing available cash balances, cash generated from aircraft leasing and sales, and, if necessary, the proceeds from potential capital market transactions. There has been a significant decrease in the amount of capital available to finance the purchase of aviation assets, including pre-delivery payments on forward order commitments, which has made it more challenging and expensive for us to obtain new credit. In addition, for part of our funding sources, we have traditionally also relied on sales of aircraft to generate cash to fund our operations and committed capital expenditures. However, as a consequence of the current global recession and financial crisis and the corresponding decrease in capital available to finance the purchase price of aviation assets, we have experienced a decrease in demand and offer prices from third-party investors interested in buying our aircraft. If we cannot meet our obligations under our forward purchase commitment, we will not recover the value of prepayments on flight equipment on our balance sheets and may be subject to other contract breach damages.

We are dependent upon the viability of the commercial aviation industry, which determines our ability to service existing and future operating leases of our aircraft and engines. As a result of the global recession and financial crisis, passenger traffic has decreased in many aviation markets worldwide. The resulting strain on our lessees could cause them to default under their leases with us, which could negatively impact our cash flows and results of operations. Furthermore, the value of the largest asset on our balance sheet—flight equipment held for operating leases—is subject to fluctuations in the values of commercial aircraft and engines worldwide. A material decrease in aircraft or engine values could have a downward effect on lease rentals and residual values and may require that the carrying value of our flight equipment be materially reduced. In addition, if we are not able to sell our existing parts and engine inventory, we may be required to reduce the carrying value of such inventory through impairment charges.

The values 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.

We have significant tax losses carried forward in some of our subsidiaries, which are recognized as tax assets on our balance sheets. The recoverability of these assets is dependent upon the ability of the related entities to generate a certain level of taxable income in the future. If those entities cannot generate such taxable income, we will not realize the value of those tax assets and a corresponding valuation allowance and tax charge will be required.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

1. General (Continued)

We periodically perform reviews of the carrying values of our aircraft and customer receivables, inventory, 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.

2. Summary of significant accounting policies

Basis for presentation

Our financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

We consolidate all companies in which we have a direct and indirect legal or effective control and all variable interest entities for which we are 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 we are or become the primary beneficiary. The results of subsidiaries sold or otherwise deconsolidated are excluded from the date that we cease to control the subsidiary or, in the case of variable interest entities, when we cease to be the primary beneficiary.

Other investments in which we have the ability to exercise significant influence and joint ventures are accounted for under the equity method of accounting.

The consolidated financial statements are stated in United States dollars, which is our functional currency.

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 us, the use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, inventory, intangibles, goodwill, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Management utilizes 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 materially differ from those estimates.

As of July 1, 2008, we changed the estimate of the amount of maintenance rent expected to be reimbursed to lessees. The change in estimate arose from the implementation of an improved model used to forecast future maintenance reimbursements. AerCap records as revenue all maintenance rent receipts not expected to be repaid to lessees. In the year ended December 31, 2008, \$20.8 million was recorded as maintenance revenue as a result of the change in estimate. Of the \$20.8 million, \$7.8 million was collected from lessees during six month period ended December 31, 2008 and \$12.9 million was collected in prior periods. The effect on net income from continuing operations was \$18.2 million, or \$0.21 basic and diluted earnings per share.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

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 or term of the related lease. 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 recognized as an intangible lease premium which 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

For older engines purchased primarily for short-term leasing through our AeroTurbine operations, 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. For newer engines purchased primarily for longer-term leases, we depreciate over a 30-year period to a residual of 15% of cost. The carrying value of flight equipment that is designated for part-out is transferred to the inventory pool. We discontinue the depreciation of our flight equipment

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

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.

We apply 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.

Flight equipment held for sale

We classify flight equipment which is subject to an executed sale agreement or an exercised purchase option as flight equipment held for sale and cease recognizing depreciation expense on such flight equipment at the time the sale contract is signed. We carry equipment held for sale at the lower of its carrying amount or fair value less cost to sell. Subsequent changes to the asset's fair value, either increases or decreases, are recorded as adjustments to the carrying value of the flight equipment; however, any such adjustment would not exceed the original carrying value of the flight equipment held for sale.

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 we finance 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

Capitalization of interest

We capitalize interest related to progress payments made in respect of flight equipment on forward order and add 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

We 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, we apply the provisions of SFAS 115, *Accounting for Certain Investments in Debt and Equity Securities* and designate each security as either held to maturity or available for sale securities.

We report equity investments where the fair value is not readily determinable at cost, reduced for any other than temporary impairment.

We evaluate our investments in all debt and equity instruments regularly for other than temporary impairments in their carrying value and record a write-down to estimated fair market value as appropriate.

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

We recognize intangible assets acquired in a business combination in accordance with the principles of SFAS 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 we expect to derive economic benefits from such assets. 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, we recognize a lease deficiency liability as part of accrued expenses and other liabilities for lease contracts where the terms of the lease contract are unfavorable to market terms and amortize the liability over the term of the related lease as an addition to lease revenue. We consider lease renewals on a lease by lease basis. We generally do 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. We evaluate all definite-lived intangible assets for impairment in accordance with SFAS 144.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

Intangibles assets 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.

Inventory

Inventory, which consists primarily of finished goods, is valued at the lower of cost or market value. 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 market value at the time of purchase. We estimate market value for this purpose based on internal estimates of sales values and recent sales activity of similar inventory. We charge the cost of sold inventory to cost of goods sold based on the ratio of remaining cost to the market value such inventory. We evaluate this ratio periodically and make prospective adjustments in connection with updated market values. Any inventory identified with a market value lower than cost is reduced to market value at the time of the review.

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.

Derivative financial instruments

We use derivative financial instruments to manage our exposure to interest rate risks and foreign currency risks. Derivatives are accounted for in accordance with SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*.

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, as we do not currently apply hedge accounting to our derivatives. Net cash received or paid under derivative contracts where material in any reporting period is classified as operating cash flow in our consolidated cash flow statements.

Deferred income taxes (assets and liabilities)

We report deferred taxes of our 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

Other assets

Other assets consist of receivables from aircraft manufacturers, 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. We capitalize 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

In all of our aircraft 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, we may incur maintenance and repair expenses for off-lease aircraft. We recognize leasing expenses in our income statement for all such expenditures. 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. Up to July 2008 we did not recognize such supplemental rent received as revenue, but as an accrued maintenance liability. From July 1, 2008 forward the Company changed the estimate of the amount of maintenance rent expected to be reimbursed to lessees. The change in estimate arose from the implementation of an improved model used to forecast future maintenance reimbursements. AerCap records as revenue all maintenance rent receipts not expected to be repaid to lessees. In these leases, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft or engine, we make a payment to the lessee to compensate for the cost of the maintenance, up to the maximum of the supplemental maintenance rental payments made with respect to the lease contract. In shorter-term lease contracts (primarily engine lease contracts) where the terms of the lease are designed specifically to allow us to directly manage 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.

In most lease contracts not requiring the payment of supplemental rents, 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 an end-of-lease compensation adjustment for the difference at redelivery. We recognize receipts of end-of-lease compensation adjustments as lease revenue when received and payments of end-of-lease adjustments as leasing expenses when paid.

In addition, in both types of contracts, we may be obligated to make additional payments to the lessee for maintenance related expenses (lessor maintenance contributions or top-ups) primarily related to usage of major life-limited components occurring prior to the lease. We record a charge to leasing expenses at the time of the occurrence of a lessor contribution or top-up payment, except in instances where we have established an accrual as an assumed liability for such payment in connection with the purchase of an aircraft with a lease attached, in which case such payments are charged against the existing accrual.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

For all of our lease contracts, any amounts of accrued maintenance liability existing at the end of a lease are released and recognized as lease revenue at lease termination. 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.

Accrual for onerous contracts

We make 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

As lessor, we lease flight equipment principally under operating leases and report rental income ratably over the life of the lease as it is earned. We account 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. We cease revenue recognition on a lease contract when the collectibility of such rentals is no longer reasonably assured. For past-due rentals which have been recognized as revenue, 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 our lease contracts require payment in advance. Rentals received, but unearned under these lease agreements are recorded as deferred revenue on the balance sheet.

Sales revenues originate from the sale of aircraft, engines and parts and are recognized when the delivery of the relevant asset is complete and the risk of loss has transferred to the buyer.

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 our 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. 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. Other revenue includes any net gains we generate from the sale of aircraft related investments, such as our subordinated interests in securitization vehicles and

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

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.

Share-based compensation

We account for share-based compensation in accordance with FAS 123R, *Share-based payment*. Accordingly, we recognize compensation expense when it becomes probable that participants in share-based incentive plans, who hold direct or indirect equity interests in our 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.

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

We account 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*. We adopted FIN 46 in January 2003 and FIN 46(R) in January 2005.

Earnings Per Share

Earnings per share is presented in accordance with SFAS 128, *Earnings Per Share* 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 potentially dilutive common stock, such as stock options.

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
(US dollars in thousands)

3. Restricted cash

Restricted cash consists of the following at December 31:

	2007	2008
Cash received under lease agreements restricted per the terms of the relevant lease and cash securing our obligations under debt and derivative instruments	\$ 86,846	\$ 105,124
Cash securing our obligations under the LILO head leases (Note 15) and cash securing the guarantee of lease obligations/indebtedness of a LILO sublessee (Note 13)	6,837	6,837
Other	1,389	1,436
	<u>\$ 95,072</u>	<u>\$ 113,397</u>

Restricted cash securing our obligations under debt includes amounts related to the ALS I, AerFunding, ALS II, AerCap Partners 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:

	2007	2008
Trade receivables	\$39,679	\$ 55,632
Allowance for doubtful accounts	(4,088)	(11,983)
	<u>\$35,591</u>	<u>\$ 43,649</u>

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:

	Year ended December 31,		
	2006	2007	2008
Provision at beginning of period	\$ 3,405	\$ 2,496	\$ 4,088
(Recoveries) Expense for doubtful accounts receivable	320	745	3,746
Reclassification to notes receivable allowance	(2,326)	—	—
Other(a)	1,097	847	4,149
Provision at the end of period	<u>\$ 2,496</u>	<u>\$ 4,088</u>	<u>\$ 11,983</u>

(a) Other includes direct write offs and cash accounting for certain trade receivables.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

5. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the periods presented were as follows:

	Year ended December 31,		
	2006	2007	2008
Net book value at beginning of period	\$ 2,189,267	\$ 2,966,779	\$ 3,050,160
Fair value of flight equipment acquired in business combinations	158,820	—	—
Additions	928,468	813,549	1,445,321
Depreciation	(106,240)	(137,014)	(164,249)
Impairment (See note 21)	—	—	(7,278)
Disposals	(195,273)	(341,599)	(319,793)
Transfers to direct finance leases/flight equipment held for sale	—	(136,135)	3,480
Transfer to inventory	—	(25,966)	(14,867)
Transfer to equity accounted joint venture(a)	—	(73,421)	—
Other(b)	(8,263)	(16,033)	(3,145)
Net book value at end of period	\$ 2,966,779	\$ 3,050,160	\$ 3,989,629
Accumulated depreciation/impairment at December 31, 2006, 2007 and 2008	\$ (151,958)	\$ (225,678)	\$ (361,676)

(a)

During 2007 we sold two aircraft to our joint venture AerDragon. The investment in AerDragon is accounted for according to the equity method. The gain relating to the sale of these aircraft has been credited to the investment in AerDragon (see Note 8).

(b)

As discussed further in Note 15, we settled a capital lease obligation at a discount of \$8,263 in 2006 and settled onerous contract accruals at a discount of \$16,033 and \$3,145 in 2007 and 2008, respectively. These discounts were applied to reduce the net book value of the related aircraft.

At December 31, 2008 we owned 160 aircraft and 71 engines, which we leased under operating leases to 84 lessees in 39 countries. The geographic concentrations of leasing revenues are set out in Note 19.

Prepayments on flight equipment (including related capitalized interest) of \$48,971, \$93,213 and \$140,414 have been applied against the purchase of aircraft during the years ended December 31, 2006, 2007 and 2008, respectively.

The following table indicates our contractual commitments for the prepayment and purchase of flight equipment in the periods indicated as of December 31, 2008:

	2009	2010	2011	2012
Capital expenditures	\$1,322,820	\$1,403,354	\$212,658	\$195,200
Pre-delivery payments	427,490	159,586	99,142	48,537
	\$1,750,310	\$1,562,940	\$311,800	\$243,737

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(US dollars in thousands)****5. Flight equipment held for operating leases, net (Continued)**

Our current operating lease agreements expire over the next twelve years. The contracted minimum future lease payments receivable from lessees for equipment on non-cancelable operating leases at December 31, 2008 are as follows:

	Contracted minimum future lease receivables
2009	\$ 597,215
2010	689,759
2011	700,382
2012	636,669
2013	571,354
Thereafter	2,289,644
	<u>\$ 5,485,023</u>

The titles to certain aircraft leased in the United States are held by a U.S. trust company as required by U.S. law. We are 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. Notes receivable

Notes receivable consist of the following at December 31:

	2007	2008
Secured notes receivable	\$ 6,320	\$ 6,439
Notes receivable in defeasance structures	178,267	126,301
Notes receivable from lessee restructurings	233	1,327
	<u>\$ 184,820</u>	<u>\$ 134,067</u>

In 2007, we sold our rights to a claim against a lessee in bankruptcy for a gain of \$9,134 recorded as other revenue.

The minimum future receipts under notes receivable at December 31, 2008 are as follows:

	Minimum future notes receivable
2009	\$ 8,788
2010	122,059
2011	1,610
2012	1,610
2013	—
Thereafter	—
	<u>\$ 134,067</u>

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
(US dollars in thousands)

6. Notes receivable (Continued)

The change in the allowance for doubtful notes receivable is set forth below:

	Year ended December 31,		
	2006	2007	2008
Provision at beginning of period	\$ 2,563	—	—
Expense for doubtful notes receivable	(506)	—	—
Reclassification from trade receivable allowance	2,326	—	—
Other(a)	(4,383)	—	—
Provision at the end of period	\$ —	—	—

(a) Other includes direct write offs and receipt of direct write offs.

7. Prepayments on flight equipment

In 1999, we 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, seven aircraft deliveries were cancelled pursuant to cancellation rights granted by Airbus and the remaining aircraft have all been delivered as of December 31, 2007.

In 2005, through a wholly-owned special purpose company ("AerVenture"), we signed a letter of intent with Airbus for the forward purchase of 70 aircraft, including five aircraft subject to reconfirmation rights. ("2005 Forward Order"). As of December 31, 2008, 12 aircraft were delivered and three aircraft were transferred to AerCap. The remaining 50 aircraft (excluding the five aircraft subject to reconfirmation rights which will not be reconfirmed) are scheduled to be delivered between 2009 and 2011. Included in the 50 aircraft are seven delivery positions which have been sold to a third party. As discussed above, we consolidate the accounts of AerVenture as it is a variable interest entity for which we are the primary beneficiary.

In December 2006, we placed an order with Airbus to acquire 20 new A330-200 wide-body aircraft ("A330 Forward Order"). In May 2007, we added an additional ten A330-200 aircraft to this order. The delivery schedule for the 30 A330-200 aircraft order included delivery of two aircraft in 2008, delivery of eight aircraft in 2009, ten in 2010, four in 2011 and six in 2012. As of December 31, 2008, 28 of the aircraft remained to be delivered pursuant to the agreement.

In connection with all three forward order contracts, we are required to make scheduled prepayments toward these future deliveries (see table in Note 5). A total amount of interest of \$6,236, \$10,348 and \$13,582 was capitalized with respect to these payments for the years ended December 31, 2006, 2007 and 2008, respectively. As described in Note 15, because the contracted purchase prices of the aircraft at delivery under the 1999 Forward Order were in excess of the anticipated fair market value of the aircraft at delivery, we recognized an accrual for onerous contracts with respect to this forward order at the 2005 Acquisition.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

7. Prepayments on flight equipment (Continued)

Following is a summary of the movements in prepayments on flight equipment during the years ended December 31, 2006, 2007 and 2008:

	Year ended December 31,		
	2006	2007	2008
Net book value at beginning of period	\$ 115,657	\$ 166,630	\$ 247,839
Fair value of acquired prepayments	—	—	—
Prepayments made	93,708	164,074	327,938
Prepayments applied against the purchase of flight equipment	(48,971)	(93,213)	(140,414)
Interest capitalized	6,236	10,348	13,582
Net book value at end of period	\$ 166,630	\$ 247,839	\$ 448,945

8. Investments

Investments consist of the following at December 31:

	2007	2008
Subordinated debt investment in single aircraft owning company	\$ 3,000	\$ —
25% equity investment in unconsolidated joint venture (AerDragon)	8,678	18,678
	\$ 11,678	\$ 18,678

Our subordinated debt investment in a single aircraft owning company was accounted for at cost, the investment was sold in 2008 resulting in a gain of \$3,234. Our 25% equity investment in an unconsolidated joint venture is accounted for under the equity method. During 2007, we sold two aircraft to our joint venture AerDragon. The gain relating to the sale of these aircraft has been credited to the investment in AerDragon in 2007. In 2008 we invested an additional \$10,000 in our joint venture AerDragon. As of December 31, 2008 we still hold a 25% equity investment.

9. Intangible assets

The following table presents details of amortizable intangible assets and related accumulated amortization:

	As of December 31, 2007			
	Gross	Accumulated amortization	Other (Note 16)	Net
Lease premiums	\$ 74,937	\$ (24,872)	\$ (29,064)	\$ 21,001
Customer relationships—parts	19,800	(2,513)	—	17,287
Customer relationships—engines	3,600	(1,802)	—	1,798
FAA certificate	1,100	(123)	—	977
Non-compete agreement	1,100	(308)	—	792
Net book value at end of period	\$ 100,537	\$ (29,618)	\$ (29,064)	\$ 41,855

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

9. Intangible assets (Continued)

	As of December 31, 2008			
	Gross	Accumulated amortization	Other (Note 16)	Net
Lease premiums	\$ 96,347	\$ (37,910)(a)	\$ (29,064)(b)	\$ 29,373
Customer relationships—parts	19,800	(4,534)	—	15,266
Customer relationships—engines	3,600	(2,183)	—	1,417
FAA certificate	1,100	(197)	—	903
Non-compete agreement	1,100	(960)	—	140
Net book value at end of period	<u>\$ 121,947</u>	<u>\$ (45,784)</u>	<u>\$ (29,064)</u>	<u>\$ 47,099</u>

(a) Includes (\$1,551) from the write-off of lease premium in connection with the sale of related aircraft.

(b) Reduction of \$17,431 and \$5,386 inclusive of deferred tax effect determined through the iterative calculation due to elimination of valuation allowances in Ireland and the U.S., respectively existing at the date of the 2005 acquisition (Note 16)

The following table presents the changes to amortizable intangible assets during the periods indicated:

	Year ending December 31,	
	2007	2008
Net carrying value at beginning of period	\$ 34,229	\$ 41,855
Purchases of intangible lease premiums	18,427	21,410
Amortization	(10,801)	(14,615)
Disposals	—	(1,551)
Net carrying value at end of period	<u>\$ 41,855</u>	<u>\$ 47,099</u>

Future amortization of the intangible assets over the terms of their useful lives is as follows:

	Amortization of intangible assets
2009	\$ 14,331
2010	11,654
2011	6,558
2012	4,750
2013	3,701
Thereafter	6,105
	<u>\$ 47,099</u>

The remaining weighted average amortization period for the amortizable intangible assets is 60 months. Please refer to Note 21 for the impairment analysis of intangible assets.

We recognized goodwill of \$38,199 in the acquisition of AeroTurbine on April 26, 2006. As described below in Note 16, as a result of the AeroTurbine acquisition, we reduced goodwill by \$31,423 in connection with the reduction of a valuation allowance against our US tax assets.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(US dollars in thousands)****9. Intangible assets (Continued)**

Goodwill is tested for impairment on an annual basis, and more frequently if indicators of potential impairment exist, such as a decline in company's stock price, using a fair-value based approach. The valuation for impairment is generally based on valuation models that incorporate internal projections of expected future cash flows and operating plans. The annual impairment tests are performed as of December 31.

SFAS 142 requires that the impairment test be performed through the application of a two-step fair value test. The first step of the test compares the book value of our reporting unit, to its estimated fair value at the respective test dates. The estimated fair values of the reporting unit is computed using the present value of estimated future cash flows. If fair value is less than carrying value, a second step must be performed to quantify the amount of the impairment, if any. The second step of the impairment test compares the fair value of these assets to their book values. The implied fair value of goodwill is calculated as the excess of the estimated fair value of the reporting unit being tested over the fair value of the tangible assets and liabilities as well as existing recorded and unrecorded identifiable intangible assets. The estimated implied fair value of goodwill is compared to its respective carrying value and any excess carrying value is recorded as an impairment charge.

AeroTurbine was tested for impairment due to adverse conditions in the aviation industry. Based on our outlook, the fair value of the AeroTurbine, as determined using the estimated present value of future cash flows, supported the recorded goodwill of \$6,776.

10. Inventory

Following are the major classes of inventory at December 31,

	<u>2007</u>	<u>2008</u>
Engine and airframe parts	\$82,220	\$ 69,966
Work-in-process	6,718	13,218
Airframes	239	5,404
Engines	1,549	14,291
	<u>\$90,726</u>	<u>\$102,879</u>

11. Derivative assets and liabilities

We use a variety of derivative instruments to manage exposure to interest rate and foreign currency risk. These derivative products can include interest rate caps, floors, options and forward contracts.

As of December 31, 2008, we had interest rate caps and floors and several foreign currency forward contracts with combined notional amounts of \$2.9 billion and a fair value of \$6,973. The variable benchmark interest rates associated with these instruments ranged from one to six-month LIBOR.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(US dollars in thousands)****11. Derivative assets and liabilities (Continued)**

We have not applied hedge accounting under SFAS 133, *Accounting for Derivatives*, to any of the above derivatives. The change in fair value of the derivatives, therefore, is recorded in income from continuing operations before income taxes and minority interests as an increase in interest expense as specified below:

	Year ended December 31,		
	2006	2007	2008
Change in fair value of derivatives	\$ 7,874	\$ (14,592)	\$ (58,153)

Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. Cash under such arrangements is included in restricted cash (Note 3).

The maximum length of time over which we are hedging our 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 12 years.

12. Other assets

Other assets consist of the following at December 31:

	2007	2008
Debt issuance costs	\$ 69,728	99,486
Other tangible fixed assets	13,124	16,313
Receivables from aircraft manufacturer	32,002	25,912
Prepaid expenses	5,923	7,428
Current tax receivable	3,906	5,356
Other receivables	20,140	25,255
	<u>\$ 144,823</u>	<u>\$ 179,750</u>

The increase in debt issuance costs is mainly caused by the closing of Aircraft Lease Securitisation II on June 26, 2008.

Amortization of debt issuance costs was \$11,777, \$38,156 and \$16,239 for the years ended December 31, 2006, 2007 and 2008, respectively. The unamortized debt issuance costs at December 31, 2008 amortize annually from 2009 through 2032.

13. Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of the following at December 31:

	2007	2008
Guarantee liability	\$ 3,926	\$ 3,219
Accrued expenses	49,393	57,851
Accrued interest	14,432	13,608
Lease deficiency	8,201	12,574
Deposits under forward sale agreements	5,427	17,498
	<u>\$ 81,379</u>	<u>\$ 104,750</u>

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

13. Accrued expenses and other liabilities (Continued)

Guarantee liability—In 1996, we terminated lease agreements with two head lessors covering 12 A320 aircraft under which we were obligated as head-lessee. In connection with this early termination, we assigned our rights as sublessor under sublease agreements covering the 12 aircraft to the respective head lessors.

In addition to the sublease assignments, we also issued guarantees to the head lessors covering the sublessee's obligations to the head lessors under the assigned subleases. We 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, 2008, the maximum amount which we could be required to pay is estimated at \$6,837. The subleases and our obligations under the guarantees expire between the years 2009 and 2013. As referenced in Note 3, our potential obligations under the guarantees are secured by cash held in restricted bank accounts. This restricted cash is released back to us according to a set schedule as the sublessee fulfills its obligations under the leases.

We have recognized a liability equal to the estimated fair value of the guarantee since the time we became obligated for the guarantee as a result of a previous company acquisition. At the date of the 2005 Acquisition, we adjusted the fair value of the guarantee obligation in connection with the purchase accounting.

In 2007, we purchased five of the original 12 A320 aircraft to which the guarantee related and extinguished a portion of our obligations under the guarantee. We recognized a \$10,736 gain, classified as other revenue, at the extinguishment of the guarantee liability and released the associated restricted cash.

Lease deficiency—Lease deficiency represents lease rates for current lease contracts which are below current market rentals for the applicable aircraft at the time of purchase. 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 49 months.

Deposits under forward sale agreements—In 2007, AerVenture Ltd. entered into an amendment under its Airbus contract pursuant to which delivery positions for seven aircraft under the contract were effectively transferred to a third party buyer. Because retention of the total economic benefit of the transaction to AerVenture is subject to performance criteria by AerVenture and the third party buyer and subject to ultimate delivery of the aircraft to the third-party buyer, sales recognition has been deferred until delivery of each aircraft. Under the contract, AerVenture will receive some payments that will ultimately be re-paid and some payments which it will permanently retain. Amounts collected by AerVenture which will be re-paid are recognized as deposits under forward sales agreements, while amounts received that will be retained will be classified as deferred revenue in periods prior to delivery and recognized as sales revenue upon delivery.

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
(US dollars in thousands)

14. Debt

Debt consists of the following as of December 31:

	2007	2008	Weighted average interest rate December 31, 2008	Maturity
ECA-guaranteed financings	\$ 563,835	\$ 636,813	3.34%	2009-2020
JOL financings	95,819	91,095	2.64%	2009-2015
AerVenture pre-delivery payment facility—Calyon	87,007	96,432	4.18%	2009-2010
AerVenture pre-delivery payment facility—HSH	—	68,109	3.70%	2009-2012
A330- pre-delivery payment facility	28,372	121,027	1.24%	2009-2010
UBS revolving credit facility	61,117	477,277	3.47%	2009-2014
AT revolving credit facility	111,238	194,188	5.22%	2009-2011
Calyon aircraft acquisition facility	128,443	211,346	2.52%	2009-2013
TUI portfolio acquisition facility	—	407,804	3.48%	2009-2015
Subordinated debt joint venture partner	—	61,921	20.00%	2009-2015
Engine acquisition facility	—	53,300	3.16%	2009-2010
Commercial bank debt	231,414	124,358	4.04%	2009-2019
ALS Securitisation I debt	1,407,623	1,120,516	2.15%	2009-2032
Capital lease obligations under defeasance structures	177,876	126,301	5.39%	2009-2010
	<u>\$ 2,892,744</u>	<u>\$ 3,790,487</u>		

The weighted average interest rate in the table above includes the impact of derivative instruments which we hold to hedge our exposure to interest rates.

Aggregate maturities of debt and capital lease obligations during the next five years and thereafter are as follows:

	Debt maturing
2009	\$ 552,028
2010	614,053
2011	348,625
2012	624,915
2013	271,499
Thereafter	1,379,367
	<u>\$3,790,487</u>

ECA-guaranteed financings—Airbus A320 aircraft—In April 2003, we 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 the ECA. 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. In December 2008, the export credit facility was further amended to cover an additional one aircraft and the maximum amount of the facility remained unchanged. The terms of the lending commitment in the ECA Facility are such that the ECA only approve funding for aircraft that are due for delivery on a

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

six-month rolling basis and have no obligation to fund deliveries beyond that time frame. The margin over three-month Libor ranges from 0.12% to 0.90%. We are obligated to repay principal on ECA loans over a 10 or 12-year term. The ECA Facility contains certain net worth financial covenants, a breach of which would cause us to lose some of our operational flexibility under our leases, such as a requirement to grant pledges over certain bank accounts to the respective lenders. In addition, all loans under the ECA Facility 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 security structures of the ECA-guaranteed debt require that legal title to the aircraft be transferred to and held by a special purpose company controlled by the lenders. We have entered into head lease agreements on the subject aircraft which transfer the risk and rewards of ownership of the aircraft to us. Aircraft subject to these structures are recorded as flight equipment held for operating lease on our balance sheets. The obligations outstanding under the ECA financings are secured by a pledge of our shares to the lenders which hold legal title to the aircraft financed under the respective financing. The obligations of each of our aircraft-owning subsidiaries under the ECA Facility are guaranteed by us.

At December 31, 2008, we had financed 20 aircraft under the ECA Facility. The net book value of aircraft pledged to the ECA under the ECA Facility and the previous ECA loans was \$708,559 at December 31, 2008.

ECA-guaranteed financings—Airbus A330 aircraft—In December 2008, we entered into a \$1.41 billion export credit facility for the financing of up to 15 Airbus A330 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. The margin over three-month Libor ranges from 0.35% to 0.80% for the first four export credit facilities. The interest rates for the remaining loans will be agreed on a rolling basis. We are obligated to repay principal on ECA loans over a 10 or 12-year term. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2008 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.

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 will enter 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 us.

At December 31, 2008, no aircraft under this facility have been delivered from the manufacturer.

JOL Financings—In 2004 we 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%. The security structures of the JOL financings require that legal title to the aircraft be transferred to and held by a

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

special purpose company controlled by the respective lenders. We have entered into head lease agreements on the subject aircraft which transfer the risk and rewards of ownership of the aircraft to us. Aircraft subject to these structures are recorded as flight equipment held for operating lease on our balance sheets. The obligations outstanding under the JOL financings are secured by a pledge of our shares to the lenders which hold legal title to the aircraft financed under the respective financing. The obligations of each of our aircraft-owning subsidiaries under the JOL financings are guaranteed by us. All loans under the JOL 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 December 31, 2008, we had financed three aircraft under JOL structures. The net book value of aircraft pledged to JOL financings was \$82,857 at December 31, 2008.

AerVenture Pre-delivery Payment Facility—Calyon—Our consolidated joint venture vehicle, AerVenture, has entered into a credit facility during 2006 with Calyon to finance a portion of the pre-delivery payments to Airbus in an amount up to \$207.5 million ("AerVenture Facility"). Prior to drawing on the facility, AerVenture will pay, on average, 15% of the pre-delivery payment amount owed for each aircraft. 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. Borrowings under the AerVenture Facility are secured by, among other things, the partial assignment of the airframe and engine purchase agreements in respect of the 30 aircraft covered by the facility, including the right to take delivery of the aircraft where Calyon has provided the pre-delivery payments and the aircraft remains undelivered. The AerVenture Facility contains customary affirmative and financial covenants for secured financings. We have agreed to maintain a minimum of 25% of the shares of AerVenture until the AerVenture Facility is fully repaid. AerVenture is required to maintain a minimum net worth and a debt to equity ratio below a specified threshold.

AerVenture Pre-delivery Payment Facility—HSH Nordbank AG—In January 2006, AerVenture Limited signed a purchase agreement for the purchase of up to 70 aircraft, including five aircraft subject to reconfirmation rights from Airbus. As of December 31, 2008, eleven of the aircraft had been delivered and the remaining are scheduled to be delivered between first quarter 2009 and second quarter 2011. In connection with the scheduled delivery of the remaining 37 of the aircraft, AerVenture Limited entered into a facility in April 2008 with HSH Nordbank AG to finance a portion of the pre-delivery payments to Airbus in an amount up to \$269.2 million. Prior to drawing on the AerVenture facility, AerVenture Limited will pay, on average, 15% of each pre-delivery payment amount owed for each aircraft. AerVenture Limited 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. The aggregate principal amount of the loans outstanding under the facility was \$68.1 million as of December 31, 2008.

Borrowings under the AerVenture facility will bear interest at a floating rate, equal to the higher of one-month LIBOR plus a margin of 1.20% and HSH's cost of funds plus a margin of 1.20%, in either case payable monthly in arrears after the initial drawing on the facility. Borrowings under the AerVenture facility may be prepaid (subject to minimum amounts of \$1.0 million and to AerVenture giving the agent at least 10 Business Days' notice) without penalty, except for break funding costs if payment is made on a day other than an interest payment date. The maturity date of the AerVenture

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

facility will be the earlier of (a) the delivery date for the final aircraft to be delivered and (b) December 31, 2012.

Borrowings under the AerVenture facility are secured by, among other things, the partial assignment of the airframe and engine purchase agreements in respect of the 37 aircraft covered by the facility, including the right to take delivery of the aircraft where the lenders have provided the pre-delivery payments and the aircraft remains undelivered. The AerVenture facility contains customary covenants for secured financings. AerVenture also covenants in the AerVenture facility (a) not to elect to change the aircraft model, the thrust rating of any engine or the delivery date for any aircraft, (b) to notify the agent if the total cost of Specification Change Notices, or "SCNs" for any aircraft will exceed the SCN budget for such aircraft and (c) pay all buyer furnished equipment, or BFEs prior to the delivery date.

UBS Revolving Credit Facility—AerFunding 1 Limited ("AerFunding") is a special purpose company incorporated with limited liability in Bermuda. The share capital of AerFunding is owned 95% by a charitable trust and 5% by AerCap Ireland and is a consolidated subsidiary. AerFunding was formed for the purpose of acquiring used aircraft assets which we acquire in the market. AerFunding entered into a non recourse senior secured revolving credit facility during 2006 in the aggregate amount of up to \$1,000,000 with a syndicate of financial institutions led by UBS.

The revolving loans under the credit facility are divided into two classes: class A loans, which have a maximum advance limit of \$830,000 and class B loans, which have a maximum advance limit of \$170,000. In addition to borrowings under the revolving credit facilities, AerFunding has also issued subordinated notes to us at each aircraft purchase. Borrowings under the revolving credit facility can be used to finance between 66% and 79% of the appraised value of the acquired aircraft or, in the case of Boeing 737NG and Airbus A320 family aircraft, between 74% and 80% 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 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. Borrowings under the 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. Creditors of AerFunding may only look to the assets of AerFunding and its subsidiaries for repayment—the obligations of AerFunding 1 Limited are non-recourse to us.

The UBS revolving credit 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.

At December 31, 2008, we had financed 14 aircraft under the UBS revolving credit facility. The net book value of aircraft pledged to lenders under the credit facility was \$530,109 at December 31, 2008.

AeroTurbine Revolving Loan Facility—In connection with the prepayment of the existing senior and subordinated debt with Calyon with the proceeds of our initial public offering, we amended and restated our AeroTurbine credit facilities and increased the capacity under the revolving loan facility to \$220,000. On December 19, 2007, the facility size was increased to \$328,000 including the addition of a

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

letter of credit facility in the amount of \$10,000 (which amount is included in the total commitment of \$328,000). Borrowings under the revolving loan 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 revolving loan 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 the revolving loan facility; make advances, loans, extensions of credit, guarantees, capital contributions or other investments; 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. Additionally, the revolving loan facility includes a restriction in AeroTurbine's ability to declare or pay dividends or other asset distributions to other group companies above a certain defined threshold. The revolving loan facility also requires AeroTurbine to maintain certain minimum debt-to-earnings and earnings-to-expenses ratios. All of AeroTurbine's tangible assets of approximately \$444,863 at December 31, 2008 are pledged as collateral for the revolving loan facility.

Calyon Aircraft Acquisition Facility—In connection with the purchase of a portfolio of up to 25 aircraft from GATX, our consolidated subsidiary entered into a senior secured loan facility in the aggregate amount of up to \$248,000 with Calyon and certain other financial institutions. On December 20, 2007, the original facility was amended and supplemented to allow for an additional senior facility in an aggregate amount of up to \$150,000 to be provided by Calyon and certain other financial institutions. This additional facility is available to finance a percentage (calculated by reference to relevant aircraft types and lease status) of the purchase price of a variety of specified aircraft makes and models. Borrowings under the additional facility can be used to finance the lesser of 85% of the purchase price and up to 72.5% of the appraised value of the aircraft. Borrowings under the senior facility are secured by mortgages on the aircraft and security interests 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. 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. At December 31, 2008, we had financed 29 aircraft under the original loan facility. The net book value of the aircraft pledged to lenders under the loan facility was \$317,839 at December 31, 2008.

ALS Securitisation I Debt—Aircraft Lease Securitisation Limited ("ALS I") is a special purpose company incorporated with limited liability in Jersey, Channel Islands, on August 10, 2005. The share capital of ALS I is owned 95.1% by Jersey charitable trusts and 4.9% by AerCap Ireland and is a consolidated subsidiary. ALS I was formed for the purpose of raising securitized debt financing on 42 of our aircraft which were not then subject to other secured financings. On May 8, 2007, we completed a refinancing of ALS I with the issuance of \$1.66 billion of securitized notes in one class of AAA-rated class G-3 floating rate notes. The proceeds from the refinancing were used to redeem all outstanding ALS I debt, other than the most junior class of notes, to refinance the indebtedness that had been incurred to purchase 24 previously acquired aircraft, and to finance the purchase of four additional new aircraft, increasing ALS I's aircraft portfolio size to 70 aircraft. As a result of the refinancing, in 2007, we recorded additional interest expense of \$27,402 related to the write-off of unamortized debt issuance costs. Since the refinancing, ALS I has sold 8 aircraft, resulting in an aircraft portfolio size of 62 aircraft at December 31, 2008.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

The primary source of payments on the notes is lease payments on the aircraft owned by the subsidiaries of ALS I. We retained the most junior class of notes in the securitization, as a result of which we still consolidate ALS I's results in our financial statements. The net book value of the remaining 62 aircraft pledged as collateral for the securitization debt was \$1,361,285 at December 31, 2008.

ALS I is bankruptcy-remote from us and the lenders to ALS I may only look to proceeds derived from the 62 ALS I aircraft for repayment. The indenture agreement, which governs the securitized notes, require that ALS I hold a designated amount of cash aside in restricted accounts for future cash flow requirements of ALS I. All cash held by ALS I is recorded as restricted cash on our balance sheets. The indenture also requires ALS I 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 us and our affiliates.

Maintenance of separate existence.

Compliance with concentration limits with regard to financial strength, regional location and specific country of lessees.

Aircraft Lease Securitisation II Debt—On June 26, 2008, we completed a securitization in which Aircraft Lease Securitisation II Limited ("ALS II") issued securitized class A-1 notes and class A-2 notes, rated A+ by Standard & Poor's and A1 by Moody's. The class A-1 notes each had an outstanding principal balance of zero, and were issued to commitment holders. The commitment holders have committed to advance funds, subject to certain conditions, up to an aggregate amount of \$1 billion in connection with the purchase of aircraft by ALS II. The principal balance of the class A-1 notes will increase in an amount equal to the amount advanced by each commitment holder. Funded class A-1 notes may be exchanged for class A-2 notes subject to certain conditions. The aggregate principal balance of the class A-1 notes together with the class A-2 notes will not exceed \$1 billion. The class A-1 notes are ranked pari passu with the class A-2 notes.

The advances made by the commitment holders will be applied to purchase 30 aircraft from AerVenture Leasing 1 Limited, a subsidiary of AerVenture Limited (our consolidated joint venture), with the first aircraft delivery to ALS II expected to occur in May 2009. The 30 aircraft are among the 70 aircraft being delivered by Airbus to AerVenture Limited between 2007 and 2011. The primary source of payments on the notes will be lease payments on the aircraft owned by subsidiaries of ALS II. The final maturity date of the notes will be June 26, 2032.

The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of ALS II as well as by ALS II'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 ALS II aircraft will be placed in a collection account and paid out according to a priority of payments.

At December 31, 2008, no aircraft under this facility have been delivered from the manufacturer.

TUI Portfolio Acquisition Facility—In June 2008, AerCap Partners I Holding Limited, or AerCap Partners, a 50% joint venture established between us and Deucalion Aviation Funds, entered into a sale

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

and leaseback transaction pursuant to which it agreed to purchase 11 Boeing B737-800, six Boeing B757-200 and two Boeing B767-300 aircraft from the TUI Travel Group, or TUI, and lease the aircraft back to TUI. To finance the purchase of the 19 aircraft, a subsidiary of AerCap Partners entered into a senior facility in an amount of up to \$448.6 million with Calyon, KfW IPEX-Bank GmbH, Deutsche Bank AG London Branch and HSH Nordbank AG which was arranged by Calyon and KfW IPEX-Bank GmbH. The senior facility is divided into two tranches, the first being used to finance the purchase of the 11 Boeing B737-800 aircraft and the second to finance the purchase of the other eight aircraft. AerCap Partners must repay the lenders for the amounts drawn on the senior facility in monthly instalments starting on July 1, 2008 and the first day of each month thereafter (each a repayment date). The principal amount outstanding under the loan in relation to the first tranche must be repaid in full on April 1, 2015 and the principal amount outstanding under the loan in relation to the second tranche on April 1, 2012. The aggregate principal amount of the loans outstanding under the senior facility as of December 31, 2008 was \$407.8million. Following drawdown of the amounts in relation to the 19 aircraft, the remaining commitment under the facility was cancelled subsequent to June 30, 2008.

Borrowings under the first tranche of the senior facility bear interest at a floating interest rate of one month LIBOR plus a margin of 1.575% until April 1, 2013 and a margin of 1.75% thereafter. Borrowings under the second tranche of the senior facility bear interest at a floating interest rate of one month LIBOR plus a margin of 1.575% until April 1, 2010 and 2.00% thereafter. Interest under the senior facility is payable monthly in arrears on each repayment date. Borrowings under the AerCap Partners facilities may be prepaid without penalty, except for break funding costs if payment is made on a day other than a repayment date. The maturity date of the senior facility will be, in respect of the first tranche, April 1, 2015, and, in respect of the second tranche, April 1, 2012. If AerCap Partners 1 Limited is the owner of the aircraft on the relevant put option date relating to one of the 19 aircraft (April 1, 2015 in respect of the B737-800 aircraft and April 1, 2012 in respect of each other aircraft) and amounts under the facility remain outstanding with respect to that aircraft on that put option date, Calyon can require AerCap Holdings N.V. (i) to purchase that aircraft, (ii) to purchase that aircraft and the shares of the relevant lessor of that aircraft or (iii) to purchase the beneficial interest that AerCap Partners 1 Limited has in that aircraft. Calyon can, subject to certain provisions including cure rights of Deucalion Aviation Funds, also exercise the put option on an AerCap Holdings N.V. insolvency event.

Borrowings under the senior facility are secured by, among other things, charges over the shares in AerCap Partners, AerCap Partners I Holding Limited and Lantana Aircraft Leasing Limited, charges over various bank accounts, mortgages over the financed aircraft and security assignments of, inter alia, the lease agreements and letters of credit provided to AerCap Partners by Royal Bank of Scotland plc. The senior facility contains customary covenants for secured financings through special purpose companies. AerCap Partners also covenants in the senior facility (a) to provide loan-to-value ratio appraisals to the agent on agreed dates and (b) that the ratio of tranche 1 aircraft to all financed aircraft must be at least 43%.

TUI Portfolio Subordinated Debt—On June 20, 2008, AerCap and our joint venture partner in the TUI portfolio acquisition each subscribed \$62.8 million of 20% fixed rate subordinated loan notes, or subordinated loan notes, issued by AerCap Partners. The subordinated debt held by AerCap is eliminated in consolidation of the joint venture, AerCap Partners, a consolidated subsidiary. The subordinated loan notes are fully subordinated in all respects including in priority of payment to,

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

amongst other debts of AerCap Partners, the senior facility. As is the case in respect of the senior facility, the obligation of AerCap Partners to make payments in respect of the subordinated loan notes is limited in recourse to certain amounts actually received by AerCap Partners.

Interest accrues on the subordinated loan notes at a rate of 20% per annum. Subject to certain exceptions, interest is payable quarterly in arrears on the tenth business day after March 31, June 30, September 30 and December 31. Where (i) the amount which, pursuant to the terms of the senior facility, is available to AerCap Partners to make payments in respect of, amongst other things, the subordinated loan notes is insufficient to meet the interest payments or (ii) the terms of the senior facility prohibit the payment in full of interest on the relevant payment date, then AerCap Partners must pay the maximum amount of interest that can properly be paid to the noteholder on the relevant interest payment date and the unpaid interest carries interest at a rate of 20% per annum until paid. Outstanding subordinated loan notes must be redeemed by the later of December 31, 2015 and the date falling six months after the later of the senior facility tranche 1 maturity date and the senior facility tranche 2 maturity date. Subject to certain conditions, including (while the senior facility security remains outstanding) the consent of the collateral trustee, AerCap Partners may at any time redeem all or any of the outstanding subordinated loan notes. The collateral granted in respect of the senior facility also secures the debt constituted by the subordinated loan notes. However, the rights of the holders of subordinated loan notes in respect of this security are subordinated to the rights of the senior facility lenders, amongst others.

