FORM 20-F

AerCap Holdings N.V. - AER

Filed: March 21, 2008 (period: December 31, 2007)

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

Table of Contents

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, 2007
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)

Evert van de Beekstraat 312
1118 CX Schiphol Airport
The Netherlands
+ 31 20 655 9655
(Address of principal executive offices)

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

Title of each class	Name of each exchange on which registered
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**

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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 ☒

TABLE OF CONTENTS

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:

- 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,
- the ability of our lessees and potential lessees to make operating lease payments to us,
- competitive pressures within the industry,
- changes in interest rates and availability of capital to us and to our customers,
- the negotiation of aircraft management services contracts,
- regulatory changes affecting commercial aircraft operators, aircraft maintenance, engine standards, accounting standards and taxes, and
- the risks set forth in "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 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, 2006 and 2007 and for the fiscal years ended December 31, 2006 and 2007, and the six months ended June 30, 2005 and December 31, 2005, was derived from AerCap Holdings N.V.'s audited consolidated financial statements included in this annual report. The financial information presented as of the fiscal year ended December 31, 2005 and as of 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 as of and for the fiscal year ended December 31, 2003 was derived from AerCap B.V.'s unaudited consolidated financial statements. The financial information presented includes the results of AeroTurbine from the date of its acquisition on April 26, 2006 to December 31, 2007, referred to herein as the AeroTurbine Acquisition.

Consolidated Income Statement Data:

	AerCap B.V.			AerCap Holdings N.V.		
	Year ended December 31,		Six months ended June 30 2005	Six months ended December 31, 2005(2)	Year ended December 31,	
	2003(2)	2004			2006(3)	2007
	(In thousands, except share and per share amounts)					
Revenues						
Lease revenue	$ 343,045	$ 308,500	$ 162,155	$ 173,568	$ 443,925	$ 554,226
Sales revenue	7,499	32,050	75,822	12,489	301,405	558,263
Management fee revenue	13,400	15,009	6,512	7,674	14,072	14,343
Interest revenue	22,432	21,641	13,130	20,335	34,681	29,742
Other revenue	84,568	13,667	3,459	1,006	20,336	19,947
Total revenues	**470,944**	**390,867**	**261,078**	**215,072**	**814,419**	**1,176,521**
Expenses						
Depreciation	143,303	125,877	66,407	45,918	102,387	141,113
Cost of goods sold	6,657	18,992	57,632	10,574	220,277	432,143
Interest on debt	123,435	113,132	69,857	44,742	166,219	234,770
Impairments(4)	6,066	134,671	—	—	—	—
Other expenses	64,010	68,856	32,386	26,524	46,523	39,746
Selling, general and administrative expenses(a)	39,267	36,449	19,559	26,949	149,364	116,328
Total expenses	**382,738**	**497,977**	**245,841**	**154,707**	**684,770**	**964,100**
Income (loss) from continuing operations before income taxes and minority interest	88,206	(107,110)	15,237	60,365	129,649	212,421
Provision for income taxes	(32,939)	224	556	(10,604)	(21,246)	(25,123)
Minority interest, net of tax	—	—	—	—	588	1,155
Net income (loss)	**$ 55,267**	**$ (106,886)**	**$ 15,793**	**$ 49,761**	**$ 108,991**	**$ 188,453**
Earnings (loss) per share, basic and diluted	$ 75.07	$ (145,19)	$ 21.45	$ 0.64	$ 1.38	$ 2.22
Weighted average shares outstanding, basic and diluted	736,203	736,203	736,203	78,236,957	78,982,162	85,036,957

(a) Includes share-based compensation of $78.6 million ($69.1 million, net of tax) and $10.9 million ($9.5 million, net of tax) in the years ended December 31, 2006 and 2007, respectively.