AerCap Engine Leasing Limited Credit Agreement—On June 25, 2008, AerCap Engine Leasing Limited, a wholly owned subsidiary, entered into a credit agreement with Citibank, N.A. and certain other financial institutions to finance the acquisition of aircraft engines. Pursuant to this agreement, the total commitment of the credit agreement was \$100.0 million. The borrowing period is two years from June 25, 2008 after which the loan converts to a term loan. The aggregate principal amount of the loans outstanding under AerCap Engine Leasing Limited was \$53.3 million as of December 31, 2008. Under the Citibank credit agreement, AerCap Engines can borrow loans based on LIBOR plus 1.725% up to the total commitment. The maturity date of the Citibank credit agreement is June 25, 2010. AerCap Engine Leasing Limited may elect to extend the maturity date by an additional three years (the "Extension Term"), subject to certain conditions, including but not limited to AerCap Engine Leasing Limited posting cash collateral in an amount equal to 2.5% of the then aggregate outstanding principal amount of the loans. Borrowings under the Citibank credit agreement are secured by security interests in and pledges or assignments of all the shares and other ownership interests in AerCap Engine Leasing Limited and its subsidiaries, as well as by all assets of AerCap Engine Leasing Limited and its subsidiaries.

A330 Pre-delivery Payment Facility—In December 2006, we signed a purchase agreement to purchase up to 20 Airbus A330 aircraft. In May 2007, the purchase agreement was amended to add 10 additional A330 aircraft. The aircraft are scheduled to be delivered between the first quarter of 2009 and the last quarter of 2012. Under the purchase agreement, we 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 8 aircraft before the end of 2009, we entered into a facility in October 2007, which was arranged by Citigroup Global Markets Limited, to finance a portion of the pre-delivery payments to Airbus in an amount up to \$182.6 million. Prior to drawing on the facility, we paid, on average, 10% of the pre-delivery payment amount owed for each aircraft. We must repay the lenders for the amounts

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(US dollars in thousands)****14. Debt (Continued)**

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. The aggregate principal amount of the loans outstanding under this facility was \$121,027 million as of December 31, 2008.

Commercial Bank Debt—We have entered into various commercial bank financings to fund the purchase of individual or small groups 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 1.50%. The financings are secured by a pledge of the shares of the subsidiaries owning the related aircraft and a guarantee from us. Most of our commercial bank debt contain affirmative covenants customary for secured financings, such as the regular provision of financial information and disclosure of material events affecting us, among others. At December 31, 2008, we had financed 5 aircraft under commercial bank financings. The net book value of the aircraft pledged to commercial bank financings was \$172,981 at December 31, 2008.

Capital Lease Obligations—We are obligated under capital lease agreements involving three aircraft that originated from sale-leaseback transactions. Our obligations under these capital leases are defeased through interest bearing receivables held by the lenders to the sale-leaseback structures. We have also placed additional commercial debt financing of \$69,567 at December 31, 2008 on these three aircraft. The net book value at December 31, 2008 of the three aircraft securing the capital lease obligations was \$110,132, which is also included in the net book value of aircraft securing commercial bank debt above. Depreciation of \$5,198, \$5,198 and \$5,198 have been charged on these assets during the years ended December 31, 2006, 2007 and 2008. The future minimum lease payments under the capital leases, together with the scheduled return of principal amounts in related defeased structures are as follows:

	<u>Rental commitments</u>	<u>Defeased notes receivable</u>	<u>Net rental Commitments</u>
2009	6,515	6,515	—
2010	128,771	128,771	—
	<u>135,286</u>	<u>135,286</u>	<u>—</u>
Less amount representing interest	(8,985)	(8,985)	—
Present value of minimum payments	<u>126,301</u>	<u>126,301</u>	<u>—</u>

At December 31, 2008, we had available collateralized credit facilities of \$3.5 billion and an on-demand overdraft facility of \$10 million, which were undrawn.

A total amount of capitalized interest of \$6,236, \$10,348 and \$13,582, reduced interest expense in respect of the prepayments on flight equipment (Note 7) for the years ended December 31, 2006, 2007 and 2008, respectively.

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
(US dollars in thousands)

15. Accrual for onerous contracts

Accrual for onerous contracts consist of the following items, which are described below at December 31:

	<u>2007</u>	<u>2008</u>
Lease-in, lease-out transactions	\$46,411	\$33,306
	<u>\$46,411</u>	<u>\$33,306</u>

Lease-in, Lease-out transactions—At December 31, 2008, we leased-in four aircraft from two different lessors under operating head leases that mature between 2009 and 2013. At December 31, 2008, we had entered into sublease agreements with several different customers covering these same aircraft. For all four aircraft, the lease termination dates of the subleases are matched to the lease termination dates under the head leases. The contracted sublease receipts are insufficient to cover our monthly obligations under the head leases. These transactions are recorded at their net present value as a result of purchase accounting.

We have 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 we meet our obligations under the head leases.

Following is a summary of the undiscounted contracted minimum lease payments under the respective head leases and subleases at December 31, 2008:

	<u>Head lease payments</u>	<u>Sublease Receipts</u>
2009	24,033	12,000
2010	21,767	12,000
2011	21,026	12,000
2012	11,822	7,550
2013	—	555
Thereafter	—	—
	<u>\$ 78,648</u>	<u>\$ 44,105</u>

As referenced in Note 3, we are 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 our obligations under the LILO transactions.

During 2007, we purchased five aircraft and in 2008 we purchased another two aircraft, which were all previously subject to head leases, and terminated the related head leases. The purchase consideration represented a discount of \$16,033 and \$3,145 in 2007 and 2008, respectively, to the carrying value of the related onerous contract accrual. In accordance with FIN 26, *Accounting for Purchase of a Leased Asset by the Lessee during the Term of the Lease an interpretation of FASB Statement No. 13*, the amount of the discount has been applied to reduce the net book value of the related aircraft.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

16. Income taxes

We have subsidiaries in a number of tax jurisdictions, principally, The Netherlands, Ireland, the United States of America and Sweden. Income tax expense by tax jurisdiction is summarized below for the periods indicated.

	Year ended December 31,		
	2006	2007	2008
Deferred tax expense (benefit)			
The Netherlands	\$ 25,965	\$ 1,903	\$ 1,995
Ireland	11,020	9,824	7,113
United States of America	(8,044)	(3,832)	(10,121)
Sweden	(9,010)	(463)	370
Other	(115)	—	—
	<u>19,816</u>	<u>7,432</u>	<u>(643)</u>
Current tax expense (benefit)			
United States of America	1,430	9,191	212
The Netherlands	—	8,500	—
	<u>1,430</u>	<u>17,691</u>	<u>212</u>
Income tax expense (benefit)	<u>\$ 21,246</u>	<u>\$ 25,123</u>	<u>\$ (431)</u>

Reconciliation of statutory income tax expense to actual income tax expense is as follows:

	Year ended December 31,		
	2006	2007	2008
Income tax expense at statutory income tax rate(a)	\$ 38,376	\$ 54,167	\$ 35,825
Increase (reduction) in tax resulting from:			
Tax exempt (income) expense	18,813	—	—
Reduction of Netherlands corporate tax rate(b)	6,158	—	—
Non-taxable results of limited partnership operations	(12,421)	—	—
Valuation allowance (reduction)	(9,010)	2,550	—
Tax on global activities	(20,670)	(31,594)	(36,256)
	<u>(17,130)</u>	<u>(29,044)</u>	<u>(36,256)</u>
Actual income tax expense (benefit)	<u>\$ 21,246</u>	<u>\$ 25,123</u>	<u>\$ (431)</u>

(a)

The statutory income tax rates in the Netherlands were 29.6% for the year ended December 31, 2006 and 25.5% for the years ended December 31, 2007 and December 31, 2008.

(b)

The Netherlands corporate income tax rate dropped to 25.5% effective January 1, 2007. As a result, we recognized a reduction to our related deferred tax asset through a charge to the income tax provision.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

16. Income taxes (Continued)

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 lease-in, lease-out transactions described in Note 15 and timing differences with respect to capitalized expenses.

The following tables describe the principal components of our deferred tax assets and liabilities by jurisdiction at December 31, 2007 and 2008.

	December 31, 2007			
	The Netherlands	Ireland	U.S.	Sweden
Depreciation/Impairment	\$ (31,138)	\$ 5,907	\$ 26,000	\$ —
Share-based compensation	2,764	—	—	—
Inventory	—	—	809	—
Intangibles	(3,811)	—	7,843	—
Lessee receivables	—	—	(1,703)	—
Loss-making contracts	—	—	(13,078)	—
Interest expense	—	—	(6,334)	—
Accrued maintenance liability	—	6,472	—	—
Obligations under capital leases and debt obligations	—	(7,566)	—	—
Investments	—	(2,500)	—	—
Losses and credits forward	(6,256)	(41,095)	(8,558)	(9,473)
Other	(1,200)	93	(1,554)	—
Valuation allowance on tax assets	2,550	—	—	—
Net deferred tax (asset) liability	<u>\$ (37,091)</u>	<u>\$ (38,689)</u>	<u>\$ 3,425</u>	<u>\$ (9,473)</u>

	December 31, 2008			
	The Netherlands	Ireland	U.S.	Sweden
Depreciation/Impairment	\$ (14,777)	\$ 9,462	\$ 27,512	\$ —
Share-based compensation	1,412	—	—	—
Inventory	—	—	(3,770)	—
Intangibles	(370)	—	6,666	—
Lessee receivables	—	—	(3,406)	—
Loss-making contracts	—	—	(9,122)	—
Interest expense	—	—	(8,808)	—
Accrued maintenance liability	1,826	7,278	(2,945)	—
Obligations under capital leases and debt obligations	—	(7,230)	—	—
Investments	—	(2,500)	—	—
Losses and credits forward	(19,931)	(44,030)	(8,925)	(8,224)
Other	(1,356)	(976)	(2,807)	—
Valuation allowance on tax assets	2,550	—	—	—
Net deferred tax (asset) liability	<u>\$ (30,646)</u>	<u>\$ (37,996)</u>	<u>\$ (5,605)</u>	<u>\$ (8,224)</u>

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)**

(US dollars in thousands)

16. Income taxes (Continued)

The change in the valuation allowance for the deferred tax asset has been as follows:

	Year ended December 31,		
	2006	2007	2008
Valuation allowance at beginning of period	\$ 60,432	—	2,550
Reduction of allowance to income tax provision	(9,010)	—	—
Reduction of allowance to intangible assets	(22,817)	—	—
Reduction of allowance to goodwill	(30,058)	—	—
Increase of allowance to income tax provision	1,453	2,550	—
Valuation allowance at end of period	—	\$ 2,550	\$ 2,550

We adopted FASB Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes—an Interpretation of SFAS Statement 109*" (FIN 48) on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and provides guidance on the recognition, de-recognition and measurement of benefits related to an entity's uncertain income tax positions. The adoption of FIN 48 did not have a material impact on our consolidated financial statements. Following is a roll forward of unrecognized tax benefits during the year ended December 31, 2007:

	Unrecognized Tax Benefits
At January 1, 2007	\$ 7,063
Tax benefits recognized in settlement agreement	(7,063)
At December 31, 2007	\$ —

We did not have any unrecognized tax benefits at December 31, 2008.

Our primary tax jurisdictions are the Netherlands, United States, Ireland and Sweden. Our tax returns in The Netherlands are open for examination from 2006 forward, in Ireland from 2004 forward, in Sweden from 2003 forward and in the United States from 2005 forward. None of our tax returns are currently subject to examination.

Our policy is that we recognize accrued interest on the underpayment of income taxes as a component of interest expense and penalties associated with tax liabilities as a component of income tax expense. During 2008, we did not incur any interest on tax payments. There was no accrued interest or accrued penalties on tax payments at either January 1, 2008 or December 31, 2008.

The Netherlands

The majority of our Netherlands subsidiaries are part of a single Netherlands fiscal unity and are included in a consolidated tax filing. Due to the existence of interest bearing intercompany liabilities, no current tax expense normally arises with respect to the Netherlands subsidiaries. The losses and credits forward expire with time. In 2007, a payment of current tax was made in relation to the settlement of prior year tax returns which were closed in the settlement. Deferred income tax is

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

16. Income taxes (Continued)

calculated using the Netherlands corporate income tax rate legislated to be in effect when the temporary differences reverse of 25.5%.

Ireland

Our 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%. Our principal Irish tax-resident operating subsidiary has significant losses forward at December 31, 2008 which give rise to deferred tax assets. The availability of these losses does not expire with time. In addition, the vast majority of all of our Irish tax-resident subsidiaries are able to deduct accelerated aircraft depreciation for tax purposes and offset net taxable income and loss within our Irish tax group of companies within a given tax year. Accordingly, no Irish tax charge arose during the year. Based on projected taxable profits in our Irish subsidiaries, including our principal Irish tax-resident operating subsidiary where we hold significant Irish tax losses, we expect to recover the full value of our Irish tax assets and have not recognized a valuation allowance against such assets at December 31, 2008.

United States of America

Our U.S. subsidiaries are assessable to federal and state U.S. taxes. Prior to our acquisition of AeroTurbine, our U.S. subsidiaries had significant timing differences available to offset future federal taxable profits and no current tax charge arose in periods prior to the AeroTurbine acquisition. The losses and credits forward expire with time. Following a change of ownership of the U.S. Company in November 2000, and the change of control at the 2005 Acquisition, certain restrictions, under Section 382 of the IRS tax code, were imposed on the utilization of the net losses in existence at those dates and no tax asset had been recognized for these losses occurring prior to these changes of control.

Beginning with the tax year ending December 31, 2006, we file a consolidated federal income tax return in the U.S. which includes the accounts of AeroTurbine. The blended federal and state tax rate applicable to our consolidated U.S. group is 37.26% for the year ended December 31, 2008.

Sweden

The Swedish entities have significant losses forward at December 31, 2008, which give rise to deferred tax assets. The availability of these losses does not expire with time. Accordingly, no Swedish tax charge arose during the year. Based on projected taxable profits in our Swedish subsidiaries we expect to recover the full value of our Swedish tax assets and have not recognized a valuation allowance at December 31, 2008.

17. Share capital

From the date of our acquisition of AerCap B.V. to just prior to our initial public offering, we were a Netherlands limited partnership under the name of AerCap Holdings C.V. with \$370,000 of partnership capital held by four limited partners and one general partner, all located in Luxemburg. In anticipation of our public offering, AerCap Holdings N.V. was formed with 45,000 shares held by the same Luxemburg entities. AerCap Holdings N.V. issued one additional share to acquire all of the assets

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

17. Share capital (Continued)

and liabilities of AerCap Holdings C.V. in a common control transaction after which, AerCap Holdings C.V. was put in liquidation. On November 10, 2006, we effected a 1,738.6 for one stock split resulting in total shares issued and outstanding of 78,236,957 and reduced the par value of each common share from €1.00 to €0.01. Because our conversion from a Netherlands limited partnership to a Netherlands public limited liability company was accomplished in a common control transaction, we have retroactively reflected our capital structure during the period when our group was owned by AerCap Holdings C.V. (limited partnership) as if it were owned by AerCap Holdings N.V. based on 78,236,957 shares outstanding.

On November 27, 2006, we sold 6.8 million shares at \$23 per share in an initial public offering. We received net proceeds of \$143,017 after deducting underwriting discounts and commissions and offering expenses payable by us. We used the net proceeds from the initial public offering plus existing cash to retire \$168,600 of senior and subordinated debt of AeroTurbine. In connection with the early retirement of this debt, we wrote off \$3,300 of debt issuance costs and paid prepayment penalties of \$1,686.

On November 27, 2006, we completed the initial public offering of 26.1 million (including the above mentioned 6.8 million shares) of our ordinary shares on The New York Stock Exchange and on August 6, 2007 we completed the secondary offering of 20 million additional ordinary shares on The New York Stock Exchange.

As of December 31, 2008, our authorized share capital consists of 200,000,000 common shares with a par value of €0.01 with 85,036,957 issued and outstanding.

18. Share-based compensation

Cerberus Funds Equity Grants

Effective June 30, 2005, companies controlled by Cerberus ("Cerberus Funds") which indirectly owned 100% of our equity interests put into place an Equity Incentive Plan ("Cerberus Funds Equity Plan") under which members of our senior management, Board of Directors and an employee of Cerberus (the "participants") were granted either restricted shares or share options ("Cerberus Funds Equity Grants") in such companies. The value of the Cerberus Funds Equity Grants is derived exclusively with reference to the value of our shares.

We apply the provisions of SFAS 123(R), "*Share-based payment*" in accounting for the Cerberus Funds Equity Grants. In addition to formal vesting restrictions, the terms of the Cerberus Funds Equity Grants contained provisions which allowed the Cerberus Funds to repurchase any restricted shares or shares obtained through the exercise of options upon the occurrence of certain employment termination events or cessation of service on the board of directors for share options issued to our independent directors. All holders of Cerberus Fund Equity Grants signed a Share Agreement in connection with our initial public offering which gives each of them the right to exchange their Cerberus Fund shares or share options for our shares or options on our shares directly with the Cerberus Funds and which limited the repurchase right of the Cerberus Funds to the period prior to November 27, 2008.. The exchange right is exercisable as of November 27, 2008 and is valid for a period of three years from that date. As of November 27, 2008, the participants are no longer restricted from selling their vested interests in our shares and the Cerberus Funds' rights to repurchase restricted

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

18. Share-based compensation (Continued)

shares or shares obtained through the exercise of options upon certain employment termination rights has lapsed. All share options granted under the Cerberus Funds Equity Plan are exercisable for a period of ten years from the date of issuance.

Since all of the Cerberus Fund Equity Grants issued are shares or share options in the Cerberus Funds and since the right of the holders of the Cerberus Funds Equity Grants to exchange their shares in the Cerberus Funds for our shares starting November 27, 2008 is not directly with us, the existence of the restricted share and share options is not dilutive to our share ownership.

The fair values of all shares and share options issued with a zero strike price (all of which were issued prior to our initial public offering in 2006), were calculated on their respective grant dates based on the value of our underlying shares at the time of our initial public offering. To this value, a discount for lack of marketability 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. In accordance with SFAS 123R, the amount of compensation expense recognized for restricted shares is derived with reference to the excess of fair market value of the shares at the date of grant over the price paid, if any. The restricted shares granted to the Cerberus employee are subject to mark-to-market valuations at each reporting period.

The amount of expense recognized with respect to share options with a strike price is based on the fair value of the option using a Black-Scholes option pricing model. The value of each of the Cerberus Funds Equity Grants is recognized on a straight-line basis over the applicable vesting periods.

For options valued with a Black-Scholes option pricing model, we have 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 our shares had not traded in the public market at the time of the valuations, we derived our 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 which has a term equal to the expected life of the options. The expected dividend yield is based on our history of not paying regular dividends in the past and our current intention not to pay regular dividends in the foreseeable future. The differing assumptions used result from the differences in expected life among the different tranches of stock options valued.

A summary of activity during the years ended December 31, 2006, 2007 and 2008 for all issuances under the Cerberus Funds Equity Plan is set forth below. Because the number of shares and share options under the Cerberus Funds Equity Plan are shares and share options of the Cerberus Funds,

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
(US dollars in thousands)

18. Share-based compensation (Continued)

ownership interests in the table below have been stated as the equivalent number of our shares which are represented by the Cerberus Funds shares.

	Number of Restricted Shares/Options
Beginning outstanding January 1, 2006	8,019,287
Shares/options issued	6,575,657
Dilutive effect of other Cerberus Funds issuances	(756,547)
Dilutive effect of initial public offering	(3,413,745)
Ending outstanding December 31, 2006	10,424,652
Beginning outstanding January 1, 2007	10,424,652
Shares/options redeemed	(3,226,064)
Ending outstanding December 31, 2007	7,198,588
Beginning outstanding January 1, 2008	7,198,588
Exercises and exchanges of Cerberus Funds shares/options for direct holdings of AerCap shares	(4,741,490)
Ending outstanding December 31, 2008	2,457,098
Exercisable, December 31, 2008	2,137,639
Share-based compensation expense for the year ended December 31, 2008(a)	\$ 3,020

(a) Assuming that established performance criteria for 2009 are met, we expect to recognize share-based compensation related to Cerberus Funds Equity Grants of \$759 during 2009.

Following is a summary of the share options subject still to vesting restrictions during the year ended December 31, 2008. All share numbers are calculated on a fully-diluted basis assuming the vesting, exercise and conversion of all Cerberus Funds interests to shares of AerCap Holdings N.V.

	Unvested Options Subject to a \$7.00 Strike Price
Balance at January 1, 2008	516,051
Vesting during year	(196,592)
Balance at December 31, 2008	319,459

AerCap Holdings NV Equity Grants

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 ("NV Equity Plan"). The NV Equity Plan provides for the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)**

(US dollars in thousands)

18. Share-based compensation (Continued)

stock units and other stock awards ("NV Equity Grants") 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.

The terms and conditions of NV Equity Grants, 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 NV Equity Grant 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 for incentive stock options 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.

Following is a summary of issuances to-date under the NV Equity Plan:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Options outstanding at January 1, 2007	—	—
Options issued during year	2,400,000	\$ 24.63
Options outstanding at December 31, 2007	2,400,000	\$ 24.63
Options exercisable at December 31, 2007	—	NA
Options outstanding at January 1, 2008	2,400,000	\$ 24.63
Options issued during year	800,000	\$ 4.46
Options outstanding at December 31, 2008	3,200,000	NA
Options exercisable at December 31, 2008	300,000	NA

The weighted average remaining contractual term of the 3.2 million options outstanding at December 31, 2008 is 9.0 years. The weighed average remaining contractual term for the 0.3 million exercisable options at December 31, 2008 is 8.7 years. The weighted average grant date fair value for options issued in 2007 is \$5.93 per option and is \$1.57 per option for options issued in 2008. Total stock-based compensation recognized for the above options was \$960 and \$3,284 for the years ending December 31, 2007 and 2008, respectively. In light of the difficult economic environment prevailing at the end of 2008, the Nomination and Compensation Committee adjusted the performance criteria for the performance tranches relating to fiscal years 2009, 2010 and 2011. This change has been accounted for as a modification to the NV Equity Plan with respect to the performance-based options for those years and the weighted average fair values above for issuances which include the tranches subject to the modification include the fair values as of the date of modification. No additional expense was recognized as a result of the modification. Assuming that established performance criteria are met and

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)**

(US dollars in thousands)

18. Share-based compensation (Continued)

that no forfeitures occur, we expect to recognize share-based compensation related to NV Equity Grants of approximately \$3.6 million during each of 2009 and 2010 and \$2.7 million during 2011.

The value of the options issued under the NV Equity Plan was calculated by a Black-Scholes option pricing model using the following assumptions:

Volatility	33.92%-38.42%
Expected life	5.33-6.53 years
Risk-free interest rate	1.89%-4.20%
Dividend yield rate	0.00%

Volatility assumptions were derived by comparison to peer group companies due to the lack of significant trading history in our shares. 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 which has a term equal to the expected life of the options. The expected dividend yield is based on our history of not paying regular dividends in the past and our current intention not to pay regular dividends in the foreseeable future. The differing assumptions used result from the differing fair value dates among the different tranches (time-based vs. performance-based).

19. Segment information**Reportable Segments**

Prior to the acquisition of AT, we operated in one reportable segment—leasing, financing and management of commercial aircraft. From the date of the acquisition of AT, we manage our business, analyze and report our 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 significant information from our reportable segments:

	Year ended December 31, 2006		
	Aircraft	Engines and parts(a)	Total
Revenues from external customers	\$ 689,226	\$ 125,193	\$ 814,419
Segment profit (loss)	166,796	(57,805)	108,991
Segment assets	3,527,853	390,183	3,918,036
Depreciation	95,933	6,454	102,387
	Year ended December 31, 2007		
	Aircraft	Engines and parts	Total
Revenues from external customers	979,998	196,523	1,176,521
Segment profit (loss)	177,760	10,693	188,453
Segment assets	3,970,348	423,879	4,394,227
Depreciation	130,534	10,579	141,113

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AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
(US dollars in thousands)

19. Segment information (Continued)

	Year ended December 31, 2008		
	Aircraft	Engines and parts	Total
Revenues from external customers	\$ 1,069,836	\$ 186,416	\$ 1,256,252
Segment profit (loss)	154,315	(2,510)	151,805
Segment assets	4,915,549	495,277	5,410,826
Depreciation	155,919	13,473	169,392

(a) Reporting for this segment began on April 26, 2006.

Geographical Information

The distribution of our lease revenue by geographic regions is as follows for the periods indicated:

	Year ended December 31,		
	2006	2007	2008
Europe	35%	39%	42%
Asia/Pacific	43%	33%	28%
Latin America	7%	10%	10%
North America and Caribbean	15%	17%	18%
Africa/Middle East	—	1%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

No lessee accounted for more than 10% of lease revenue in any of the periods indicated above. Sales revenue is comprised of 79% from our aircraft segment and 21% from our engine and parts segment. We have not provided a geographical breakdown of sales revenue because a material percentage of our sales are of movable flight equipment and are to buyers that have multiple locations. In addition, we have not provided a breakdown of management fee revenue, interest revenue or other revenue because amounts are less material than lease and sales revenue and we do not believe a geographical breakdown of such revenues is helpful in identifying geographical concentration risks to our business.

The following table indicates the percentage of long-lived assets (flight equipment and intangible assets) that are leased to or associated with customers in the indicated regions as of December 31, 2007 and December 31, 2008:

	2007	2008
Europe	38%	56%
Asia/Pacific	33%	23%
Latin America	7%	8%
North America and Caribbean	21%	11%
Africa/Middle East	1%	2%
	<u>100%</u>	<u>100%</u>

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
(US dollars in thousands)

20. Selling, general and administrative expenses

Selling, general and administrative expenses include the following expenses:

	<u>Year ended December 31,</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Personnel expenses(a)	\$ 114,463(a)	\$ 65,210(a)	\$ 73,493(a)(b)
Travel expenses	4,635	6,551	9,059
Professional services	19,415	23,454	21,588
Office expenses	4,590	8,716	9,911
Directors expenses	1,232	2,956	3,473
Other expenses	5,029	9,441	10,744
	<u>\$ 149,364</u>	<u>\$ 116,328</u>	<u>\$ 128,268</u>

- (a) Includes share-based compensation of \$78,635, \$10,916 and \$7,538 in the years ended December 31, 2006, 2007 and 2008, respectively
- (b) Personnel expenses includes severance payments of \$2.9 million

We had 351, 402 and 382 persons in employment as at December 31, 2006, 2007 and 2008, respectively.

21. Asset impairment

Asset impairment include the following expenses:

	<u>2008</u>
Flight equipment	7,278
Inventory parts	11,511
	<u>18,789</u>

Our long-lived assets, excluding goodwill, include: flight equipment, inventory and finite-lived intangible assets. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the assets' carrying amount is not recoverable from its undiscounted cash flows.

As a result of the current economic environment, AerCap performed an impairment analysis of its long-lived assets during the year 2008. As part of our impairment analyses, we focused particular attention on aircraft older than 15 years, since the cash flows supporting our carrying values of those aircraft are more significantly dependent upon current lease contracts, which leases are more sensitive to weakness in the current global economic environment. In addition, we believe that residual values of older aircraft are more exposed to non-recoverable declines in value in the current economic environment. No impairments to aircraft resulted specifically from our impairment analyses. We did, however, record an impairment on our inventory of \$11.5 million and we recorded an impairment on aircraft of \$7.3 million, based on sale negotiations for four older aircraft. Our impairment analysis did not reveal impairments on our finite-lived intangible assets.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(US dollars in thousands)****21. Asset impairment (Continued)**

Given the current macro economic environment and the uncertainties regarding the potential impact on the Company's business, there can be no assurance that the Company's estimates and assumptions regarding the duration of the ongoing economic downturn, or the period or strength of recovery, made for purposes of the long-lived asset impairment tests will prove to be accurate predictions of the future.

22. Earnings per common share

Basic and diluted earnings per share (EPS) is calculated by dividing net income by the weighted average of our common shares outstanding. We have no dilutive shares or share options. As disclosed in Note 18, there are 2.4 million share options outstanding under the NV Equity Plan. These options could become dilutive in the future. The computations of basic and diluted earnings per common share for the periods indicated below are shown in the following table:

	Year ended December 31, 2006	Year ended December 31, 2007	Year ended December 31, 2008
Net income for the computation of basic and diluted earnings per share	\$ 108,991	\$ 188,453	\$ 151,806
Weighted average common shares outstanding	78,962,162	85,036,957	85,036,957
Basic and diluted (loss) earnings per common share	\$ 1.38	\$ 2.22	\$ 1.79

23. Related party transactions

AerCo is an aircraft securitization vehicle from which we hold all of the most junior class of subordinated notes and some notes immediately senior to those junior notes. We do not recognize value for the AerCo notes which we still hold on our consolidated balance sheets. Through March 2003 we consolidated AerCo, but we deconsolidated the vehicle in accordance with FIN 46 at that time. Subsequent to the deconsolidation of AerCo, we have received interest from AerCo on its D note investment of \$1,700 and \$354 for the year ended December 31, 2006, and for the year ended December 31, 2007, respectively. In addition, we provide a variety of management services to AerCo for which we received fees of \$5,208, \$4,793 and \$4,615 for the year ended December 31, 2006, December 31, 2007 and December 31, 2008, respectively.

We have made payments to Cerberus and third parties on behalf of Cerberus totaling \$1,203 in 2005 and 2006. 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 \$200 of reimbursements for consulting services incurred by Cerberus in connection with Cerberus's evaluation of the 2005 Acquisition. 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 less favorable than the terms we could negotiate with an independent party. Payments to third

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

23. Related party transactions (Continued)

parties on behalf of Cerberus consist of payments to advisors engaged by Cerberus in connection with the 2005 Acquisition.

We lease two A321-200 model aircraft to Air Canada. Both leases expire in 2014. Cerberus indirectly controls 6.7% of the equity of Air Canada and indirectly controls 40.2% of shares in AerCap Holdings N.V. at December 31, 2008. Cerberus did not hold such equity interest in Air Canada and AerCap Holdings N.V. at the time we entered into the leases with Air Canada.

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 \$13,800 in connection with a JOL financing. The Japanese operating lessor 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 JOL financing, 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 March 2010. 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 that entered into the financing from the Japanese operating lessor.

In April 2006, we entered into a senior secured revolving credit facility in the aggregate amount of up to \$1,000,000 with UBS Real Estate Securities Inc., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. Aozora Bank is a syndicate member under the facility and participated in up to \$50,000 of the Class A loans and up to \$25,000 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 December 31, 2008, we had drawn and there remained outstanding \$394,758 of the class A loans and \$82,519 of the class B loans.

Until November 2007, our AeroTurbine subsidiary leased their office and warehouse located in Miami, Florida from an entity owned by the previous Chief Executive Officer and Chief Operating Officer of AeroTurbine. In November 2007, the entity sold the office and warehouse to an unrelated third-party. AeroTurbine continues to occupy the premises under a lease which expires in 2013.

AerDragon consists of two joint venture companies Dragon Aviation Leasing Company Limited, or Dragon, based in China and AerDragon Aviation Partners Limited or AerDragon, based in Ireland. Both companies are owned 50% by China Aviation Supplies Holding Company, 25% by affiliates of Calyon and 25% by AerCap. In 2007, AerCap assigned a purchase right it had with Airbus under AerCap's 1999 forward order agreement relating to an A320 aircraft which was then directly acquired by AerDragon. In addition, during 2007 AerCap sold an A320 aircraft that was subject to a lease with an airline to AerDragon and guaranteed the performance of AerDragon under debt which was assumed by AerDragon from AerCap in the transaction. Both of these transactions were executed at terms,

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

23. Related party transactions (Continued)

which we believe reflected market conditions at the time. AerCap provides lease management, insurance management and aircraft asset management services to AerDragon. AerCap charged AerDragon a total of \$0.2 million as a guarantee fee and for these management services during 2007. We apply equity accounting for our 25% investment in both joint venture companies. Accordingly, the income statement effects of all transactions with either of the joint venture companies are eliminated in our financial statements.

In 2008, we acquired one A320-200, two Boeing 737s, Boeing 757 and six MD80s from EntreCap, an entity controlled Cerberus. The purchase price of these aircraft was approximately \$67 million.

24. Commitments and contingencies

Property and other rental commitments

We have entered into property rental commitments with third parties, which expire in 2011, amounting to \$26,171 as of December 31, 2008. We also have lease arrangements with respect to company cars and office equipment. Minimum payments under the property rental agreements are as follows:

2009	\$ 4,495
2010	3,982
2011	3,208
2012	3,208
2013	2,334
Thereafter	8,944
	<u>\$26,171</u>

In April 2008, we relocated our Headquarters to a 37,000 square foot office facility in Amsterdam, the Netherlands. The new office is contracted under a five-year lease which commenced on April 1, 2008. As such, the table above also includes the minimum payments under this lease.

Legal proceedings

VASP litigation

We leased 13 aircraft and three spare engines to Viação Aerea de São 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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

24. Commitments and contingencies (Continued)

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.

In July 2006, we commenced a claim for damages in the English courts against VASP based on the damages we incurred as a result of the default by VASP under seven lease obligations. VASP was served process in Brazil in October 2007 and in response has filed an application to challenge the jurisdiction of the English court which we will oppose. VASP has applied to the Court to adjourn the date for the hearing of its application to challenge the jurisdiction of the English Court pending the sale of some of its assets in Brazil. We have opposed this application and by an order dated March 6, 2008 the English court dismissed VASP's applications. In September 2008 the bankruptcy court in Brazil ordered the bankruptcy of VASP. VASP has appealed this decision. In December 2008, we filed with the English Court an application for default judgment for loss of profits plus accrued interest under seven lease agreements. On March 16, 2009, we obtained a default judgement in which we have been awarded a claim of approximately \$40.0 million for loss of profit plus accrued interest under seven lease agreements. In order to obtain this award we will need to begin enforcement proceedings in Brazil against VASP, which is currently in bankruptcy. We cannot assure you as to the outcome of this claim.

Our management, based on the advice of external legal counsel, has determined that it is not necessary to make any provision 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 filed an appeal against this ruling with the Administrative Court of Appeal in Sweden. In December 2008 the Administrative Court of Appeal decided in our favour, and since the Swedish tax authorities did not file an appeal against this decision before February 19, 2009, the decision by the Administrative Court of Appeal has now gained legal force and the case is closed.

25. Fair value measurements

In September 2006, the FASB issued SFAS 157, which is effective for fiscal years beginning after November 15, 2007. We adopted the standard on January 1, 2008.

Under SFAS 157, the Company determines fair value based on 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. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(US dollars in thousands)****25. Fair value measurements (Continued)**

value hierarchy as described below. Where limited or no observable market data exists, fair value measurements for assets and liabilities are based primarily on management's own estimates and are calculated based upon the Company's pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results may not be realized in actual sale or immediate settlement of the asset or liability.

The Company adopted SFAS 157 for all financial assets and liabilities required to be measured at fair value on a recurring basis, prospectively from January 1, 2008. The application of SFAS 157 for financial instruments which are periodically measured at fair value did not have a material effect on the Company's results of operations or financial position.

Under SFAS 157, there is a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value.

The three broad levels defined by the SFAS 157 hierarchy are as follows:

Level 1—Quoted prices available in active markets for identical assets or liabilities as of the reported date.

Level 2—Observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that allow value to be determined.

Level 3—Unobservable inputs from the Company's own assumptions about market risk developed based on the best information available, subject to cost benefit analysis. Inputs may include the Company's own data.

When there are no observable comparables, inputs used to determine value are derived through extrapolation and interpolation and other Company-specific inputs such as projected financial data and the Company's own views about the assumptions that market participants would use.

The following table summarizes our financial assets and liabilities as of December 31, 2008 that we measured at fair value on a recurring basis by level within the fair value hierarchy. As required by SFAS No. 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

	December 31, 2008	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 193,563	\$193,563	\$ —	\$ —
Restricted cash	113,397	113,397		
Derivative assets	19,352	—	19,352	—
Derivative liabilities	(12,378)	—	(12,378)	—
	\$ 313,934	\$306,960	\$ 6,974	\$ —

Our cash and cash equivalents, along with our restricted cash and cash equivalents balances, consists largely of money market securities that are considered to be highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as level 1 within our fair value hierarchy. Our derivative assets and liabilities

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(US dollars in thousands)****25. Fair value measurements (Continued)**

included in level 2 consist of United States dollar denominated interest rate caps and foreign currency forward contracts swaps. Their fair values are determined by applying standard modeling techniques under the income approach to relevant market interest rates (cash rates, futures rates, swap rates) in effect at the period close to determine appropriate reset and discount rates. Changes in fair value are recognized immediately in income.

We also measure the fair value of certain assets and liabilities on a non-recurring basis, when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include aircraft. We record aircraft at fair value when we determine the carrying value may not be recoverable, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and other accounting pronouncements requiring remeasurements at fair value. Fair value measurements for aircraft in impairment tests are based on level 3 inputs, which include the Company's assumptions as to future cash proceeds from leasing and selling aircraft. In the year ended December 31, 2008, we recognized an impairment of \$18.8 million. The impairment related to four MD82 aircraft, six engines which were off-lease and our parts inventory.

Our financial instruments consist principally of investments, notes receivable, restricted cash, derivative assets and cash equivalents. The fair value of notes receivable, restricted cash and cash and cash equivalents approximates the carrying value of these financial instruments because of their short term nature.

The fair values of our debt are estimated using a discounted cash flow analysis, based on our current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of our financial instruments at December 31, 2007 and 2008 are as follows:

	December 31, 2007		December 31, 2008	
	Book value	Fair value	Book value	Fair value
Assets				
Investments	\$ 3,000	\$ 8,458	\$ —	\$ —
Notes receivable	184,820	184,820	134,067	134,067
Restricted cash	95,072	95,072	113,397	113,397
Derivative assets	21,763	21,763	19,352	19,352
Cash and cash equivalents	241,736	241,736	193,563	193,563
	<u>\$ 546,391</u>	<u>\$ 551,849</u>	<u>\$ 460,379</u>	<u>\$ 460,379</u>
Liabilities				
Debt	\$ 2,892,744	\$ 2,900,092	\$ 3,790,487	\$ 3,272,865
Derivative liabilities	—	—	12,378	12,378
Guarantees	3,926	3,926	3,219	3,219
	<u>\$ 2,896,670</u>	<u>\$ 2,904,018</u>	<u>\$ 3,806,084</u>	<u>\$ 3,288,462</u>

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

26. Recent Accounting Pronouncements

SFAS 141(R)

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) establishes requirements for an acquirer to record the assets acquired, liabilities assumed, and any related noncontrolling interest related to the acquisition of a controlled subsidiary, measured at fair value as of the acquisition date. The Company is required to adopt SFAS 141(R) in the first quarter of 2009. The Company does not currently expect that the implementation of SFAS 141(R) will have a material effect on the Company's results of operations and financial position.

SFAS 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures regarding fair value measurement but does not change existing guidance about whether an asset or liability is carried at fair value. The application of SFAS 157 for financial instruments which are periodically measured at fair value did not have a material effect on the Company's results of operations or financial position (See Note 4—Fair value measurements). For non-financial assets and liabilities which are not periodically recognized or disclosed at fair value, the effective date for SFAS 157 has been deferred one year.

SFAS 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits entities to choose to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value. Subsequent changes in fair value for designated items will be required to be reported in income. SFAS 159 also establishes presentation and disclosure requirements for similar types of assets and liabilities measured at fair value. SFAS 159 permits the fair value option election on an instrument-by-instrument basis for eligible items existing at the adoption date and at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The Company adopted this standard at January 1, 2008, its required effective date. The adoption of this standard did not have any effect on our consolidated financial condition, results of operations or cash flows, since we did not choose to fair value any financial instruments or other items not currently measured at fair value.

SFAS 160

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51* ("SFAS 160"). SFAS re-characterizes minority interests in consolidated subsidiaries as non-controlling interests and requires the classification of minority interests as a component of equity. Under SFAS 160, a change in control will be measured at fair value, with any gain or loss recognized in earnings. The effective date for SFAS 160 is for fiscal periods beginning on or after December 15, 2008. Early adoption and retroactive application of SFAS 160 to years preceding the effective date are not permitted. We are currently evaluating the impact of SFAS 160.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

26. Recent Accounting Pronouncements (Continued)

SFAS 161

In March 2008, the FASB issued SFAS No. 161, "*Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*" ("SFAS 161"). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This Statement is effective for us in the first quarter of 2009. We are currently evaluating the impact of SFAS 161.

SFAS 162

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS No. 162"). The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. GAAP for nongovernmental entities. SFAS No. 162 will become effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The adoption of SFAS No. 162 will have no material impact on our consolidated financial statements.

EITF Issue No. 08-6

In November 2008, the Emerging Issues Task Force issued EITF No. 08-6, *Equity Method Investment Accounting Considerations* (EITF 08-6) that addresses how the initial carrying value of an equity method investment should be determined, how an impairment assessment of an underlying indefinite-lived intangible asset of an equity method investment should be performed, how an equity method investee's issuance of shares should be accounted for, and how to account for a change in an investment from the equity method to the cost method. EITF 08-6 shall be effective in fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. EITF 08-6 shall be applied prospectively with early application prohibited. The impact of adopting EITF 08-6 is not expected to have a material impact on our consolidated financial condition or results of operations.

FSP FAS No. 142-3

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing a renewal or extension assumptions used for purposes of determining the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). FSP FAS 142-3 is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other GAAP. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier application is not permitted. We believe the impact of adopting FSP FAS 142-3 will not have a material effect on our consolidated financial condition or results of operations.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

27. Subsequent events

In February 2009, we entered into a \$86.3 million facility with a European financial institution to finance the pre-delivery payments in connection with the delivery of three A330 aircraft pursuant to a purchase agreement signed with Airbus in December 2006.

In March 2009, AerVenture, signed a \$846.0 million export credit facility with a syndicate of commercial banks led by Calyon S.A. to finance up to 20 Airbus A320 aircraft. Repayment under the credit facility is guaranteed by the ECA. Currently no aircraft have been financed under this facility.

In March 2009, LoadAir failed to make \$80.0 million in required capital contributions to AerVenture, and as a result, LoadAir lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture. AerVenture is now a wholly-owned subsidiary. As a result of LoadAir's failure to make the required equity contributions, we will be required to invest additional equity in AerVenture so that it will have sufficient cash available to fund the equity portion of the purchase price for its upcoming aircraft deliveries. To provide additional funding to us following the failure by LoadAir to fund its capital commitments, we signed a term sheet with a bank for a new financing transaction. The financing that would be provided upon closing of the transaction to which the term sheet relates would provide us with pre-delivery financing for certain A330 aircraft subject to forward purchase commitments with Airbus and funding on an owned aircraft. Under the terms of the term sheet, we would be required to purchase a new wide-body aircraft currently on order by LoadAir for which the bank previously provided pre-delivery payment financing. After we purchase the aircraft, we intend to lease it back to LoadAir. As part of this transaction, we expect to give LoadAir an option for a limited period of time to purchase up to 50 percent of the shares in AerVenture which have voting and economic rights, if it meets certain conditions. This transaction, excluding any proceeds from LoadAir, would decrease the amount by which our forward purchase commitments exceed our available cash by approximately \$50 million in 2009 and \$25 million in 2010.

Dated 30 December 2008

THE BANKS AND FINANCIAL INSTITUTIONS NAMED HEREIN (1)
as ECA Lenders

CALYON (2)
as National Agent

CALYON (3)
as ECA Agent

CALYON (4)
as Security Trustee

JETSTREAM AIRCRAFT LEASING LIMITED (5)
as Principal Borrower

AERCAP IRELAND LIMITED (6)

and

AERCAP A330 HOLDINGS LIMITED
as Principal AerCap Obligors
and
AERCAP HOLDINGS N.V. (7)

FACILITY AGREEMENT
in respect of up to fifteen (15)
Airbus A330 Aircraft



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THIS FACILITY AGREEMENT is made on 30 December 2008 , 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) **CALYON**, a *société anonyme* established under the laws of France acting through its office in England at Broadwalk House, 5 Appold Street, London EC2A 2DA, England, in its capacity as national agent of the British Lenders;
- (5) **CALYON**, a *société anonyme* established under the laws of France with a *capital social* of 3,119,771,484 Euros, whose registered office is at 9 Quai du President Paul Doumer, 92920 Paris La Defense Cedex, France, in its capacity as national agent of the French Lenders;
- (6) **CALYON**, a *société anonyme* established under the laws of France with a *capital social* of 3,119,771,484 Euros acting through its office in Germany at Messe Turm, Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany, in its capacity as national agent of the German Lenders;
- (7) **CALYON**, a *société anonyme* established under the laws of France with a *capital social* of 3,119,771,484 Euros, whose registered office is at 9 Quai du President Paul Doumer, 92920 Paris La Defense Cedex, France, in its capacity as agent of the ECA Lenders;
- (8) **CALYON**, a *société anonyme* established under the laws of France with a *capital social* of 3,119,771,484 Euros, whose registered office is at 9 Quai du President Paul Doumer, 92920 Paris La Defense Cedex, France, in its capacity as Security Trustee for and on behalf of the Secured Parties;
- (9) **JETSTREAM AIRCRAFT 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, George Town, Grand Cayman KY1-9002, Cayman Islands as Principal Borrower;
- (10) **AERCAP IRELAND LIMITED** (previously known as debis AirFinance Ireland Limited and debis AirFinance Ireland plc) a company incorporated under the laws of Ireland and having its registered office at AerCap House, Shannon, Co. Clare, Ireland; and
AERCAP A330 HOLDINGS LIMITED a company incorporated under the laws of Ireland and having its registered office at AerCap House, Shannon Co, Clare, Ireland,
as Principal AerCap Obligors; and
- (11) **AERCAP HOLDINGS N.V.**, a company organised and existing under the laws of the Netherlands whose registered office is at AerCap House, Stationsplein 965, 1117 CE 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 each Lessee and each Borrower set out in clause 4, 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. The relevant Principal AerCap Obligor 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 subject always, in the case of the DekaBank Aircraft, to the terms of the DekaBank Side Letter, be amended accordingly. If either (a) or (b) does not apply, then, unless the ECA Agent otherwise agrees, that Aircraft shall thereupon cease to be an Aircraft under and for the purposes of this Agreement and the ECA Commitments for that Aircraft shall be reduced to zero.

2.3 Number and composition of ECA Loans

2.3.1 The ECA Facility shall be available as up to fifteen (15) 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.

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 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 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 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, and/or the Unutilised ECA Facility are from time to time reduced:

2.3.6 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;

2.3.7 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); and

2.3.8 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.

2.3.9 Notwithstanding anything herein or in any other Transaction Document to the contrary each of the parties hereto acknowledges and agrees that, the maximum aggregate amount of the ECA Commitments in respect of the DekaBank Aircraft shall be three hundred and forty three million Dollars (\$343,000,000) 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 shall be drawn down wholly in Dollars.

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 Utilisation of the ECA Facility

3.1 ECA Utilisation Notices

3.1.1 In order to effect an ECA Loan the relevant Principal AerCap Obligor 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) 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.

3.1.2 The ECA Agent shall:

- (a) send to each National Agent a copy of each ECA Utilisation Notice received from each relevant Principal AerCap Obligor which complies with clause 3.1.1; 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.

3.1.3 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.

3.2 Conditions precedent

3.2.1 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).

3.2.2 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;
- (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, EULER 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) in the case of each Lender, that Lender having received approval from its credit committee to enter into the transactions contemplated by this Agreement and the relevant ECA Loan Agreement and to the relevant Margin, and the relevant arrangement fee payable pursuant to the relevant Fee Letter, having been agreed.

3.2.3 Each National Agent hereby confirms and agrees that:

- (a) as soon as reasonably practicable following a written request from a Principal AerCap Obligor to do so, it will request the approvals and indications referred to in clause 3.2.23.2.2(c) in respect of the ECA Loans for the Aircraft, consistent with its normal procedures for obtaining the same;
- (b) it will keep the relevant Principal AerCap Obligor advised of progress in relation to such approvals and indications and notify the relevant Principal AerCap Obligor 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
- (c) it will, if appropriate, involve the relevant Principal AerCap Obligor in discussions with the relevant Export Credit Agencies.

4 Representations and warranties

4.1 Representations and warranties of each Borrower

To induce each of the Finance Parties, the Lessees, the Principal AerCap Obligors and AerCap Holdings to enter into the Transaction Documents, each Borrower represents and warrants (as to itself only) to the Finance Parties, the Lessees, the Principal AerCap Obligors and AerCap Holdings that:

- 4.1.1 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;

- 4.1.2 it has the power and capacity to execute and deliver, and to perform its obligations under, the Borrower Documents 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;
- 4.1.3 all necessary legal action to authorise the person or persons who execute and deliver the Borrower Documents 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;
- 4.1.4 the Borrower Documents 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;
- 4.1.5 the execution and delivery by it of, the performance of its obligations under, and compliance with the provisions of, the Borrower Documents 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;
- 4.1.6 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 Borrower Documents, or the performance by it of its obligations under the Borrower Documents 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;
- 4.1.7 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;
- 4.1.8 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;
- 4.1.9 the claims of the Finance Parties against it under this Agreement and the other Borrower Documents 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;
- 4.1.10 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 constitutional documents in the form last supplied by it to the ECA Agent remain in full force and effect;
- 4.1.11 the board resolutions and, if applicable, power of attorney supplied by it to the ECA Agent 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 Borrower Documents remains in full force and effect and has not been revoked, amended, supplemented or varied, in whole or in part;
- 4.1.12 it has not, prior to entering into the Borrower 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 Borrower Documents;

4.1.13 no Borrower Event has occurred and is continuing;

4.1.14 it has delivered all tax returns which, as of the date hereof, it is legally required to deliver and has paid all payments which are due and payable, as of the date hereof, to the tax authorities in its jurisdiction of incorporation;

4.1.15 all amounts payable by it under the Borrower Documents may be made without any deduction or withholding for or on account of any Tax;

4.1.16 no stamp, registration or similar Tax is required to be paid in its jurisdiction of incorporation on or in relation to the Borrower Documents or the transactions contemplated by the Borrower Documents;

4.1.17 no value added tax (or Tax of a similar nature) or import or export duty or tax is payable under the laws of its jurisdiction of incorporation in respect of any Borrower Document or the performance of the obligations under any Borrower Documents;

4.1.18 [not used];

4.1.19 none of its directors is resident for tax purposes in France;

4.1.20 its:

- (a) irrevocable submission under the Borrower Documents to the jurisdiction of the courts referred to therein;
- (b) agreement that the Borrower Documents are each governed by the law referred to therein; and
- (c) agreement not to claim any immunity to which it or its assets may be entitled,

are legal, valid and binding under the laws of its jurisdiction of incorporation;

4.1.21 any judgment obtained in England, in relation to the Aircraft or this Agreement will be recognised and be enforceable by the courts of its jurisdiction of incorporation, subject to any and all qualifications as set out in the legal opinion provided to, *inter alios*, the ECA Finance Parties pursuant to paragraph 5(b) of Schedule 10 Part I;

4.1.22 the Borrower has no Subsidiaries or employees; and

4.1.23 the Borrower's Centre of Main Interests, corporate management, centre of administration and principal place of business is in the Cayman Islands and it does not have an establishment or place of business in any other jurisdiction.

4.2 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:

4.2.1 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;

4.2.2 it has the power to execute and deliver and to perform its obligations under the Lessee Documents 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;

4.2.3 the Lessee Documents 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;

4.2.4 the execution and delivery of, the performance of its obligations under, and compliance by it with the provisions of, the Lessee Documents 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;

4.2.5 its obligations under the Lessee Documents 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;

4.2.6 it is subject to civil and commercial law with respect to its obligations under the Lessee Documents 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);

4.2.7 its only business is that of leasing the Aircraft and the entering into of the Lessee Documents and any and all agreements related thereto;

4.2.8 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 Lessee Documents, or the performance by it of its obligations under the Lessee 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;

4.2.9 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 Lessee 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;

4.2.10 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;

4.2.11 no Lease Event has occurred and is continuing;

4.2.12 it has delivered all tax returns which it is legally required to deliver as of the date hereof and has paid all payments due and payable, as of the date hereof, to the tax authorities in its jurisdiction of incorporation or, if different, the jurisdiction in which it is tax resident;

4.2.13 all amounts payable by it under the Lessee Documents may be made without any deduction or withholding for or on account of any Tax;

4.2.14 no stamp, registration or similar Tax is required to be paid in its jurisdiction of incorporation or, if different, the jurisdiction in which it is tax resident on or in relation to the Lessee Documents or the transactions contemplated by the Lessee Documents;

4.2.15 no value added tax (or Tax of a similar nature) or import or export duty or tax is payable under the laws of its jurisdiction of incorporation or, if different, the jurisdiction in which it is tax resident in respect of any Lessee Document or the performance of the obligations under any Lessee Document;

4.2.16 none of its directors is resident for tax purposes in France.

4.2.17 its:

- (a) irrevocable submission under the Lessee Documents to the jurisdiction of the courts referred to therein;
- (b) agreement that the Lessee Documents are each governed by the law referred to therein; and
- (c) agreement not to claim any immunity to which it or its assets may be entitled,

are legal, valid and binding under the laws of its jurisdiction of incorporation;

4.2.18 any judgment obtained in England, in relation to the Aircraft or this Agreement will be recognised and be enforceable by the courts of its jurisdiction of incorporation, subject to any and all qualifications as set out in the legal opinion provided to, *inter alios*, the ECA Finance Parties pursuant to clause 7.3.4(j) of this Agreement; and

4.2.19 the Lessee's Centre of Main Interests, corporate management, centre of administration and principal place of business is the jurisdiction in which its registered office is located and it does not have an establishment or place of business in any other jurisdiction other than any other jurisdiction in which the Lessee is deemed to be tax resident.

4.3 Repetition

4.3.1 The representations and warranties set out in clause 4.1 are made by the Principal Borrower 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 made by each Borrower in clauses 4.1.1, 4.1.2, 4.1.3, 4.1.4, 4.1.11 and 4.1.12 shall be repeated by each Borrower on each ECA Repayment Date.

4.3.2 The representations and warranties set out in clause 4.2 are made by each Lessee on the date on which it executes an Accession Deed and thereby accedes to this Agreement. The representations and warranties made by each Lessee in clauses 4.2.1, 4.2.2, 4.2.3 and 4.2.4 shall be repeated by each Lessee on each ECA Repayment Date.

4.4 English Law Mortgage

Notwithstanding any provision of any Transaction Document (including clause 4.1 or clause 4.2), 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.

5 Undertakings and covenants - general

5.1 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, each Principal AerCap Obligor and AerCap Holdings (severally as to itself only) that from the date of this Agreement:

- 5.1.1 it shall remain duly incorporated and validly existing under the laws of its State of Incorporation;
- 5.1.2 its Centre of Main Interests shall be, and remain, the jurisdiction in which its registered office is located;
- 5.1.3 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;
- 5.1.4 it will not, without the prior written consent of the ECA Agent and the relevant Principal AerCap Obligor, enter into any contract or agreement with any person, and will not, without the prior written approval of the ECA Agent and the relevant Principal AerCap Obligor, 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;
- 5.1.5 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 and shall promptly supply to the ECA Agent certified copies of any authorisation required under Applicable Law of its State of Incorporation to enable it to perform its obligations under, or for the validity or enforceability or admissibility in evidence of, any Transaction Document;
- 5.1.6 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;
- 5.1.7 in the case of the Principal 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;
- 5.1.8 to the extent possible pursuant to Applicable Law and subject to the provisions of clause 23 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;
- 5.1.9 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, it being acknowledged and agreed that, subject to no Termination Event or Mandatory Prepayment Event having occurred and continuing (as determined by the ECA Agent, acting in its sole discretion), any right, consent (including consent to waiver) or approval that a Borrower has under the terms of a ECA Loan Agreement (including any right to deliver a Conversion Confirmation under clause 4.2 (*Fixed rate option*) of the ECA Loan Agreement or right to prepay any ECA Loan under clause 4.5 (*Voluntary prepayment*) of the relevant ECA Loan Agreement) shall be subject to the prior consent of, or shall be exercised upon the instruction of, the relevant Lessee;

5.1.10 it will not without the prior written consent of the ECA Agent and the relevant Principal AerCap Obligor create or permit to subsist any Lien over all or any of its present and future revenues and assets other than Permitted Liens;

5.1.11 it will take such action as the Security Trustee and (subject to no Lease Termination Event having occurred and being continuing) the relevant Principal AerCap Obligor shall reasonably require to maintain the rights granted to the Secured Parties and each Principal AerCap Obligor 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;

5.1.12 it shall comply in all respects with all Applicable Laws to which it is subject;

5.1.13 it shall not and shall not agree to:

- (a) amend or waive; or
- (b) terminate, suspend or abandon,

all or any part of any Borrower Document, except in accordance with the provisions of this Agreement;

5.1.14 it shall not (otherwise than as expressly contemplated by the Transaction Documents) 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 nature of the security interests expressed to be created by the Security Documents.

5.1.15 it shall not do or permit to be done anything which may prejudice any right which the ECA Finance Parties (or any of them) may have (actually or contingently) against the Manufacturer, the Engine Manufacturer or any other supplier of parts or services relating to the Aircraft; and

5.1.16 it shall provide all such documentation and information as reasonably requested by the Security Trustee and/or each ECA Lender from time to time in respect of its 'Know Your Customer' checks, anti-money laundering checks and similar requirements.

5.2 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:

5.2.1 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;

5.2.2 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;

5.2.3 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 AerCap Holdings' financial year, a copy of AerCap Holdings' 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 AerCap Holdings' financial year and thirty (30) days after AerCap Holding's audited consolidated financial accounts have been adopted by the shareholders of AerCap Holdings at the annual general meeting of shareholders, a CFO Certificate in relation thereto;
- (c) and in any event within one hundred and eighty (180) days after the end of each Principal AerCap Obligor's financial year, a copy of the relevant Principal AerCap Obligor's unaudited consolidated financial accounts for the relevant year;
- (d) and in any event within ninety (90) days after the end of each semi-annual accounting period of each Principal AerCap Obligor and AerCap Holdings, a copy of each Principal AerCap Obligor's and AerCap Holdings' unaudited consolidated management accounts for the relevant semi-annual period, together with, in the case of AerCap Holdings, a CFO Certificate in relation thereto;
- (e) 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 AerCap Ireland, AerCap A330 Holdings and AerCap Holdings' most recent monthly management reports, together with, in the case of AerCap Holdings, a CFO Certificate in relation thereto,

in each case, prepared in accordance with US or Dutch GAAP;

5.2.4 it shall ensure that each set of financial statements supplied by it under this Agreement gives (if audited) a true and fair view of, or (if unaudited) fairly represents, its financial condition (consolidated or otherwise) as at the date to which those financial statements were drawn up;

5.2.5 it shall notify the Security Trustee of any change to the manner in which the audited consolidated financial statements of the relevant Principal AerCap Obligor or AerCap Holdings are prepared;

5.2.6 if requested by the Security Trustee it shall supply to the Security Trustee sufficient information reasonably requested to enable the ECA Finance Parties to make a proper comparison between the financial position shown by the set of financial statements prepared on the changed basis and its most recent audited consolidated financial statements delivered to the Security Trustee under this Agreement prepared on the previous basis;

5.2.7 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 AerCap Holdings' auditors confirm in writing to the Security Trustee that the contents of that CFO Certificate are true and correct;

5.2.8 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;

5.2.9 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;

5.2.10 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 and, except if it is contesting the same in good faith and in accordance with Applicable Law, settle all Taxes imposed upon it within the time period allowed for such settlement;

5.2.11 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;

5.2.12 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 its Centre of Main Interests shall be and remain the jurisdiction in which its registered office is located; and

5.2.13 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.

5.3 Change of control

5.3.1 If at any time AerCap Holdings ceases to be listed on the New York Stock Exchange then AerCap shall as soon as reasonably practicable give written notice to the ECA Agent. If, at any time following such de-listing, at least sixty-six point six six per cent. (66.66%) of the issued shares and voting rights of AerCap Holdings are not owned by shareholder(s) which are rated "investment grade" (currently BBB- or above) by Standard & Poors and/or the equivalent thereof by Moody's Investors Service, then AerCap shall as soon as reasonably practicable give further written notice to the ECA Agent.

5.3.2 As soon as reasonably practicable after receipt of any notice issued pursuant to clause 5.3.1, the ECA Agent (if so instructed by the National Agents) shall enter into good faith discussions with AerCap 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) for the continuation of the transactions contemplated by the Transaction Documents.

5.3.3 If no such arrangements and conditions acceptable to the ECA Agent (acting on the instructions of the National Agents) 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 5.3.2, a Mandatory Prepayment Event shall be deemed to have occurred in respect of all of the Aircraft on the Final Date.

5.3.4 If at any time:

(a) AerCap Holdings ceases to own and control, one hundred per cent (100%) of the shares in AerCap A330 Holdings B.V., AerCap B.V. or AerCap Ireland; and/or

(b) AerCap A330 Holdings B.V. ceases to own and control at least fifty-one per cent (51%) of the shares in AerCap A330 Holdings

a Mandatory Prepayment Event shall be deemed to have occurred in respect of all of the Aircraft.

6 Undertakings and covenants of Lessees - operational and sub-leasing

6.1 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 6.4 and save as may be agreed from time to time with the ECA 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.

6.2 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, it shall not sub-lease, charter or otherwise part with possession or operational control of any Aircraft except:

6.2.1 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

6.2.2 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 6.2, 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 6.7, 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 6.2, each Lessee shall, subject only to clause 6.4, 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 6 and the Sub-Lease Requirements, the ECA 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 shall consult with the relevant Principal AerCap Obligor 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 7 shall apply.

6.3 Home Country restriction

6.3.1 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 or that Relevant Aircraft (as applicable) 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 total number of the Aircraft (determined by number and not by

value) financed under this Agreement and approved by the Export Credit Agencies for that financing 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, or the delivery or redelivery of that Aircraft, 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, the relevant Principal AerCap Obligor shall as soon as reasonably practicable give notice thereof to the Security Trustee.

6.3.2 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 6.3.1:

(a) if the delivery would result in the circumstances set out in clause 6.3.1(a), the ECA Agent may, unless the Export Credit Agencies shall have approved the delivery, at the direction of the National Agents, serve a notice on the relevant Lessee requiring the prepayment of Loans for Home Country Aircraft so that the circumstances set out in clause 6.3.1(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 6.3.1(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.

6.3.3 If any of the circumstances referred to in clause 6.3.1 arise, the ECA Agent will, if requested by a Principal AerCap Obligor, consult with the relevant Principal AerCap Obligor and the Export Credit Agencies with a view to determining whether a waiver may be available in relation to the relevant circumstances.

6.4 Effect of Sub-Leases and Sub-Sub-Leases

6.4.1 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 6.4 are being complied with, and subject always to clause 6.4.3; 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.

6.4.2 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 6.4.1;

(b) compel the Sub-Lessee to remedy the relevant matter referred to in clause 6.4.1 and/or to repossess the Aircraft.

6.4.3 Notwithstanding anything to the contrary in this clause 6.4 or in any other provision of the Transaction Documents:

- (a) clause 6.4.1 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 6.4.1 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 6.2.2.

6.5 Off-Lease Period

During any Off-Lease Period for an Aircraft:

6.5.1 unless the Security Trustee (acting on the instructions of all of the National Agents 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 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;

6.5.2 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;

6.5.3 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 7, 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

6.5.4 to the extent that that Aircraft will be registered in The Netherlands in accordance with clause 6.5.1:

6.5.5 no lease interest will be registered in the Dutch register pursuant to the Geneva Convention (*Register voor de teboekstelling van luchtvaartuigen*); and

6.5.6 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.

6.6 Sub-Leases - management and notification requirements

Until all of the Secured Loan Obligations have been paid in full, each Lessee and each Principal AerCap Obligor hereby undertakes and covenants 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 shall, in relation to each Aircraft:

6.6.1 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 the relevant Principal AerCap Obligor 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 AerCap Group Companies;

6.6.2 notify the ECA 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 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) may from time to time reasonably request;

6.6.3 following the occurrence of a Trigger Event and for so long as the relevant Trigger Event is continuing, notify the ECA 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;

6.6.4 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);

6.6.5 inform the ECA 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, respond as soon as reasonably practicable to such issues as the ECA Agent may reasonably request further information on in respect of that repossession;

6.6.6 inform the ECA 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;

6.6.7 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, IDERA, 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, IDERA, 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, IDERA 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 The relevant Principal AerCap Obligor 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

6.6.8

- (a) open a Sub-Lease Account for that Aircraft and execute a Sub-Lease Account Charge over that Sub-Lease Account. The relevant Lessee will 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 (A) are paid by the relevant Sub-Lessee under the proposed Sub-Lease for that Aircraft or (B) are otherwise at any time received by or paid for the account of that Lessee by, from or on behalf of any Sub-Lessee of that Aircraft; and
- (b) 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,

and/or 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.

6.6.9 Each Sub-Lease Account Charge will provide for (without limitation):

- (a) the provision to the Security Trustee by the Sub-Lease Account Bank upon request of 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, the relevant Principal AerCap Obligor shall provide to the Security Trustee, upon request, an explanation in reasonable detail of the nature of all deposits, transfers and withdrawals identified in any account statement provided by the relevant Sub-Lease Account Bank 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 relevant Sub-Lease Account Bank and/or the relevant Principal AerCap Obligor without further enquiry and shall have no liability to any party hereto if any such information proves not to have been correct;

(b) the receipt by the Security Trustee of an acknowledgement (in form and substance satisfactory to the Security Trustee) from the Sub-Lease Account Bank in which the Sub-Lease Account Bank acknowledges and agrees that, following the receipt by it of a notice from the Security Trustee stating that a Trigger Event has occurred, the Sub-Lease Account Bank will thereafter not recognise any direction, or honour any request, from the relevant Lessee or any Principal AerCap Obligor to withdraw, transfer or otherwise deal in any way with the monies then standing to the credit of the relevant Sub-Lease Account and shall deal solely with the Security Trustee in connection with the relevant Sub-Lease Account and the monies standing to the credit thereof; and

(c) the assignment of the rights of the relevant beneficiary under the Sub-Lease Account Charge (being the party described in sub-paragraphs (a) and (b) of the definition of "Sub-Lease Account Charge" in favour of the Security Trustee.

6.6.10 In the event that that Lessee is entitled to make a claim under any letter of credit or other Sub-Lease Credit Document, which is deposited with the Security Trustee pursuant to clause 6.6.8(b), it shall as soon as reasonably practicable notify the Security Trustee. Subject always to no Trigger Event having occurred, 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. Such action shall include, to the extent that the relevant Lessee demonstrates to the reasonable satisfaction of the Security Trustee that it is necessary, or to the extent that the relevant letter of credit expressly requires the physical possession and presentment of the letter of credit in order to drawdown any amount thereunder, returning the original of any letter of credit and/or Sub-Lease Credit Document to the Lessee for the purposes of allowing it to make a claim thereunder 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 6.6.10. If the Security Trustee is to return any letter of credit and/or Sub-Lease Credit Document to a Lessee pursuant to this clause 6.6.10 then the Security Trustee will use its best endeavours to return the relevant letter of credit to the relevant Lessee as soon as possible and, to the extent possible, by overnight courier.

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 relevant Sub-Lease Account for that Aircraft or deposited with the Security Trustee pursuant to clause 6.6.8(a), 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 clause 6.6.8(a), 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, subject always to no Trigger Event having occurred, 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) 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, subject always to no Trigger Event having occurred, 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 clause 6.6.8(a), 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. Each Lessee shall have no right to submit a request under this paragraph if, at the time at which the relevant Lessee wishes to make such a request, a Trigger Event has occurred. 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 6.6.10 if a Trigger Event has occurred or 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 6.6.10 and not prior to that time paid or reimbursed by or at the direction of the Security Trustee to any person under this clause 6.6.10.

6.6.11 Following the occurrence of a Trigger Event, each Lessee and each Principal AerCap Obligor shall cease to have any rights whatsoever to withdraw or transfer funds from each Sub-Lease Account or to deal, in any way, with each Sub-lease Account and the monies standing to the credit thereof without the prior consent of the Security Trustee. Within five (5) Banking Days of the occurrence of a Trigger Event the relevant Principal AerCap Obligor will, (A) open a Cash Collateral Account and execute a Cash Collateral Account Charge over that Cash Collateral Account and (B) deposit in the Cash Collateral Account an amount equal to three per cent. (3%) of the Aircraft Purchase Price of each Aircraft (such amount to be held as security for the Secured Obligations in respect of which an ECA Loan has, at such time, been made under this Facility). Upon the cessation of the relevant Trigger Event, the provisions of this clause 6.6.11 shall no longer apply and the Security Trustee will as soon as reasonably practicable pay or direct the Cash Collateral Account Bank to pay to the Lessee, to such account as it may direct, the balance then standing to the credit of the Cash Collateral Account.

6.7 Further provisions relating to Sub-Leases

6.7.1 The Finance Parties acknowledge that each of the Principal AerCap Obligors 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 in respect of any of the matters referred to in this clause 6, 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 ECA Agent). The relevant Principal AerCap Obligor, 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.

6.7.2 If any Principal AerCap Obligor and/or any Lessee makes any request pursuant to clause 6.7.1 for a deviation from the Sub-Lease Requirements, the consultation period referred to in clause

6.7.1 shall be ten (10) Banking Days or such longer period as the relevant Principal AerCap Obligor and/or the relevant Lessee may request (each acting reasonably).

6.7.3 For the avoidance of doubt, nothing in this clause 6 shall prevent any Lessee or any Principal AerCap Obligor 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.

6.8 Matters relating to Notices and Acknowledgements

6.8.1 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:

6.8.2 is inconsistent with the Standard; and

6.8.3 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.

6.9 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).

7 Change of ownership and/or leasing structure with respect to an Aircraft

7.1 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 6.2, the ECA Agent may require a change in the Borrower for an Aircraft in the circumstances referred to in clause 6.2. In any such case, the following provisions of this clause 7 shall apply.

7.2 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 a Principal AerCap Obligor, as the case may be (provided that, in the case of any change of Sub-Lessee, the provisions of clause 6.2 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:

7.2.1 the relevant Principal AerCap Obligor shall have given to the ECA 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;

7.2.2 the relevant Principal AerCap Obligor shall have agreed the following with the Security Trustee (acting on the instructions of the National Agents) 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) 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) 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 7.3 shall have been satisfied;

7.2.3 the Borrower in respect of that Aircraft shall have paid:

- (a) to the Security Trustee 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 The relevant Principal AerCap Obligor in advance of, that proposed change;

7.2.4 if the change involves the introduction of a tax lease structure in respect of that Aircraft, the revised structure shall (subject always to clause 7.2.5) reflect any absence of cross-default or cross-collateralisation, as between that Aircraft and the other Aircraft; and

7.2.5 the Export Credit Agencies shall have consented in writing to the change.

Any change in ownership and/or leasing structure satisfying the requirements of this clause 7.2 is referred to as a **Permitted Change**.

7.3 Alternative Obligors/Principal Lessees

7.3.1 The Principal AerCap Obligors 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 the relevant Principal AerCap Obligor 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) 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 Security Trustee shall inform the relevant Principal AerCap Obligor 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.

7.3.2 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 4 and 5. Each Alternative Lessee shall be a direct or indirect Subsidiary of AerCap Holdings. In the case of any Alternative Lessee which is owned by AerCap A330 Holdings, AerCap A330 Holdings shall own one hundred per cent (100%) of the shares of such Alternative Lessee, it being acknowledged and agreed that AerCap Holdings will hold one hundred per cent (100%) of the shares in AerCap A330 Holdings B.V. and will procure that AerCap A330 Holdings B.V. owns at least fifty-one per cent (51%) of the shares in AerCap A330 Holdings. In the case of any other Alternative Lessee, such Alternative Lessee shall be a direct or indirect wholly-owned Subsidiary of AerCap Holdings.

7.3.3 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) 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) 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.

7.3.4 The relevant Principal AerCap Obligor 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) 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 and the relevant Principal AerCap Obligor 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 14.6) 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 7.3.3 (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;

- (i) 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;
 - (ii) 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
 - (iii) 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 AerCap Holdings as to the due execution by the relevant Principal AerCap Obligor 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 and, if the Alternative Obligor is deemed to be tax resident in a jurisdiction other than its jurisdiction of incorporation, a legal opinion from independent counsel in such jurisdiction, in each case in form and substance reasonably acceptable to the Security Trustee; and
- (k) a legal opinion from Norton Rose LLP, counsel to the Lenders, as to English law, in form and substance reasonably acceptable to the Security Trustee.

7.3.5 Each AerCap Obligor other than the Alternative Obligor hereby irrevocably authorises the relevant Principal AerCap Obligor 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 the relevant Principal AerCap Obligor 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 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.

7.3.6 The relevant Principal AerCap Obligor 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) no later than fifteen (15) Banking Days prior to the date on which the accession of any Principal Lessee to this Agreement is to become effective (or such later date as the Security Trustee (acting on the instructions of the National Agents and the relevant Principal AerCap Obligor may agree):

- (a) an Accession Deed duly executed by the parties thereto;
- (b) a Principal Lessee Share Charge duly executed by the parties thereto over the entire issued share capital of the relevant Principal Lessee together with certified copies of the minute books and the share register (if any) of the relevant Principal Lessee and the originals of the share certificates of the relevant Principal Lessee referred to therein and duly executed originals of the letters of resignation, irrevocable proxies and undated share transfer forms referred to therein;
- (c) 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;

- (d) any such novations, assignments or other documents as may be required in order to make the relevant Principal Lessee a party to the Airframe Warranties Agreement and the Engine Warranties Agreement, in each case, for that Aircraft;
- (e) a certificate signed by a director of the relevant Principal Lessee setting out, in each case, the specimen signature of those persons authorised to sign the Transaction Documents to which such Principal Lessee is or is to be a party and attaching, in each case, Certified Copies of the following (or their equivalent):
 - (ii) the certificate of incorporation of the relevant Principal Lessee together with its constitutional documents;
 - (i) the resolutions of the board of directors and shareholders of the relevant Principal Lessee approving the execution and performance by it of each Transaction Document to which it is or is to be a party;
 - (ii) the resolutions of the owner of the entire issued share capital of the relevant Principal Lessee approving the execution and performance by that person of each Transaction Document to which it is or is to be a party; and
 - (iii) a power of attorney appointing those persons authorised to sign on behalf of the relevant Principal Lessee each Transaction Document to which it is, or is to be, a party,
- (f) a legal opinion from in-house counsel to AerCap Holdings as to the due execution by the relevant Principal Lessee of the Accession Deed, in form and substance reasonably acceptable to the Security Trustee;
- (g) a legal and tax opinion from reputable counsel acceptable to the Security Trustee in the State of Incorporation of the relevant Principal Lessee and, if the relevant Principal Lessee is deemed to be tax resident in a jurisdiction other than its jurisdiction of incorporation, a legal opinion from independent counsel in such jurisdiction, in each case in form and substance reasonably acceptable to the Security Trustee; and
- (h) a legal opinion from Norton Rose LLP, counsel to the Lenders, as to English law, in form and substance reasonably acceptable to the Security Trustee.

7.3.7 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 acting reasonably). The provisions of clause 7.3.1 relating to the submission, consideration and approval of an Alternative Obligor Request shall apply in relation to any written request by a Principal AerCap Obligor 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 7.

7.4 Consummation of Permitted Change

Provided that all of the documents and opinions referred to in clauses 7.2.2 and, if relevant, 7.3 relating to a Permitted Change have been agreed with all relevant parties in accordance with such clauses and the fees payable pursuant to clause 7.2.3 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 the relevant Principal AerCap Obligor (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, the relevant Principal AerCap

Obligor will deliver to the Security Trustee originals or Certified Copies of all such documents and opinions.

7.5 Co-operation

Each of the Finance Parties agrees, at the request of each Principal AerCap Obligor 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 7.

7.6 Matters relating to the Borrower Trustee and the Manager

7.6.1 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 the relevant Principal AerCap Obligor); 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 each Principal AerCap Obligor 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 the relevant Principal AerCap Obligor 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 8.1.4 and the conditions set forth in clause 8.2. Without limiting the foregoing (but subject always to the proviso to clause 8.1.4 and clause 8.2), the relevant Principal AerCap Obligor 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 the relevant Principal AerCap Obligor 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 the relevant Principal AerCap Obligor 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 the relevant Principal AerCap Obligor and agreed to by the Security Trustee, then the relevant Principal AerCap

Obligor 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 considers 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 the relevant Principal AerCap Obligor from reputable legal counsel in the relevant jurisdictions, be entitled to declare a Mandatory Prepayment Event with respect to the relevant Aircraft.

7.6.2 Notwithstanding any provision of any Transaction Document to the contrary, the Finance Parties and the Principal AerCap Obligors agree that if the Principal AerCap Obligors consider 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 the Principal AerCap Obligors 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 the relevant Principal AerCap Obligors 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, the Principal AerCap Obligors 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 the relevant Principal AerCap Obligor. 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.

7.6.3 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 7.6.1 or 7.6.2.

7.6.4 At all times when no Lease Termination Event has occurred and is continuing, the consent of the Principal AerCap Obligors shall be required for the appointment of any new Manager or new Borrower Trustee.

8 Mitigation

8.1 General

If:

8.1.1 a Borrower Termination Event occurs in relation to an Aircraft; or

8.1.2 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

8.1.3 any Obligor becomes obliged to make any payment or any increased payment under any of clauses 4.8, 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

8.1.4 clause 10.2 or clause 10.3 of the Loan Agreement for an Aircraft applies; or

8.1.5 paragraph 4 of the DekaBank Side-Letter 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 11.5 and 11.6 (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 the relevant Principal AerCap Obligor consider reasonable), provided that (and the following proviso shall also apply to clause 7.6):

(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 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.

8.2 Conditions - general

The agreement of the parties set forth in clauses 7.6 and 8.1 is subject to the conditions that:

8.2.1 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;

8.2.2 no action to be taken under, or any delay in any action as a result of the operation of, clause 7.6 or 8.1 (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 the relevant Principal AerCap Obligor from reputable legal counsel in the relevant jurisdictions;

8.2.3 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

8.2.4 no Applicable Law shall prevent any party from performing its obligations under clause 7.6 or 8.1 (as applicable).

9 Contest

9.1 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 its 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.

9.2 No Finance Party shall be obliged to provide any co-operation pursuant to clause 9.1 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 9.1 (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.

9.3 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.

9.4 The provisions of clause 9 shall not apply to any Export Credit Agency which may become a party to this Agreement.

9.5 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 9.1 and 9.3, as if all references therein to the Finance Parties were references to that Borrower.

10 Covenants - Finance Parties

10.1 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.

10.2 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 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 6.7. The Finance Parties and the Borrowers agree that they shall perform their respective obligations under each Quiet Enjoyment Undertaking.

10.3 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 the relevant Principal AerCap Obligor in writing of that non-receipt.

10.4 Finance Party Liens

Each Finance Party agrees for the benefit of each Principal AerCap Obligor and each Lessee as follows:

10.4.1

(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 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 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 the relevant Principal AerCap Obligor immediate written notice thereof, and will procure the prompt release of that Aircraft; and

10.4.2 it will comply with the obligations expressed to be assumed by it under the Transaction Documents.

10.5 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).

10.6 Release of security

10.6.1 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 any Mortgage, any 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 any English Law Mortgage, any Mortgage, 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.

10.6.2 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, the relevant IDERA 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.

10.6.3 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 any Mortgage (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 replacement Engine or Part), and take such other action which that Lessee may reasonably request in order to effect those releases, terminations and reassignments.

10.7 Substitution of Aircraft

10.7.1 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, 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 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.

10.7.2 Following a request by the relevant Lessee for the substitution of an Aircraft in accordance with clause 10.7.1 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 informing that Lessee of the National Agents' decision as to that substitution; or
- (b) if the National Agents 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 10.7.2(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 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 10.7.1, 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 10.7.2, 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 13.4.

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 10.7 shall cease to be of any further application and the Retained Proceeds shall be applied in accordance with clause 13.7.

10.7.3 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 13.4, 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.

10.8 Borrower matters

Each Finance Party agrees with the Principal AerCap Obligor 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 the relevant Principal AerCap Obligor as to the manner and nature of such exercise, provided however that the relevant Finance Party shall nevertheless, subject to clause 8, be entitled to exercise such discretion without reference (or, as the case may be, without further reference) to the relevant Principal AerCap Obligor 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 The relevant Principal AerCap Obligor from reputable legal counsel in the relevant jurisdictions. The foregoing provisions of this clause 10.8 are subject always to the requirements of clause 7.6.

10.9 Transaction Documents

Subject always to the provisions of clause 30.6.2, 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.

11 Enforcement of Trust Documents

11.1 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.

11.2 Acceleration of Loans

Save as expressly provided in this clause 11 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.

11.3 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 14 and without prejudice to clause 11.5, 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.

11.4 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.

11.5 Action following Termination Event

Subject always to clause 8, 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 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:

11.5.1 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 11.6, 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 11.6; or

11.5.2 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 11.5.1 or upon the giving of notice by any National Agent pursuant to clause 11.5.2 (or, if any Notice(s) of Reservation of Rights have been delivered by the Security Trustee pursuant to clause 11.6, 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 8):

(a) an ECA Acceleration Notice shall be deemed to have been given pursuant to and for all purposes of each ECA 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 11.5 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 11.5 or a Notice of

Reservation of Rights pursuant to clause 11.6, 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.

11.6 Reservation of rights

Subject to clause 8, 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 11.5.2 within that period), the Security Trustee shall by notice in writing to the Lessees and the relevant Principal AerCap Obligor (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 AerCap 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 11.5.2 within that period), give to the relevant Lessee and any other relevant person a further Notice of Reservation of Rights.

11.7 Demands under the Guarantee

11.7.1 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 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.

11.7.2 So long as no Lease Termination Event and no ECA Utilisation Block Event has occurred and is continuing at that time 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 13.8.1.

11.7.3 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 13.7;

(b) and at that time an ECA Utilisation Block Event has occurred and is continuing, such amounts shall be held in the relevant Proceeds Account until such time as clause 11.7.2 or clause 11.7.3(a) shall become applicable, at which time such amounts shall be applied in accordance with clause 11.7.2 or clause 11.7.3(a) (as applicable).

12 Proceeds Account

12.1 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 12.3.

12.2 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.

12.3 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.

12.4 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.

12.5 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 Dollars, such Proceeds shall be applied in the purchase of Dollars 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 Dollars 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.

12.6 No set-off or counterclaim

Each party agrees that any sums which it pays in accordance with clause 12.3 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).

12.7 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.

13 Application of sums received

13.1 Application of principal and interest prior to the occurrence of a Lease Termination Event

13.1.1 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.

13.2 Application of amounts received in respect of indemnity obligations

13.2.1 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.

13.2.2 Any and all monies received by the ECA Agent (whether as a result of the provisions of clause 13.2.1 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 the ECA 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.

13.3 Application of insurance proceeds (other than in respect of a Total Loss of an Aircraft)

13.3.1 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).

13.3.2 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).

13.3.3 Notwithstanding the provisions of clauses 13.3.1 or 13.3.2, 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 13.3.1 or clause 13.3.2 shall conflict with AVN67B (or any replacement or equivalent thereof), the terms of AVN67B (or any replacement or equivalent thereof) shall apply.

13.3.4 Notwithstanding any provision of this clause 13 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.

13.4 Application of Total Loss Proceeds

13.4.1 Subject to clause 10.7, if any Total Loss Proceeds in respect of a Total Loss of an 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 Aircraft to be applied to each of the National Agents in the proportions specified in the ECA Loan Agreement for that 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 Aircraft to be applied to each of the National Agents in the proportions specified in the ECA Loan Agreement for that 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 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 Aircraft;
- (e) fifthly, in payment to the Borrower for that Aircraft of all amounts owing by the relevant Lessee and/or The relevant Principal AerCap Obligor to that Borrower under this

Agreement or any other Transaction Document which remain unpaid, to the extent relating to that Aircraft;

(f) finally, any balance shall be paid as directed by the relevant Lessee.

13.4.2 If the amount of Total Loss Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 13.4.1(a) to 13.4.1(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.

13.4.3 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 13.7.1.

13.4.4 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.

13.5 Application of Requisition Proceeds

13.5.1 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 13.7 and subject always to the rights of any Sub-Lessee under any Assignment of Insurances and/or Sub-Lease.

13.6 Application of Proceeds received as a result of a prepayment made pursuant to clauses 4.4, 4.6 or 10.3 of any ECA Loan Agreement

13.6.1 If any Proceeds are received by the Security Trustee as a result of a prepayment made pursuant to clauses 4.4, 4.6 or 10.3 of any ECA Loan Agreement (in this clause 13.6, **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 or towards payment to each National Agent (for the account of the relevant ECA Lenders or Export Credit Agency) and to each relevant ECA Agent for its own

account, *pro rata*, of any Break Costs to the extent covered by the Export Credit Agencies;

(e) fifthly, 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;

(f) sixthly, in payment to the Borrower under that ECA Loan Agreement of all amounts owing by the relevant Lessee and/or the relevant Principal AerCap Obligor to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to that ECA Loan;

(g) finally, any balance shall be paid as directed by the relevant Lessee.

13.6.2 If the amount of any ECA Prepayment Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 13.6.1(a) to 13.6.1(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.

13.6.3 If any ECA Prepayment Proceeds are received after 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 in accordance with clause 13.7.1.

13.7 Application of Proceeds following a Lease Termination Event

13.7.1 Subject to clause 13.4.4, any Proceeds in respect of an Aircraft or otherwise in relation to the ECA Loan for that 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 13, to be applied in accordance with this clause 13.7.1), 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, in or towards payment to each National Agent (for the account of the relevant ECA Lenders or Export Credit Agency) and to each relevant ECA Agent for its own

account, *pro rata*, of any Break Costs to the extent covered by the Export Credit Agencies;

- (e) fifthly, to the persons, in the order and in respect of the matters referred to in paragraphs (a) to (d) inclusive above, in relation to each of the ECA Loans for the Aircraft other than that Aircraft;
- (f) sixthly, 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 Aircraft), in each case, to the extent relating to the Aircraft;
- (g) seventhly, to the extent that, at such time, an A320 Termination Event has occurred, in or towards payment to the A320 Security Trustee of amounts due but unpaid under the A320 Facility Agreement for application in accordance with the terms of the A320 Facility Agreement;
- (h) eighthly, in or towards payment to the applicable security trustee or security agent of amounts due but unpaid under any loan or other agreements supported by the Export Credit Agencies in respect of Other ECA Indebtedness (other than the A320 Facility Agreement) for application in accordance with the terms of the relevant documentation in respect of Other ECA Indebtedness (other than the A320 Facility Agreement) and in such order or proportions as are applicable under the relevant documents or as directed by the Export Credit Agencies, as applicable;
- (i) ninthly, in payment to each Borrower which is the owner of an Aircraft of all amounts owing by any Lessee and/or the relevant Principal AerCap Obligor to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to an Aircraft; and
- (j) finally, once all the amounts referred to in paragraphs (a) to (i) 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 (i) 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.

13.8 Application of Proceeds received pursuant to the Guarantee

13.8.1 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 11.7.1 (in this clause 13.8, **Guarantee Proceeds**) and clause 11.7.2 applies, such 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 or towards payment to each National Agent (for the account of the relevant ECA Lenders or Export Credit Agency) and to each relevant ECA Agent for its own account, *pro rata*, of any Break Costs to the extent covered by the Export Credit Agencies;

(e) fifthly, 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);

(f) sixthly, to the extent that, at such time, an A320 Termination Event has occurred, in or towards payment to the A320 Security Trustee of amounts due but unpaid under the A320 Facility for application in accordance with the terms of the A320 Facility Agreement;

(g) seventhly, in or towards payment to the applicable security trustee or security agent of amounts due but unpaid under any loan or other agreements supported by the Export Credit Agencies in respect of Other ECA Indebtedness (other than the A320 Facility Agreement) for application in accordance with the terms of the said loan or other agreements and in such order or proportions as are applicable under the relevant documents or as directed by the Export Credit Agencies, as applicable;

(h) eighthly, in payment to each Borrower under the ECA Loan Agreements of all amounts owing by any Lessee and/or the relevant Principal AerCap Obligor to that Borrower under this Agreement or any other Transaction Document which remain unpaid; and

(i) finally, any balance shall be paid as directed by the relevant Lessee.

13.8.2 If the amount of any Guarantee Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 13.8.1(a) to 13.8.1(f) 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.

13.9 Application by National Agents

13.9.1 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 13 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.

13.9.2 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 13, 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 13.

13.9.3 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 13.7.

13.10 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:

13.10.1 (without prejudice to clause 19.4) 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

13.10.2 (without prejudice to clause 19.4) to the extent that any such information is not inconsistent with information on which any Representative is entitled to rely under this clause 13, 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).