Consolidated Balance Sheets Data:

	AerCap B.V.		AerCap Holdings N.V.		
	As of December 31,				
	2003(1)	2004	2005	2006	2007
	(US dollars in thousands)				
Assets					
Cash and cash equivalents	$ 131,268	$ 143,640	$ 183,554	$ 131,201	$ 241,736
Restricted cash	206,572	118,422	157,730	112,277	95,072
Flight equipment held for operating leases, net	2,484,850	2,748,347	2,189,267	2,966,779	3,050,160
Notes receivable, net of provisions	188,616	250,774	196,620	167,451	184,820
Prepayments on flight equipment	160,624	135,202	115,657	166,630	247,839
Other assets	294,310	207,769	218,371	373,697	574,600
Total assets	**$ 3,466,240**	**$ 3,604,154**	**$ 3,061,199**	**$ 3,918,036**	**$ 4,394,227**
Debt	2,763,666	3,115,492	2,172,995	2,555,139	2,892,744
Other liabilities	526,488	419,643	468,575	611,893	551,110
Shareholders' equity	176,088	64,019	419,761	751,004	950,373
Total liabilities and shareholders' equity	**$ 3,466,240**	**$ 3,604,154**	**$ 3,061,199**	**$ 3,918,036**	**$ 4,394,227**

(1)

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

(2)

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.

(3)

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

(4)

Includes aircraft impairment, investment impairment and goodwill impairment.

RISK FACTORS

Risks Related to Our Business

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

Our business model depends on the continual re-leasing of our aircraft and engines when our current leases expire in order to generate sufficient revenues to finance our growth and operations and pay our debt service obligations. Between December 31, 2007 and December 31, 2010, aircraft leases accounting for approximately 40.4% of our lease revenues for the year ended December 31, 2007, are scheduled to expire and the aircraft subject to those leases will need to be re-leased or extended. In addition, nearly all of our engines are subject to short-term leases, which are generally less than 180 days. Our ability to re-lease our aircraft and engines will depend on general market and competitive conditions at the time the leases expire. The general market and competitive conditions may be affected by many factors which are outside of our control.

In 2007, we generated $73.7 million of revenues from leases that were scheduled to expire in 2008, $101.9 million of revenues from leases that are scheduled to expire in 2009 and $48.4 million of revenues from leases that were scheduled to expire in 2010. Since we lease most of our engines under short-term leases (90 to 180 days), we generally re-lease our engines at least once a year. If we are unable to re-lease an aircraft or engine on acceptable terms, our lease revenue may decline and we may need to sell the aircraft or engines at unfavorable prices to provide adequate funds for our debt service obligations and to otherwise finance our growth and operations.

Turmoil in US financial markets initiated during mid-2007 by losses related to sub-prime lending and gradually spreading to global financial markets and impacting most classes of lending has caused banks and financial institutions to decrease the amount of capital available for lending and has significantly increased the risk premium of such borrowings. We will need additional capital to finance our obligations under forward purchase commitments and to finance additional growth, and we may not be able to obtain it on terms acceptable to us, if at all, which may cause us to not meet our obligations under forward purchase commitments and restrict our ability to grow and compete in the aircraft and engine leasing and trading markets.

We will need additional capital to expand our business by acquiring additional aircraft, engines and other aviation assets, and financing may not be available to us or may be available to us but only on terms that are unfavorable. As of December 31, 2007, we had 68 new A320 family aircraft and 30 new A330 widebody aircraft on order from Airbus. If we acquire all 98 of the Airbus aircraft, over the next five years, we would expect to incur in excess of $4 billion of indebtedness to finance the purchase price of these aircraft. Our commitments under forward purchase commitments exceed our current available cash balances and amounts available under committed borrowing facilities. In addition, defaults by banks with whom we have committed borrowing facilities may decrease the amount available under committed borrowing facilities. We may not be able to find adequate sources of capital to fund all of our forward purchase commitments or we may be able to access sufficient capital to fund our forward purchase commitments and fund other growth, but at terms that will negatively impact our profitability, growth, liquidity and ability to compete in our market. Further, if additional capital is raised through the issuance of additional equity securities, the percentage ownership of our then current shareholders would be diluted. Newly issued equity securities may have rights, preferences or privileges senior to those of our ordinary shares. See "Item 10. Additional Information—Memorandum and articles of association".