13.11 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 13.

13.12 Recoveries by Lenders

13.12.1 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,

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.

13.12.2 Redistribution of receipts

Following:

- (a) receipt of notice from a Lender under clause 13.12.1; 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 13.

13.12.3 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 13.12.2.

13.12.4 Deemed payments by relevant Obligor

If a Lender makes a payment or payments pursuant to clause 13.12.3, any payment previously received by that Lender as described in clause 13.12.1 shall, subject to clause 13.12.6, 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 13.12.5 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 13.12.5 would be made.

13.12.5 No discharge of indebtedness

If a Lender makes a payment or payments pursuant to clause 13.12.3, clause 13.12.4 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.

13.12.6 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 13.12.1) to the relevant Obligor or any person claiming by or through the relevant Obligor.

13.12.7 Consents for payments

Each Finance Party agrees to take all steps required of it pursuant to clause 13.12.1 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 13.12.3.

13.12.8 No charge created

The provisions contained in this clause 13.12 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 13.12.

13.13 Aircraft

The foregoing provisions of this clause 13 apply to Aircraft which, at the relevant time, are subject to the security constituted by the Security Documents.

14 Fees, Expenses and indemnities

14.1 Indemnification from Trust Property - Security Trustee

Without prejudice to any right to indemnity arising under Applicable Law, clause 14.2 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 14.1 shall be in all respects subject to clause 13.

14.2 Indemnification of Expenses - Finance Parties and Export Credit Agencies

14.2.1 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 14.2 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 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).

14.2.2 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 14.2.1 but is not received by the Security Trustee.

14.2.3 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 14.2.1 but is not received by the ECA Agent.

14.2.4 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 14.2.1 but is not received by the British National Agent.

14.2.5 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 14.2.1 but is not received by the French National Agent.

14.2.6 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 14.2.1 but is not received by the German National Agent.

14.3 Borrower fees

Each Borrower shall:

14.3.1 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

14.3.2 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 the relevant Principal AerCap Obligor.

14.4 Stamp and other duties

Subject to clause 14.6 and to the proviso to this clause 14.4, 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 14.4 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.

14.5 Recordation and registration expenses

Subject to clause 14.6, 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:

14.5.1 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

14.5.2 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.

14.6 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 14.4 and 14.5 to the extent that, in relation to any individual Mortgage for

an Aircraft, such Taxes, fees, costs and expenses together exceed twenty thousand Dollars (\$20,000) and, pursuant to paragraph 1(c) of Schedule 7, no Mortgage for that Aircraft is required.

15 National Agents

15.1 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.

15.2 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.

15.3 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:

- 15.3.1 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
- 15.3.2 for the financial condition of any Obligor, any other party to the Transaction Documents or any other person; or
- 15.3.3 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
- 15.3.4 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
- 15.3.5 otherwise in connection with any ECA Loan or the negotiation of this Agreement or any of the other Transaction Documents; or

15.3.6 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.

15.4 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 AerCap Group Company or any of their respective Subsidiaries or Affiliates or any other ECA Finance Party as if it were not a National Agent.

15.5 Retirement of National Agents

Each National Agent may retire from its appointment as agent for its National Syndicate having given to the ECA Agent, the relevant Principal AerCap Obligor 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; or
- (b) failing such a nomination, any reputable and experienced bank or financial institution nominated by the relevant National Agent after consultation with the Secured Parties.

15.6 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.

15.7 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.

15.8 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 15.5, 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.

15.9 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.

16 ECA Agent

16.1 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.

16.2 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.

16.3 No obligations to other parties

The ECA Agent shall not:

16.3.1 be obliged to make any enquiry as to any default by any Borrower, any Lessee, a Principal AerCap Obligor 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;

16.3.2 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.

16.3.3 for the purposes of this clause 16, 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, the Principal AerCap Obligors or any other person.

16.4 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.

16.5 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.

16.6 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 16.3.1 and 16.4. 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.

16.7 No responsibility for other parties

The ECA Agent shall not have any responsibility to any ECA Lender or any National Agent:

16.7.1 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

16.7.2 for the financial condition of any Obligor, any other party to the Transaction Documents, or any other person; or

16.7.3 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

16.7.4 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

16.7.5 otherwise in connection with any ECA Loan or the negotiation of this Agreement or any of the other Transaction Documents; or

16.7.6 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/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.

16.8 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 AerCap Group Company or any of their respective Subsidiaries or Affiliates or any other ECA Finance Party as if it were not the ECA Agent.

16.9 Retirement of ECA Agent

16.9.1 The ECA Agent may retire from its appointment as ECA Agent under this Agreement and the other Transaction Documents having given to the relevant Principal AerCap Obligor 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; or
- (b) failing such a nomination, any reputable and experienced bank or financial institution nominated by the retiring ECA Agent after consultation with the Secured Parties,

and that successor ECA Agent shall have accepted that appointment in writing.

16.9.2 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.

16.10 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 the relevant Principal AerCap Obligor 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 16.9 but so that, for this purpose, the reference in clause (b) 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 16.10).

17 Appointment and powers of the Security Trustee

17.1 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.

17.2 Delegation of powers

By virtue of the appointment set out in clause 17.1, 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.

17.3 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 11 and then only to the extent stated in such specific written instructions.

18 Declaration of trust; supplemental provisions

18.1 Declaration of trust

The Security Trustee hereby accepts its appointment under clause 17.1 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.

18.2 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.

18.3 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 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.

18.4 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).

18.5 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 AerCap Holdings 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.

18.6 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.

19 Restrictions and limitations on and exclusions of the duties and responsibilities of the Security Trustee

19.1 No obligation to act

The Security Trustee shall not be obliged:

19.1.1 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

19.1.2 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.

19.2 No responsibility to provide information

The Security Trustee shall not have any duty or responsibility, either initially or on a continuing basis:

19.2.1 subject to clause 19.7, to provide any of the Secured Parties with any information with respect to any Borrower, any Lessee, any Principal AerCap Obligor or any other person whenever coming into its possession; or

19.2.2 to investigate or make any enquiry into the title of any party to the Trust Property or any part thereof.

19.3 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 11 or in reliance upon information provided by any of the Secured Parties pursuant to clause 11 or otherwise other than to the extent of its own wilful misconduct or gross negligence.

19.4 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.

19.5 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.

19.6 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.

19.7 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.

20 No restriction on or liability to account for other transactions

20.1 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 AerCap Group Company or any Subsidiary or Affiliate of any Obligor, any Sub-Lessee, any Sub-Sub-Lessee or any AerCap

Group Company or any of the Finance Parties or any other person as if it were not the Security Trustee.

20.2 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.

21 Common Agent and Security Trustee

Notwithstanding that the ECA Agent, the Security Trustee, the British National Agent, the German National Agent and the French National Agent may from time to time be the same entity, the ECA Agent, the Security Trustee, the British National Agent, the German National Agent and the French National Agent have entered into this Agreement in their separate capacities as agent for the ECA Lenders, as security agent and trustee for the Secured Parties, as agent for the British Lenders, as agent for the German 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 Security Trustee, the British National Agent, the German Agent or the French National Agent to communicate with or provide instructions to any of the ECA Agent, the Security Trustee, the British National Agent, the German National Agent or the French National Agent, while the ECA Agent, the Security Trustee, the British National Agent, the German 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.

22 Change of Security Trustee

22.1 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 having given to the Finance Parties, each Borrower, each Lessee and a Principal AerCap Obligor 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:

22.1.1 a bank or financial institution nominated by the Majority Lenders; or

22.1.2 failing such a nomination, any bank or financial institution nominated by the Security Trustee after consultation with the Secured Parties,

22.1.3 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.

22.2 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 the relevant Principal AerCap Obligor 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 22.1 but so that, for this purpose, the reference in clause 22.1.2 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 22.2).

22.3 Discharge of retiring Security Trustee

Upon any successor to the Security Trustee being appointed pursuant to clause 22.1 or 22.2, 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 22.1 or be removed pursuant to clause 22.2, the Finance Parties and the Lessees agree to consult in good faith in selecting and appointing a new Security Trustee.

22.4 Retirement after discharge of Secured Loan Obligations

Notwithstanding clauses 22.1 and 22.2, 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 the relevant Principal AerCap Obligor at any time when the Secured Loan Obligations have been fully repaid and discharged. A Lessee selected by a Principal AerCap Obligor shall, at its own cost, at that time assume the role of Security Trustee under this Agreement and the other Trust Documents.

22.5 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.

23 Limited recourse obligations of Borrowers

23.1

23.1.1 Subject to clause 23.2 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, the Principal AerCap Obligors, any other AerCap 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, the Principal AerCap Obligors, any other AerCap 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:

23.1.2 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

23.1.3 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, the Principal AerCap Obligors and the other AerCap 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.

23.2 Clause 23.1 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:

23.2.1 the wilful misconduct or gross negligence of that Borrower; or

23.2.2 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

23.2.3 fraud on the part of that Borrower.

23.2.4 The provisions of this clause 23 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:

23.2.5 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

23.2.6 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.

23.3

23.3.1 each Principal AerCap Obligor and each other AerCap 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.

23.3.2 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 the Principal AerCap Obligor from reputable legal counsel in the relevant jurisdictions.

23.4 Each of the Security Trustee, the Agents, the National Agents, the Lenders, the Principal AerCap Obligors and the other AerCap 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.

24 Set-off

24.1 Set-off

24.1.1 Subject to clause 24.1.4, 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 AerCap Obligors any sum due and unpaid by the relevant AerCap 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.

24.1.2 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.

24.1.3 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.

24.1.4 Each Finance Party irrevocably and unconditionally waives any rights of set off that it may have at law or under clause 24.1.1 in relation to any amount due to any Sub-Lessee or Lessee under clause 6.6.8(a).

24.2 Set-off not mandatory

No Finance Party shall be obliged to exercise any of its rights under clause 24.1.

25 Notices

25.1 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:

25.1.1 in order to be valid be in English and in writing;

25.1.2 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;

25.1.3 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;

25.1.4 be effective:

(a) in the case of a letter, when left at the address referred to in clause 25.1.2(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 25.1.2(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.

25.2 For the purposes of this clause 25, all notices, requests, demands or other communications shall be given or made by being addressed as follows:

25.2.1 if to the Principal Borrower, to:

c/o Walkers SPV Limited
Walker House
87 Mary Street
George Town
Grand Cayman, KY1-9002
Cayman Islands

Facsimile No: +1 345 945 4757

Attention: The Directors

with copies to each Principal AerCap Obligor and each Agent at the addresses detailed below;

25.2.2 if to any AerCap Obligor, to:

AerCap B.V.
AerCap House
Stationsplein 965
1117CE Schiphol Airport
The Netherlands

Facsimile: +3120 655 9100
Attention: Managing Director

with a copy to each Agent at the address detailed below;

25.2.3 if to an Agent or the Security Trustee, to:

Calyon
9 Quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

Facsimile: +33 (0)1 41 89 91 96 and +33 (0)1 41 89 85 75
Attention: Head of Transportation Group and DFS / MO

with, except in relation to notices from one Finance Party to another Finance Party, a copy to each Principal AerCap Obligor at the address detailed above;

25.2.4 if to a Lender, to that Lender care of the relevant Agent; and

25.2.5 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.

26 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 the relevant Principal AerCap Obligor, 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:

26.1.1 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

26.1.2 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 26; or

26.1.3 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

26.1.4 pursuant to any Applicable Law; or

26.1.5 to any fiscal, monetary, Tax, governmental or other competent authority; or

- 26.1.6 to its auditors, bankers, legal or other professional advisers (which are under an ethical obligation to or agree to hold that information confidential); or
- 26.1.7 to any of the Export Credit Agencies; or
- 26.1.8 in any manner contemplated by any of the Transaction Documents; or
- 26.1.9 to each Principal AerCap Obligor, AerCap Holdings or any other AerCap Group Company.

27 Joint and several liability

For the purpose of any provision of the Transaction Documents, it is hereby acknowledged and agreed that:

- 27.1 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;
- 27.2 where any obligations are expressed as being owed by a Principal AerCap Obligor each of the Principal AerCap Obligors shall be jointly and severally liable for such obligations;
- 27.3 where the same obligations are expressed as being owed by more than one AerCap Obligor (other than a Principal AerCap Obligor), each of such AerCap Obligors shall be jointly and severally liable for such obligations; and
- 27.4 where the same obligations are expressed as being owed by more than one Borrower, each of such Borrowers shall be jointly and severally liable for such obligations (but without prejudice to, and subject to, clause 23).

28 Consents and related matters

- 28.1 Each Lessee and each of the Principal AerCap Obligors 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 a Principal AerCap Obligor may, from time to time, make under or in connection with any Transaction Document or the transactions contemplated thereby.
- 28.2 Where any approval, consent, waiver, agreement or exercise of other discretion is requested by any Lessee or any Principal AerCap Obligor 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 the relevant Principal AerCap Obligor in a timely manner.

29 Subordination

- 29.1 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 29.
- 29.2 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.
- 29.3 Without prejudice to the provisions of clause 29.2, 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 13 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.

29.4 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.

29.5 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.

29.6 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.

29.7 Each Lessee shall be entitled, at any time following the full and final discharge of the Secured Loan Obligations:

29.7.1 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

29.7.2 to exercise all of the rights of the Finance Parties under the Trust.

29.8 To the extent required under Dutch law, the subordination set forth in this clause 29 is being accepted by the Security Trustee as agent (*zaakwaarnemer*) on behalf of the Finance Parties.

30 Miscellaneous

30.1 Cumulative rights

The respective rights of the Finance Parties and the Borrowers pursuant to this Agreement and the other Transaction Documents:

30.1.1 are cumulative, may be exercised as often as they consider appropriate and are in addition to their respective rights under Applicable Law; and

30.1.2 shall not be capable of being waived or varied otherwise than by an express waiver or variation in writing.

30.2 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.

30.3 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.

30.4 Further assurance

Except to the extent inconsistent with the express terms of the Transaction Documents, 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.

30.5 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.

30.6 Amendments

30.6.1 Unless a Lease Termination Event has occurred any term of any Transaction Document other than the Lease and the Guarantee may be amended or waived with the agreement in writing of all the parties to it so long as such amendment does not adversely affect the right or obligations of any Export Credit Agency or is made with its consent.

30.6.2

(a) Subject to clause 30.6.2(b), the Finance Parties (or any of them) may also agree an amendment to a Transaction Document without the agreement of any other party or parties to that Transaction Document (or otherwise) if the amendment is in writing and does not affect the rights, interests or obligations of that other party or parties, the Export Credit Agency or any ECA Finance Party, and the other parties to that Transaction Document shall (at no cost to such other parties) take such action and execute such documents as the relevant Finance Party may require in order to offset such amendment;

(b) Each of the parties hereto agrees that any Transaction Document to which an AerCap Obligor is a party may not be amended other than in accordance with the express terms of the relevant Transaction Document and with the prior written consent of the relevant AerCap Obligor.

30.6.3 The Lease and the Guarantee may only be amended with the consent of the Majority Lenders.

30.6.4 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 the relevant Principal AerCap Obligor (on behalf of each AerCap Obligor) and the Security Trustee (on behalf of each Finance Party and each Borrower). Each AerCap Obligor hereby irrevocably authorises each of the Principal AerCap Obligors to execute any amendments to any Transaction Document on its behalf. Each Finance Party and each Borrower hereby irrevocably authorises the Security Trustee to execute any amendments to any Transaction Document on its behalf, subject to the Security Trustee first receiving the written consent of each of the National Agents.

30.7 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.

30.8 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.

30.9 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.

30.10 No partnership

This Agreement shall not and shall not be construed so as to constitute a partnership between the parties or any of them.

30.11 Information from AerCap

Each Principal AerCap Obligor 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 AerCap Group Company which is a party to any of the Transaction Documents and their respective affairs and the Aircraft as shall be available to the relevant Principal AerCap Obligor or another AerCap 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.

30.12 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, and unless the ECA Agent otherwise agrees, 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.

30.13 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.

31 Transfers

31.1 Transfers by Obligors

Without prejudice to the provisions of clause 7, 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).

31.2 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:

31.2.1 prior to the transfer or change in Lending Office becoming effective, the relevant Lender:

(a) gives notice to the relevant Principal AerCap Obligor (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; and

(b) obtains the prior consent of each relevant Export Credit Agency,

31.2.2 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 the relevant Principal AerCap Obligor (such approval not to be unreasonably withheld or delayed), or (iii) is designated as a Transferee by the relevant Export Credit Agency; and

31.2.3 with the exception of transfers occurring as a result of sub-paragraphs (i) or (iii) of clause 31.2.2, 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 8.1.

31.3 Transfer Certificates

31.3.1 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 for an Aircraft to another bank or financial institution (or other person approved by the relevant Principal AerCap Obligor) (the **Transferee**) in accordance with clause 31.2, 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 and the relevant Principal AerCap Obligor may agree.

31.3.2 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 31.3 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 31.2, 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.

31.3.3 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.

31.3.4 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.

31.4 Costs and expenses

In relation to any transfer contemplated by this clause 31 which is not a transfer pursuant to clause 8.1 or a transfer to a Transferee referred to in sub-paragraphs (i) or (iii) of clause 31.2.2, 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 31 which is a transfer pursuant to clause 8.1 or a transfer to a Transferee referred to in sub-paragraphs (i) or (iii) of clause 31.2.2, the costs and expenses thereby incurred by each of the other parties hereto shall be for the account of the Borrowers.

32 Governing law and jurisdiction

32.1 Governing law

This Agreement shall be governed by and construed in accordance with English law.

32.2 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 each Principal AerCap Obligor, 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 3 More London Riverside, London SE1 2AQ (marked for the attention of the Director of Administration, reference OGM/LN18407); 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.

32.3 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.

33 Contracts (Rights of Third Parties) Act 1999

33.1 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.

33.2 Subject to clause 33.1, 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.

34 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.

35 Parallel debt

35.1 Each AerCap Obligor which is a party hereto and has its State of Incorporation in The Netherlands or France (**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**).

35.2 Each of the parties hereby acknowledges that:

35.2.1 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

35.2.2 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 35 shall never exceed the amount which may become due in respect of all of its Principal Obligations owed to all of the Finance Parties.

35.3 The total amount due by the Relevant Obligor as the Parallel Debt under this clause 35 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 35.4).

35.4 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.

35.5 In the event of a resignation of Security Trustee or the appointment of a new Security Trustee pursuant to clause 22 of this Agreement, the retiring Security Trustee shall assign (*cederen*) or transfer by way of transfer of contract (*contractsovernemng*) the Parallel Debt owed to it to the successor Security Trustee

36 Principal AerCap Obligor and Airbus Purchase Agreement

36.1 Each of the parties hereto acknowledges and agrees that AerCap Ireland intends to assign its right to take title to certain of the Aircraft under the Airbus Purchase Agreement to AerCap A330 Holdings upon AerCap Holdings procuring the necessary third party investment in AerCap A330 Holdings.

36.2 AerCap Ireland shall notify the ECA Agent in advance of any assignment of AerCap Ireland's rights under the Airbus Purchase Agreement and shall provide a copy of the relevant purchase agreement assignment to the ECA Agent for review and approval by the ECA Agent and the Export Credit Agencies.

36.3 Each of AerCap Ireland, AerCap A330 Holdings and AerCap Holdings acknowledges and agrees that on no account shall the Proposed PA Assignment constitute a transfer of AerCap Ireland's obligations under the Purchase Agreement (it being acknowledged, however, that the terms of this clause 36.3 shall not be breached if pursuant to the Proposed PA Assignment. AerCap A330 Holdings assumes the obligation to pay the purchase price for the relevant Aircraft to Airbus on the Delivery Date for that Aircraft provided AerCap Ireland remains jointly and severally liable pursuant to the Airbus Purchase Agreement for the same) and, until such time as the ECA Agent has consented to a novation, transfer or cancellation and replacement of the Airbus Purchase Agreement pursuant to clause 36.4, AerCap Ireland shall remain liable for all of the obligations of the "Purchaser" under the Airbus Purchase Agreement.

36.4 Any novation, transfer, cancellation or replacement of the Airbus Purchase Agreement shall require the express consent of the Export Credit Agencies.

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

A320 Facility Agreement means the Facility Agreement dated 23 April 2003 (as amended, supplemented and restated from time to time) between, among others, Calyon, AerCap B.V. and AerCap Holdings pursuant to which the ECA Lenders (as defined therein) have agreed to finance up to 30 Airbus A320 family aircraft for AerCap;

A320 Security Trustee means the “**Security Trustee**” from time to time under (and as defined in) the A320 Facility Agreement;

A320 Termination Event means a “**Termination Event**” under (and as defined in) the A320 Facility Agreement;

A320 Transaction Document means a “**Transaction Document**” under (and as defined in) the A320 Facility Agreement;

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 a Principal Lessee or, as the case may be, an Alternative Obligor in the form from time to time agreed between AerCap Ireland 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;

AerCap B.V. means AerCap B.V., a company incorporated and organised under the laws of The Netherlands whose registered office is at AerCap House, Stationsplein 965, 1117 CE Schiphol Airport, Amsterdam, The Netherlands;

AerCap A330 Holdings means AerCap A330 Holdings Limited a company incorporated under the laws of Ireland and having its registered office at AerCap House, Shannon County Clare Ireland;

AerCap A330 Holdings B.V., means AerCap A330 Holdings B.V. a company incorporated and organised under the laws of the Netherlands whose registered office is at AerCap House, Stationsplein 965, 1117 CE Schiphol Airport, Amsterdam, The Netherlands;

AerCap Group means AerCap Holdings and its Subsidiaries from time to time;

AerCap Group Company means any member of the AerCap Group;

AerCap Holdings means AerCap Holdings N.V. (a “**naamloze vennootschap**”) a company incorporated and organised under the laws of the Netherlands whose registered office is at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, Amsterdam, The Netherlands;

AerCap Ireland means AerCap Ireland Limited (previously known as debis AirFinance Ireland Limited and debis AirFinance Ireland plc) a company incorporated under the laws of Ireland having its registered office at AerCap House, Shannon, Co. Clare, Ireland;

AerCap Obligors means together the Principal AerCap Obligors, each Lessee, AerCap Ireland, AerCap B.V., AerCap Holdings and each Lessee Parent, and **AerCap Obligor** 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;

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 the relevant Principal AerCap Obligor 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;

Airbus means (as the context may require) Airbus S.A.S. (legal successor of Airbus S.N.C., formerly known as Airbus G.I.E. and Airbus Industrie 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 A330 family Airbus Purchase Agreement dated 11 December 2006, together with the exhibits thereto, made between the Manufacturer and AerCap Ireland or such other Airbus Purchase Agreement with the Manufacturer which relates to that Aircraft;

Airbus Purchase Agreement Assignment means, in respect of any Aircraft, the Airbus Purchase Agreement Assignment entered or to be entered into between the relevant Principal AerCap Obligor and the relevant Borrower in respect of the right to take title to that Aircraft under the Airbus Purchase Agreement;

Airbus Remarketing Agreement means, in respect of any Aircraft, the technical support and remarketing services agreement entered or to be entered into between the relevant Borrower, the Security Trustee and Airbus;

Aircraft means, subject to clause 2.2.2 and as the context may require, all or any one of the thirty (30) A330 aircraft which AerCap Ireland has agreed to purchase pursuant to the Airbus Purchase Agreement details of which are set out in each ECA Utilisation Notice, provided that the total amount of Aircraft financed under this Agreement from time to time shall not exceed fifteen (15) Aircraft (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 at the request of the relevant Principal AerCap Obligor, 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 in respect of an Aircraft, the aggregate amount which is equal to:

- (a) 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
- (b) 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;

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, the relevant Principal AerCap Obligor, 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 and incorporated in a jurisdiction approved by all of the National Agents, in each case, in accordance with clause 7, which accedes to this Agreement as a Borrower pursuant to clause 7;

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, AerCap Ireland and/or AerCap A330 Holdings on terms approved by the Security Trustee (acting on the instructions of all of the Lenders) and the relevant Principal AerCap Obligor 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 the relevant Principal AerCap Obligor, in form and substance reasonably satisfactory to the Security Trustee (acting on the instructions of all of the Lenders) and relevant Principal AerCap Obligor, 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 relevant Principal AerCap Obligor;

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 relevant Principal AerCap Obligor 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 the relevant Principal AerCap Obligor;

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 the relevant Principal AerCap Obligor 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 the relevant Principal AerCap Obligor;

Alternative Lessee means a company, approved by all of the National Agents and incorporated in a jurisdiction approved by all of the National Agents, in each case, in accordance with clause 7, which accedes to this Agreement as a Lessee pursuant to clause 7;

Alternative Lessee Share Charge means each pledge or charge to be granted by the relevant Lessee Parent to the Principal Borrower or the Security Trustee 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 the relevant Principal AerCap Obligor;

Alternative Obligor means an Alternative Borrower or an Alternative Lessee;

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:

- (a) in respect of any Loan and any Interest Period, the LIBOR rate for that Loan and Interest Period on the Quotation Date. Notwithstanding the foregoing:
 - (i) 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:
 - (A) LIBOR for the complete period for which that rate is publicity quoted having the next shorter duration than that Interest Period, and
 - (B) LIBOR for the complete period for which said rate is publicity quoted having the next longer duration than that Interest Period; and
 - (ii) 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 National Agent to the relevant Borrower, the relevant Lessee and the relevant Principal AerCap Obligor on the relevant Quotation Date; or

- (b) in the case of any ECA Loan, following a Conversion, the applicable Fixed Rate for that ECA Loan;

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; and
- (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;

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;

Basle II Paper means the Revised Framework for International Convergence for Capital Measurement and Capital Standards issued by the Basel Committee on Banking Supervision in June 2004 and the proposals published by the European Parliament and Council recasting Directives 2000/12/EC and 93/6/EEC (the Capital Requirement Directives) and as amended and supplemented from time to time prior to the date hereof;

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 a Principal AerCap Obligor 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 Document means, in respect of each Borrower, each Transaction Document to which such Borrower is, or will be, party;

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 the Principal 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 the Loan Agreement for that Aircraft, in form and substance acceptable to the relevant Principal AerCap Obligor and the Security Trustee (each acting reasonably);

Borrower Share Charges means together the Principal 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 23) 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 a Borrower in clauses 4.1.15, 4.1.16 or 4.1.17 is, or proves to have been, incorrect and, as a consequence of such incorrectness (i) a deduction or withholding is required to be made in respect of any payment due by the relevant Borrower under the Transaction Documents and the relevant Borrower does not comply with its obligations under clause 4.8 of the ECA Loan Agreement to which it is party or (ii) a Tax is levied or incurred which is not paid by the relevant Borrower in accordance with the Transaction Documents or in respect of which the ECA Finance Parties are not indemnified to the extent required by the Transaction Documents;
- (e) any representation or warranty (other than those outlined in sub-paragraph (d) immediately above) 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;
- (f) any Insolvency Event occurs in relation to any Borrower which is a party to a Transaction Document for that Aircraft;
- (g) 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 AerCap 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 Principal Borrower and each Alternative Borrower, and **Borrower** means any of them;

Break Costs means (as a result of a prepayment of a Loan, any delayed Delivery or Delivery not occurring, any payments under a Support Arrangement following an Event of Default, or any other circumstances provided in a Transaction Document) either:

- (a) prior to a Conversion, such amounts as a Lender, a National Agent (on its own behalf or on behalf of any Export Credit Agency) or the ECA Agent may certify as necessary to compensate it or any other Finance Party for Losses incurred in terminating swaps, interest make-up or other arrangements from or with other persons (including any of the Export Credit Agencies or any other party to any of the Transaction Documents) or employing deposits, in each case, acquired or entered into to effect or maintain all or any part of its share of the relevant Loan or, in the case of any Export Credit Agency, entered into pursuant to, or in connection with, its Support Arrangement but, in the case of a Lender (and not an Export Credit Agency) in respect of Losses as a result of prepayments only, not in excess of the amount (if any) by which:
- (i) the interest which that Lender should have received for the period from the date of receipt of the relevant amount prepaid of its participation in a Loan to the last day of the current Interest Period in respect of that Loan, had the principal amount received been paid on the last day of that Interest Period
exceeds
 - (ii) the amount which that Lender is able to obtain by placing an amount equal to that relevant amount on deposit with a leading bank in the London interbank market for a period starting on the Business Day following actual receipt or recovery and ending on the last day of the current Interest Period; or
- (b) following a Conversion, such amounts which:
- (i) in the case of any Export Credit Agency, it certifies are Losses suffered or incurred by it as a result;
 - (ii) in the case of any Lender, National Agent or the ECA Agent, it certifies will compensate it for Losses incurred in terminating the relevant Interest Rate Swap but in any event not in excess of the amount which would be the Close-out Amount (if positive) determined under (and as defined in) an ISDA 2002 Master Agreement (the ISDA Agreement) as if the relevant Lender were the Determining Party (as defined in the ISDA Agreement) and the Terminated Transaction (as defined in the ISDA Agreement) were an interest rate swap transaction beginning on the Conversion Date and ending on the Final ECA Repayment Date in respect of the relevant Loan Agreement, pursuant to which that Lender is obliged, on each relevant ECA Repayment Date falling after the Conversion Date, to pay fixed amounts to the swap counterparty equal to the interest payable under the relevant Loan Agreement at the Fixed Rate and receive floating amounts from such swap counterparty equal to LIBOR by reference to principal amounts equal to the amount prepaid or to be prepaid to such Lender;

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 Part 3 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 the margin which is to apply in respect of that Aircraft as separately agreed between the British National Agent and the relevant

Principal AerCap Obligor and being, in the case of the DekaBank Aircraft, as agreed pursuant to the DekaBank Side Letter;

British National Agent means Calyon, a *société anonyme* established under the laws of France acting through its office in England at Broadwalk House, 5 Appold Street, London EC2A 2DA, 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 and references to any Articles of the Cape Town Convention refer to the English language version of the Consolidated Text of the Cape Town Convention and the Aircraft Protocol attached to Resolution No. 1 of the Final Act of the Diplomatic Conference to adopt the Cape Town Convention and Aircraft Protocol;

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 and/or the Basle II 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 the Basle II Paper 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;

Cash Collateral Account means, in respect of an Aircraft, the Dollar account so designated held by the Lessee of that Aircraft with the Cash Collateral Account Bank for that Aircraft, and includes any redesignation and sub-accounts thereof;

Cash Collateral Account Bank means, in respect of an Aircraft, Calyon (Paris head office) or such other bank or financial institution as may be agreed between the Principal AerCap Obligors and the Security Trustee (acting on the instructions of all of the National Agents and includes its successors in title;

Cash Collateral Account Charge means, in respect of an Aircraft, the charge, pledge or other Lien over the Cash Collateral 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 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 (A) an acknowledgment of the Cash Collateral Account Bank thereto which shall confirm (without limitation) that only the Security Trustee shall be entitled to withdraw or transfer monies from that Cash Collateral 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 Cash Collateral Account and (B) in the event that paragraph (a) above applies, a lessee assignment (in substantially the same form as the Lessee Assignments) in respect of such Cash Collateral Account Charge in favour of the relevant Borrower and, in the event that paragraph (a) or (b) above applies, a security assignment (in substantially the

same form as the Security Assignments) in respect of such Cash Collateral Account Charge in favour of the Security Trustee;

Centre of Main Interests means the “centre of main interests” of an Obligor for the purposes of Council Regulation (EC) No. 1346/2000 of 29 May 2000;

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 AerCap Holdings 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
- (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 Airbus 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;

Conversion means, in respect of the ECA Loans, the conversion of the rate of interest payable on such ECA Loans to a fixed rate of interest from a floating rate of interest pursuant to clause 4.2 (*Fixed rate option*) of any ECA Loan Agreement;

Conversion Date has the meaning given to it in clause 4.2 (*Fixed rate option*) of the ECA Loan Agreement;

Damage Notification Threshold means, in respect of an Aircraft, four million Dollars (\$4,000,000). Notwithstanding the foregoing, Each of the Principal AerCap Obligors 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 escalate the threshold amount;

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 either:

- (a) the aggregate of (i) two per cent. (2%) per annum and (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 another currency) the cost of funds of the relevant unpaid Finance Party for that period in the London interbank market; or
- (b) at any time following a Conversion Date, the aggregate of (i) two per cent. (2%) per annum; (ii) the applicable Margin, and (iii) the applicable Fixed Rate for that ECA Loan,

DekaBank means DekaBank Deutsche Girozentrale, Mainzer Landstraße 16; 60325 Frankfurt am Main, Germany;

DekaBank Aircraft means the four (4) Airbus aircraft listed in Part 2 of Schedule 3;

DekaBank Side Letter means the side letter dated of even date herewith and made between each of the Principal AerCap Obligors, the ECA Agent, Dekabank and the Principal Borrower regarding DekaBank's commitment to finance the DekaBank Aircraft;

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, and includes any deed of substitution in respect of any such deregistration power of attorney executed in favour of the Security Trustee;

Dollars and **\$** means the lawful currency for the time being of the United States of America.

Dutch Documents means together each Dutch Supplemental Pledge (Lessee Assignment), each Dutch Supplemental Pledge (Security Assignment) and each Sub-Lease Account Charge;

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 rep pledgor and the Security Trustee as pledgee and repledgee;

EASA means the European Aviation Safety Agency and any other organisation or authority that, under the laws of the European Union, shall from time to time have jurisdiction over, amongst other things, aircraft airworthiness standards for the European Union;

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 Calyon, a *société anonyme* established under the laws of France with a *capital social* of 3,119,771,484 Euros, whose registered office is at 9 Quai du Président Paul Doumer, 92920

Paris La Defense Cedex, France in its capacity as agent for the ECA Lenders, together with its successors, permitted assignees and permitted transferees;

ECA Availability Period means the period from the Signing Date up to and including 31 August 2013 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 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 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 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 one billion four hundred and ten million Dollars (\$1,410,000,000);

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;

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 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;
- (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 4.1 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 4.3 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;

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- (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 the Principal AerCap Obligors 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) the Sub-Lease Account Charge for that Aircraft; and
- (l) 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 7;

ECA Utilisation Notice means any notice given by a Principal AerCap Obligor pursuant to clause 3.1 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 United Technologies International Corporation, Pratt & Whitney Division or Rolls Royce Plc 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, the relevant Principal AerCap Obligor, 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;

Euler Hermes means Euler Hermes Kreditversicherungs-AG;

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) the relevant Principal AerCap Obligor (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 10.7.1;

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 the ECA 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 7;
- (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 AerCap 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 the relevant Principal AerCap Obligor from reputable legal counsel in the relevant jurisdictions, the person incurring the fee, cost or expense shall first consult in good faith with the relevant Principal AerCap Obligor 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 EULER 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 the various letters dated on or about the Signing Date between, inter alia, the Principal Borrower, AerCap Ireland, AerCap A330 Holdings and Calyon 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 or otherwise, of any right, title and interest in and to that Aircraft (including, without limitation, a sale to the relevant Lessee, a Principal AerCap Obligor 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 the relevant Principal AerCap Obligor 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 **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 Airbus 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;

Fixed Rate means, with respect to the ECA Loans, the per annum rate of interest determined by the ECA Agent to be that quoted by the ECA Agent or, with such Agent's consent, an ECA Lender at or about 9.00 a.m. (New York time) on a date falling two (2) Banking Days prior to the Conversion Date as the offered fixed rate for Interest Rate Swaps;

Fourth Aircraft means the fourth Aircraft identified in Part 1 of schedule 3;

French ECA Portion means, in respect of any Aircraft, the percentage determined in accordance with Part 3 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 the margin which is to apply in respect of that Aircraft as separately agreed between the French National Agent and the relevant Principal AerCap Obligor being, in the case of the DekaBank Aircraft, as agreed pursuant to the DekaBank Side Letter;

French National Agent means Calyon, a *société anonyme* established under the laws of France with a *capital social* of 3,119,771,484 Euros, whose registered office is at 9 Quai du Président Paul Doumer, 92920 Paris La Defense Cedex, 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 Part 3 of Schedule 3;

German Lenders means:

- (a) in relation to an Aircraft, 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 Aircraft; and
- (b) generally, together the banks and financial institutions listed in Part III of Schedule 2 together with their successors, permitted assigns and permitted transferees,

and a **German Lender** shall mean any of them;

German Margin means, in respect of an ECA loan for an Aircraft the margin which is to apply in respect of that Aircraft as separately agreed between the German National Agent and the relevant Principal AerCap Obligor being, in the case of the DekaBank Aircraft, as agreed pursuant to the DekaBank Side Letter;

German National Agent means Calyon, a société anonyme established under the laws of France with a capital social of 3,119,771,484 Euros whose registered office is a 9 Quai du President Paul Doumer, 92920, Paris, La Défense Cedex, France acting through its office in Germany at Messe Turm, Friedrich-Ebert-Anlage 39, 60308, Frankfurt am Main Germany;

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 AerCap Holdings and the Borrowers pursuant to which AerCap Holdings 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;

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 with the above test, it shall remain a Home Country Aircraft for the purposes of the calculation referred to in clause 6.3.1 until the second anniversary of the Delivery Date for that Aircraft;

Hull Additional Insureds has the meaning specified in paragraph 10(c)(i) of Schedule 7;

IATA means the International Air Transport Association;

IDERA means an irrevocable de-registration and export request authorisation substantially in the form of Schedule 5;

Indemnitees means the ECA Indemnitees and the Borrowers, and **Indemnitee** means any of them;

Initial Administration Agreement means, in respect of the Principal Borrower 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, the Principal Borrower, the Security Trustee, AerCap Ireland and AerCap A330 Holdings Limited;

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, AerCap Ireland and AerCap A330 Holdings Limited;

Initial Manager means Walkers SPV Limited, in its capacity as manager of the Principal 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 reasonable 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 **Interest Period** means any of them;

Interest Rate Swap means any Dollar interest rate hedging arrangement entered or to be entered into by the ECA Lenders for the purpose of providing fixed rate financing to the Borrower for an ECA Loan on a twelve (12) monthly payment basis commencing on the succeeding Payment Date for the relevant ECA Loan after the Conversion Date or, as applicable, the Delivery Date for any Aircraft, and

in respect of a notional principal amount equal to the amortising balance (and reflecting the scheduled amortisation of the relevant ECA Loan;

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 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 AerCap 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 AerCap 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 AerCap 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;
- (d) any representation or warranty made by a Lessee in clauses 4.2.13, 4.2.14, or 4.2.15 is, or proves to be incorrect when made and, as a consequence of such incorrectness (i) a deduction or withholding is required to be made in respect of any payment due by the relevant Lessee under the Transaction Documents and the relevant Lessee does not comply with its obligations under clause 13 of the Lease to which it is party or (ii) a Tax is levied or incurred which is not paid by the relevant Lessee in accordance with the Transaction Documents or in respect of which the ECA Finance Parties are not fully indemnified to the extent required by the Transaction Documents;
- (e) any representation or warranty (other than those outlined in sub-paragraph (d) immediately above) made by any AerCap Obligor in any of the Transaction Documents for that Aircraft or in any certificate provided by a AerCap Obligor under Schedule 10 or clause 7 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 AerCap Obligor receives notice of that incorrectness from that Security Trustee;

- (f) any Insolvency Event occurs and is continuing in relation to any AerCap Obligor which is a party to a Transaction Document for that Aircraft;
- (g) any AerCap 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;
- (h)
 - (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) any of AerCap B.V., AerCap A330 Holdings or AerCap Ireland suspends or ceases to carry on all or substantially all of its business as a lessor of aircraft or as a holding company of companies which are lessors of aircraft, or 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 any of AerCap B.V., AerCap A330 Holdings and AerCap Ireland;
- (i) in the case of each of AerCap B.V. and AerCap Holdings:
 - (i) any of its Financial Indebtedness is not paid when due (after the expiry of any originally applicable grace period);
 - (ii) any of its Financial Indebtedness:
 - (A) becomes prematurely due and payable;
 - (B) is placed on demand; or
 - (C) is capable of being declared by a creditor to be prematurely due and payable or being placed on demand,in the case of each of sub-paragraphs (i)(ii)(A) or (B), as a result of an event of default (howsoever described) or in the case of sub-paragraph (i)(ii)(C) only, as a result of a payment event of default (howsoever described) in respect of a failure to pay an amount in excess of one hundred thousand Dollars (\$100,000); or
 - (iii) any commitment for its Financial Indebtedness is cancelled or suspended as a result of an event of default (howsoever described),unless the aggregate amount of Financial Indebtedness falling within all or any of sub-paragraphs (i)(i), (ii) and (iii) above is less than ten million Dollars (\$10,000,000) in aggregate or its equivalent in any other currency or currencies and 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 AerCap B.V. or, as the case may be, AerCap Holdings; and
 - (2) Financial Indebtedness which AerCap B.V. or AerCap Holdings is disputing or contesting in good faith, including by appropriate proceedings, and in respect of which AerCap B.V. or, as the case may be, Aircraft Holdings has provided reasonable details of the basis of such dispute or contest to the Security Trustee;

- (j) any of AerCap B.V. or AerCap Holdings' Financial Indebtedness which is being guaranteed, insured or otherwise covered by any of the Export Credit Agencies or Eximbank (including, without limitation, the A320 Facility and any Other ECA Indebtedness) is not paid when due (after the expiry of any originally applicable grace periods);
- (k) the Lessee of that Aircraft ceases to be a wholly-owned direct or indirect Subsidiary of the relevant Principal AerCap Obligor;
or
- (l) any other event which the relevant Principal AerCap Obligor 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 **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 the agreed form as certified by each of the Parties hereto on or about the Signing Date and otherwise in form and substance reasonably satisfactory to the Security Trustee;

Lessee Document means, in respect of each Lessee, each Transaction Document to which such Lessee is, or will be, party;

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 any Principal Lessee:
 - (i) prior to the Proposed PA Assignment becoming effective and in respect of any Lessee, AerCap Ireland; and
 - (ii) following the Proposed PA Assignment becoming effective and in respect of any Lessee, AerCap A330 Holdings or AerCap Ireland (as applicable); and
- (b) in respect of any Alternative Lessee, the company, being AerCap Holdings or a direct or indirect wholly-owned Subsidiary of AerCap Holdings which owns the entire issued share capital of that Alternative 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 7, 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; and
- (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;

and **Liabilities** shall be construed accordingly;

Liability Additional Insureds has the meaning specified in paragraph (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) the applicable Screen Rate 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 Agreement means, in respect of any Aircraft, the ECA Loan Agreement for that Aircraft;

Loans means together the ECA Loans, and **Loan** means any of them;

Losses means any losses, demands, liabilities, obligations, claims, actions, proceedings, penalties, fines, damages, adverse judgments, Break Costs, 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 recommendations, contained in the Manufacturer's maintenance review board document or 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 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;

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 have not been so satisfied within the period so agreed between the ECA Agent and the relevant Principal AerCap Obligor; 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) 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 8.1; or
- (d) clause 8.1.2 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 8.1; 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 Principal AerCap 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 AerCap Obligor becoming aware of the same, that Aircraft is removed from that Prohibited Jurisdiction; or
- (g) a notice of prepayment is issued pursuant to 6.3.2 in respect of that Aircraft; or
- (h) the Final Date occurs under (and as defined in) clause 5.3.3 or the ownership covenant on the part of AerCap Holdings pursuant to clause 5.3.4 is breached at any time; or
- (i) such other circumstances as any of the Principal AerCap Obligors and the ECA 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 AerCap 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 AerCap 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) unless the relevant deviation is approved by the Security Trustee pursuant to clause 6.7, a Lessee enters into a Sub-Lease for that Aircraft which does not comply with the Sub-Lease Requirements in breach of clause 6.2 and that breach is not remedied within thirty (30) days after notice thereof from the Security Trustee; or
- (l) any authorisation necessary to enable any Borrower or the Security Trustee to repossess that Aircraft upon termination of the leasing of that Aircraft under the Transaction Documents or to de-register and export that Aircraft from the State of Registration thereupon, is modified in a manner materially adverse to the Borrower's or the Relevant Parties' interests or is not granted or is revoked, suspended, withdrawn or terminated or expires save that where the Principal AerCap Obligor or, as the case may be, the relevant Lessee is acting in accordance with the Standard in order to procure the renewal of the same, failure to procure such shall not constitute a Mandatory Prepayment Event; or
- (m) subject always to paragraph 1(n) of Schedule 7, the Lessee of that Aircraft failing to provide the Security Trustee with the IDERA duly recorded by the Aviation Authority, pursuant to paragraph 1(k) of Schedule 7 within thirty (30) days (the **IDERA Target Period**) of the delivery of that Aircraft from the Manufacturer, or delivery of that Aircraft under a Sub-Lease, in each case if applicable, save that, where the Lessee is acting in accordance with the Standard to have the IDERA recorded with the relevant Aviation Authority in the shortest time possible, the failure to have the IDERA so recorded within the IDERA Target Period shall not constitute a Mandatory Prepayment Event; or
- (n) the Security Trustee shall have declared a Mandatory Prepayment Event in respect of that Aircraft pursuant to clause 7.6.1(c)(ii),

and means, generally, any of the foregoing in relation to any of the Aircraft;

Manufacturer means Airbus;

Margin means the relevant ECA Margin;

Maximum 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 specified in column (4) of the table set out in Part 1 of Schedule 3 in respect of that Aircraft;

Maximum ECA Amount means, in respect of any Aircraft, the lesser of:

- (a) the sum of the Maximum 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;

Mortgage means, in respect of an Aircraft and subject always to paragraph 1(c) of Schedule 7, the first priority mortgage or equivalent Lien in the State of Registration 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,

amongst others, 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 AerCap Holdings' 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 6.6.11 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 AerCap 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, AerCap Holdings' accumulated other income, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 5.2.3;

OCL means, at any time, AerCap Holdings' accumulated other loss, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 5.2.3;

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 6.3.1;

Other ECA Indebtedness means any Financial Indebtedness whether present or future, direct or indirect (other than pursuant to the Transaction Documents) (including by way of a direct loan to any Principal AerCap Obligor, AerCap B.V. or any other AerCap Obligor or pursuant to a lease financing or other financing structure, to which the Lessee or AerCap or any other AerCap Obligor is a party, including without limitation, pursuant to the A320 Facility Agreement) and which is guaranteed, insured, supported or otherwise covered by any Export Credit Agency;

Parallel Debt, in relation to this Agreement or any Loan Agreement, has the meaning ascribed thereto in clause 35 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 AerCap 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 AerCap Obligor means:

- (a) prior to the Proposed PA Assignment becoming effective, AerCap Ireland;
- (b) following the Proposed PA Assignment becoming effective:
 - (i) in respect of an Aircraft where the relevant Borrower takes title to such Aircraft pursuant to an Airbus Purchase Agreement Assignment to which AerCap Ireland is a party in its capacity as “Assignor” thereunder or pursuant to a Sale Agreement under which AerCap Ireland is the seller of the relevant Aircraft, AerCap Ireland; and
 - (ii) in respect of an Aircraft where the relevant Borrower takes title to such Aircraft pursuant to an Airbus Purchase Agreement Assignment to which AerCap A330 Holdings is a party in its capacity as “Assignor” thereunder or pursuant to a Sale Agreement where AerCap A330 Holdings is the Seller of the relevant Aircraft, AerCap A330 Holdings;

Principal Borrower means Jetstream Aircraft Leasing Limited, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands;

Principal Borrower Floating Charge means the floating charge dated on or about the Signing Date and granted by the Principal Borrower in relation to its property, assets, undertaking and income in favour of the Security Trustee;

Principal Borrower Share Charge means, in relation to the Principal Borrower, the charge over shares dated on or about the Signing Date and made between the Trustee (in the case of the Principal Borrower) and the Security Trustee in respect of the entire issued share capital of the Principal Borrower;

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 Lessee Share Charge**” means, in the case of each Principal Lessee, the share pledge to be entered into between the relevant Principal AerCap Obligor and the Principal Borrower in respect of the entire issued share capital of the relevant Principal Lessee on or prior to the relevant Principal Lessee acceding to this Agreement;

“**Principal Lessees**” means, as the context may require, each wholly owned Subsidiary of:

- (a) AerCap Ireland; or
- (b) AerCap A330 Holdings,

in each case incorporated under the laws of Ireland which accedes to this Agreement through the execution of an Accession Deed and **Principal Lessee** means any of them;

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 13);
- (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 AerCap Holdings 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 12.1 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 Nations 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 any of the Principal AerCap Obligors or the relevant Lessee from exporting to and/or consigning for use of that Aircraft in that country;

Proposed PA Assignment means the proposed assignment of the Airbus Purchase Agreement by AerCap Ireland in favour of AerCap A330 Holdings as contemplated by clause 36 of this Agreement;

Proposed Effective Date has the meaning specified in clause 7.2.1;

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 Airbus Purchase Agreement Assignment and the Airbus Purchase Agreement, that Airbus 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 EULER HERMES and any ECA Loan in respect of an Aircraft, one hundred per cent. (100%) of the ECA Premium payable to EULER HERMES or KfW (as the case may be) 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 13.4, in connection with the collection of the relevant Total Loss Proceeds;
- (b) in the case of clause 13.6, in connection with the collection of the relevant ECA Prepayment Proceeds;
- (c) in the case of clause 13.7, in connection with the relevant Lease Termination Event and/or the collection of the relevant Proceeds; and
- (d) in the case of clause 13.8, in connection with the collection of the relevant 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;

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 Calyon, Barclays Bank PLC and the principal London office of BNP Paribas;

Reference Dates means the twenty fifth (25th) 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 Parties means the Borrower and the ECA Finance Parties;

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 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 10.7;

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 **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;

Screen Rate means the British Bankers Association Interest Settlement Rate for the relevant currency and period displayed on the appropriate page of the Telerate screen selected by the ECA Agent. If the relevant page is replaced or the service ceases to be available, the ECA Agent may obtain the rate for the relevant currency and period displayed on the applicable Bloomberg screen IRSB18 (Ask Rate);

Second Aircraft means the second Aircraft identified in Part 1 of schedule 3;

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 24), 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 Principal Borrower 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) each Security Assignment, 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 or in respect of the Borrower which is the owner of that Aircraft and to the extent that it relates to that Aircraft;

- (b) each Security Assignment, 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 or in respect of the Principal Borrower;
- (c) 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;
- (d) 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;
- (e) the Mortgage for that Aircraft (if any) and the English Law Mortgage for that Aircraft and the related English Law Mortgage Letter;
- (f) the Airframe Warranties Agreement for that Aircraft and the Engine Warranties Agreement for that Aircraft;
- (g) the Purchase Documents for that Aircraft;
- (h) any assignment of reinsurances for that Aircraft referred to in paragraph 10(m) of Schedule 7;
- (i) the Guarantee, to the extent that it relates to that Aircraft;
- (j) the Supplemental Security Assignment;
- (k) the Sub-Lease Account Charge;
- (l) 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;
- (m) where that Aircraft is subject to a Sub-Sub-Lease, the Subordination Acknowledgement for that Aircraft;
- (n) 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;
- (o) 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;
- (p) 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 (p)) and is requested or consented to by a Principal AerCap Obligor, (ii) a Principal AerCap Obligor 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 (p)) and is requested or consented to by a Principal AerCap Obligor,

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 Calyon, a *société anonyme* established under the laws of France with a *capital social* of 3,119,771,484 Euros, whose registered office is at 9 Quai du Président Paul Doumer, 92920 Paris La Defense Cedex, France in its capacity as security trustee for the ECA Lenders, together with its successors, permitted assignees and permitted transferees;

Seller means, in respect of an Aircraft, the Manufacturer, AerCap Ireland or AerCap A330 Holdings Limited (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 entered into between AerCap Ireland or, as the case may be, AerCap A330 Holdings, the Principal Borrower and each Principal Lessee in respect of the shares in each Principal Lessee;

Shareholder Funds means, at any time, the sum of AerCap Holdings' share capital plus retained earnings (or, as applicable, accumulated deficit) minus AerCap Holdings' OCL or, as applicable, plus AerCap Holdings' OCI;

Signing Date means _____ ;

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 AerCap 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 6.2;

Sub-Lease Account means, in respect of an Aircraft or a Sub-Lease, the Dollar 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, Rabobank or in respect of an Aircraft and a Sub-Lease, such other bank or financial institution as may be nominated by the relevant Principal AerCap Obligor and approved by the Security Trustee (acting on the instructions of all of the National Agents, 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 by the Lessee which is the lessor under that Sub-Lease in favour of:

- (a) where that Lessee is the lessee under an 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, upon notification from the Security Trustee that a Trigger Event has occurred and is

continuing, 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 each Principal AerCap Obligor at any time, that Principal AerCap Obligor's indebtedness under all subordinated loan agreements entered into by that Principal AerCap Obligor, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 5.2.3;

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 6.2;

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 8 to a Security Assignment;

Support Agreements means the guarantees, insurance or other support of the Borrower's obligations under the ECA Loan issued or to be issued by the ECAs, including 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 Airbusgarantie entered into between EULER HERMES and the German Lenders ;

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;

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 AerCap Holdings;
- (b) if clause (d) applies or in order to enable AerCap Holdings 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;

Total Assets means, in relation to AerCap Holdings at any time, the total of AerCap Holdings' 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) 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 (e)) and is requested or consented to by a Principal AerCap Obligor, (ii) AerCap Ireland 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 (e)) and is requested or consented to by AerCap Ireland,

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 in such other form as the relevant National Agent and AerCap Ireland may agree 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 AerCap Ireland;

Transferee shall have the meaning given thereto in clause 31.3.1;

Transferor shall have the meaning given thereto in clause 31.3.1;

Trigger Event means the occurrence of any of the following events and circumstances:

- (a) the Net Worth of AerCap Holdings is, as at any Testing Date, less than seven hundred and sixty million Dollars (\$760,000,000);
- (b) the ratio of the Shareholder Funds of AerCap Holdings to the Total Assets of AerCap Holdings is, at any Testing Date, less than fourteen per cent. (14%);

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 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;

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.

1 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.

1.1 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 ejusdem 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
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(1) DekaBank Deutsche Girozentrale (in respect of the DekaBank Aircraft)	Mainzer Landstraße 16, 60325 Frankfurt am Main, Germany	In respect of the DekaBank Aircraft: 100%
(2) Calyon (in respect of all Aircraft other than the DekaBank Aircraft)	Calyon Broadwalk House 5 Appold Street London EC2A 2DA United Kingdom	All Aircraft other than the DekaBank Aircraft: 100% DekaBank Aircraft: 0%

Part II - The French Lenders

Lender	Lending Office	ECA Portion expressed as a percentage of the French ECA Portion and by Aircraft
(1) DekaBank Deutsche Girozentrale (in respect of the DekaBank Aircraft)	Mainzer Landstraße 16, 60325 Frankfurt am Main, Germany	In respect of the DekaBank Aircraft: 100%
(2) Calyon (in respect of all Aircraft other than the DekaBank Aircraft)	Calyon 9 Quai du Président Paul Doumer 92920 Paris La Défense Cedex France	All Aircraft other than the DekaBank Aircraft: 100% DekaBank Aircraft: 0%

Part III - The German Lenders

<u>Lender</u>	<u>Lending Office</u>	<u>ECA Portion expressed as a percentage of the German ECA Portion and by Aircraft</u>
(1) DekaBank Deutsche Girozentrale (in respect of the DekaBank Aircraft)	Mainzer Landstraße 16, 60325 Frankfurt am Main, Germany	In respect of the DekaBank Aircraft: 100%
(2) Calyon (in respect of all Aircraft other than the DekaBank Aircraft)	Calyon Messe Turm Freidrich-Ebert-Anlage 49 60308 Frankfurt am Main Germany	All Aircraft other than the DekaBank Aircraft: 100% DekaBank Aircraft: 0%

Schedule 3

The Aircraft

Part 1 - The Aircraft

(1) Scheduled Delivery Month	(2) Manufacturer's Serial Number	(3) Aircraft Type	(4) Maximum Aircraft Amount USD million
Apr-09	TBD	A330-300	89.3
May-09	TBD	A330 -200	73.9
Jun-09	TBD	A330 -200	73.9
Sep-09	TBD	A330 -200	74.3
Sep-09	TBD	A330 -200	74.3
Oct-09	TBD	A330 -200	71.5
Oct-09	TBD	A330-300	87.4
Nov-09	TBD	A330-300	87.4
Dec-09	TBD	A330-300	87.4
Jan-10	TBD	A330 -200	77.6
Jan-10	TBD	A330-300	87.9
Feb-10	TBD	A330-300	91.6
Apr-10	TBD	A330-300	85.6
Jun-10	TBD	A330-300	92.1
Jul-10	TBD	A330 -200	79.0
Sep-10	TBD	A330-300	91.2
Sep-10	TBD	A330-300	94.4
Nov-10	TBD	A330 -200	76.7
Dec-10	TBD	A330-300	90.7
Feb-11	TBD	A330-300	90.7
Apr-11	TBD	A330-300	94.0
Jul-11	TBD	A330-200	77.1
Jan-12	TBD	A330-300	92.6
Feb-12	TBD	A330-300	92.6
Apr-12	TBD	A330-300	93.0
May-12	TBD	A330-300	93.0
Jan-13	TBD	A330-300	94.4
Feb-13	TBD	A330-300	94.4

Part 2 - The DekaBank Aircraft

(1) Scheduled Delivery Month	(2) Manufacturer's Serial Number	(3) Aircraft Type	(4) Maximum Aircraft Amount USD million
Apr-09	TBD	A330-300	89.3
May-09	TBD	A330 -200	73.9
Jun-09	TBD	A330 -200	73.9
Sep-09	TBD	A330 -200	74.3

Part 3 - 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
A330-200 RR	38%	34%	28%
A330-200 P&W	24%	41%	35%
A330-300 P&W	26%	36%	38%
A330-300 RR	38%	31%	31%

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Schedule 4

ECA Utilisation Notice

To: Calyon
9 Quai du Président Paul Doumer
92920 Paris La Défense Cedex
France
Facsimile No: +33 (0)1 41 89 91 96 and +33 (0)1 41 89 85 75
Attention: Head of Transportation Group and DFS / MO

From: [AerCap Ireland Limited] (**AerCap**)
[AerCap A330 Holdings Limited]

Facility Agreement dated [] and made between, amongst others, you and AerCap, as amended, supplemented or acceded to from time to time (the Agreement)

AerCap hereby gives notice in accordance with clause 3.1.1 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 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.

[AERCAP IRELAND LIMITED]
[AERCAP A330 HOLDINGS LIMITED]

By:
Name:

Title:

Schedule 5 - IDERA

Form of Irrevocable De-registration and Export Request Authorisation

[insert date]

To: [Insert name of Registry Authority]

Re: Irrevocable De-Registration and Export Request Authorisation

The undersigned is the registered [operator] [owner] of the Airbus A330 aircraft bearing manufacturer's serial number [●] and registration [●] (together with all installed, incorporated or attached accessories, parts and equipment the **Aircraft**).

This instrument is an irrevocable de-registration and export request authorisation issued by the undersigned in favour of [insert name of Security Trustee] (the **Authorised Party**) under the authority of Article 25 of the Consolidated Text 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. In accordance with that Article, the undersigned hereby requests:

- (a) recognition that the authorised party or the person it certifies as its designee is the sole person entitled to:
 - (i) procure the de-registration of the aircraft from the [insert name of aircraft register] maintained by the [insert name of registry authority] for the purposes of Chapter III of the Convention on International Civil Aviation, signed at Chicago, USA on 7 December 1944; and
 - (ii) procure the export and physical transfer of the aircraft from [insert name of country]; and
- (b) confirmation that the authorised party or the person it certifies as its designee may take the action specified in paragraph (a) above on written demand without the consent of the undersigned and that, upon such demand, the authorities in [insert name of country] shall co-operate with the authorised party with a view to the speedy completion of such action.

The rights in favour of the authorised party established by this instrument may not be revoked by the undersigned without the written consent of the authorised party.

Please acknowledge your agreement to this request and its terms by appropriate notation in the space provided below and by lodging this instrument in [insert name of registry authority].

[insert name of operator/owner]

Agreed to and lodged this

[insert date]

[insert relevant notational details]

By: [insert name of signatory]

Its: [insert title of signatory]

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; and
 - (v) ensure that Aircraft is not flown to or within 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 14.4 and 14.5 would, in relation to any individual Mortgage for an Aircraft and/or any registration contemplated by paragraph 1(h) below, exceed twenty thousand Dollars (\$20,000); 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 twenty thousand Dollars (\$20,000), 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 14.6, 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 CALYON”.

(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) The Lessee will execute, deliver, notarise and legalise all documents and take all actions (including making any filing, recording or registration with the Aviation Authority or any other Government Entity or as required to comply with any Applicable Law and amending any Transaction Document) as may from time to time be required by the Security Trustee (acting reasonably) to establish, maintain, preserve, perfect and protect the rights and interests of the Relevant Parties in the Aircraft and the Transaction Documents including as requested by the Relevant Agent if in the State of Registration, the Habitual Base or the jurisdiction of incorporation of the Lessee or the Lessor there is, or is brought into force, any legislative or other provisions giving effect to the Geneva Convention or otherwise relating to recognition of rights in aircraft.

(i) If at any time any of the State of Registration or the jurisdiction of incorporation of the Lessee or the relevant Borrower, is, or becomes, a Contracting State to the Cape Town Convention and either:

- (i) the Contracting State has made any declaration under the Cape Town Convention which may, in any way, affect the determination of priority (including the protection of any existing priority) of any rights (including pre-existing rights), title and interests of the Relevant Parties hereunder or under any of the Transaction Documents which constitute or create an International Interest or National Interest in accordance with the provisions of the Cape Town Convention; or
- (ii) any amendment and/or repeal of any part of the Cape Town Convention is adopted by any such jurisdiction(s) which, in the opinion of the ECA Finance Parties, necessitates the registration of any or all of the Transaction Documents which constitute or create an International Interest or National Interest in accordance with the provisions of the Cape Town Convention,

the Lessee shall, upon the request of the Security Trustee cause:

- (A) all of the Transaction Documents which constitute or create an International Interest or a National Interest to be duly registered in accordance with the provisions of the Cape Town Convention; and
- (B) all other filings and recordings and all such other action including the entry into of new documentation necessary to constitute the leasing of the Aircraft under this Agreement or any Security as International Interests or National Interests under the Cape Town Convention which, in the case of Security, may be in addition to or in substitution for the Security contemplated as at the date of this Agreement,

to protect and perfect the respective rights, title and interests of the Relevant Parties hereunder and thereunder.

(j) Where the Cape Town Convention permits any of the Parties to consent or to agree to a provision of the Cape Town Convention applying or not applying, the Lessee agrees that the terms of any such new documentation will provide for the Lessee's consent or agreement as required by the Security Trustee. The Lessee consents to the registration of any Prospective International Interests, International Interests and National Interests from time to time arising under this Agreement, the Transaction Documents at the International Registry and shall co-operate with the Finance Parties and procure that any relevant third party which is not a Finance Party (including any sublessee) takes all actions necessary on its part to ensure that:

- (i) all International Interests, Prospective International Interests and National Interests which the Security Trustee requires to be registered are promptly registered at the International Registry with the priority required by the Security Trustee; and
- (ii) all International Interests, Prospective International Interests, National Interests and Non-Consensual Rights or Interests which the Lessor requires to be removed or discharged are promptly removed or discharged.

The Lessee shall be responsible for all costs and expenses incurred by the Export Credit Agencies and the Administrative Parties in connection with any registrations, recordings or filings contemplated in this paragraph (j);

(k) Subject to sub-paragraph (m) below, the Lessee undertakes promptly on delivery of each Aircraft from the Manufacturer, or, as the case may be, upon any registration being effected pursuant to sub-paragraph (j) above to submit an IDERA for recordation by the Aviation Authority. Following recordation by the Aviation Authority, the Lessee shall return the IDERA to the Security Trustee.

(l) The Lessee undertakes not to execute or submit an IDERA for recordation in favour of any creditor other than the relevant Borrower or the Security Trustee without the Security Trustee's prior written consent.

(m) The Lessee shall not be obliged to submit an IDERA for recordation by the Aviation Authority where the ECA Finance Parties have received confirmation from legal counsel reasonably acceptable to the ECA Finance Parties in the relevant jurisdiction that it is not customary for aircraft owners, operators or any other party to submit an IDERA for recordation by the Aviation Authority in the relevant jurisdiction.

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 AerCap Ireland 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 but shall not be less than ninety per cent. (90%), except in respect of an Aircraft on lease to a Sub-Lessee or Sub-Sub-Lessee incorporated in the People's Republic of China in which case reinsurance shall be for a percentage not less than sixty six per cent. (66%) (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 LSW555D 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,

with a hull deductible of not more than one million Dollars (\$1,000,000) or such higher deductible as shall be industry standard applied by 'all risks' underwriters from time to time. All such insurance coverage shall be in Dollars.

(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**) with the Security Trustee named as Sole Loss Payee;
- (ii) include a loss payable section that provides that all insurance proceeds in respect of a Total Loss shall be settled in Dollars and paid to the Security Trustee as Sole Loss Payee 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 \$900,000,000, for any one accident, that policy or policies to cover war risks and allied perils in accordance with extended coverage endorsement AVN.52(E) with an extended aggregate coverage limit of not less than \$900,000,000 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 \$7,000,000 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 \$7,000,000 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 \$7,000,000 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 with prior written consent of the Security Trustee (not to be unreasonably withheld or delayed).

(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 liability 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 hull Insurances required by this Agreement are effected through reinsurances, such reinsurances shall, if available in the local jurisdiction of the Sub-Lessee or Sub-Sub-Lessee (as applicable) contain a "cut-through" clause in a form consistent with prudent market practice and satisfactory to the Security Trustee (acting reasonably) and, if the same is customarily required and/or obtained by the AerCap Group from the relevant Insurer, AerCap Ireland 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 \$1,000,000,000 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 \$1,000,000,000 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 under the Parent 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).

2 Sub-Lease terms

2.1 Payments

Each Sub-Lease shall require the payment of rent in Dollars 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 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; 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 AerCap Ireland, 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
CALYON
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 the Principal Borrower Share Charge, together with originals of the share certificates of the Principal 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;
- (e) a duly executed original of the Principal Borrower Floating Charge, together with duly executed originals of the notices and acknowledgements referred to therein;
- (f) a duly executed original of the Initial Administration Agreement;
- (g) a duly executed original of the Principal Declaration of Trust;
- (h) a duly executed original of the Initial Comfort Letter;
- (i) a duly executed original of a Security Assignment for the Principal Borrower, together with duly executed originals of the notices and acknowledgements referred to therein.

2. Corporate documents

For each AerCap 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) subject to the final sub-paragraph of this paragraph 2, 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; and
- (e) in the case of AerCap Holdings, the ECA Agent shall have further received, by no later than the earlier of (i) the date on which the ECA Loan Agreement in respect of the ECA Loan is entered into and (ii) the date which falls two (2) Banking Days after the date of the next meeting of the board of directors of AerCap Holdings which follows the date of execution of this Agreement) a ratifying board resolution passed by the board of directors of AerCap Holdings and authorising the execution of this Agreement, the Guarantee and those other Transaction Documents entered into by AerCap Holdings on the date of execution of this Agreement, in form and substance reasonably satisfactory to the ECA Agent. In the event that this condition precedent is not satisfied within the foregoing time limits, the Parties agree that an ECA Utilisation Block Event shall be deemed to have occurred.

3. Cayman Islands Tax exemption

- (a) Subject to paragraph 3(b) below, a certificate of tax exemption in respect of the Principal Borrower from the appropriate Cayman Islands authorities.
- (b) The condition precedent outlined in paragraph 3(a) above has been waived by the Finance Parties only on the terms that it will be satisfied to the satisfaction of the ECA Agent by no later than the earlier of (i) the date on which the first ECA Loan Agreement in respect of the first ECA Loan is entered into; and (ii) forty (40) days after the Signing Date. In the event that the condition precedent outlined in paragraph 3(a) above is not satisfied within the foregoing time limits, the Parties agree that an ECA Utilisation Block Event shall be deemed to have occurred.

4. Process agent letters

- (a) Letters from Freshfields Bruckhaus Deringer or such other process agent as may be agreed with the Security Trustee accepting its appointment as agent for service of process in England for each Principal Lessee and AerCap Ireland; and
- (b) letters from Norose Notices Limited accepting its appointment as agent for service of process in England for the Principal Borrower.

5. Legal opinions

Legal opinions from:

- (a) Norton Rose LLP, English, French and Dutch counsel to the Lenders;
- (b) Walkers, Cayman Islands counsel, in relation to the Principal Borrower and the Initial Manager;
- (c) McCann FitzGerald, Irish counsel, in relation to the Principal AerCap Obligors; and
- (d) in-house opinion from AerCap Holdings.

Part II: Conditions precedent to each Loan

1. Representations and warranties and KYC requirements

- (a) All representations and warranties made (or deemed repeated) by or on behalf of the relevant Borrower and each relevant Lessee in clause 6, by AerCap Holdings in the Parent 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.
- (b) All such documentation and information from the relevant Borrower as reasonably requested by the Security Trustee and/or each ECA Lender in respect of its 'Know Your Customer' checks, anti-money laundering checks and similar requirements.

2. Principal documents

Duly executed originals of all ECA Utilisation Documentation for the relevant Aircraft.

3. Lessee Share Charge

A duly executed original of each 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;

4. Support Agreements

The Support Agreements of each of ECGD, COFACE and EULER HERMES each of which shall be in full force and effect.

5. 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 for the Aircraft.

6. 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 for the Aircraft.

7. 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.

8. Aircraft registration documents

Evidence of registration of the Aircraft with the applicable Aviation Authority.

9. 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) written confirmation from the Seller that the Purchase Documents are in full force and effect;
- (d) written confirmation from Airbus that the Airbus Purchase Agreement is in full force and effect;

- (e) 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;
- (f) a certificate from Airbus confirming that the Buyer Furnished Equipment has been installed on the Aircraft
- (g) a copy of the Certificate of Airworthiness for Export issued by EASA.

10. 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.

11. 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 (to the extent that it is the Manufacturer's standard practice to issue such legal opinions);
- (b) the Engine Manufacturer (to the extent that it is the Engine Manufacturer's standard practice to issue such legal opinions); and
- (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; and
- (d) to the extent that the Principal Lessee is deemed to be tax resident in a jurisdiction other than its jurisdiction of incorporation, a legal opinion from independent counsel to the Finance Parties and the Export Credit Agencies in such jurisdiction in form and substance satisfactory to the ECA Finance Parties. This condition precedent shall only be applicable in respect of the first Loan.

12. Airbus Remarketing Agreement

A duly executed original of the Airbus Remarketing Agreement for the relevant Aircraft.

Schedule 11

Transfer Certificate

To: [Security Trustee]

Transfer Certificate - Airbus [] Aircraft msn [] (the Aircraft)

ECA Loan

This transfer certificate (**Transfer Certificate**) relates to a Facility Agreement dated [•] between, amongst others, (1) the banks and financial institutions referred to therein as ECA Lenders; (2) Calyon as National Agent; (3) Calyon as the ECA Agent; (4) Calyon as the Security Trustee; (5) [] as Principal Borrower; (6) [] as Principal Irish Lessee; (7) [] as Principal Dutch Lessee; (8) AerCap Ireland; (9) AerCap N.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 31.3 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 31.3 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] 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 31.3 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 Commitment for the Aircraft \$[]

Transferor's ECA Portion for the Aircraft []%

Transferor's ECA Contribution for the ECA Loan
for the Aircraft \$[]]

Part 2

[Amount of Transferor's ECA Commitment for the
Aircraft to be transferred to Transferee \$[]

Amount of Transferor's ECA Portion for the Aircraft
to be transferred to Transferee []%

Amount of Transferor's ECA Contribution for the
ECA 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 LLP
3 More London Riverside
London
SE1 2 AQ

and: Calyon
9 Quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

[]

Dear Sirs

Financing of one Airbus [] Aircraft msn [] (the Aircraft)

We refer to the Facility Agreement relating to the Aircraft dated [] 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 Calyon 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 LLP to date and deliver the English Law Mortgage as a deed as from the time that the Relevant Lessee notifies Norton Rose LLP, pursuant to the following paragraph, that the English Law Mortgage should be so dated and delivered.

The Relevant Lessee hereby undertakes to Calyon 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 authority in the State of Registration for the Aircraft] and to notify each of Crédit Lyonnais and Norton Rose LLP 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

CALYON

(acting through its Paris head office)

by Aurélie Gindre and Julien Clamou

its duly authorised attorney-in-fact

in the presence of /s/ Isabelle Piron
Isabelle Piron

) /s/ Aurélie Gindre
) Aurélie Gindre
)
) /s/ Julien Clamou
) Julien Clamou
)
)

THE ECA AGENT

EXECUTED as a **DEED** and **DELIVERED**

for and on behalf of

CALYON

(acting through its Paris head office)

by Aurélie Gindre and Julien Clamou

its duly authorised attorney-in-fact

in the presence of /s/ Isabelle Piron
Isabelle Piron

) /s/ Aurélie Gindre
) Aurélie Gindre
)
) /s/ Julien Clamou
) Julien Clamou
)
)

THE NATIONAL AGENTS

EXECUTED as a **DEED** and **DELIVERED**

for and on behalf of

CALYON

(acting through its London branch)

by Aurélie Gindre and Julien Clamou

its duly authorised attorney-in-fact

in the presence of /s/ Isabelle Piron
Isabelle Piron

) /s/ Aurélie Gindre
) Aurélie Gindre
)
) /s/ Julien Clamou
) Julien Clamou
)
)

EXECUTED as a **DEED** and **DELIVERED**

for and on behalf of

CALYON

(acting through its Paris head office)

by Aurélie Gindre and Julien Clamou

its duly authorised attorney-in-fact

in the presence of /s/ Isabelle Piron
Isabelle Piron

) /s/ Aurélie Gindre
) Aurélie Gindre
)
) /s/ Julien Clamou
) Julien Clamou
)
)

EXECUTED as a **DEED** and **DELIVERED**

for and on behalf of

CALYON

(acting through its Frankfurt branch)

by Aurélie Gindre and Julien Clamou

its duly authorised attorney-in-fact

in the presence of /s/ Isabelle Piron
Isabelle Piron

) /s/ Aurélie Gindre
) Aurélie Gindre
)
) /s/ Julien Clamou
) Julien Clamou
)
)

THE FRENCH LENDERS

EXECUTED as a **DEED** and **DELIVERED**
for and on behalf of
DEKABANK DEUTSCHE GIROZENTRALE
by [Beyer and Thale]
its duly authorised attorney-in-fact
in the presence of /s/ Thomas Kramer
Thomas Kramer

) /s/ Angelika Beyer
) Angelika Beyer
)
) /s/ Cornelia Thale
) Cornelia Thale
)

EXECUTED as a **DEED** and **DELIVERED**
for and on behalf of
CALYON
(acting through its Paris head office)
by Aurélie Gindre and Julien Clamou
its duly authorised attorney-in-fact
in the presence of /s/ Isabelle Piron
Isabelle Piron

) /s/ Aurélie Gindre
) Aurélie Gindre
)
) /s/ Julien Clamou
) Julien Clamou
)
)

THE BRITISH LENDERS

EXECUTED as a **DEED** and **DELIVERED**
for and on behalf of
DEKABANK DEUTSCHE GIROZENTRALE
by [Beyer and Thale]
its duly authorised attorney-in-fact
in the presence of /s/ Thomas Kramer
Thomas Kramer

) /s/ Angelika Beyer
) Angelika Beyer
)
) /s/ Cornelia Thale
) Cornelia Thale
)

EXECUTED as a **DEED** and **DELIVERED**
for and on behalf of
CALYON
(acting through its London branch)
by Aurélie Gindre and Julien Clamou
its duly authorised attorney-in-fact
in the presence of /s/ Isabelle Piron
Isabelle Piron

) /s/ Aurélie Gindre
) Aurélie Gindre
)
) /s/ Julien Clamou
) Julien Clamou
)
)

THE GERMAN LENDERS

EXECUTED as a **DEED** and **DELIVERED**
for and on behalf of
DEKABANK DEUTSCHE GIROZENTRALE
by [Beyer and Thale]
its duly authorised attorney-in-fact
in the presence of /s/ Thomas Kramer
Thomas Kramer

) /s/ Angelika Beyer
) Angelika Beyer
)
) /s/ Cornelia Thale
) Cornelia Thale
)

EXECUTED as a DEED and DELIVERED

for and on behalf of

CALYON

(acting through its Frankfurt Office)

by Aurélie Gindre and Julien Clamou

its duly authorised attorney-in-fact

in the presence of /s/ Isabelle Piron

Isabelle Piron

) /s/ Aurélie Gindre

) Aurélie Gindre

)

) /s/ Julien Clamou

) Julien Clamou

)

)

AERCAP N.V.

EXECUTED as a DEED and DELIVERED

for and on behalf of

AERCAP HOLDINGS N.V.

by Klaus Heinemann

its duly authorised attorney-in-fact

in the presence of /s/ Marijke van der Linden

Marije van der Linden

Sr. Manager Corporate

Secretary

) /s/ Klaus Heinemann

) Klaus Heinemann

) Chief Executive Officer

)

)

)

THE PRINCIPAL AERCAP OBLIGORS

AERCAP IRELAND LIMITED

SIGNED SEALED and DELIVERED

for and on behalf of

AERCAP IRELAND LIMITED

by Gordon Chase

its duly authorised attorney-in-fact

in the presence of /s/ Marijke van der Linden

Marije van der Linden

) /s/ Gordon Chase

) Gordon Chase

)

)

)

)

SIGNED, SEALED and DELIVERED

for and on behalf of

AERCAP A330 HOLDINGS LIMITED

by Gordon Chase

its duly authorised attorney-in-fact

in the presence of /s/ Marijke van der Linden

Marije van der Linden

) /s/ Gordon Chase

) Gordon Chase

)

)

)

)

THE PRINCIPAL BORROWER

EXECUTED as a DEED and DELIVERED

for and on behalf of

JETSTREAM AIRCRAFT LEASING LIMITED

by Richard Ruffer

its duly authorised attorney-in-fact

in the presence of /s/ Sheraim Mascal

Sheraim Mascal

) /s/ Richard Ruffer

) Richard Ruffer

) Director

)

)

)

Dated 12 March 2009

THE BANKS AND FINANCIAL INSTITUTIONS NAMED HEREIN as ECA Lenders	(1)
CALYON as ECA Agent	(2)
CALYON as Security Trustee	(3)
CONSTELLATION AIRCRAFT LEASING LIMITED as Principal Borrower	(4)
ANDROMEDA AIRCRAFT LEASING LIMITED and AQUARIUS AIRCRAFT LEASING LIMITED as Lessees	(5)
AERVENTURE LIMITED	(6)
and AERCAP HOLDINGS N.V.	(7)

**FACILITY AGREEMENT
in respect of up to twenty (20)
Airbus A320 Aircraft**

 **NORTON ROSE**

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THIS FACILITY AGREEMENT is made on 12 March 2009, as a deed

BETWEEN:

- (1) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 2 as ECA Lenders;
- (2) **CALYON**, a *société anonyme* established under the laws of France with a *capital social* of 6,055,504,839 Euros, whose registered office is at 9 Quai du President Paul Doumer, 92920 Paris La Defense Cedex, France, in its capacity as agent of the ECA Lenders;
- (3) **CALYON**, a *société anonyme* established under the laws of France with a *capital social* of 6,055,504,839 Euros, whose registered office is at 9 Quai du President Paul Doumer, 92920 Paris La Defense Cedex, France, in its capacity as Security Trustee for and on behalf of the Secured Parties;
- (4) **CONSTELLATION AIRCRAFT 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, George Town, Grand Cayman KY1-9002, Cayman Islands as Principal Borrower;
- (5) **ANDROMEDA AIRCRAFT LEASING LIMITED**, a company incorporated under the laws of Ireland, whose registered office is at AerCap House, Shannon, Co. Clare, Ireland (the “**First Lessee**”); and
AQUARIUS AIRCRAFT LEASING LIMITED, a limited liability company incorporated under the laws of Bermuda having its registered office at Clarendon House, 2 Church Street, Hamilton, Bermuda HM 11 (the “**First Intermediate Lessee**”),
as Lessees.
- (6) **AERVENTURE LIMITED** a company incorporated under the laws of Ireland and having its registered office at AerCap House, Shannon, Co. Clare, Ireland; and
- (7) **AERCAP HOLDINGS N.V.**, a company organised and existing under the laws of the Netherlands whose registered office is at AerCap House, Stationsplein 965, 1117 CE 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 each Lessee and each Borrower set out in clause 4, 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. AerVenture 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 otherwise agrees, that Aircraft shall thereupon cease to be an Aircraft under and for the purposes of this Agreement and the ECA Commitments for that Aircraft shall 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.

2.3.3 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.

2.3.4 To the extent that, pursuant to the Transaction Documents, the ECA Commitments for an Aircraft, and/or the Unutilised ECA Facility are from time to time reduced:

2.3.5 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;

2.3.6 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); and

2.3.7 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.

2.4 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 shall be drawn down wholly in Dollars.

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 COFACE in full, as a condition to, and prior to, the issue by COFACE of the Support Agreement for that ECA Loan and is not refundable in whole or in part in any circumstances or for any reason whatsoever except if COFACE 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 ECA Agent 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 Utilisation of the ECA Facility

3.1 ECA Utilisation Notices

3.1.1 In order to effect an ECA Loan AerVenture 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 which, in turn, is acting on the instructions of all of the ECA Lenders) 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) 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.

3.1.2 The ECA Agent shall 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 relevant Borrower.

3.1.3 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 Lender hereby authorises and instructs the ECA Agent to execute that ECA Utilisation Documentation on its behalf.

3.2 Conditions precedent

3.2.1 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).

3.2.2 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;
- (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 shall have been obtained and COFACE shall have indicated that it is willing to issue its Support Agreement (subject to satisfaction of the relevant conditions precedent) in terms satisfactory to the ECA Agent on that ECA Drawdown Date; and
- (d) in the case of each Lender, that Lender having received approval from its credit committee to enter into the transactions contemplated by this Agreement and the relevant ECA Loan Agreement and to the relevant Margin, and the relevant arrangement fee payable pursuant to the relevant Fee Letter, having been agreed.

4 Representations and warranties

4.1 Representations and warranties of each Borrower

To induce each of the ECA Finance Parties, the Lessees, AerVenture and the other AerCap Obligor to enter into the Transaction Documents, each Borrower represents and warrants (as to itself only) to the ECA Finance Parties, the Lessees, AerVenture and each of the other AerCap Obligor that:

4.1.1 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;

4.1.2 it has the power and capacity to execute and deliver, and to perform its obligations under, the Borrower Documents 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;

- 4.1.3 all necessary legal action to authorise the person or persons who execute and deliver the Borrower Documents 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;
- 4.1.4 the Borrower Documents 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 ECA Finance Parties in accordance with the provisions of this Agreement;
- 4.1.5 the execution and delivery by it of, the performance of its obligations under, and compliance with the provisions of, the Borrower Documents 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;
- 4.1.6 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 Borrower Documents, or the performance by it of its obligations under the Borrower Documents 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;
- 4.1.7 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;
- 4.1.8 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;
- 4.1.9 the claims of the ECA Finance Parties against it under this Agreement and the other Borrower Documents 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;
- 4.1.10 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 constitutional documents in the form last supplied by it to the ECA Agent remain in full force and effect;

4.1.11 the board resolutions and, if applicable, power of attorney supplied by it to the ECA Agent 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 Borrower Documents remains in full force and effect and has not been revoked, amended, supplemented or varied, in whole or in part;

4.1.12 it has not, prior to entering into the Borrower 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 Borrower Documents;

4.1.13 no Borrower Event has occurred and is continuing;

4.1.14 it has delivered all tax returns which, as of the date hereof, it is legally required to deliver and has paid all payments which are due and payable, as of the date hereof, to the tax authorities in its jurisdiction of incorporation;

4.1.15 all amounts payable by it under the Borrower Documents may be made without any deduction or withholding for or on account of any Tax;

4.1.16 no stamp, registration or similar Tax is required to be paid in its jurisdiction of incorporation on or in relation to the Borrower Documents or the transactions contemplated by the Borrower Documents unless, in the case of Cayman Islands stamp duty, the Borrower Documents are executed in, or brought into, the Cayman Islands in original form;

4.1.17 no value added tax (or Tax of a similar nature) or import or export duty or tax is payable under the laws of its jurisdiction of incorporation in respect of any Borrower Document or the performance of the obligations under any Borrower Documents;

4.1.18 [not used];

4.1.19 none of its directors is resident for tax purposes in France;

4.1.20 its:

- (a) irrevocable submission under the Borrower Documents to the jurisdiction of the courts referred to therein;
- (b) agreement that the Borrower Documents are each governed by the law referred to therein; and
- (c) agreement not to claim any immunity to which it or its assets may be entitled,

are legal, valid and binding under the laws of its jurisdiction of incorporation;

4.1.21 any judgment obtained in England, in relation to the Aircraft or this Agreement will be recognised and be enforceable by the courts of its jurisdiction of incorporation, subject

to any and all qualifications as set out in the legal opinion provided to, *inter alios*, the ECA Finance Parties pursuant to paragraph 5(b) of Schedule 10 Part I;

4.1.22 the Borrower has no Subsidiaries or employees; and

4.1.23 the Borrower's Centre of Main Interests, corporate management, centre of administration and principal place of business is in the Cayman Islands and it does not have an establishment or place of business in any other jurisdiction.

4.2 Representations and warranties of each Lessee

To induce each of the ECA Finance Parties and each of the Borrowers to enter into the Transaction Documents, each Lessee represents and warrants (as to itself only) to the ECA Finance Parties and the Borrowers that:

4.2.1 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;

4.2.2 it has the power to execute and deliver and to perform its obligations under the Lessee Documents 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;

4.2.3 the Lessee Documents 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 ECA Finance Parties in accordance with the provisions of this Agreement;

4.2.4 the execution and delivery of, the performance of its obligations under, and compliance by it with the provisions of, the Lessee Documents 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;

4.2.5 its obligations under the Lessee Documents 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;

4.2.6 it is subject to civil and commercial law with respect to its obligations under the Lessee Documents 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);

4.2.7 its only business is that of leasing the Aircraft and the entering into of the Lessee Documents and any and all agreements related thereto;

4.2.8 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 Lessee Documents, or the performance by it of its obligations under the Lessee 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;

4.2.9 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 Lessee 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;

4.2.10 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;

4.2.11 no Lease Event has occurred and is continuing;

4.2.12 it has delivered all tax returns which it is legally required to deliver as of the date hereof and has paid all payments due and payable, as of the date hereof, to the tax authorities in its jurisdiction of incorporation or, if different, the jurisdiction in which it is tax resident;

4.2.13 all amounts payable by it under the Lessee Documents may be made without any deduction or withholding for or on account of any Tax;

4.2.14 no stamp, registration or similar Tax is required to be paid in its jurisdiction of incorporation or, if different, the jurisdiction in which it is tax resident on or in relation to the Lessee Documents or the transactions contemplated by the Lessee Documents;

4.2.15 no value added tax (or Tax of a similar nature) or import or export duty or tax is payable under the laws of its jurisdiction of incorporation or, if different, the jurisdiction in which it is tax resident in respect of any Lessee Document or the performance of the obligations under any Lessee Document;

4.2.16 none of its directors is resident for tax purposes in France;

4.2.17 its:

- (a) irrevocable submission under the Lessee Documents to the jurisdiction of the courts referred to therein;
- (b) agreement that the Lessee Documents are each governed by the law referred to therein; and
- (c) agreement not to claim any immunity to which it or its assets may be entitled,

are legal, valid and binding under the laws of its jurisdiction of incorporation;

4.2.18 any judgment obtained in England, in relation to the Aircraft or this Agreement will be recognised and be enforceable by the courts of its jurisdiction of incorporation, subject to any and all qualifications as set out in the legal opinion provided to, *inter alios*, the ECA Finance Parties pursuant to clause 7.3.4(j) of this Agreement; and

4.2.19 the Lessee's Centre of Main Interests, corporate management, centre of administration and principal place of business is the jurisdiction in which its registered office is located or, as the case may be, in the case of any Lessee which is tax resident in a jurisdiction other than the jurisdiction in which its registered office is located, the jurisdiction in which such Lessee is tax-resident and it does not have an establishment or place of business in any other jurisdiction other than any other jurisdiction in which the Lessee is deemed to be tax resident.

4.3 Repetition

4.3.1 The representations and warranties set out in clause 4.1 are made by the Principal Borrower 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 made by each Borrower in clauses 4.1.1, 4.1.2, 4.1.3, 4.1.4, 4.1.11 and 4.1.12 shall be repeated by each Borrower on each ECA Repayment Date.

4.3.2 The representations and warranties set out in clause 4.2 are made by each Lessee on the date on which it executes an Accession Deed and thereby accedes to this Agreement. The representations and warranties made by each Lessee in clauses 4.2.1, 4.2.2, 4.2.3 and 4.2.4 shall be repeated by each Lessee on each ECA Repayment Date.