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

As of December 31, 2007, our consolidated indebtedness was $2.9 billion and our interest expense (including the impact of hedging activities) was $234.8 million for the year ended December 31, 2007.

Due to the capital intensive nature of our business and our strategy of expanding our aircraft and engine portfolios, we expect that we will incur additional indebtedness in the future and continue to maintain high levels of indebtedness. High levels of indebtedness may limit our cash flow available for capital expenditures, acquisitions and other general corporate purposes and may have a material adverse effect on our earnings and growth prospects.

In addition, covenants in some of the indebtedness incurred by our subsidiaries prevent our subsidiaries from paying dividends to us in excess of defined limits. Also, the terms of the Aircraft Lease Securitisation indebtedness allow for distributions on the subordinated notes held by us only after the senior class of notes is redeemed.

Default by joint venture partners in joint venture agreements may trigger liquidity and financial difficulties in our joint venture vehicles and may require us to contribute additional financial resources to support the value of our investments in such vehicles.

The financial viability of joint venture vehicles in which we have ownership interests depends upon the ability of joint venture partners to provide adequate liquidity to fund operations and contracted growth. If our joint venture partners in such interests cannot or do not fulfill such obligations, we will have to provide the necessary liquidity or find alternative partners to do so in order to prevent the joint venture vehicle from defaulting on material obligations.

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

We use floating rate debt to finance the acquisition of a significant portion of our aircraft and engines. All of our revolving credit facilities have floating interest rates. As of December 31, 2006 and December 31, 2007, we had $2.3 billion and $2.6 billion, respectively, of indebtedness outstanding that was floating rate debt. We incurred floating rate interest expense of $149.4 million in the year ended December 31, 2007. If interest rates increase, we would be obligated to make higher interest payments to our lenders. Our practice has been to hedge the expected future interest payments on a portion of our floating-rate liabilities by entering into derivative contracts. However, we remain exposed to changes in interest rates to the extent that our hedges are not perfectly correlated to our financial liabilities. In addition, if we incur significant fixed rate debt in the future, increased interest rates prevailing in the market at the time of the incurrence or refinancing of such debt will also increase our interest expense.

Changes in interest rates may also adversely affect our lease revenues generated from leases with lease rates tied to floating interest rates. In the year ended December 31, 2007, 26.0% of our lease revenue was attributable to leases tied to floating interest rates. Therefore, if interest rates were to decrease, our lease revenue would decrease. In addition, because our fixed rate leases are based, in part, on prevailing interest rates at the time we enter into the lease; if interest rates decrease, new leases we enter into will be at lower lease rates and our lease revenue will be adversely affected. As of December 31, 2007, 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 $2.4 million on an annualized basis, including the offsetting benefits of interest rate hedges currently in effect, and, if interest rates were to decrease by 1%, we would expect to generate $5.5 million less lease revenue on an annualized basis.

The business of leasing, financing and sales of 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 and growth prospects.

In the past, the aircraft and engine leasing, buying and selling businesses have experienced prolonged periods of aircraft and engine oversupply. The oversupply of a specific type of aircraft or engine is likely to depress the lease rates for and the value of that type of aircraft or engine. The

supply and demand for aircraft and engines is affected by various cyclical and non-cyclical factors that are outside of our control, including:

- passenger and air cargo demand;
- fuel costs and general economic conditions;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- outbreaks of communicable diseases and natural disasters;
- governmental regulation;
- interest rates;
- the availability of credit;
- airline restructurings and bankruptcies;
- manufacturer production levels and technological innovation;
- manufacturers merging or exiting the industry or ceasing to produce aircraft types;
- retirement and obsolescence of aircraft models;
- reintroduction into service of aircraft previously in storage; and
- airport and air traffic control infrastructure constraints.