4.4 English Law Mortgage

Notwithstanding any provision of any Transaction Document (including clause 4.1 or clause 4.2), 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.

5 Undertakings and covenants - general

5.1 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 ECA Finance Party, each Lessee, AerVenture and AerCap Holdings (severally as to itself only) that from the date of this Agreement:

5.1.1 it shall remain duly incorporated and validly existing under the laws of its State of Incorporation;

5.1.2 its Centre of Main Interests shall be, and remain, the jurisdiction in which its registered office is located;

5.1.3 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;

5.1.4 it will not, without the prior written consent of the ECA Agent and AerVenture, enter into any contract or agreement with any person, and will not, without the prior written approval of the ECA Agent and AerVenture, 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;

5.1.5 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 and shall promptly supply to the ECA Agent certified copies of any authorisation required under Applicable Law of its State of Incorporation to enable it to perform its obligations under, or for the validity or enforceability

or admissibility in evidence of, any Transaction Document;

5.1.6 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;

5.1.7 in the case of the Principal 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;

5.1.8 to the extent possible pursuant to Applicable Law and subject to the provisions of clause 22 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;

5.1.9 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, it being acknowledged and agreed that, subject to no Termination Event or Mandatory Prepayment Event having occurred and continuing (as determined by the ECA Agent, acting in its sole discretion), any right, consent (including consent to waiver) or approval that a Borrower has under the terms of a ECA Loan Agreement (including any right to deliver a Conversion Confirmation under clause 4.2 (*Fixed rate option*) of the ECA Loan Agreement or right to prepay any ECA Loan under clause 4.4 (*Voluntary prepayment*) of the relevant ECA Loan Agreement) shall be subject to the prior consent of, or shall be exercised upon the instruction of, the relevant Lessee;

5.1.10 it will not without the prior written consent of the ECA Agent and AerVenture create or permit to subsist any Lien over all or any of its present and future revenues and assets other than Permitted Liens;

5.1.11 it will take such action as the Security Trustee and (subject to no Lease Termination Event having occurred and being continuing) AerVenture shall reasonably require to maintain the rights granted to the Secured Parties and AerVenture 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;

5.1.12 it shall comply in all respects with all Applicable Laws to which it is subject;

5.1.13 it shall not and shall not agree to:

- (a) amend or waive; or
- (b) terminate, suspend or abandon,

all or any part of any Borrower Document, except in accordance with the provisions of this Agreement;

5.1.14 it shall not (otherwise than as expressly contemplated by the Transaction Documents) 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 nature of the security interests expressed to be created by the Security Documents;

5.1.15 it shall not do or permit to be done anything which may prejudice any right which the ECA Finance Parties (or any of them) may have (actually or contingently) against the Manufacturer, the Engine Manufacturer or any other supplier of parts or services relating to the Aircraft; and

5.1.16 it shall provide all such documentation and information as reasonably requested by the Security Trustee and/or each ECA Lender from time to time in respect of its 'Know Your Customer' checks, anti-money laundering checks and similar requirements.

5.2 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 ECA Finance Party and each Borrower (severally as to itself only) that from the date of this Agreement:

5.2.1 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;

5.2.2 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;

5.2.3 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 AerCap Holdings' financial year, a copy of AerCap Holdings' 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 AerCap Holdings' financial year and thirty (30) days after AerCap Holding's audited consolidated financial accounts have been adopted by the shareholders of AerCap Holdings at the annual general meeting of shareholders, a CFO Certificate in relation thereto;

(c) and in any event within one hundred and eighty (180) days after the end of AerVenture's financial year, a copy of AerVenture's audited consolidated financial accounts for the relevant year;

(d) and in any event within ninety (90) days after the end of each semi-annual accounting period of AerVenture and AerCap Holdings, a copy of AerVenture's and AerCap Holdings' unaudited consolidated management accounts for the relevant semi-annual period, together with, in the case of AerCap Holdings, a CFO Certificate in relation thereto;

(e) if so requested by the Security Trustee at any time because the Security Trustee and/or any other ECA Finance Party has reasonable grounds to believe that a Trigger Event may have occurred and be continuing, a copy of AerVenture and AerCap Holdings' most recent monthly management reports, together with, in the case of AerCap Holdings, a CFO Certificate in relation thereto,

in each case, prepared in accordance with US or Dutch GAAP;

5.2.4 it shall ensure that each set of financial statements supplied by it under this Agreement gives (if audited) a true and fair view of, or (if unaudited) fairly represents, its financial condition (consolidated or otherwise) as at the date to which those financial statements were drawn up;

- 5.2.5 it shall notify the Security Trustee of any change to the manner in which the audited consolidated financial statements of AerVenture or AerCap Holdings are prepared;
- 5.2.6 if requested by the Security Trustee it shall supply to the Security Trustee sufficient information reasonably requested to enable the ECA Finance Parties to make a proper comparison between the financial position shown by the set of financial statements prepared on the changed basis and its most recent audited consolidated financial statements delivered to the Security Trustee under this Agreement prepared on the previous basis;
- 5.2.7 if so requested by the Security Trustee at any time, because the Security Trustee and/or any other ECA Finance Party has reasonable grounds to believe that the contents of any CFO Certificate may not be true and correct, it shall procure that AerCap Holdings' auditors confirm in writing to the Security Trustee that the contents of that CFO Certificate are true and correct;
- 5.2.8 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;
- 5.2.9 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;
- 5.2.10 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 and, except if it is contesting the same in good faith and in accordance with Applicable Law, settle all Taxes imposed upon it within the time period allowed for such settlement;
- 5.2.11 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;
- 5.2.12 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 its Centre of Main Interests shall be and remain the jurisdiction in which its registered office is located provided that, if it is tax resident in a different jurisdiction to its jurisdiction in which its registered office is situated its Centre of Main Interests will be either its jurisdiction of incorporation or the jurisdiction in which it is considered to be tax-resident; and
- 5.2.13 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.

5.3 Change of control

5.3.1 If at any time AerCap Holdings ceases to be listed on the New York Stock Exchange then AerCap Holdings shall as soon as reasonably practicable give written notice to the ECA Agent. If, at any time following such de-listing, at least sixty-six point six six per cent. (66.66%) of the issued shares and voting rights of AerCap Holdings are not owned by shareholder(s) which are rated “investment grade” (currently BBB- or above) by Standard & Poors and/or the equivalent thereof by Moody’s Investors Service, then AerCap Holdings shall as soon as reasonably practicable give further written notice to the ECA Agent.

5.3.2 As soon as reasonably practicable after receipt of any notice issued pursuant to clause 5.3.1, the ECA Agent (if so instructed by the ECA Lenders) shall enter into good faith discussions with AerCap Holdings 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 all of the ECA Lenders, acting reasonably) for the continuation of the transactions contemplated by the Transaction Documents.

5.3.3 If no such arrangements and conditions acceptable to the ECA Agent (acting on the instructions of the ECA 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 5.3.2, a Mandatory Prepayment Event shall be deemed to have occurred in respect of all of the Aircraft on the Final Date.

5.3.4 If at any time:

- (a) AerCap Holdings ceases to own and control directly or indirectly one hundred per cent (100%) of the shares in the Servicer;
- (b) AerCap Holdings ceases to own and control one hundred per cent (100%) of the shares in any AerVenture Intermediate Ownership Company;
- (c) any AerVenture Intermediate Ownership Company ceases to own and control at least fifty per cent (50%) of the shares in AerVenture; and/or
- (d) AerVenture ceases to directly or indirectly own and control at least one hundred per cent (100%) of the shares in any Principal Lessee or directly or indirectly own and control at least one hundred per cent (100%) of the shares in any Alternative Lessee.

a Mandatory Prepayment Event shall be deemed to have occurred in respect of all of the Aircraft.

5.4 Equity Capitalisation

5.4.1 In this clause 5.4:

“**AerVenture Shareholder Funds**” means, at any time, the sum of AerVenture’s share capital plus retained earnings (or, as applicable, accumulated deficit) minus AerVenture’s OCL or, as applicable, plus AerVenture’s OCI”

“**Total Assets**” for the purpose of this clause shall be determined in accordance with generally accepted accounting principles consistently applied.

5.4.2 AerVenture hereby undertakes with each of the ECA Finance Parties that it will ensure that for each of its financial years ending on the dates set out in column (1) of the table below (each a “**Financial Year**”) the ratio of AerVenture Shareholder Funds to Total Assets will exceed the percentage specified in column (2) of the following table

(1)	(2)
Relevant Financial Year	Minimum ratio of AerVenture Shareholder Funds to Total Assets
Financial Year ending on 31st December 2009	10%
Financial Year ending on 31st December 2010	12%
Financial Year ending on 31st December 2011 and each Financial Year ending on the 31st December thereafter up to and including the Financial Year which ends on 31 December 2016	14%

5.4.3 The financial covenant specified in clause 5.4.2 above shall be tested by reference to the audited consolidated accounts of AerVenture for the relevant Financial Year, as delivered by AerVenture to the Security Trustee pursuant to clause 5.2.3(c) and, if the Security Trustee so requests, a director of AerVenture shall confirm, by way of written certification addressed to the Security Trustee, whether at the end of the relevant Financial Year the financial covenant contained in clause 5.4.2 was satisfied.

5.4.4 Failure by AerVenture to comply with the financial covenant contained in clause 5.4.2 shall constitute a Mandatory Prepayment Event in respect of all of the Aircraft.

6 Undertakings and covenants of Lessees - operational and sub-leasing

6.1 General - operational

Until all of the Secured Loan Obligations have been paid in full, each Lessee hereby undertakes and covenants with each of the ECA 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 6.4 and save as may be agreed from time to time with the ECA 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.

6.2 Sub-leasing

Until all of the Secured Loan Obligations have been paid in full, each Lessee hereby undertakes and covenants with each of the ECA 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, it shall not sub-lease, charter or otherwise part with possession or operational control of any Aircraft except:

6.2.1 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

6.2.2 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 6.2, 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 6.7, 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 6.2, each Lessee shall, subject only to clause 6.4, 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 6 and the Sub-Lease Requirements, the ECA 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 shall consult with AerVenture 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 7 shall apply.

6.3 Home Country restriction

6.3.1 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 or that Relevant Aircraft (as applicable) 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 total number of the Aircraft (determined by number and not by value) financed under this Agreement and approved by COFACE for that financing 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, or the delivery or redelivery of that Aircraft, 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, AerVenture shall as soon as reasonably practicable give notice thereof to the Security Trustee.

6.3.2 Following the giving of any such notice, or if any ECA Finance Party otherwise becomes aware of the proposed delivery of an Aircraft of the nature referred to in clause 6.3.1:

- (a) if the delivery would result in the circumstances set out in clause 6.3.1(a), the ECA Agent may, unless COFACE shall have approved the delivery, at the direction of the ECA Lenders serve a notice on the relevant Lessee requiring the prepayment of Loans for Home Country Aircraft so that the circumstances set out in clause 6.3.1(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 6.3.1(b), the ECA Agent may, unless COFACE shall have approved the delivery, at the direction of COFACE serve a notice on the relevant Lessee requiring the prepayment of the Loans for the relevant Aircraft.

6.3.3 If any of the circumstances referred to in clause 6.3.1 arise, the ECA Agent will, if requested by AerVenture, consult with AerVenture and COFACE with a view to determining whether a waiver may be available in relation to the relevant circumstances.

6.4 Effect of Sub-Leases and Sub-Sub-Leases

6.4.1 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 6.4 are being complied with, and subject always to clause 6.4.3; 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.

6.4.2 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 6.4.1;

(b) compel the Sub-Lessee to remedy the relevant matter referred to in clause 6.4.1 and/or to repossess the Aircraft.

6.4.3 Notwithstanding anything to the contrary in this clause 6.4 or in any other provision of the Transaction Documents:

(a) clause 6.4.1 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 6.4.1 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 6.2.2.

6.5 Off-Lease Period

During any Off-Lease Period for an Aircraft:

6.5.1 unless the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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 the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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;

6.5.2 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;

6.5.3 the relevant Borrower and each of the ECA Finance Parties:

(a) acknowledge and agree that, subject always to the compliance in full with all relevant requirements set out in clause 7, 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

6.5.4 to the extent that that Aircraft will be registered in The Netherlands in accordance with clause 6.5.1:

6.5.5 no lease interest will be registered in the Dutch register pursuant to the Geneva Convention (*Register voor de teboekstelling van luchtvaartuigen*); and

6.5.6 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.

6.6 Sub-Leases - management and notification requirements

Until all of the Secured Loan Obligations have been paid in full, each Lessee and AerVenture hereby undertakes and covenants with each of the ECA 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 shall, in relation to each Aircraft:

6.6.1 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 AerVenture 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 AerCap Group Companies;

6.6.2 notify the ECA 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 in writing any information in connection therewith, which is available to it and subject to any confidentiality restrictions, which the ECA Agent (acting on the instructions of all of the ECA Lenders) may from time to time reasonably request;

6.6.3 following the occurrence of a Trigger Event and for so long as the relevant Trigger Event is continuing, notify the ECA 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;

6.6.4 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);

6.6.5 inform the ECA 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, respond as soon as reasonably practicable to such issues as the ECA Agent may reasonably request further information on in respect of that repossession;

6.6.6 inform the ECA 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;

6.6.7 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, IDERA, 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, IDERA, 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, IDERA or Subordination Acknowledgement, would or might reasonably be expected to result in the rights, title and interests of the ECA 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 AerVenture 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

6.6.8

- (a) open a Sub-Lease Account for that Aircraft and execute a Sub-Lease Account Charge over that Sub-Lease Account. The relevant Lessee will 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 (A) are paid by the relevant Sub-Lessee under the proposed Sub-Lease for that Aircraft or (B) are otherwise at any time received by or paid for the account of that Lessee by, from or on behalf of any Sub-Lessee of that Aircraft; and
- (b) 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,

and/or 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.

6.6.9 Each Sub-Lease Account Charge will provide for (without limitation):

- (a) the provision to the Security Trustee by the Sub-Lease Account Bank, upon request, of 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 (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders). In

addition, AerVenture shall provide to the Security Trustee, upon request, an explanation in reasonable detail of the nature of all deposits, transfers and withdrawals identified in any account statement provided by the relevant Sub-Lease Account Bank 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 relevant Sub-Lease Account Bank and/or AerVenture without further enquiry and shall have no liability to any party hereto if any such information proves not to have been correct;

(b) the receipt by the Security Trustee of an acknowledgement (in form and substance satisfactory to the Security Trustee) from the Sub-Lease Account Bank in which the Sub-Lease Account Bank acknowledges and agrees that, following the receipt by it of a notice from the Security Trustee stating that a Trigger Event has occurred, the Sub-Lease Account Bank will thereafter not recognise any direction, or honour any request, from the relevant Lessee or AerVenture to withdraw, transfer or otherwise deal in any way with the monies then standing to the credit of the relevant Sub-Lease Account and shall deal solely with the Security Trustee in connection with the relevant Sub-Lease Account and the monies standing to the credit thereof; and

(c) the assignment of the rights of the relevant beneficiary under the Sub-Lease Account Charge (being the party described in sub-paragraphs (a) and (b) of the definition of "Sub-Lease Account Charge" in favour of the Security Trustee.

6.6.10 In the event that that Lessee is entitled to make a claim under any letter of credit or other Sub-Lease Credit Document, which is deposited with the Security Trustee pursuant to clause 6.6.8(b), it shall as soon as reasonably practicable notify the Security Trustee. Subject always to no Trigger Event having occurred, 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. Such action shall include, to the extent that the relevant Lessee demonstrates to the reasonable satisfaction of the Security Trustee that it is necessary, or to the extent that the relevant letter of credit expressly requires the physical possession and presentment of the letter of credit in order to drawdown any amount thereunder, returning the original of any letter of credit and/or Sub-Lease Credit Document to the Lessee for the purposes of allowing it to make a claim thereunder 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 6.6.10. If the Security Trustee is to return any letter of credit and/or Sub-Lease Credit Document to a Lessee pursuant to this clause 6.6.10 then the Security Trustee will use its best endeavours to return the relevant letter of credit to the relevant Lessee as soon as possible and, to the extent possible, by overnight courier.

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 relevant Sub-Lease Account for that Aircraft or deposited with the Security Trustee pursuant to clause 6.6.8(a), 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 clause 6.6.8(a), 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, subject always to no Trigger Event having occurred, 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) 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, subject always to no Trigger Event having occurred, 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 clause 6.6.8(a), 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. Each Lessee shall have no right to submit a request under this paragraph if, at the time at which the relevant Lessee wishes to make such a request, a Trigger Event has occurred. 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 6.6.10 if a Trigger Event has occurred or 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 6.6.10 and not prior to that time paid or reimbursed by or at the direction of the Security Trustee to any person under this clause 6.6.10.

6.6.11 Following the occurrence of a Trigger Event, each Lessee and AerVenture shall cease to have any rights whatsoever to withdraw or transfer funds from each Sub-Lease Account or to deal, in any way, with each Sub-lease Account and the monies standing to the credit thereof without the prior consent of the Security Trustee. Within five (5) Banking Days of the occurrence of a Trigger Event AerVenture will, (A) open a Cash Collateral

Account and execute a Cash Collateral Account Charge over that Cash Collateral Account and (B) deposit in the Cash Collateral Account an amount equal to three per cent. (3%) of the Aircraft Purchase Price of each Aircraft (such amount to be held as security for the Secured Obligations in respect of which an ECA Loan has, at such time, been made under this Facility). Upon the cessation of the relevant Trigger Event, the provisions of this clause 6.6.11 shall no longer apply and the Security Trustee will as soon as reasonably practicable pay or direct the Cash Collateral Account Bank to pay to the Lessee, to such account as it may direct, the balance then standing to the credit of the Cash Collateral Account.

6.7 Further provisions relating to Sub-Leases

6.7.1 The ECA Finance Parties acknowledge that AerVenture 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 in respect of any of the matters referred to in this clause 6, 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 ECA Agent acting on the instructions of all of the ECA Lenders). AerVenture, the Security Trustee and the relevant ECA Finance Parties agree to consult each other and COFACE in good faith, each acting reasonably, in relation to any such request.

6.7.2 If AerVenture and/or any Lessee makes any request pursuant to clause 6.7.1 for a deviation from the Sub-Lease Requirements, the consultation period referred to in clause 6.7.1 shall be ten (10) Banking Days or such longer period as AerVenture and/or the relevant Lessee may request (each acting reasonably).

6.7.3 For the avoidance of doubt, nothing in this clause 6 shall prevent any Lessee or AerVenture 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.

6.8 Matters relating to Notices and Acknowledgements

6.8.1 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:

6.8.2 is inconsistent with the Standard; and

6.8.3 would or might reasonably be expected to result in the rights, title and interests of the ECA Finance Parties and the Borrowers (or any of them) in and to the Aircraft and/or under any Transaction Document being materially adversely affected.

6.9 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).

7 Change of ownership and/or leasing structure with respect to an Aircraft

7.1 Acknowledgement of need for changes

The ECA 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 6.2, the ECA Agent may require a change in the Borrower for an Aircraft in the circumstances referred to in clause 6.2. In any such case, the following provisions of this clause 7 shall apply.

7.2 Consent

The ECA 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 AerVenture, as the case may be (provided that, in the case of any change of Sub-Lessee, the provisions of clause 6.2 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:

7.2.1 AerVenture shall have given to the ECA 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;

7.2.2 AerVenture shall have agreed the following with the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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 ECA Agent which, in turn, is acting on the instructions of the ECA Lenders) shall reasonably require to ensure that the ECA 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 ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) shall reasonably require to demonstrate that the ECA 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 7.3 shall have been satisfied;

7.2.3 the Borrower in respect of that Aircraft shall have paid:

- (a) to the Security Trustee 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 COFACE in full on or prior to the Proposed Effective Date all reasonable fees charged by COFACE in connection with, and notified by them to AerVenture in advance of, that proposed change;

7.2.4 if the change involves the introduction of a tax lease structure in respect of that Aircraft, the revised structure shall (subject always to clause 7.2.5) reflect any absence of cross-default or cross-collateralisation, as between that Aircraft and the other Aircraft; and

7.2.5 COFACE shall have consented in writing to the change.

Any change in ownership and/or leasing structure satisfying the requirements of this clause 7.2 is referred to as a **Permitted Change**.

7.3 Alternative Obligor/Principal Lessees

7.3.1 AerVenture 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 AerVenture 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 ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) shall consider that request in good faith taking into account the matters referred to above. The Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) shall inform the relevant Principal Obligor 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 ECA Lenders.

7.3.2 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 4 and 5.

7.3.3 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 ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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 ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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.

7.3.4 AerVenture 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 ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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 ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) and AerVenture 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 14.6) 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 7.3.3 (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 to the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is

- acting on the instructions of all of the ECA Lenders) in all relevant jurisdictions addressed to the Security Trustee (in form and substance reasonably satisfactory to the Security Trustee acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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;
 - (i) 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;
 - (ii) 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
 - (iii) 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 AerVenture or AerCap Holdings as to the due execution by AerVenture 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 and, if the Alternative Obligor is deemed to be tax resident in a jurisdiction other than its jurisdiction of incorporation, a legal opinion from independent counsel in such jurisdiction, in each case in form and substance reasonably acceptable to the Security Trustee; and
- (k) a legal opinion from Norton Rose LLP, counsel to the Lenders, as to English law, in form and substance reasonably acceptable to the Security Trustee.

7.3.5 Each AerCap Obligor other than the Alternative Obligor hereby irrevocably authorises AerVenture to execute any duly completed Accession Deed on its behalf. Each ECA 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 AerVenture and the Alternative Obligor, the Security Trustee shall sign the same for itself and on behalf of the other ECA Finance Parties and the Borrowers other than the Alternative Obligor and shall 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.

7.3.6 AerVenture 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 ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) no later than fifteen (15) Banking Days prior to the date on which the accession of any Principal Lessee to this Agreement is to become effective (or such later date as the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders and AerVenture may agree):

- (a) an Accession Deed duly executed by the parties thereto;
- (b) a Principal Lessee Share Charge duly executed by the parties thereto over the entire issued share capital of the relevant Principal Lessee together with certified copies of the minute books and the share register (if any) of the relevant Principal Lessee and the originals of the share certificates of the relevant Principal Lessee referred to therein and duly executed originals of the letters of resignation, irrevocable proxies and undated share transfer forms referred to therein;
- (c) 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;
- (d) any such novations, assignments or other documents as may be required in order to make the relevant Principal Lessee a party to the Airframe Warranties Agreement and the Engine Warranties Agreement, in each case, for that Aircraft;
- (e) a certificate signed by a director of the relevant Principal Lessee setting out, in each case, the specimen signature of those persons authorised to sign the Transaction Documents to which such Principal Lessee is or is to be a party and attaching, in each case, Certified Copies of the following (or their equivalent):
 - (ii) the certificate of incorporation of the relevant Principal Lessee together with its constitutional documents;
 - (i) the resolutions of the board of directors and shareholders of the relevant Principal Lessee approving the execution and performance by it of each Transaction Document to which it is or is to be a party;

- (ii) the resolutions of the owner of the entire issued share capital of the relevant Principal Lessee approving the execution and performance by that person of each Transaction Document to which it is or is to be a party; and
 - (iii) a power of attorney appointing those persons authorised to sign on behalf of the relevant Principal Lessee each Transaction Document to which it is, or is to be, a party,
- (f) a legal opinion from in-house counsel to AerVenture or AerCap Holdings as to the due execution by the relevant Principal Lessee of the Accession Deed, in form and substance reasonably acceptable to the Security Trustee;
- (g) a legal and tax opinion from reputable counsel acceptable to the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) in the State of Incorporation of the relevant Principal Lessee and, if the relevant Principal Lessee is deemed to be tax resident in a jurisdiction other than its jurisdiction of incorporation, a legal opinion from independent counsel in such jurisdiction, in each case in form and substance reasonably acceptable to the Security Trustee; and
- (h) a legal opinion from Norton Rose LLP, counsel to the Lenders, as to English law, in form and substance reasonably acceptable to the Security Trustee.

7.3.7 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 ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders acting reasonably). The provisions of clause 7.3.1 relating to the submission, consideration and approval of an Alternative Obligor Request shall apply in relation to any written request by AerVenture 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 7.

7.4 Consummation of Permitted Change

Provided that all of the documents and opinions referred to in clauses 7.2.2 and, if relevant, 7.3 relating to a Permitted Change have been agreed with all relevant parties in accordance with such clauses and the fees payable pursuant to clause 7.2.3 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 ECA Finance Parties shall consummate that Permitted Change on the date specified by AerVenture (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, AerVenture will deliver to the Security Trustee originals or Certified Copies of all such documents and opinions.

7.5 Co-operation

Each of the ECA Finance Parties agrees, at the request of AerVenture 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 7.

7.6 Matters relating to the Borrower Trustee and the Manager

7.6.1 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 the relevant Principal Obligor); 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 ECA Finance Parties and AerVenture 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 AerVenture and the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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 8.1.4 and the conditions set forth in clause 8.2. Without limiting the foregoing (but subject always to the proviso to clause 8.1.4 and clause 8.2), AerVenture and the ECA 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 AerVenture and the Security Trustee (both acting reasonably and, in the case of the Security Trustee, on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders); 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 AerVenture and the Security Trustee (both acting reasonably and, in the case of the Security Trustee, on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders), 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 AerVenture and agreed to by the Security Trustee, then AerVenture 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, acting on the instructions of the ECA Lenders, considers that the same would or might reasonably be expected to result in the rights, title and interests of the ECA 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 AerVenture from reputable legal counsel in the relevant jurisdictions, be entitled to declare a Mandatory Prepayment Event with respect to the relevant Aircraft.

7.6.2 Notwithstanding any provision of any Transaction Document to the contrary, the ECA Finance Parties and AerVenture agree that if AerVenture 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 the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders (acting reasonably)) or terminate the appointment of any Manager and replace that Manager with an alternative manager acceptable to the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders (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 AerVenture and the Security Trustee (both acting reasonably and, in the case of the Security Trustee, on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders (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 the relevant Principal Obligor 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, AerVenture 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 AerVenture. 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.

7.6.3 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 7.6.1 or 7.6.2.

7.6.4 At all times when no Lease Termination Event has occurred and is continuing, the consent of AerVenture shall be required for the appointment of any new Manager or new Borrower Trustee.

8 Mitigation

8.1 General

If:

8.1.1 a Borrower Termination Event occurs in relation to an Aircraft; or

8.1.2 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

8.1.3 any Obligor becomes obliged to make any payment or any increased payment under any of clauses 4.8, 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

8.1.4 clause 10.2 or clause 10.3 of the Loan Agreement for an Aircraft applies; or

(each a **Relevant Circumstance**) then, without in any way limiting, reducing or otherwise qualifying the rights and obligations of the ECA 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 ECA 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 11.5 and 11.6 (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 ECA Finance Parties and AerVenture consider reasonable), provided that (and the following proviso shall also apply to clause 7.6):

(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 under the Guarantees); 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.

8.2 Conditions - general

The agreement of the parties set forth in clauses 7.6 and 8.1 is subject to the conditions that:

8.2.1 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;

8.2.2 no action to be taken under, or any delay in any action as a result of the operation of, clause 7.6 or 8.1 (as applicable) would or might reasonably be expected to result in the rights, title and interests of the ECA 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 AerVenture from reputable legal counsel in the relevant jurisdictions;

8.2.3 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

8.2.4 no Applicable Law shall prevent any party from performing its obligations under clause 7.6 or 8.1 (as applicable).

9 Contest

9.1 Each of the ECA Finance Parties hereby agrees that, if any Obligor is required to indemnify such ECA 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 ECA 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 ECA Finance Party providing such details as are available to it (free from confidentiality restrictions) of the relevant events and circumstances, the relevant ECA 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 ECA 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 ECA 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 ECA Finance Party, in each case in good faith, with a view to determining whether and, if so, on what basis such ECA Finance Party may be prepared to defend or compromise such Loss in its own name and if, following such good faith consultation, such ECA Finance Party determines that it is not prepared to defend or compromise such Loss in its own name then such ECA Finance Party shall be under no obligation to defend or compromise such Loss in its own name.

9.2 No ECA Finance Party shall be obliged to provide any co-operation pursuant to clause 9.1 unless (i) the relevant Lessee shall indemnify such ECA Finance Party to its reasonable satisfaction against all Losses which the ECA 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 ECA Finance Party sufficient funds (on an interest free basis and if such advance results in taxable income to such ECA Finance Party on an after Tax basis) to make such payment. Nothing herein shall require such ECA Finance Party to take or refrain from taking any action or do anything pursuant to clause 9.1 (i) which would (or might), in the reasonable opinion of such ECA Finance Party, entail any material risk of civil or criminal liability to any Obligor or any ECA 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 ECA Finance Party's interests. If such ECA Finance Party shall obtain a refund of all or any part of any such Losses which any Obligor shall have paid, such ECA Finance Party shall as soon as reasonably practicable pay to the relevant Lessee an amount which such ECA Finance Party determines will leave such ECA Finance Party in no better or worse position than it would have been had there been no claim against such ECA Finance Party for such Losses.

9.3 Each ECA 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 ECA Finance Party to take any such mitigation action shall not reduce, diminish or otherwise affect the obligation of the relevant Obligors to indemnify such ECA Finance Party pursuant to clause 9.1 of the relevant Loan Agreement and/or clause 13.2 of any Lease.

9.4 The provisions of clause 9 shall not apply to COFACE in the event that COFACE becomes a party to this Agreement.

9.5 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 9.1 and 9.3, as if all references therein to the ECA Finance Parties were references to that Borrower.

10 Covenants - ECA Finance Parties

10.1 Quiet enjoyment - Lessee

So long as no Lease Termination Event has occurred and is continuing, each ECA Finance Party agrees that neither it, nor any person lawfully claiming through that ECA 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.

10.2 Quiet enjoyment - Sub-Lessees

The ECA Finance Parties and the Borrowers acknowledge that a Sub-Lessee of an Aircraft which is then the subject of an ECA Loan may request the Lessee of that Aircraft to procure the execution and delivery of a quiet enjoyment undertaking by the ECA Finance Parties, or by the Security Trustee on their behalf, and by the relevant Borrower. The ECA 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 ECA 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 6.7. The ECA Finance Parties and the Borrowers agree that they shall perform their respective

obligations under each Quiet Enjoyment Undertaking.

10.3 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 AerVenture in writing of that non-receipt.

10.4 Finance Party Liens

Each ECA Finance Party agrees for the benefit of AerVenture and each Lessee as follows:

10.4.1

- (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 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 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 AerVenture

immediate written notice thereof, and will procure the prompt release of that Aircraft; and

10.4.2 it will comply with the obligations expressed to be assumed by it under the Transaction Documents.

10.5 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 ECA 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 ECA Finance Parties under those Loan Agreements or other Transaction Document (as applicable).

10.6 Release of security

10.6.1 Upon irrevocable receipt in full by the Security Trustee and/or the ECA Agent 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 any Mortgage, any 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 (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders,) 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, (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders,) at the cost of the Borrowers, as soon as reasonably practicable release, terminate and, as the case may be, reassign any English Law Mortgage, any Mortgage, 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.

10.6.2 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, the relevant IDERA 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.

10.6.3 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 any Mortgage (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 replacement Engine or Part), and take such other action which that Lessee may reasonably request in order to effect those releases, terminations and reassignments.

10.7 Substitution of Aircraft

10.7.1 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, 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 ECA Agent (acting on the instructions of all of the ECA Lenders) shall consider any such request in good faith, in accordance with the then current practice of COFACE 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 COFACE is that COFACE-supported Airbus aircraft may only be substituted in COFACE-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 COFACE approval.

10.7.2 Following a request by the relevant Lessee for the substitution of an Aircraft in accordance with clause 10.7.1 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 (acting on the instructions of all of the ECA Lenders) informing that Lessee of the decision of the ECA Lenders as to that substitution; or
- (b) if the ECA Agent (acting on the instructions of all of the ECA Lenders) has 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 10.7.2(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 COFACE as notified by COFACE to the ECA Lenders. If the Existing Aircraft is then substituted by the Replacement Aircraft in accordance with the approval and terms given or specified pursuant to clause 10.7.1, 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 (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) and that Lessee) shall, subject to the proviso to this clause 10.7.2, 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 13.4.

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 10.7 shall cease to be of any further application and the Retained Proceeds shall be applied in accordance with clause 13.7.

10.7.3 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 13.4, 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.

10.8 Borrower matters

Each ECA Finance Party agrees with AerVenture 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 AerVenture as to the manner and nature of such exercise, provided however that the relevant ECA Finance Party shall nevertheless, subject to clause 8, be entitled to exercise such discretion without reference (or, as the case may be, without further reference) to AerVenture 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 ECA 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 AerVenture from reputable legal counsel in the relevant jurisdictions. The foregoing provisions of this clause 10.8 are subject always to the requirements of clause 7.6.

10.9 Transaction Documents

Subject always to the provisions of clause 30.6.2, 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.

11 Enforcement of Trust Documents

11.1 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.

11.2 Acceleration of Loans

Save as expressly provided in this clause 11 none of the ECA 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.

11.3 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 14 and without prejudice to clause 11.5, 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 all of the ECA Lenders or, where specified in this Agreement, the Majority Lenders shall specifically direct the Security Trustee (that direction being given in writing through the ECA Agent). Each of the parties to this Agreement acknowledges and agrees that wherever in this Agreement the Security Trustee is expressed to take any action, or make any determination, it shall take such action and make such determination at the direction of the ECA Agent acting on the instructions of all of the ECA Lenders or, where specified the Majority Lenders. 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.

11.4 Instructions of Majority Lenders

The Security Trustee shall be entitled (and bound) to assume that any directions received by it from the ECA 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 all of the ECA Lenders or, where specified, of the Majority Lenders (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.

11.5 Action following Termination Event

Subject always to clause 8, 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 (a **Notice of Applicable Event**) to the relevant Borrower, the ECA Agent and the Security Trustee and if:

11.5.1 within a period of thirty (30) days following the giving of the Notice of Applicable Event or the expiry of any period specified in any Notice of Reservation of Rights issued by the Security Trustee pursuant to clause 11.6, the ECA Agent (acting on the instructions of all of the ECA Lenders) shall not have given either (i) notice (a **Notice for Inaction**) to the Security Trustee requiring that action not to be taken, or (ii) notice to the Security Trustee requiring the issue of a Notice of Reservation of Rights, or a further Notice of Reservation of Rights, pursuant to clause 11.6; or

11.5.2 the ECA Agent (acting on the instructions of all of the ECA Lenders) gives notice (a **Notice for Action**) in writing to the Security Trustee requiring that action to be taken,

then, upon the expiry of the thirty (30) period referred to in clause 11.5.1 or upon the giving of notice by the ECA Agent (acting on the instructions of all of the ECA Lenders) pursuant to clause 11.5.2 (or, if any Notice(s) of Reservation of Rights have been delivered by the Security Trustee pursuant to clause 11.6, 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 8):

(a) an ECA Acceleration Notice shall be deemed to have been given pursuant to and for all purposes of each ECA 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.

11.6 Reservation of rights

Subject to clause 8, if within thirty (30) days of the issue of a Notice of Applicable Event, the ECA Agent (acting on the instructions of all of the ECA Lenders) has given to the Security Trustee a notice in writing requiring it to do so (provided that the Security Trustee does not receive a Notice for Action pursuant to clause 11.5.2 within that period), the Security Trustee shall by notice in writing to the Lessees and AerVenture (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 Lessee, or as the case may be, AerVenture (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 Security Trustee 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 the ECA Agent (at the request of all of the ECA Lenders) prior to the expiry of that period (provided the Security Trustee does not receive a Notice for Action pursuant to clause 11.5.2 within that period), give to the relevant Lessee and any other relevant person a further Notice of Reservation of Rights.

11.7 Demands under the Guarantees

11.7.1 Notwithstanding anything in this Agreement or any of the other Transaction Documents to the contrary, each of the ECA Finance Parties agrees and acknowledges in connection with the Guarantees that the ECA Agent, acting on the instructions of all of the ECA Lenders, 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 relevant Guarantee.

11.7.2 So long as no Lease Termination Event and no ECA Utilisation Block Event has occurred and is continuing at that time any amounts received by the Security Trustee under any Guarantee as a result of any Notice of Demand sent in accordance with the instructions of the ECA Agent, acting on the instructions of all of the ECA Lenders, shall be applied in accordance with clause 13.8.1.

11.7.3 If any amounts are received by the Security Trustee under a Guarantee:

(a) and at that time a Lease Termination Event has occurred and is continuing, such amounts shall be applied in accordance with clause 13.7;

(b) and at that time an ECA Utilisation Block Event has occurred and is continuing, such amounts shall be held in the relevant Proceeds Account until such time as clause 11.7.2 or clause 11.7.3(a) shall become applicable, at which time such amounts shall be applied in accordance with clause 11.7.2 or clause 11.7.3(a) (as applicable).

12 Proceeds Account

12.1 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 12.3.

12.2 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.

12.3 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.

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12.4 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.

12.5 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 Dollars, such Proceeds shall be applied in the purchase of Dollars 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 Dollars 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.

12.6 No set-off or counterclaim

Each party agrees that any sums which it pays in accordance with clause 12.3 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).

12.7 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.

13 Application of sums received

13.1 Application of principal and interest prior to the occurrence of a Lease Termination Event

13.1.1 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 for application in or towards the payment of amounts due to the relevant ECA Lenders, that application to be in accordance with the terms agreed between the ECA Agent, the relevant ECA Lenders and COFACE.

13.2 Application of amounts received in respect of indemnity obligations

13.2.1 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.

13.2.2 Any and all monies received by the ECA Agent (whether as a result of the provisions of clause 13.2.1 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 the ECA Agent or (as the case may be) the Security Trustee, as soon as reasonably practicable following receipt thereof, to the relevant ECA Finance Party in respect of whom the indemnity claim was made up to the total amount owing to that ECA Finance Party in respect of that indemnity claim.

13.3 Application of insurance proceeds (other than in respect of a Total Loss of an Aircraft)

13.3.1 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).

13.3.2 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 ECA 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).

13.3.3 Notwithstanding the provisions of clauses 13.3.1 or 13.3.2, 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 13.3.1 or clause 13.3.2 shall conflict with AVN67B (or any replacement or equivalent thereof), the terms of AVN67B (or any replacement or equivalent thereof) shall apply.

13.3.4 Notwithstanding any provision of this clause 13 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.

13.4 Application of Total Loss Proceeds

13.4.1 Subject to clause 10.7, if any Total Loss Proceeds in respect of a Total Loss of an 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 COFACE of any and all Qualifying Expenses due and payable to any of the ECA Finance Parties and/or COFACE 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 Aircraft

to be applied to the ECA Agent in the proportions specified in the ECA Loan Agreement for that Aircraft for application by the ECA 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 Aircraft to be applied to the ECA Agent in the proportions specified in the ECA Loan Agreement for that Aircraft for application by the ECA 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 COFACE on a *pro rata* and *pari passu* basis of all other amounts owing to that ECA Finance Party and/or COFACE under this Agreement, the ECA Loan Agreement for that 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 Aircraft;

(e) fifthly, in payment to the Borrower for that Aircraft of all amounts owing by the relevant Lessee and/or AerVenture to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to that Aircraft;

(f) finally, any balance shall be paid as directed by the relevant Lessee.

13.4.2 If the amount of Total Loss Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 13.4.1(a) to 13.4.1(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.

13.4.3 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 13.7.1.

13.4.4 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.

13.5 Application of Requisition Proceeds

13.5.1 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 13.7 and subject always to the rights of any Sub-Lessee under any Assignment of Insurances and/or Sub-Lease.

13.6 Application of Proceeds received as a result of a prepayment made pursuant to clauses 4.4, 4.6 or 10.3 of any ECA Loan Agreement

13.6.1 If any Proceeds are received by the Security Trustee as a result of a prepayment made pursuant to clauses 4.4, 4.6 or 10.3 of any ECA Loan Agreement (in this clause 13.6, **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 COFACE of any and all Qualifying Expenses due and payable to any of the ECA Finance Parties and/or COFACE 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 the relevant ECA Lenders in the proportion specified in the ECA Loan Agreement for that ECA Loan for application by the ECA 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 the relevant ECA Lenders in the proportions specified in the ECA Loan Agreement for that ECA Loan for application by the ECA Agent in or towards payment of principal outstanding to the relevant ECA Lenders under that ECA Loan Agreement;
- (d) fourthly, in or towards payment to the ECA Agent (for the account of the relevant ECA Lenders or COFACE) and to the ECA Agent for its own account, *pro rata*, of any Break Costs to the extent covered by COFACE;
- (e) fifthly, in payment to the ECA Finance Parties and/or COFACE on a *pro rata* and *pari passu* basis of all amounts owing to the ECA Finance Parties and/or COFACE 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;
- (f) sixthly, in payment to the Borrower under that ECA Loan Agreement of all amounts owing by the relevant Lessee and/or AerVenture to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to that ECA Loan;

(g) finally, any balance shall be paid as directed by the relevant Lessee.

13.6.2 If the amount of any ECA Prepayment Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 13.6.1(a) to 13.6.1(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.

13.6.3 If any ECA Prepayment Proceeds are received after 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 in accordance with clause 13.7.1.

13.7 Application of Proceeds following a Lease Termination Event

13.7.1 Subject to clause 13.4.4, any Proceeds in respect of an Aircraft or otherwise in relation to the ECA Loan for that 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 13, to be applied in accordance with this clause 13.7.1), 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 the ECA Agent to be applied by the ECA Agent in or towards the payment of interest outstanding to the relevant ECA Lenders under that ECA Loan Agreement in the proportions specified in 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 the ECA Agent to be applied by the ECA Agent in or towards the payment of principal outstanding to the relevant ECA Lenders under that ECA Loan Agreement in the proportions specified in that ECA Loan Agreement;
- (d) fourthly, in or towards payment to the ECA Agent (for the account of the relevant ECA Lenders or COFACE) and to each relevant ECA Agent for its own account, *pro rata*, of any Break Costs to the extent covered by COFACE;
- (e) fifthly, to the persons, in the order and in respect of the matters referred to in paragraphs (a) to (d) inclusive above, in relation to each of the ECA Loans for the Aircraft other than that Aircraft;

- (f) sixthly, to the relevant ECA Finance Party and/or COFACE on a *pro rata* and *pari passu* basis in respect of all other amounts owing to that ECA Finance Party and/or COFACE 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 Aircraft), in each case, to the extent relating to the Aircraft;
- (g) seventhly, to the extent that, at such time, an AerCap Termination Event has occurred, in or towards payment to the AerCap Security Trustee of amounts due but unpaid under the relevant AerCap Facility for application in accordance with the terms of the A320 AerCap Facility Agreement, or, as the case may be, the A330 AerCap Facility Agreement;
- (h) eighthly, in or towards payment to the applicable security trustee or security agent of amounts due but unpaid under any loan or other agreements supported by the Export Credit Agencies in respect of Other ECA Indebtedness (other than the AerCap Facility Agreements) for application in accordance with the terms of the relevant documentation in respect of Other ECA Indebtedness (other than the AerCap Facilities) and in such order or proportions as are applicable under the relevant documents or as directed by the Export Credit Agencies, as applicable;
- (i) ninthly, in payment to each Borrower which is the owner of an Aircraft of all amounts owing by any Lessee and/or AerVenture to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to an Aircraft; and
- (j) finally, once all the amounts referred to in paragraphs (a) to (i) 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 (i) 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.

13.8 Application of Proceeds received pursuant to the Guarantees

13.8.1 If any Proceeds are received by the Security Trustee pursuant to a Guarantee as a result of any demand or notice given by the Security Trustee under that Guarantee at the request of the ECA Agent in accordance with clause 11.7.1 (in this clause 13.8, **Guarantee Proceeds**) and clause 11.7.2 applies, such 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 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 of an amount of up to the total amount of interest outstanding in respect of the ECA Loans to the ECA Agent for application by the ECA Agent in or towards payment of interest outstanding to the relevant ECA Lenders under the ECA Loan Agreements in the respective proportions specified in the ECA Loan Agreement;

(c) thirdly, in payment of an amount of up to the total amount of principal outstanding in respect of the ECA Loans to the ECA Agent for application by the ECA Agent in or towards payment of principal outstanding to the relevant ECA Lenders under the ECA Loan Agreements in the respective proportions specified in the ECA Loan Agreements;

(d) fourthly, in or towards payment to the ECA Agent (for the account of the relevant ECA Lenders or COFACE) and to each relevant ECA Agent for its own account, *pro rata*, of any Break Costs to the extent covered by COFACE;

(e) fifthly, in payment to the ECA Finance Parties and/or COFACE on a *pro rata* and *pari passu* basis of all amounts owing to the ECA Finance Parties and/or the COFACE 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);

(f) sixthly, to the extent that, at such time, an AerCap Termination Event has occurred, in or towards payment to the relevant AerCap Security Trustee of amounts due but unpaid under the relevant AerCap Facility for application in accordance with the terms of the A320 AerCap Facility Agreement, or, as the case may be, the A330 AerCap Facility Agreement;

(g) seventhly, in or towards payment to the applicable security trustee or security agent of amounts due but unpaid under any loan or other agreements supported by the Export Credit Agencies in respect of Other ECA Indebtedness (other than the AerCap Facilities) for application in accordance with the terms of the said loan or other agreements and in such order or proportions as are applicable under the relevant documents or as directed by the Export Credit Agencies, as applicable;

(h) eighthly, in payment to each Borrower under the ECA Loan Agreements of all amounts owing by any Lessee and/or AerVenture to that Borrower under this Agreement or any other Transaction Document which remain unpaid; and

(i) finally, any balance shall be paid as directed by the relevant Lessee.

13.8.2 If the amount of any Guarantee Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 13.8.1(a) to 13.8.1(f) 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.

13.9 Application by ECA Agent

13.9.1 Any application by the ECA Agent of funds received from the Security Trustee by way of distribution from a Proceeds Account pursuant to any provision of this clause 13 shall be effected in accordance with the terms agreed between the ECA Agent, the relevant ECA Lenders and COFACE, and the ECA 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.

13.9.2 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 13, 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 13.

13.9.3 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 ECA Agent (acting on the instructions of all of the ECA Lenders), to retain any Proceeds received or recovered in a Proceeds Account until all of the ECA Lenders shall direct all or part of such Proceeds to be applied in accordance with clause 13.7.

13.10 Identity of ECA 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:

13.10.1 (without prejudice to clause 18.4) 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

13.10.2 (without prejudice to clause 18.4) to the extent that any such information is not inconsistent with information on which any Representative is entitled to rely under this clause 13, 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).

13.11 Information to Security Trustee

Each of the ECA 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 13.

13.12 Recoveries by Lenders

13.12.1 General

If:

- (a) an ECA 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) an ECA 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 such Lender 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,

that ECA Lender shall as soon as reasonably practicable notify the ECA Agent of the amount and the manner of its receipt or recovery.

13.12.2 Redistribution of receipts

Following:

- (a) receipt of notice from an ECA Lender under clause 13.12.1; or
- (b) the ECA Agent notifying the ECA Lenders that not all ECA 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 13.

13.12.3 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 13.12.2.

13.12.4 Deemed payments by relevant Obligor

If a Lender makes a payment or payments pursuant to clause 13.12.3, any payment previously received by that Lender as described in clause 13.12.1 shall, subject to clause 13.12.6, 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 13.12.5 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 13.12.5 would be made.

13.12.5 No discharge of indebtedness

If a Lender makes a payment or payments pursuant to clause 13.12.3, clause 13.12.4 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.

13.12.6 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 13.12.1) to the relevant Obligor or any person claiming by or through the relevant Obligor.

13.12.7 Consents for payments

Each ECA Finance Party agrees to take all steps required of it pursuant to clause 13.12.1 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 13.12.3.

13.12.8 No charge created

The provisions contained in this clause 13.12 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 13.12.

13.13 Aircraft

The foregoing provisions of this clause 13 apply to Aircraft which, at the relevant time, are subject to the security constituted by the Security Documents.

14 Fees, Expenses and indemnities

14.1 Indemnification from Trust Property - Security Trustee

Without prejudice to any right to indemnity arising under Applicable Law, clause 14.2 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 14.1 shall be in all respects subject to clause 13.

14.2 Indemnification of Expenses - ECA Finance Parties and COFACE

14.2.1 Each Borrower shall pay to the relevant Agent for the account of the relevant ECA Finance Party (which, in the case of the Security Trustee, shall for the purposes of this clause 14.2 include each agent or other person appointed by it in connection with its appointment under this Agreement) or COFACE (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 is entered into and/or any amount is disbursed under the Loan Agreements, all Expenses incurred by the ECA Finance Parties and COFACE (or any of them).

14.2.2 Each Lender (other than, to the extent relevant, COFACE) 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 14.2.1 but is not received by the Security Trustee.

14.2.3 Each ECA Lender (other than, to the extent relevant, COFACE) 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 14.2.1 but is not received by the ECA Agent.

14.3 Borrower fees

Each Borrower shall:

14.3.1 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

14.3.2 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 AerVenture.

14.4 Stamp and other duties

Subject to clause 14.6 and to the proviso to this clause 14.4, each Borrower shall pay any stamp, documentary, transaction, registration or other like duties or Taxes (including any duties or Taxes payable by any ECA Finance Party, but excluding Excluded Taxes) imposed on any Transaction Document for an Aircraft which is owned by that Borrower and shall indemnify the ECA 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 ECA Finance Party under this clause 14.4 in respect of any duties or Taxes which are imposed in a jurisdiction as a result of that ECA Finance Party taking or sending the relevant Transaction Document into that jurisdiction unless that ECA 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.

14.5 Recordation and registration expenses

Subject to clause 14.6, the Borrowers shall pay and indemnify the ECA Finance Parties and the Lessees shall pay and indemnify the Borrowers against all fees, costs and expenses associated with:

14.5.1 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

14.5.2 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.

14.6 Mortgage cost

No Borrower shall be liable to pay and/or indemnify any ECA 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 14.4 and 14.5 to the extent that, in relation to any individual Mortgage for an Aircraft, such Taxes, fees, costs and expenses together exceed twenty thousand Dollars (\$20,000) and, pursuant to paragraph 1(c) of Schedule 7, no Mortgage for that Aircraft is required.

15 ECA Agent

15.1 Appointment of ECA Agent

Each ECA Lender 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 beyond those expressly stated in this Agreement and the other Transaction Documents.

15.2 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.

15.3 No obligations to other parties

The ECA Agent shall not:

15.3.1 be obliged to make any enquiry as to any default by any Borrower, any Lessee, AerVenture 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 any ECA Lender, in which case the ECA Agent shall as soon as reasonably practicable notify the ECA Lenders of the relevant event or circumstances;

15.3.2 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.

15.3.3 for the purposes of this clause 15, 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, AerVenture or any other person.

15.4 Communications

The ECA Agent shall as soon as reasonably practicable notify each ECA Lender 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.

15.5 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.

15.6 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 15.3.1 and 15.4. 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.

15.7 No responsibility for other parties

The ECA Agent shall not have any responsibility to any ECA Lender:

15.7.1 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

15.7.2 for the financial condition of any Obligor, any other party to the Transaction Documents, or any other person; or

15.7.3 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

15.7.4 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

15.7.5 otherwise in connection with any ECA Loan or the negotiation of this Agreement or any of the other Transaction Documents; or

15.7.6 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.

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.

15.8 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 AerCap Group Company or any of their respective Subsidiaries or Affiliates or any other ECA Finance Party as if it were not the ECA Agent.

15.9 Retirement of ECA Agent

15.9.1 The ECA Agent may retire from its appointment as ECA Agent under this Agreement and the other Transaction Documents having given to AerVenture 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; or
- (b) failing such a nomination, any reputable and experienced bank or financial institution nominated by the retiring ECA Agent after consultation with the Secured Parties,

and that successor ECA Agent shall have accepted that appointment in writing.

15.9.2 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.

15.10 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, each Borrower, each Lessee and AerVenture 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 15.9 but so that, for this purpose, the reference in clause (b) 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 15.10).

15.11 Service of notice on ECA Agent

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 ECA Agent for onward transmission to the relevant ECA Lender.

15.12 Information relating to notices

The ECA Agent shall, as soon as reasonably practicable, notify each ECA Lender 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.

16 Appointment and powers of the Security Trustee

16.1 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.

16.2 Delegation of powers

By virtue of the appointment set out in clause 16.1, 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.

16.3 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 11 and then only to the extent stated in such specific written instructions.

17 Declaration of trust; supplemental provisions

17.1 Declaration of trust

The Security Trustee hereby accepts its appointment under clause 16.1 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.

17.2 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.

17.3 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 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.

17.4 Determination of issues

The ECA 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 ECA Finance Parties (save in the case of manifest error or the wilful misconduct or gross negligence of the Security Trustee).

17.5 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 AerCap Holdings 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.

17.6 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.

18 Restrictions and limitations on and exclusions of the duties and responsibilities of the Security Trustee

18.1 No obligation to act

The Security Trustee shall not be obliged:

18.1.1 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

18.1.2 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.

18.2 No responsibility to provide information

The Security Trustee shall not have any duty or responsibility, either initially or on a continuing basis:

18.2.1 subject to clause 18.7, to provide any of the Secured Parties with any information with respect to any Borrower, any Lessee, AerVenture or any other person whenever coming into its possession; or

18.2.2 to investigate or make any enquiry into the title of any party to the Trust Property or any part thereof.

18.3 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 11 or in reliance upon information provided by any of the Secured Parties pursuant to clause 11 or otherwise other than to the extent of its own wilful misconduct or gross negligence.

18.4 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.

18.5 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.

18.6 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.

18.7 Communications

The Security Trustee shall, as soon as practicable, notify the ECA 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.

19 No restriction on or liability to account for other transactions

19.1 No restriction on other business

The Security Trustee may, without any liability to account to any of the ECA 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 AerCap Group Company or any Subsidiary or Affiliate of any Obligor, any Sub-Lessee, any Sub-Sub-Lessee or any AerCap Group Company or any of the ECA Finance Parties or any other person as if it were not the Security Trustee.

19.2 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.

20 Common Agent and Security Trustee

Notwithstanding that the ECA Agent and the Security Trustee, may from time to time be the same entity, the ECA Agent and the Security Trustee have entered into this Agreement in their separate capacities as agent for the ECA Lenders and as security agent and trustee for the Secured Parties, provides for the ECA Agent or the Security Trustee, to communicate with or provide instructions to each other while the ECA Agent and the Security Trustee, 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.

21 Change of Security Trustee

21.1 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 having given to the ECA Finance Parties, each Borrower, each Lessee and AerVenture 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:

21.1.1 a bank or financial institution nominated by the Majority Lenders; or

21.1.2 failing such a nomination, any bank or financial institution nominated by the Security Trustee after consultation with the Secured Parties,

21.1.3 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.

21.2 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 AerVenture 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 21.1 but so that, for this purpose, the reference in clause 21.1.2 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 21.2).

21.3 Discharge of retiring Security Trustee

Upon any successor to the Security Trustee being appointed pursuant to clause 21.1 or 21.2, 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 21.1 or be removed pursuant to clause 21.2, the ECA Finance Parties and the Lessees agree to consult in good faith in selecting and appointing a new Security Trustee.

21.4 Retirement after discharge of Secured Loan Obligations

Notwithstanding clauses 21.1 and 21.2, 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 AerVenture at any time when the Secured Loan Obligations have been fully repaid and discharged. A Lessee selected by AerVenture shall, at its own cost, at that time assume the role of Security Trustee under this Agreement and the other Trust Documents.

21.5 Cost of change in Security Trustee

In relation to any change of Security Trustee, other than a change at the request or direction of COFACE, 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 COFACE, the costs and expenses thereby incurred by each of the other parties hereto shall be for the account of the Borrowers.

22 Limited recourse obligations of Borrowers

22.1

22.1.1 Subject to clause 22.2 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 Lenders, AerVenture, any other AerCap 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, AerVenture, any other AerCap 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:

22.1.2 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

22.1.3 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, Lenders, AerVenture and the other AerCap Obligor 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.

22.2 Clause 22.1 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:

22.2.1 the wilful misconduct or gross negligence of that Borrower; or

22.2.2 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

22.2.3 fraud on the part of that Borrower.

22.2.4 The provisions of this clause 22 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:

22.2.5 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

22.2.6 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.

22.3

22.3.1 AerVenture and each other AerCap 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.

22.3.2 Each of the ECA 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 ECA 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 AerVenture from reputable legal counsel in the relevant jurisdictions.

22.4 Each of the Security Trustee, the Agents, the Lenders, AerVenture and the other AerCap 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.

23 Set-off

23.1 Set-off

23.1.1 Subject to clause 23.1.4, 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 AerCap Obligors any sum due and unpaid by the relevant AerCap Obligor to that Borrower, in each case, under or in relation to any of the Transaction Documents; and

(b) each ECA 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 ECA Finance Party, in each case, under or in relation to any of the Transaction Documents.

23.1.2 No Obligor shall be entitled to deduct any sum which may be due to it from the ECA 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.

23.1.3 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 ECA 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 ECA Finance Parties and/or any of the Borrowers; and/or

(b) any other party under or in connection with any of the Transaction Documents.

23.1.4 Each ECA Finance Party irrevocably and unconditionally waives any rights of set off that it may have at law or under clause 23.1.1 in relation to any amount due to any Sub-Lessee or Lessee under clause 6.6.8(a).

23.2 Set-off not mandatory

No ECA Finance Party shall be obliged to exercise any of its rights under clause 23.1.

24 Notices

24.1 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:

24.1.1 in order to be valid be in English and in writing;

24.1.2 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;

24.1.3 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;

24.1.4 be effective:

(a) in the case of a letter, when left at the address referred to in clause 24.1.2(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 24.1.2(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.

24.2 For the purposes of this clause 24, all notices, requests, demands or other communications shall be given or made by being addressed as follows:

24.2.1 if to the Principal Borrower, to:

c/o Walkers SPV Limited
Walker House
87 Mary Street
George Town
Grand Cayman, KY1-9002
Cayman Islands

Facsimile: ~~N3~~45 945 4757
Attention: The Directors

with copies to AerVenture and each Agent at the addresses detailed below;

24.2.2 if to any AerCap Obligor, to:

AerCap Holdings N.V.
AerCap House
Stationsplein 965
1117CE Schiphol Airport
The Netherlands

Facsimile: ~~3~~120 655 9100
Attention: Chief Legal Officer

with a copy to:

AerVenture Limited
c/o AerCap Ireland Limited
AerCap House
Shannon Industrial Estate
Shannon
County Clare
Ireland

Facsimile: ~~N6~~3 61723850
Attention: Company Secretary

with a copy to each Agent at the address detailed below;

24.2.3 if to an Agent or the Security Trustee, to:

Calyon
9 Quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

Facsimile: ~~33~~ (0)1 41 89 85 75
Attention: DFS / Middle Office Aviation Group

with, except in relation to notices from one ECA Finance Party to another ECA Finance Party, a copy to AerVenture at the address detailed above; and

24.2.4 if to a Lender, to that Lender care of the ECA Agent.

25 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 AerVenture, 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:

25.1.1 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

25.1.2 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 25; or

25.1.3 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

25.1.4 pursuant to any Applicable Law; or

25.1.5 to any fiscal, monetary, Tax, governmental or other competent authority; or

25.1.6 to its auditors, bankers, legal or other professional advisers (which are under an ethical obligation to or agree to hold that information confidential); or

25.1.7 to any of the Export Credit Agencies; or

25.1.8 in any manner contemplated by any of the Transaction Documents; or

25.1.9 to AerVenture, AerCap Holdings or any other AerCap Group Company.

26 Joint and several liability

For the purpose of any provision of the Transaction Documents, it is hereby acknowledged and agreed that:

26.1 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;

26.2 where the same obligations are expressed as being owed by more than one AerCap Obligor, each of such AerCap Obligors shall be jointly and severally liable for such obligations; and

26.3 where the same obligations are expressed as being owed by more than one Borrower, each of such Borrowers shall be jointly and severally liable for such obligations (but without prejudice to, and subject to, clause 22).

27 Consents and related matters

27.1 Each Lessee and AerVenture 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 AerVenture may, from time to time, make under or in connection with any Transaction Document or the transactions contemplated thereby.

27.2 Where any approval, consent, waiver, agreement or exercise of other discretion is requested by any Lessee or AerVenture from the Security Trustee pursuant to this Agreement or any other Transaction Document, the Security Trustee and the relevant ECA 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 AerVenture in a timely manner.

28 Subordination

28.1 Each of the ECA 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 28.

28.2 The ECA 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.

28.3 Without prejudice to the provisions of clause 28.2, 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 13 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.

28.4 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.

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28.5 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.

28.6 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.

28.7 Each Lessee shall be entitled, at any time following the full and final discharge of the Secured Loan Obligations:

28.7.1 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

28.7.2 to exercise all of the rights of the ECA Finance Parties under the Trust.

28.8 To the extent required under Dutch law, the subordination set forth in this clause 28 is being accepted by the Security Trustee as agent (*zaakwaarnemer*) on behalf of the ECA Finance Parties.

29 Miscellaneous

29.1 Cumulative rights

The respective rights of the ECA Finance Parties and the Borrowers pursuant to this Agreement and the other Transaction Documents:

29.1.1 are cumulative, may be exercised as often as they consider appropriate and are in addition to their respective rights under Applicable Law; and

29.1.2 shall not be capable of being waived or varied otherwise than by an express waiver or variation in writing.

29.2 Waivers

Any failure to exercise, or any delay in exercising, on the part of any ECA 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.

29.3 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.

29.4 Further assurance

Except to the extent inconsistent with the express terms of the Transaction Documents, 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 ECA 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.

29.5 Certificates

A certificate given by any ECA 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.

29.6 Amendments

29.6.1 Unless a Lease Termination Event has occurred any term of any Transaction Document other than the Lease and the Guarantee may be amended or waived with the agreement in writing of all the parties to it so long as such amendment does not adversely affect the right or obligations of COFACE or is made with its consent.

29.6.2

(a) Subject to clause 30.6.2(b), the ECA Finance Parties (or any of them) may also agree an amendment to a Transaction Document without the agreement of any other party or parties to that Transaction Document (or otherwise) if the amendment is in writing and does not affect the rights, interests or obligations of that other party or parties, COFACE or any ECA Finance Party, and the other parties to that Transaction Document shall (at no cost to such other parties) take such action and execute such documents as the relevant ECA Finance Party may require in order to offset such amendment;

(b) Each of the parties hereto agrees that any Transaction Document to which an AerCap Obligor is a party may not be amended other than in accordance with the express terms of the relevant Transaction Document and with the prior written consent of the relevant AerCap Obligor.

29.6.3 The Lease and the Guarantee may only be amended with the consent of the Majority Lenders.

29.6.4 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 AerVenture (on behalf of each AerCap Obligor) and the Security Trustee (on behalf of each ECA Finance Party and each Borrower). Each AerCap Obligor hereby irrevocably authorises AerVenture to execute any amendments to any Transaction Document on its behalf. Each ECA Finance Party and each Borrower hereby irrevocably authorises the Security Trustee to execute any amendments to any Transaction Document on its behalf, subject to the Security Trustee first receiving the written consent of the ECA Agent.

29.7 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.

29.8 Other security

Nothing contained in this Agreement shall prejudice or affect the rights of any of the ECA 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.

29.9 Obligations several

The obligations of each of the ECA Finance Parties under this Agreement are several; the failure of any of the ECA Finance Parties to perform such obligations shall not relieve any other of the ECA Finance Parties or any Obligor of any of their respective obligations or liabilities under any of the Transaction Documents nor shall the ECA Agent or the Security Trustee be responsible for the obligations of the other ECA Finance Parties nor shall any of the ECA Finance Parties be responsible for the obligations of any other of the ECA Finance Parties under this Agreement.

29.10 No partnership

This Agreement shall not and shall not be construed so as to constitute a partnership between the parties or any of them.

29.11 Information from AerVenture

AerVenture shall upon request of the ECA Agent deliver to COFACE (via the ECA Agent) or upon request of the ECA Agent deliver to the ECA Agent all such information concerning AerVenture and/or any AerCap Group Company which is a party to any of the Transaction Documents and their respective affairs and the Aircraft as shall be available to AerVenture or such other AerCap Group Company (and subject

to any confidentiality restrictions) and which the ECA Agent shall reasonably require in the context of the Transaction Documents and the transactions contemplated thereby.

29.12 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, and unless the ECA Agent otherwise agrees, 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.

30 Transfers

30.1 Transfers by Obligors

Without prejudice to the provisions of clause 7, no Obligor shall assign any rights or transfer any obligations under any Transaction Document without the prior written consent of the ECA Agent.

30.2 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:

30.2.1 prior to the transfer or change in Lending Office becoming effective, the relevant Lender:

(a) gives notice to AerVenture (with a copy to the ECA 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; and

(b) obtains the prior consent of COFACE,

30.2.2 the Transferee (i) is an Export Credit Agency, or (ii) is eligible for support from COFACE and (unless the Transferee is or has been a Lender) has been approved as a Transferee by AerVenture (such approval not to be unreasonably withheld or delayed), or (iii) is designated as a Transferee by the relevant Export Credit Agency; and

30.2.3 with the exception of transfers occurring as a result of sub-paragraphs (i) or (iii) of clause 30.2.2, 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 8.1.

30.3 Transfer Certificates

30.3.1 If any ECA Lender (the **Transferor**) transfers all or any part of its rights, benefits and/or obligations under this Agreement in respect of any ECA Loan for an Aircraft to another bank or financial institution (or other person approved by AerVenture) (the **Transferee**) in accordance with clause 30.2, 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 ECA Agent and AerVenture may agree.

30.3.2 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 30.3 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 30.2, 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.

30.3.3 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.

30.3.4 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.

30.4 Costs and expenses

In relation to any transfer contemplated by this clause 30 which is not a transfer pursuant to clause 8.1 or a transfer to a Transferee referred to in sub-paragraphs (i) or (iii) of clause 30.2.2, 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 30 which is a transfer pursuant to clause 8.1 or a transfer to a Transferee referred to in sub-paragraphs (i) or (iii) of clause 30.2.2, the costs and expenses thereby incurred by each of the other parties hereto shall be for the account of the Borrowers.

31 Governing law and jurisdiction

31.1 Governing law

This Agreement and any non-contractual obligations connected with it shall be governed by and construed in accordance with English law.

31.2 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 or any non-contractual obligations connected with it (including a dispute regarding the existence, validity or termination of 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 AerVenture, 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 3 More London Riverside, London SE1 2AQ (marked for the attention of the Director of Administration, reference OGM/LN25172); and
- (c) in the case of each of the ECA Finance Parties, the address from time to time of the relevant ECA Finance Party's branch in London, England (or, if any ECA 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.

31.3 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.

32 Contracts (Rights of Third Parties) Act 1999

32.1 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 ECA Finance Party and/or COFACE shall be enforceable by that ECA Finance Party, or, as the case may be, COFACE 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 ECA Finance Parties and COFACE.

32.2 Subject to clause 32.1, 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.

33 Export Credit Agency

33.1 Each of the Obligors hereby acknowledges and accepts that, under the Support Agreement, COFACE has certain rights to require the ECA Finance Parties to act, or to omit to act, in accordance with the instructions of COFACE. 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 COFACE.

33.2 Each of the Obligors hereby acknowledges and accepts that this Agreement is drafted on the basis that COFACE will be the sole Export Credit Agency to issue a Support Agreement in support of the Borrower’s obligations under each ECA Loan which is to be issued hereunder. The ECA Agent may, at any time following the execution of this Agreement, inform the Obligors that one or more of Euler Hermes and ECGD has elected to issue Support Agreements in respect of the ECA Loans to be issued hereunder. Each of the Obligors hereby acknowledges and agrees that in the event that

the ECA Agent so notifies them they shall execute all such additional documents, instruments, agreements, consents as the ECA Agent and the relevant Export Credit Agencies may require in order to document and given effect to such change.

34 Parallel debt

34.1 Each AerCap Obligor which is a party hereto and has its State of Incorporation in The Netherlands or France (**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 ECA 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**).

34.2 Each of the parties hereby acknowledges that:

34.2.1 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 ECA Finance Party; and

34.2.2 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 34 shall never exceed the amount which may become due in respect of all of its Principal Obligations owed to all of the ECA Finance Parties.

34.3 The total amount due by the Relevant Obligor as the Parallel Debt under this clause 34 shall be decreased to the extent that the Relevant Obligor shall have paid any amounts to the ECA Finance Parties or any of them to reduce its outstanding Principal Obligations or any ECA Finance Party otherwise receives any amount in discharge of those Principal Obligations (other than by virtue of clause 34.4).

34.4 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.

34.5 In the event of a resignation of Security Trustee or the appointment of a new Security Trustee pursuant to clause 21 of this Agreement, the retiring Security Trustee shall assign (*cederen*) or transfer by way of transfer of contract (*contractsoverneming*) the Parallel Debt owed to it to the successor Security Trustee

35 Servicing Agreement

35.1 AerVenture and each AerCap Obligor hereby acknowledges and agrees that it is a fundamental condition of the ECA Lenders' agreement to advance the ECA Loans under this Agreement that until such time as the Secured Obligations have been satisfied in full a Servicing Agreement is in place between the Servicers and AerVenture.

35.2 In the event that a Servicing Agreement ceases to be in place contrary to the undertaking contained in clause 35.1 a Mandatory Prepayment Event shall occur in respect of all of the Aircraft.

35.3 AerVenture agrees to promptly notify the ECA Agent of any change to the identity of the Servicers under a Servicing Agreement and to provide the ECA Agent with a copy of each Servicing Agreement which may, from time to time, be entered into between AerVenture and the relevant Servicers (and each amendment thereto) so that the ECA Agent is, at all times, in possession of a complete and up-to-date copy of the then current Servicing Agreement.

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

A320 AerCap Facility Agreement means the Facility Agreement dated 23 April 2003 (as amended, supplemented and restated from time to time) between, among others, Calyon, AerCap B.V. and AerCap Holdings pursuant to which the ECA Lenders (as defined therein) have agreed to finance up to 30 Airbus A320 family aircraft for AerCap;

A320 AerCap Termination Event means a “**Termination Event**” under (and as defined in) the A320 AerCap Facility Agreement;

A330 Facility Agreement means the Facility Agreement dated 30th December 2008 (as amended, supplemented and restated from time to time) between, among others, Calyon, Jetstream Aircraft Leasing Limited and AerCap Holdings pursuant to which the ECA Lenders (as defined therein) have agreed to finance up to 15 Airbus A330 family aircraft for AerCap;

A330 AerCap Termination Event means a “**Termination Event**” under (and as defined in) the A330 AerCap Facility Agreement;

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 a Principal Lessee or, as the case may be, an Alternative Obligor in the form from time to time agreed between AerVenture 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;

AerCap Group means AerCap Holdings and its Subsidiaries from time to time;

AerCap Group Company means any member of the AerCap Group;

AerCap Holdings means AerCap Holdings N.V. (a “**naamloze vennootschap**”) a company incorporated and organised under the laws of the Netherlands whose registered office is at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, Amsterdam, The Netherlands;

AerCap Holdings Guarantee means the guarantee dated the Signing Date and entered into between AerCap Holdings and the Borrowers pursuant to which AerCap Holdings guarantees the performance of the obligations and liabilities of each of AerVenture and each Lessee under this Agreement and AerVenture’s obligations and liabilities under the AerVenture Guarantee;

AerCap Facilities means each of the A320 AerCap Facility Agreement and the A330 AerCap Facility Agreement;

AerCap Obligors means together AerVenture, each Lessee, AerCap Holdings and each Lessee Parent, and **AerCap Obligor** means any of them;

AerCap Security Trustee means each “**Security Trustee**” from time to time under (and as defined in) the A320 AerCap Facility Agreement and the A330 AerCap Facility Agreement;

AerCap Termination Event means any A320 AerCap Termination Event or any A330 AerCap Termination Event;

AerVenture means AerVenture Limited a company incorporated under the laws of Ireland and having its registered office at AerCap House, Shannon, County Clare, Ireland;

AerVenture Guarantee means the guarantee dated the Signing Date between AerVenture and the Borrowers pursuant to which AerVenture guarantees the performance of the obligations and liabilities of the Lessees;

AerVenture Intermediate Ownership Company means AerCap AerVenture Holding B.V. a company organised and existing under the laws of The Netherlands whose registered office is at AerCap House, Stationsplein 965, 1117 CE Schiphol Airport Amsterdam The Netherlands or any other direct Subsidiary of AerCap Holdings, the shares in which are one hundred per cent (100%) directly owned and controlled by AerCap Holdings to which AerCap AerVenture Holding B.V. transfers its entire ownership stake in AerVenture Limited (being at least fifty per cent (50%) of the entire issued share capital of AerVenture Limited) from time to time;

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;

Agreed ECA 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 (ii) the Margin;

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 AerVenture and the Security Trustee;

Airbus means (as the context may require) Airbus S.A.S. (legal successor of Airbus S.N.C., formerly known as Airbus G.I.E. and Airbus Industrie 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 Airbus Purchase Agreement dated 30 December 2005, together with the exhibits thereto, made between the Manufacturer and AerVenture or such other Airbus Purchase Agreement with the Manufacturer which relates to that Aircraft;

Airbus Purchase Agreement Assignment means, in respect of any Aircraft, the Airbus Purchase Agreement Assignment entered or to be entered into between AerVenture and the relevant Borrower in respect of the right to take title to that Aircraft under the Airbus Purchase Agreement;

Airbus Remarketing Agreement means, in respect of any Aircraft, the technical support and remarketing services agreement entered or to be entered into between the relevant Borrower, the Security Trustee and Airbus;

Aircraft means, subject to clause 2.2.2 and as the context may require, all or any one of the twenty (20) A320 aircraft which AerVenture has agreed to purchase pursuant to the Airbus Purchase Agreement (or, following the exercise by AerVenture of its conversion rights under the Airbus Purchase Agreement all or any one of the A319 or A321 Aircraft which AerVenture has elected to purchase in lieu of an A320 Aircraft) details of which are set out in each ECA Utilisation Notice, provided that the total amount of Aircraft financed under this Agreement from time to time shall not exceed twenty (20) Aircraft (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 the ECA Agent at the request of AerVenture, 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 in respect of an Aircraft, the aggregate amount which is equal to:

- (a) 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
- (b) 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 the ECA Agent (acting on the instructions of all of the ECA Lenders);

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, AerVenture, 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 the ECA Agent (acting on the instructions of all of the ECA Lenders) and incorporated in a jurisdiction approved by the ECA Agent (acting on the instructions of all of the ECA Lenders), in each case, in accordance with clause 7, which accedes to this Agreement as a Borrower pursuant to clause 7;

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 AerVenture on terms approved by the Security Trustee (acting on the instructions of all of the Lenders) and AerVenture 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 AerVenture, in form and substance reasonably satisfactory to the Security Trustee (acting on the instructions of all of the Lenders) and Principal Obligor, 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 Principal Obligor;

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 Principal Obligor 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 AerVenture;

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 AerVenture 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 AerVenture;

Alternative Lessee Share Charge means each pledge or charge to be granted by the relevant Lessee Parent to the Principal Borrower or the Security Trustee 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 AerVenture;

Alternative Lessees means the First Intermediate Lessee and each other direct or indirect Subsidiary of AerVenture which accedes to this Agreement as a Lessee pursuant to clause 7 which is directly or indirectly controlled by AerVenture, the shares in which are one hundred per cent (100%) owned, on an indirect basis, by Aerventure and which is, approved by the ECA Agent (acting on the instructions of all of the ECA Lenders) and incorporated in a jurisdiction approved by the ECA Agent (acting on the instructions of all of the ECA Lenders) and “**Alternative Lessee**” means any of them;

Alternative Obligor means an Alternative Borrower or an Alternative Lessee;

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:

- (a) in respect of any Loan and any Interest Period, the LIBOR rate for that Loan and Interest Period on the Quotation Date. Notwithstanding the foregoing:
 - (i) 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:
 - (A) LIBOR for the complete period for which that rate is publicity quoted having the next shorter duration than that Interest Period, and
 - (B) LIBOR for the complete period for which said rate is publicity quoted having the next longer duration than that Interest Period; and
 - (ii) 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 ECA Agent (acting on the instructions of all of the ECA Lenders) to the relevant Borrower, the relevant Lessee and AerVenture on the relevant Quotation Date; or

- (b) in the case of any ECA Loan, following a Conversion, the applicable Fixed Rate for that ECA Loan;

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; and
- (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;

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;

Basle II Paper means the Revised Framework for International Convergence for Capital Measurement and Capital Standards issued by the Basel Committee on Banking Supervision in June 2004 and the proposals published by the European Parliament and Council recasting Directives 2000/12/EC and 93/6/EEC (the Capital Requirement Directives) and as amended and supplemented from time to time prior to the date hereof;

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 AerVenture 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 Document means, in respect of each Borrower, each Transaction Document to which such Borrower is, or will be, party;

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 the Principal 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 the Loan Agreement for that Aircraft, in form and substance acceptable to AerVenture and the Security Trustee (each acting reasonably);

Borrower Share Charges means together the Principal 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 22) 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 a Borrower in clauses 4.1.15, 4.1.16 or 4.1.17 is, or proves to have been, incorrect and, as a consequence of such incorrectness (i) a deduction or withholding is required to be made in respect of any payment due by the relevant Borrower under the Transaction Documents and the relevant Borrower does not comply with its obligations under clause 4.8 of the ECA Loan Agreement to which it is party or (ii) a Tax is levied or incurred which is not paid by the relevant Borrower in accordance with the Transaction Documents or in respect of which the ECA Finance Parties are not indemnified to the extent required by the Transaction Documents;
- (e) any representation or warranty (other than those outlined in sub-paragraph (d) immediately above) 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;
- (f) any Insolvency Event occurs in relation to any Borrower which is a party to a Transaction Document for that Aircraft;
- (g) 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 AerCap 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 Principal Borrower and each Alternative Borrower, and **Borrower** means any of them;

Break Costs means (as a result of a prepayment of a Loan, any delayed Delivery or Delivery not occurring, any payments under a Support Agreement following an Event of Default, or any other circumstances provided in a Transaction Document) either:

- (a) prior to a Conversion, such amounts as a Lender or the ECA Agent (on its own behalf or on behalf of the ECA Lenders) may certify as necessary to compensate it or any other ECA Finance Party for Losses incurred in terminating swaps, interest make-up or other arrangements from or with other persons (including any of the Export Credit Agencies or any other party to any of the Transaction Documents) or employing deposits, in each case, acquired or entered into to effect or maintain all or any part of its share of the relevant Loan or, in the case of COFACE, entered into pursuant to, or in connection with, its Support Agreement but, in the case of a Lender (and not an Export Credit Agency) in respect of Losses as a result of prepayments only, not in excess of the amount (if any) by which:
 - (i) the interest which that Lender should have received for the period from the date of receipt of the relevant amount prepaid of its participation in a Loan to the last day of the current Interest Period in respect of that Loan, had the principal amount received been paid on the last day of that Interest Period
exceeds
 - (ii) the amount which that Lender is able to obtain by placing an amount equal to that relevant amount on deposit with a leading bank in the London interbank market for a period starting on the Business Day following actual receipt or recovery and ending on the last day of the current Interest Period; or
- (b) following a Conversion, such amounts which:
 - (i) in the case of COFACE, it certifies are Losses suffered or incurred by it as a result;
 - (ii) in the case of any Lender, or the ECA Agent, it certifies will compensate it for Losses incurred in terminating the relevant Interest Rate Swap but in any event not in excess of the amount which would be the Close-out Amount (if positive) determined under (and as defined in) an ISDA 2002 Master Agreement (the ISDA

Agreement) as if the relevant Lender were the Determining Party (as defined in the ISDA Agreement) and the Terminated Transaction (as defined in the ISDA Agreement) were an interest rate swap transaction beginning on the Conversion Date and ending on the Final ECA Repayment Date in respect of the relevant Loan Agreement, pursuant to which that Lender is obliged, on each relevant ECA Repayment Date falling after the Conversion Date, to pay fixed amounts to the swap counterparty equal to the interest payable under the relevant Loan Agreement at the Fixed Rate and receive floating amounts from such swap counterparty equal to LIBOR by reference to principal amounts equal to the amount prepaid or to be prepaid to such Lender;

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 and references to any Articles of the Cape Town Convention refer to the English language version of the Consolidated Text of the Cape Town Convention and the Aircraft Protocol attached to Resolution No. 1 of the Final Act of the Diplomatic Conference to adopt the Cape Town Convention and Aircraft Protocol;

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 and/or the Basle II 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 the Basle II Paper 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;

Cash Collateral Account means, in respect of an Aircraft, the Dollar account so designated held by the Lessee of that Aircraft with the Cash Collateral Account Bank for that Aircraft, and includes any redesignation and sub-accounts thereof;

Cash Collateral Account Bank means, in respect of an Aircraft, Calyon (Paris head office) or such other bank or financial institution as may be agreed between AerVenture and the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) and includes its successors in title;

Cash Collateral Account Charge means, in respect of an Aircraft, the charge, pledge or other Lien over the Cash Collateral Account for that Aircraft in form and substance reasonably satisfactory to the Security Trustee (acting on the instructions of the ECA Agent

which, in turn, is acting on the instructions of all of the ECA Lenders) granted (where required by the terms of this Agreement) by the Lessee 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 (A) an acknowledgment of the Cash Collateral Account Bank thereto which shall confirm (without limitation) that only the Security Trustee shall be entitled to withdraw or transfer monies from that Cash Collateral 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 Cash Collateral Account and (B) in the event that paragraph (a) above applies, a lessee assignment (in substantially the same form as the Lessee Assignments) in respect of such Cash Collateral Account Charge in favour of the relevant Borrower and, in the event that paragraph (a) or (b) above applies, a security assignment (in substantially the same form as the Security Assignments) in respect of such Cash Collateral Account Charge in favour of the Security Trustee;

Centre of Main Interests means the “centre of main interests” of an Obligor for the purposes of Council Regulation (EC) No. 1346/2000 of 29 May 2000;

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 AerCap Holdings 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
- (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 Airbus 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;

Conversion means, in respect of the ECA Loans, the conversion of the rate of interest payable on such ECA Loans to a fixed rate of interest from a floating rate of interest pursuant to clause 4.2 (*Fixed rate option*) of any ECA Loan Agreement;

Conversion Date has the meaning given to it in clause 4.2 (*Fixed rate option*) of the ECA Loan Agreement;

Damage Notification Threshold means, in respect of an Aircraft, two million Dollars (\$2,000,000). Notwithstanding the foregoing, each of AerVenture 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 escalate the threshold amount;

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 either:

- (a) the aggregate of (i) two per cent. (2%) per annum and (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 another currency) the cost of funds of the relevant unpaid ECA Finance Party for that period in the London interbank market; or
- (b) at any time following a Conversion Date, the aggregate of (i) two per cent. (2%) per annum; (ii) the applicable Margin, and (iii) the applicable Fixed Rate for that ECA Loan,

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, and

includes any deed of substitution in respect of any such deregistration power of attorney executed in favour of the Security Trustee;

Dollars and **\$** means the lawful currency for the time being of the United States of America.

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;

EASA means the European Aviation Safety Agency and any other organisation or authority that, under the laws of the European Union, shall from time to time have jurisdiction over, amongst other things, aircraft airworthiness standards for the European Union;

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 Calyon, a *société anonyme* established under the laws of France with a *capital social* of 6,055,504,839 Euros, whose registered office is at 9 Quai du Président Paul Doumer, 92920 Paris La Defense Cedex, France in its capacity as agent for the ECA Lenders, together with its successors, permitted assignees and permitted transferees;

ECA Availability Period means the period from the Signing Date up to and including 31 August 2011 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 a Lender and an Aircraft at any time prior to the drawdown of the ECA Loan for that Aircraft, that Lender's ECA Portion of (i) the Maximum Aircraft Amount for that Aircraft, plus (ii) the Qualifying ECA Premium referred to in paragraph (a) 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 five million six hundred thousand Dollars (\$845,600,000.00) plus the ECA Premium;

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 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 Lender Accession Deed means a deed of accession to be entered into by a bank or financial institution which wishes to accede to this Agreement as an ECA Lender in the form from time to time agreed between AerVenture and the ECA Agent (acting upon the instructions of all of the ECA Lenders);

ECA Lenders means:

- (a) in relation to an Aircraft, together the banks and financial institutions listed in Part I of Schedule 2 and any bank or financial institution which is approved by COFACE which, from time to time, accedes to this Agreement pursuant to an ECA Lender Accession Deed (an **Acceding ECA Lender**), 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 and each Acceding ECA Lender, together with their successors, permitted assigns and permitted transferees,

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;

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;

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, in respect of each Aircraft the “ECA Margin” for that Aircraft (as defined in the ECA Loan Agreement for that Aircraft);

ECA Portion means, in respect of any ECA Lender and any Aircraft, the percentage specified opposite that ECA Lender in the relevant part of 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 the fee which is payable to COFACE in consideration for COFACE guaranteeing, insuring or otherwise covering the relevant participation of the ECA Lenders 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;
- (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 4.1 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 4.3 of that ECA Loan Agreement;

ECA Representatives means together the ECA Agent and the Security Trustee 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 AerVenture 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) the Sub-Lease Account Charge for that Aircraft; and
- (l) 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 7;

ECA Utilisation Notice means any notice given by AerVenture pursuant to clause 3.1 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, AerVenture, 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;

Euler Hermes means Euler Hermes Kreditversicherungs-AG;

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 ECA Finance Party or payable to the affected ECA Finance Party with respect to, or measured by, the income or capital gain of the affected ECA 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 ECA 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 ECA 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 ECA 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 ECA 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) AerVenture (acting reasonably) has requested the affected ECA 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 ECA 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 ECA 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 10.7.1;

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 ECA 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 the ECA 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 ECA 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 ECA Finance Parties or COFACE 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 ECA Finance Parties or COFACE 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 ECA Finance Parties or COFACE 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 ECA Finance Parties or COFACE 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 7;
- (g) by any of the ECA Finance Parties or COFACE 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 ECA Finance Parties or COFACE 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 AerCap 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 ECA 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 AerVenture from reputable legal counsel in the relevant jurisdictions, the person incurring the fee, cost or expense shall first consult in good faith with AerVenture 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 EULER 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 the various letters dated on or about the Signing Date between, inter alia, the Principal Borrower, AerVenture and Calyon 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, AerVenture 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 AerVenture 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 Party Lien means any Lien over an Aircraft or any part thereof:

- (a) created by an act or omission of an ECA 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 an ECA 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 an ECA Finance Party is entitled to be indemnified pursuant to the terms of the Transaction Documents and the ECA 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 Airbus 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;

Fixed Rate means, with respect to the ECA Loans, the per annum rate of interest determined by the ECA Agent to be that quoted by the ECA Agent or, with such Agent's consent, an ECA

Lender at or about 9.00 a.m. (New York time) on a date falling two (2) Banking Days prior to the Conversion Date as the offered fixed rate for Interest Rate Swaps;

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;

Guarantees means, together, the AerCap Holdings Guarantee and the AerVenture Guarantee and **Guarantee** means each or either of them;

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;

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 with the above test, it shall remain a Home Country Aircraft for the purposes of the calculation referred to in clause 6.3.1 until the second anniversary of the Delivery Date for that Aircraft;

Hull Additional Insureds has the meaning specified in paragraph 10(c)(i) of Schedule 7;

IATA means the International Air Transport Association;

IDERA means an irrevocable de-registration and export request authorisation substantially in the form of Schedule 5;

Indemnitees means the ECA Indemnitees and the Borrowers, and **Indemnitee** means any of them;

Initial Administration Agreement means, in respect of the Principal Borrower 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, the Principal Borrower, the Security Trustee, and AerVenture;

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 AerVenture;

Initial Manager means Walkers SPV Limited, in its capacity as manager of the Principal 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 reasonable 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 COFACE 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 **Interest Period** means any of them;

Interest Rate Swap means any Dollar interest rate hedging arrangement entered or to be entered into by the ECA Lenders for the purpose of providing fixed rate financing to the Borrower for an ECA Loan on a twelve (12) monthly payment basis commencing on the succeeding Payment Date for the relevant ECA Loan after the Conversion Date or, as applicable, the Delivery Date for any Aircraft, and in respect of a notional principal amount equal to the amortising balance (and reflecting the scheduled amortisation of the relevant ECA Loan);

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 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 AerCap 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 AerCap 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 AerCap 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;
- (d) any representation or warranty made by a Lessee in clauses 4.2.13, 4.2.14, or 4.2.15 is, or proves to be incorrect when made and, as a consequence of such incorrectness (i) a deduction or withholding is required to be made in respect of any payment due by the relevant Lessee under the Transaction Documents and the relevant Lessee does not comply with its obligations under clause 13 of the Lease to which it is party or (ii) a Tax is levied or incurred which is not paid by the relevant Lessee in accordance with the Transaction Documents or in respect of which the ECA Finance Parties are not fully indemnified to the extent required by the Transaction Documents;
- (e) any representation or warranty (other than those outlined in sub-paragraph (d) immediately above) made by any AerCap Obligor in any of the Transaction Documents for that Aircraft or in any certificate provided by a AerCap Obligor under Schedule 10 or clause 7 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 AerCap Obligor receives notice of that incorrectness from that Security Trustee;
- (f) any Insolvency Event occurs and is continuing in relation to any AerCap Obligor which is a party to a Transaction Document for that Aircraft;
- (g) any AerCap 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;
- (h)
 - (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) AerVenture suspends or ceases to carry on all or substantially all of its business as a lessor of aircraft, or 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 AerVenture;
- (i) in the case of each of AerVenture and AerCap Holdings:
 - (i) any of its Financial Indebtedness is not paid when due (after the expiry of any originally applicable grace period);
 - (ii) any of its Financial Indebtedness:
 - (A) becomes prematurely due and payable;
 - (B) is placed on demand; or
 - (C) is capable of being declared by a creditor to be prematurely due and payable or being placed on demand,in the case of each of sub-paragraphs (i)(ii)(A) or (B), as a result of an event of default (howsoever described) or in the case of sub-paragraph (i)(ii)(C) only, as a result of a payment event of default (howsoever described) in respect of a failure to pay an amount in excess of one hundred thousand Dollars (\$100,000); or
 - (iii) any commitment for its Financial Indebtedness is cancelled or suspended as a result of an event of default (howsoever described),unless the aggregate amount of Financial Indebtedness falling within all or any of sub-paragraphs (i)(i), (ii) and (iii) above is less than ten million Dollars (\$10,000,000) in aggregate or its equivalent in any other currency or currencies and 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 AerVenture or, as the case may be, AerCap Holdings; and
 - (2) Financial Indebtedness which AerVenture or AerCap Holdings is disputing or contesting in good faith, including by appropriate proceedings, and in respect of which AerVenture or, as the case may be Aircraft Holdings has provided reasonable details of the basis of such dispute or contest to the Security Trustee;
- (j) any of AerVenture or AerCap Holdings' Financial Indebtedness which is being guaranteed, insured or otherwise covered by any of the Export Credit Agencies or Eximbank (including, without limitation, the A320 AerCap Facility Agreement and the A330 AerCap Facility Agreement Facility and any Other ECA Indebtedness) is not paid when due (after the expiry of any originally applicable grace periods);

- (k) the Lessee of that Aircraft ceases to be a wholly-owned direct or indirect Subsidiary of AerVenture; or
- (l) any other event which AerVenture 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 **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 the agreed form as certified by each of the Parties hereto on or about the Signing Date and otherwise in form and substance reasonably satisfactory to the Security Trustee;

Lessee Document means, in respect of each Lessee, each Transaction Document to which such Lessee is, or will be, party;

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 any Principal Lessee, AerVenture;
- (b) in respect of any Alternative Lessee, the company, being AerVenture or a direct or indirect wholly-owned Subsidiary of AerVenture which owns the entire issued share capital of that Alternative Lessee; and

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 7, and **Lessee** means any of them;

Liability means, at any time 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;

and **Liabilities** shall be construed accordingly;

Liability Additional Insureds has the meaning specified in paragraph 10 (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) the applicable Screen Rate 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 Agreement means, in respect of any Aircraft, the ECA Loan Agreement for that Aircraft;

Loans means together the ECA Loans, and **Loan** means any of them;

Losses means any losses, demands, liabilities, obligations, claims, actions, proceedings, penalties, fines, damages, adverse judgments, Break Costs, 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 recommendations, contained in the Manufacturer's maintenance review board document or 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 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;

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 (acting on the instructions of all of the ECA Lenders) has agreed in writing may be satisfied after the ECA Loan for that Aircraft has been made have not been so satisfied within the period so agreed between the ECA Agent (acting on the instructions of all of the ECA Lenders) and AerVenture; 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 all of the ECA Lenders) 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 8.1; or
- (d) clause 8.1.2 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 8.1; 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 AerVenture 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 AerCap Obligor becoming aware of the same, that Aircraft is removed from that Prohibited Jurisdiction; or
- (g) a notice of prepayment is issued pursuant to 6.3.2 in respect of that Aircraft; or
- (h) the Final Date occurs under (and as defined in) clause 5.3.3 or any of the ownership covenants on the part of AerVenture or AerCap Holdings pursuant to clause 5.3.4 is breached at any time; or

- (i) AerVenture breaches the financial covenant contained in clause 5.4.2 regarding the ratio of its Net Worth to its total assets; or
- (j) a Servicing Agreement is not in place between the relevant Servicer, from time to time, and AerVenture; or
- (k) such other circumstances as any of AerVenture and the ECA Agent may agree in writing from time to time; or
- (l) if, at any time when that Aircraft is subject to a Sub-Lease:
 - (i) any AerCap 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 AerCap 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
- (m) unless the relevant deviation is approved by the Security Trustee pursuant to clause 6.7, a Lessee enters into a Sub-Lease for that Aircraft which does not comply with the Sub-Lease Requirements in breach of clause 6.2 and that breach is not remedied within thirty (30) days after notice thereof from the Security Trustee; or
- (n) any authorisation necessary to enable any Borrower or the Security Trustee to repossess that Aircraft upon termination of the leasing of that Aircraft under the Transaction Documents or to de-register and export that Aircraft from the State of Registration thereupon, is modified in a manner materially adverse to the Borrower's or the Relevant Parties' interests or is not granted or is revoked, suspended, withdrawn or terminated or expires save that where AerVenture or, as the case may be, the relevant Lessee is acting in accordance with the Standard in order to procure the renewal of the same, failure to procure such shall not constitute a Mandatory Prepayment Event; or
- (o) subject always to paragraph 1(n) of Schedule 7, the Lessee of that Aircraft failing to provide the Security Trustee with the IDERA duly recorded by the Aviation Authority, pursuant to paragraph 1(k) of Schedule 7 within thirty (30) days (the **IDERA Target Period**) of the delivery of that Aircraft from the Manufacturer, or delivery of that Aircraft under a Sub-Lease, in each case if applicable, save that, where the Lessee is acting in accordance with the Standard to have the IDERA recorded with the relevant Aviation Authority in the shortest time possible, the failure to have the IDERA so recorded within the IDERA Target Period shall not constitute a Mandatory Prepayment Event; or
- (p) the Security Trustee shall have declared a Mandatory Prepayment Event in respect of that Aircraft pursuant to clause 7.6.1(c)(ii),

and means, generally, any of the foregoing in relation to any of the Aircraft;

Manufacturer means Airbus;

Margin means the relevant ECA Margin;

Maximum 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 specified in column (5) of the table set out in Part 1 of Schedule 3 in respect of that Aircraft;

Maximum ECA Amount means, in respect of any Aircraft, the lesser of:

- (a) the sum of the Maximum 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;

Mortgage means, in respect of an Aircraft and subject always to paragraph 1(c) of Schedule 7, the first priority mortgage or equivalent Lien in the State of Registration 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, amongst others, the relevant Borrower and the Security Trustee in a form approved by the Security Trustee acting reasonably;

Net Worth means, at any time, the sum of AerCap Holdings' 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 6.6.11 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 AerCap Obligor and each Borrower (and includes, for the avoidance of doubt, each Alternative Obligor), and **Obligor** means any of them;

OCI means, as the context may require and, at any time:

- (a) in the case of AerCap Holdings, AerCap Holdings' accumulated other income, as shown in the accounts of AerCap Holdings most recently provided to the Security Trustee pursuant to clause 5.2.3; and

(b) in the case of AerVenture, AerVenture's accumulated other income as shown in the accounts of AerVenture most recently provided to the Security Trustee pursuant to clause 5.2.3

OCL means, as the context may require and, at any time:

(a) in the case of AerCap Holdings, AerCap Holdings' accumulated other loss, as shown in the accounts of AerCap Holdings most recently provided to the Security Trustee pursuant to clause 5.2.3; and

(b) in the case of AerVenture, AerVenture's accumulated other loss, as shown in the accounts of AerVenture most recently provided to the Security Trustee pursuant to clause 5.2.3.

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 6.3.1;

Other ECA Indebtedness means any Financial Indebtedness whether present or future, direct or indirect (other than pursuant to the Transaction Documents) (including by way of a direct loan to AerVenture, AerCap B.V. or any other AerCap Obligor or pursuant to a lease financing or other financing structure, to which the Lessee or AerCap or any other AerCap Obligor is a party, including without limitation, pursuant to the A320 AerCap Facility Agreement and the A330 AerCap Facility Agreement) and which is guaranteed, insured, supported or otherwise covered by any Export Credit Agency;

Original Servicers means each of AerCap Group Services B.V., in its capacity as primary AerVenture Servicer, AerCap Ireland Limited, in its capacity as primary subsidiary servicer and AerCap Cash Manager II Limited in its capacity as insurance servicer in each case under and pursuant to the Original Servicing Agreement;

Original Servicing Agreement means the servicing agreement dated 13 January 2006 between the Original Servicers, AerCap Cash Manager II Limited (in its capacity as Cash Manager), AerCap Administrative Servicing Limited (in its capacity as Administrative Agent) and AerVenture, pursuant to which, among other things, the Original Servicers have agreed to provide certain Services (as such term is defined in the Servicing Agreement) to AerVenture in respect of the aircraft subject to the Airbus Purchase Agreement;

Parallel Debt, in relation to this Agreement or any Loan Agreement, has the meaning ascribed thereto in clause 34 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 ECA 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 AerCap 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 Constellation Aircraft Leasing Limited a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands;

Principal Borrower Floating Charge means the floating charge dated on or about the Signing Date and granted by the Principal Borrower in relation to its property, assets, undertaking and income in favour of the Security Trustee;

Principal Borrower Share Charge means, in relation to the Principal Borrower, the charge over shares dated on or about the Signing Date and made between the Trustee (in the case of the Principal Borrower) and the Security Trustee in respect of the entire issued share capital of the Principal Borrower;

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 Lessee Share Charge means, in the case of each Principal Lessee, the share pledge to be entered into between AerVenture and the Principal Borrower in respect of the entire issued share capital of the relevant Principal Lessee on or prior to the relevant Principal Lessee acceding to this Agreement;

Principal Lessees means, as the context may require, the First Lessee and each of the wholly owned Subsidiaries of AerVenture which is incorporated under the laws of Ireland which accedes to this Agreement through the execution of an Accession Deed and **Principal Lessee** means any of them;

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 ECA 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 13);
- (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 AerCap Holdings or AerVenture 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 Calyon designated as such by the Security Trustee pursuant to clause 12.1 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 Nations 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 then 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 any of AerVenture or the relevant Lessee from exporting to and/or consigning for use of that Aircraft in that country;

Proposed Effective Date has the meaning specified in clause 7.2.1;

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 Airbus Purchase Agreement Assignment and the Airbus Purchase Agreement, that Airbus 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 in relation to COFACE and any ECA Loan, one hundred per cent. (100%) of the ECA Premium payable to COFACE 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 13.4, in connection with the collection of the relevant Total Loss Proceeds;
- (b) in the case of clause 13.6, in connection with the collection of the relevant ECA Prepayment Proceeds;
- (c) in the case of clause 13.7, in connection with the relevant Lease Termination Event and/or the collection of the relevant Proceeds; and
- (d) in the case of clause 13.8, in connection with the collection of the relevant 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;

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 Calyon, Barclays Bank PLC and the principal London office of BNP Paribas;

Reference Dates means the twenty fifth (25th) 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 Parties means the Borrower and the ECA Finance Parties;

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 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 10.7;

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 **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;

Screen Rate means the British Bankers Association Interest Settlement Rate for the relevant currency and period displayed on the appropriate page of the Reuters screen selected by the ECA Agent. If the relevant page is replaced or the service ceases to be available, the ECA Agent may obtain the rate for the relevant currency and period displayed on the applicable Bloomberg screen BBAM4 (Ask Rate);

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 23), and references to Secured Obligations includes references to any part thereof;

Secured Parties means together the ECA 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 Principal Borrower 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) each Security Assignment, 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 or in respect of the Borrower which is the owner of that Aircraft and to the extent that it relates to that Aircraft;
- (b) each Security Assignment, 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 or in respect of the Principal Borrower;
- (c) 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;
- (d) 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;
- (e) the Mortgage for that Aircraft (if any) and the English Law Mortgage for that Aircraft and the related English Law Mortgage Letter;
- (f) the Airframe Warranties Agreement for that Aircraft and the Engine Warranties Agreement for that Aircraft;
- (g) the Purchase Documents for that Aircraft;
- (h) any assignment of reinsurances for that Aircraft referred to in paragraph 10(m) of Schedule 7;
- (i) the AerVenture Guarantee, to the extent that it relates to that Aircraft;
- (j) the AerCap Holdings Guarantee, to the extent that it relates to that Aircraft;

- (k) the Sub-Lease Account Charge and any Dutch law supplemental deed of pledge or deed of repledge which may, from time to time, be entered into in connection with the security interest which is created pursuant to the Sub-Lease Account Charge;
- (l) 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;
- (m) where that Aircraft is subject to a Sub-Sub-Lease, the Subordination Acknowledgement for that Aircraft;
- (n) 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;
- (o) 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;
- (p) 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 (p)) and is requested or consented to by AerVenture, (ii) AerVenture 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 (p)) and is requested or consented to by AerVenture,

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 Calyon, a *société anonyme* established under the laws of France with a *capital social* of 6,055,504,839 Euros, whose registered office is at 9 Quai du Président Paul Doumer, 92920 Paris La Defense Cedex, France in its capacity as security trustee for the ECA Lenders, together with its successors, permitted assignees and permitted transferees;

Seller means, in respect of an Aircraft, the Manufacturer or AerVenture (as applicable), being the person who sells that Aircraft to the relevant Borrower;

Servicers means each of the Original Servicers and each other directly or indirectly owned subsidiary of AerCap Holdings, the shares in which are one hundred per cent (100%) owned directly or indirectly by AerCap Holdings, which replaces an Original Servicer pursuant to a Servicing Agreement for the purposes of providing the relevant services specified therein and **Servicer** means any of them.

Servicing Agreement means the Original Servicing Agreement or any other servicing agreement which is from time to time entered into between, among others, a Servicer or Servicers and AerVenture with respect to the provision of services of the same type as those which are the subject of the Original Servicing Agreement;

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 entered into between AerVenture, the Principal Borrower and each Principal Lessee in respect of the shares in each Principal Lessee;

Shareholder Funds means, at any time, the sum of AerCap Holdings' share capital plus retained earnings (or, as applicable, accumulated deficit) minus AerCap Holdings' OCL or, as applicable, plus AerCap Holdings' OCI;

Signing Date means _____ ;

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 AerCap Group and taking into account prevailing market conditions; and
- (d) the rights and interests of COFACE 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 6.2;

Sub-Lease Account means, in respect of an Aircraft or a Sub-Lease, the Dollar 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, Rabobank or in respect of an Aircraft and a Sub-Lease, such other bank or financial institution as may be nominated by AerVenture and approved by the Security Trustee (acting on the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders) 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 by the Lessee which is the lessor under that Sub-Lease in favour of:

- (a) where that Lessee is the lessee under an 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, upon notification from the Security Trustee that a Trigger Event has occurred and is continuing, 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 AerVenture at any time, AerVenture's indebtedness under all subordinated loan agreements entered into by AerVenture, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 5.2.3;

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 6.2;

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 8 to a Security Assignment;

Support Agreement means the guarantees, or other support of the Borrower's obligations under the ECA Loan, issued or to be issued by COFACE, including the Accord de Garantie to be entered into between COFACE and the ECA Lenders;

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;

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 AerCap Holdings;
- (b) if clause 5.2.3(d) applies or in order to enable AerCap Holdings to establish that a Trigger Event is no longer continuing, the last day of each relevant calendar month; and
- (c) the date of each Drawdown Notice;

Total Assets means, in relation to AerCap Holdings at any time, the total of AerCap Holdings' assets, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 5.2.3;

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) 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 (e)) and is requested or consented to by AerVenture, (ii) AerVenture 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 (e)) and is requested or consented to by AerVenture,

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 in such other form as the ECA Agent (acting on the instructions of all of the ECA Lenders) and AerVenture

may agree or, if COFACE is to become an ECA Lender, in such other form as shall be agreed by the ECA Agent and AerVenture;

Transferee shall have the meaning given thereto in clause 30.3.1;

Transferor shall have the meaning given thereto in clause 30.3.1;

Trigger Event means the occurrence of any of the following events and circumstances:

- (a) the Net Worth of AerCap Holdings is, as at any Testing Date, less than seven hundred and sixty million Dollars (\$760,000,000);
- (b) the ratio of the Shareholder Funds of AerCap Holdings to the Total Assets of AerCap Holdings is, at any Testing Date, less than fourteen per cent. (14%);

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 4.7.1 of the relevant ECA 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;

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.

1 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.

1.1 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 ejusdem 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

Lender	Lending Office	ECA Portion by Aircraft
Calyon (in respect of the first five Aircraft to be financed hereunder which are delivered no later than 31st December 2009)	Calyon 9 Quai du Président Paul Doumer 92920 Paris La Défense Cedex France	100% (in respect of the first five Aircraft to be financed hereunder which are delivered no later than 31st December 2009)

Schedule 3

The Aircraft

	(1) Scheduled Delivery Month	(2) Manufacturer's Serial Number	(3) Aircraft Type	(4) Maximum Aircraft Amount USD million*
Calyon	before end of 2009	tbd	A320 family aircraft	40.2
	before end of 2009	tbd	A320 family aircraft	40.2
	before end of 2009	tbd	A320 family aircraft	40.2
	March 2009	3835	A320-200	37.1
	December 2009	tbd	A320-200	37.4
			Total	195.1
ECA Lenders - identity to be confirmed	January 2010	tbd	A320-200	43.6
	February 2010	tbd	A319-100	40.8
	February 2010	tbd	A320-200	43.7
	March 2010	tbd	A320-200	43.9
	March 2010	tbd	A320-200	43.9
	April 2010	tbd	A320-200	43.8
	April 2010	tbd	A320-200	43.8
	May 2010	tbd	A320-200	43.9
	May 2010	tbd	A319-100	41.0
	May 2010	tbd	A320-200	43.9
	May 2010	tbd	A320-200	43.9
	July 2010	tbd	A320-200	41.3
	September 2010	tbd	A320-200	44.3
	April 2011	tbd	A319-100 or A320-200	44.4
	May 2011	tbd	A319-100 or A320-200	44.4
			Total	845.60

* final Aircraft Price to be agreed by Coface

Schedule 4

ECA Utilisation Notice

To: Calyon
9 Quai du Président Paul Doumer
92920 Paris La Défense Cedex
France
Facsimile No: +33 (0)1 41 89 85 75
Attention: DFS / Middle Office Aviation Group

From: AerVenture Limited (**AerVenture**)

Facility Agreement dated [] and made between, amongst others, you and AerVenture, as amended, supplemented or acceded to from time to time (the Agreement)

AerVenture hereby gives notice in accordance with clause 3.1.1 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 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.

AERVENTURE LIMITED

By:
Name:
Title:

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Schedule 5 - IDERA

Form of Irrevocable De-registration and Export Request Authorisation

[insert date]

To: [Insert name of Registry Authority]

Re: Irrevocable De-Registration and Export Request Authorisation

The undersigned is the registered [operator] [owner] of the Airbus [A319] [A320] [A321] aircraft bearing manufacturer's serial number [•] and registration [•] (together with all installed, incorporated or attached accessories, parts and equipment the **Aircraft**).

This instrument is an irrevocable de-registration and export request authorisation issued by the undersigned in favour of [insert name of Security Trustee] (the **Authorised Party**) under the authority of Article 25 of the Consolidated Text 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. In accordance with that Article, the undersigned hereby requests:

- (a) recognition that the authorised party or the person it certifies as its designee is the sole person entitled to:
 - (i) procure the de-registration of the aircraft from the [insert name of aircraft register] maintained by the [insert name of registry authority] for the purposes of Chapter III of the Convention on International Civil Aviation, signed at Chicago, USA on 7 December 1944; and
 - (ii) procure the export and physical transfer of the aircraft from [insert name of country]; and
- (b) confirmation that the authorised party or the person it certifies as its designee may take the action specified in paragraph (a) above on written demand without the consent of the undersigned and that, upon such demand, the authorities in [insert name of country] shall co-operate with the authorised party with a view to the speedy completion of such action.

The rights in favour of the authorised party established by this instrument may not be revoked by the undersigned without the written consent of the authorised party.

Please acknowledge your agreement to this request and its terms by appropriate notation in the space provided below and by lodging this instrument in [insert name of registry authority].

[insert name of operator/owner]

Agreed to and lodged this

[insert date]

By: [insert name of signatory]

Its: [insert title of signatory]

[insert relevant notational details]

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Schedule 6
ECA Loan Agreement
(as attached)

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; and
 - (v) ensure that Aircraft is not flown to or within 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 in accordance with the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders (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 14.4 and 14.5 would, in relation to any individual Mortgage for an Aircraft and/or any registration contemplated by paragraph 1(h) below, exceed twenty thousand Dollars (\$20,000); and
 - (ii) the Security Trustee has received (in a reasonably satisfactory form) a legal opinion from counsel acceptable to the Security Trustee (acting in accordance with the instructions of the ECA Agent which, in turn, is acting on the instructions of all of the ECA Lenders (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 ECA Finance Parties elect to pay the amount by which such Taxes, fees, costs and expenses exceed twenty thousand Dollars (\$20,000), 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 (acting in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders) 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 14.6, at the reasonable request of the Security Trustee (acting in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders), 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 (acting in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders) 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 CALYON”.

(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) The Lessee will execute, deliver, notarise and legalise all documents and take all actions (including making any filing, recording or registration with the Aviation Authority or any other Government Entity or as required to comply with any Applicable Law and amending any Transaction Document) as may from time to time be required by the Security Trustee (acting in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders (acting reasonably)) to establish, maintain, preserve, perfect and protect the rights and interests of the Relevant Parties in the Aircraft and the Transaction Documents including as requested by the Relevant Agent if in the State of Registration, the Habitual Base or the jurisdiction of incorporation of the Lessee or the Lessor there is, or is brought into force, any legislative or other provisions giving effect to the Geneva Convention or otherwise relating to recognition of rights in aircraft.

(i) If at any time any of the State of Registration or the jurisdiction of incorporation of the Lessee or the relevant Borrower, is, or becomes, a Contracting State to the Cape Town Convention and either:

(i) the Contracting State has made any declaration under the Cape Town Convention which may, in any way, affect the determination of priority (including the protection of any existing priority) of any rights (including pre-existing rights), title and interests of the Relevant Parties hereunder or under any of the Transaction Documents which constitute or create an International Interest or National Interest in accordance with the provisions of the Cape Town Convention; or

(ii) any amendment and/or repeal of any part of the Cape Town Convention is adopted by any such jurisdiction(s) which, in the opinion of the ECA Finance Parties, necessitates the registration of any or all of the Transaction Documents which constitute or create an International Interest or National Interest in accordance with the provisions of the Cape Town Convention,

the Lessee shall, upon the request of the Security Trustee (acting in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders) cause:

- (A) all of the Transaction Documents which constitute or create an International Interest or a National Interest to be duly registered in accordance with the provisions of the Cape Town Convention; and
- (B) all other filings and recordings and all such other action including the entry into of new documentation necessary to constitute the leasing of the Aircraft under this Agreement or any Security as International Interests or National Interests under the Cape Town Convention which, in the case of Security, may be in addition to or in substitution for the Security contemplated as at the date of this Agreement,

to protect and perfect the respective rights, title and interests of the Relevant Parties hereunder and thereunder.

(j) Where the Cape Town Convention permits any of the Parties to consent or to agree to a provision of the Cape Town Convention applying or not applying, the Lessee agrees that the terms of any such new documentation will provide for the Lessee's consent or agreement as required by the Security Trustee (acting in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders). The Lessee consents to the registration of any Prospective International Interests, International Interests and National Interests from time to time arising under this Agreement, the Transaction Documents at the International Registry and shall co-operate with the ECA Finance Parties and procure that any relevant third party which is not an ECA Finance Party (including any sublessee) takes all actions necessary on its part to ensure that:

- (i) all International Interests, Prospective International Interests and National Interests which the Security Trustee (acting in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders) requires to be registered are promptly registered at the International Registry with the priority required by the Security Trustee; and
- (ii) all International Interests, Prospective International Interests, National Interests and Non-Consensual Rights or Interests which the Lessor requires to be removed or discharged are promptly removed or discharged.

The Lessee shall be responsible for all costs and expenses incurred by COFACE and the Administrative Parties in connection with any registrations, recordings or filings contemplated in this paragraph (j);

(k) Subject to sub-paragraph (m) below, the Lessee undertakes promptly on delivery of each Aircraft from the Manufacturer, or, as the case may be, upon any registration being effected pursuant to sub-paragraph (j) above to submit an

IDERA for recordation by the Aviation Authority. Following recordation by the Aviation Authority, the Lessee shall return the IDERA to the Security Trustee.

(l) The Lessee undertakes not to execute or submit an IDERA for recordation in favour of any creditor other than the relevant Borrower or the Security Trustee without the Security Trustee's prior written consent (acting in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders).

(m) The Lessee shall not be obliged to submit an IDERA for recordation by the Aviation Authority where the ECA Finance Parties have received confirmation from legal counsel reasonably acceptable to the ECA Finance Parties in the relevant jurisdiction that it is not customary for aircraft owners, operators or any other party to submit an IDERA for recordation by the Aviation Authority in the relevant jurisdiction.

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 in accordance with the instructions of the ECA Agent which, in turn, is acting in accordance with the instructions of all of the ECA Lenders (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 AerVenture 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 but shall not be less than ninety per cent. (90%), except in respect of an Aircraft on lease to a Sub-Lessee or Sub-Sub-Lessee incorporated in the People's Republic of China in which case reinsurance shall be for a percentage not less than sixty six per cent. (66%) (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 LSW555D 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,

with a hull deductible of not more than seven hundred and fifty thousand Dollars (\$750,000) or such higher deductible as shall be industry standard applied by ‘all risks’ underwriters from time to time. All such insurance coverage shall be in Dollars.

(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 ECA Finance Parties as additional insureds for their respective rights and interests (the **Hull Additional Insureds**) with the Security Trustee named as Sole Loss Payee;
- (ii) include a loss payable section that provides that all insurance proceeds in respect of a Total Loss shall be settled in Dollars and paid to the Security Trustee as Sole Loss Payee 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 \$600,000,000, for any one accident, that policy or policies to cover war risks and allied perils in accordance with extended coverage endorsement AVN.52(E) with an extended aggregate coverage limit of not less than \$600,000,000 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 and its employees, shareholders, directors, officers and agents 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 \$5,000,000 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 \$5,000,000 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 \$5,000,000 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 with prior written consent of the Security Trustee (not to be unreasonably withheld or delayed).

(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 ECA Finance Party and any other Indemnitee requested by the Security Trustee, as additional named insureds, the liability 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 hull Insurances required by this Agreement are effected through reinsurances, such reinsurances shall, if available in the local jurisdiction of the Sub-Lessee or Sub-Sub-Lessee (as applicable) contain a “cut-through” clause in a form consistent with prudent market practice and satisfactory to the Security Trustee (acting reasonably) and, if the same is customarily required and/or obtained by the AerCap Group from the relevant Insurer, AerVenture 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 \$1,000,000,000 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 \$1,000,000,000 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 ECA Finance Parties having regard to market practice at the relevant time. Neither the relevant Borrower nor any ECA 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 under the Guarantees, or (b) would or might reasonably be expected to result in the rights, title and interests of the ECA 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 ECA Lenders).

2 Sub-Lease terms

2.1 Payments

Each Sub-Lease shall require the payment of rent in Dollars 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 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; 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 ECA 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 AerVenture, wish to have answered in connection with the proposed leasing of the Aircraft into such jurisdictions and the rights and interests of the ECA 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 Calyon 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
CALYON
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 each of the AerVenture Guarantee and the AerCap Holdings Guarantee;
- (c) a duly executed original of each of the Fees Letters;
- (d) a duly executed original of the Principal Borrower Share Charge, together with originals of the share certificates of the Principal 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;
- (e) a duly executed original of the Principal Borrower Floating Charge, together with duly executed originals of the notices and acknowledgements referred to therein;
- (f) a duly executed original of the Initial Administration Agreement;
- (g) a duly executed original of the Principal Declaration of Trust;
- (h) a duly executed original of the Initial Comfort Letter;
- (i) a duly executed original of a Security Assignment for the Principal Borrower, together with duly executed originals of the notices and acknowledgements referred to therein; and
- (j) a copy of the duly executed Servicing Agreement.

2. Corporate documents

For each AerCap 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) subject to the final sub-paragraph of this paragraph 2, 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; and

3. Cayman Islands Tax exemption

- (a) Subject to paragraph 3(b) below, a certificate of tax exemption in respect of the Principal Borrower from the appropriate Cayman Islands authorities.
- (b) The condition precedent outlined in paragraph 3(a) above has been waived by the Finance Parties only on the terms that it will be satisfied to the satisfaction of the ECA Agent by no later than the earlier of (i) the date on which the first ECA Loan Agreement in respect of the first ECA Loan is entered into; and (ii) forty (40) days after the Signing Date. In the event that the condition precedent outlined in paragraph 3(a) above is not satisfied within the foregoing time limits, the Parties agree that an ECA Utilisation Block Event shall be deemed to have occurred.

4. Process agent letters

- (a) Letters from Freshfields Bruckhaus Deringer or such other process agent as may be agreed with the Security Trustee accepting its appointment as agent for service of process in England for each Principal Lessee and AerVenture; and
- (b) letters from Norose Notices Limited accepting its appointment as agent for service of process in England for the Principal Borrower.

5. Legal opinions

Legal opinions from:

- (a) Norton Rose LLP, English, French and Dutch counsel to the Lenders;
- (b) Walkers, Cayman Islands counsel, in relation to the Principal Borrower and the Initial Manager;
- (c) McCann FitzGerald, Irish counsel, in relation to AerVenture;
- (d) Conyers Dill & Pearman (Bermudan counsel to the First Intermediate Lessee), in relation to the First Intermediate Lessee; and
- (e) in-house opinion from AerCap Holdings.

Part II: Conditions precedent to each Loan

1. Representations and warranties and KYC requirements

- (a) All representations and warranties made (or deemed repeated) by or on behalf of the relevant Borrower and each relevant Lessee in clause 6, by AerCap Holdings and AerVenture in the Guarantees 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.
- (b) All such documentation and information from the relevant Borrower as reasonably requested by the Security Trustee and/or each ECA Lender in respect of its 'Know Your Customer' checks, anti-money laundering checks and similar requirements.

2. Principal documents

Duly executed originals of all ECA Utilisation Documentation for the relevant Aircraft.

3. Lessee Share Charge

A duly executed original of each Lessee Share Charge, together with originals of the share certificates of the relevant Lessee(s), 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;

4. Support Agreements

The Support Agreement which shall be in full force and effect.

5. 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 for the Aircraft.

6. 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 for the Aircraft.

7. 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.

8. Aircraft registration documents

Evidence of registration of the Aircraft with the applicable Aviation Authority.

9. 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) written confirmation from the Seller that the Purchase Documents are in full force and effect;
- (d) written confirmation from Airbus that the Airbus Purchase Agreement is in full force and effect;
- (e) 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;
- (f) a certificate from Airbus confirming that the Buyer Furnished Equipment has been installed on the Aircraft
- (g) a copy of the Certificate of Airworthiness for Export issued by EASA.

10. 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.

11. 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 (to the extent that it is the Manufacturer's standard practice to issue such legal opinions);
- (b) the Engine Manufacturer (to the extent that it is the Engine Manufacturer's standard practice to issue such legal opinions); and
- (c) independent counsel acceptable to the ECA Finance Parties and COFACE 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; and
- (d) to the extent that the Principal Lessee is deemed to be tax resident in a jurisdiction other than its jurisdiction of incorporation, a legal opinion from independent counsel to the ECA Finance Parties and COFACE in such jurisdiction in form and substance satisfactory to the ECA Finance Parties. This condition precedent shall only be applicable in respect of the first Loan.

12. Airbus Remarketing Agreement

A duly executed original of the Airbus Remarketing Agreement for the relevant Aircraft.

Schedule 11

Transfer Certificate

To: [Security Trustee]

Transfer Certificate - Airbus [] Aircraft msn [] (the Aircraft)
ECA Loan

This transfer certificate (**Transfer Certificate**) relates to a Facility Agreement dated [•] between, amongst others, (1) the banks and financial institutions referred to therein as ECA Lenders; (2) Calyon as the ECA Agent; (3) Calyon as the Security Trustee; (4) Constellation Aircraft Leasing Limited as Principal Borrower; (5) Andromeda Aircraft Leasing Limited and Aquarius Aircraft Leasing Limited as Lessees; (6) AerVenture Limited and (7) AerCap Holdings N.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 30.3 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 ECA Finance Parties to accept this executed Transfer Certificate as being delivered under and for the purposes of clause 30.3 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 an ECA 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 30.3 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 and any non-contractual obligations connected with it 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 Commitment for the Aircraft \$[]

Transferor's ECA Portion for the Aircraft []%

Transferor's ECA Contribution for the ECA Loan for the Aircraft \$[]]

Part 2

[Amount of Transferor's ECA Commitment for the Aircraft to be transferred to Transferee \$[]

Amount of Transferor's ECA Portion for the Aircraft to be transferred to Transferee []%

Amount of Transferor's ECA Contribution for the ECA 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 LLP
3 More London Riverside
London
SE1 2 AQ

and: Calyon
9 Quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

[]

Dear Sirs

Financing of one Airbus [] Aircraft msn [] (the Aircraft)

We refer to the Facility Agreement relating to the Aircraft dated [] between, inter alia, [*Borrower*] (the **Relevant Borrower**), [*Lessee*] (the **Relevant Lessee**) and Calyon 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 Calyon 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 LLP to date and deliver the English Law Mortgage as a deed as from the time that the Relevant Lessee notifies Norton Rose LLP, pursuant to the following paragraph, that the English Law Mortgage should be so dated and delivered.

The Relevant Lessee hereby undertakes to Calyon 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 authority in the State of Registration for the Aircraft] and to notify each of Calyon and Norton Rose LLP 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

CALYON

(acting through its Paris head office)

by Julien Clamou and Alfonso Pereda Revuelta

its duly authorised attorney-in-fact

in the presence of /s/ Christophe Warnier

Christophe Warnier

) /s/ Julien Clamou
) Julien Clamou
)
) /s/ Alfonso Pereda Revuelta
) Alfonso Pereda Revuelta
)
)

THE ECA AGENT

EXECUTED as a **DEED** and **DELIVERED**

for and on behalf of

CALYON

(acting through its Paris head office)

by Julien Clamou and Alfonso Pereda Revuelta

its duly authorised attorney-in-fact

in the presence of /s/ Christophe Warnier

Christophe Warnier

) /s/ Julien Clamou
) Julien Clamou
)
) /s/ Alfonso Pereda Revuelta
) Alfonso Pereda Revuelta
)
)

THE ECA LENDERS

EXECUTED as a **DEED** and **DELIVERED**

for and on behalf of

CALYON

(acting through its Paris head office)

by Julien Clamou and Alfonso Pereda Revuelta

its duly authorised attorney-in-fact

in the presence of /s/ Christophe Warnier

Christophe Warnier

) /s/ Julien Clamou
) Julien Clamou
)
) /s/ Alfonso Pereda Revuelta
) Alfonso Pereda Revuelta
)
)

THE PRINCIPAL BORROWER

EXECUTED as a **DEED** and **DELIVERED**
for and on behalf of
CONSTELLATION AIRCRAFT LEASING LIMITED
by Catherine Blake
its duly authorised attorney-in-fact
in the presence of /s/ Jacqueline Bell
Jacqueline Bell

) /s/ Catherine Blake
) Catherine Blake
) Attorney-In-Fact
)
)
)

THE FIRST LESSEE

SIGNED, SEALED and **DELIVERED**
for and on behalf of
ANDROMEDA AIRCRAFT LEASING LIMITED
by Tom Kelly
its duly authorised attorney-in-fact
in the presence of /s/ Elena Clancy
Elena Clancy

) /s/ Tom Kelly
) Tom Kelly
) Director
)
)
)

THE FIRST INTERMEDIATE LESSEE

EXECUTED as a **DEED** and **DELIVERED**
for and on behalf of
AQUARIUS AIRCRAFT LEASING LIMITED
acting by Gordon Chase
expressly authorised in accordance with the laws of
Bermuda by virtue of a power of attorney granted by
AQUARIUS AIRCRAFT LEASING LIMITED
on 12 March 2009
such execution being
witnessed by: /s/ Joanna Niewiadomska-Suijkerbuijk
Joanna Niewiadomska-Suijkerbuijk

) /s/ Gordon Chase
) Gordon Chase
) Attorney-In-Fact
)
)
)
)
)
)
)

AERCAP HOLDINGS N.V.

EXECUTED as a DEED and DELIVERED

for and on behalf of

AERCAP HOLDINGS N.V.

by Gordon Chase

its duly authorised attorney-in-fact

in the presence of /s/ Joanna Niewiadomska-Suijkerbuijk
Joanna Niewiadomska-Suijkerbuijk

) /s/ Gordon Chase
) Gordon Chase
) Attorney-In-Fact
)
)
)

AERVENTURE LIMITED

SIGNED, SEALED and DELIVERED

for and on behalf of

AERVENTURE LIMITED

by Gordon Chase

its duly authorised attorney-in-fact

in the presence of /s/ Joanna Niewiadomska-Suijkerbuijk
Joanna Niewiadomska-Suijkerbuijk

) /s/ Gordon Chase
) Gordon Chase
) Attorney-In-Fact
)
)
)

Subsidiary name	Jurisdiction of incorporation
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 B.V.	The Netherlands
AerCap Group Services B.V.	The Netherlands
AerCap Dutch Aircraft Leasing I B.V.	The Netherlands
AerCap A330 Holdings B.V.	The Netherlands
Clearstream Aircraft Leasing B.V.	The Netherlands
AerData B.V. (51%)	The Netherlands
AerCap Leasing XIII B.V.	The Netherlands
AerCap Leasing XIV 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 XXIX B.V.	The Netherlands
AerCap Leasing XXX B.V.	The Netherlands
AerCap Netherlands B.V.	The Netherlands
AeroTurbine B.V.	The Netherlands
AMS AerCap 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
AerCap AerVenture Holding B.V.	The Netherlands
Stockholm Aircraft Finance III B.V.	The Netherlands
Stockholm Aircraft Finance IV B.V.	The Netherlands
AerCap Irish Aircraft Leasing 1 Limited	Republic of Ireland
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
AerCap Celtavia 6 Limited	Republic of Ireland
Air Tara Limited	Republic of Ireland
AerCap Administrative Services Limited	Republic of Ireland
AerCap Associate Holdings Limited	Republic of Ireland
AerCap Cash Manager Limited	Republic of Ireland
AerCap Cash Manager II Limited	Republic of Ireland
AerCap CNW Finance Limited	Republic of Ireland
AerCap Financial Services (Ireland) Limited	Republic of Ireland
AerCap Fokker Limited	Republic of Ireland
AerCap Fokker 100 Finance Limited	Republic of Ireland
AerCap A330 Limited	Republic of Ireland
AerCap Engine Leasing Limited	Republic of Ireland
Rosso Aircraft Leasing Limited	Republic of Ireland
Azzurro Aircraft Leasing Limited	Republic of Ireland
AerCap Ireland Limited	Republic of Ireland
AerCap 1041 Limited	Republic of Ireland
Deasnic Aircraft Leasing Limited	Republic of Ireland
Air Maple Limited	Republic of Ireland
GPA Group Limited	Republic of Ireland
GPA Aero Citra Limited	Republic of Ireland
AerFi Group Limited	Republic of Ireland
Irish Aerospace Limited	Republic of Ireland
Tyrolean Limited	Republic of Ireland
Irish Aerospace Leasing Limited	Republic of Ireland

AerCap Jetprop Limited	Republic of Ireland
Skyscape Limited	Republic of Ireland
Sunflower Aircraft Leasing Limited	Republic of Ireland
Ancla Ireland Limited	Republic of Ireland
Jasmine Aircraft Leasing Limited	Republic of Ireland
Jasper Aircraft Leasing Limited	Republic of Ireland
AerCap Note Purchaser Limited	Republic of Ireland
Lishui Aircraft Leasing Limited	Republic of Ireland
Orchid Aircraft Leasing Limited	Republic of Ireland
Berlin Aircraft Leasing Limited	Republic of Ireland
Pirlo Aircraft Leasing Limited	Republic of Ireland
Jade Aircraft Leasing Limited	Republic of Ireland
AerVenture Limited	Republic of Ireland
Bella Aircraft Leasing 1 Limited	Republic of Ireland
AerDragon Aviation Partners Limited and Subsidiaries (25%)	Republic of Ireland
Flotlease MSN 963 Limited	Republic of Ireland
AerCap Partners I Holding Limited and Subsidiaries (50%)	Republic of Ireland
AerCap A330 Holdings Limited	Republic of Ireland
AerCap A330 Ireland Limited	Republic of Ireland
Surestream Aircraft Leasing Limited	Republic of Ireland
AerCap (Bermuda) No. 3 Limited	Bermuda
AerCap Holdings (Bermuda) Limited	Bermuda
LC Bermuda No. 2 Limited	Bermuda
LC Bermuda No. 2 L.P.	Bermuda
Juan B. Martinez Leasing 1 Limited	Bermuda
Juan B. Martinez Leasing 2 Limited	Bermuda
AerFunding 1 Limited and Subsidiaries (5%)	Bermuda
AerCap Bermuda A330 Limited	Bermuda
Flotlease 973 (Bermuda) Limited	Bermuda
Elasis (Cayman Islands) Limited	Cayman Islands
AerCap 320 Limited	Cayman Islands
AerCap 320 C Limited	Cayman Islands
AerCap Leasing 8 Limited (in liquidation)	Cayman Islands
AerCap HK-320-A Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
AerCap HK-320-C Limited	Cayman Islands
Air Tara Hong Kong Limited	Cayman Islands
AerCap International (IOM) Limited	Isle of Man
AerCap (IOM) Limited	Isle of Man
AerCap Holding (I.O.M.) Limited	Isle of Man
Acorn Aviation Limited	Isle of Man
Crescent Aviation Limited	Isle of Man
Stallion Aviation Limited	Isle of Man
AerCap Group Services, Inc	United States of America
AerCap Corporation	United States of America
AerCap Leasing USA I, Inc	United States of America
AerCap Leasing USA II, Inc	United States of America
AeroTurbine, Inc	United States of America
Lyon Location S.A.R.L.	France
Lille Location S.A.R.L.	France
Metz Location S.A.R.L.	France
Toulouse Location S.A.R.L.	France
AerCap Jet Limited	Jersey
Aircraft Lease Securitisation Ltd and Subsidiaries (4.9%)	Jersey
AerCap Sverige Aircraft Leasing AB	Sweden
AerFi Sverige AB	Sweden

AerCap UK Limited	United Kingdom
Asset Management A/S	Norway
AerCap Asia Limited	Malaysia
Wahaflo leasing 3 Limited	Cyprus

CERTIFICATION

I, Klaus Heinemann, certify that:

1. I have reviewed this annual report on Form 20-F of AerCap Holdings N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 1, 2009

/s/ KLAUS HEINEMANN

Signature

Chief Executive Officer
Title

QuickLinks

[Exhibit 12.1](#)
[CERTIFICATION](#)

CERTIFICATION

I, Keith Helming, certify that:

1. I have reviewed this annual report on Form 20-F of AerCap Holdings N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 1, 2009

/s/ KEITH HELMING

Signature

Chief Financial Officer
Title

QuickLinks

[Exhibit 12.2](#)
[CERTIFICATION](#)

CERTIFICATION

Pursuant to Section 906 of the Sarbanes Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of AerCap Holdings N.V. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2008 (the "Form-20-F") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 1, 2009 By: Klaus Heinemann
Chief Executive Officer

Date: April 1, 2009 By: Keith Helming
Chief Financial Officer

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[Exhibit 12.3](#)

[CERTIFICATION Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 \(Subsections \(a\) and \(b\) of Section 1350, Chapter 63 of Title 18, United States Code\)](#)

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