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

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

Our financial condition depends on the financial strength of our lessees, our ability to appropriately assess the credit risk of our lessees and the ability of lessees to perform under our leases. In 2007, we generated 471% of our revenues from leases to the airline industry, and as a result, we are indirectly affected by all the risks facing airlines today. The ability of our lessees to perform their obligations under our leases will depend primarily on the lessee's financial condition and cash flow, which may be affected by factors outside our control, including:

- the price and availability of jet fuel;
- competition;
- fare levels;
- passenger and air cargo rates;
- passenger and air cargo demand;
- geopolitical and other events, including war, acts of terrorism, outbreaks of epidemic diseases and natural disasters;
- increases in operating costs, including labor costs;
- labor difficulties;

- availability and cost of financing;
- economic conditions and currency fluctuations in the countries and regions in which the lessee operates;
- 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 capital markets 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. Any future downturns in the airline industry could greatly exacerbate the weakened financial condition and liquidity problems of some of our lessees and further increase the risk of delayed, missed or reduced rental payments. We may not correctly assess the credit risk of each lessee or charge lease rates which correctly reflect the related risks and our lessees may not be able to continue to meet their financial and other obligations under our leases in the future. A delayed, missed or reduced rental payment from a lessee decreases our revenues and cash flow. Our default levels may increase over time if economic conditions deteriorate. If lessees of a significant number of our aircraft or engines default on their leases, our financial results and growth prospects will be adversely affected.

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

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

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

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

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

Due to the high concentration of Airbus A320 family aircraft and CFM International CFM56 family engines in our aircraft and engine portfolios, our financial results and growth prospects may be adversely affected if the demand for these aircraft or engine models declines, if they are redesigned or replaced by their manufacturer or if these aircraft or engine models experience design or technical problems. As of December 31, 2007, 81.8% of the net book value of our aircraft portfolio was

represented by Airbus aircraft. Our owned aircraft portfolio included 13 aircraft types, the four highest concentrations of which together represented 84.9% of our aircraft by net book value. The four highest concentrations were Airbus A320 aircraft, representing 37.5% of the net book value of our aircraft portfolio, Airbus A321 aircraft, representing 21.7% of the net book value of our aircraft portfolio, Airbus A319 aircraft, representing 13.0% of the net book value of our aircraft portfolio and Boeing 737 aircraft representing 12.7% 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 aircraft, we have 68 new Airbus A320 family aircraft on order through our consolidated joint venture, AerVenture, and have 30 new Airbus A330 widebody aircraft on order. We also have a significant concentration of CFM56 engines in our engine portfolio. As of December 31, 2007, 66.9% of the net book value of our engine portfolio was represented by CFM56 engines and 12.8% was represented by CF6 engines.

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

In addition, if Airbus experiences further financial difficulty or if its current restructuring plan is unsuccessful, we could be adversely affected. Airbus' exposure to a weakening US dollar puts further pressure on the manufacturer to reduce costs. Airbus' restructuring was previously based on a US$1.35 to 1 Euro exchange rate, with each ten cent swing in exchange rate reportedly effecting operating profit by €1 billion. The recent continued decline in the US$ exchange rate toward the Euro is therefore adversely effecting the European manufacturer substantially.

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

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

A significant number of our aircraft and engines are leased to airlines in emerging market countries. As of December 31, 2007, we leased 57.5% of our aircraft and 20.9% of our engines, weighted by net book value, to airlines in emerging market countries. The emerging markets in which our aircraft are operated include Thailand, India, Taiwan, Sri Lanka, El Salvador, Jamaica, Malaysia, Colombia, Mexico, Turkey, Hungary, Russia, Brazil and Indonesia and we 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 and growth prospects may be materially and adversely affected by adverse economic and political developments in emerging market countries.

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

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

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

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

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

The aircraft and engine leasing industry is highly competitive. Our competition is comprised of major aircraft leasing companies including GE Commercial Aviation Services, International Lease Finance Corp., CIT 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. In addition, GE Commercial Aviation Services, through its acquisition 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 compete with each aspect of our business.

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

- airlines;

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

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

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

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

Lease rental revenues from lessees based in Asia accounted for 33% of our lease revenues in 2007. The outbreak of SARS in 2003 had a significant negative effect on the Asian economy, particularly in China, Hong Kong and Taiwan. The Asian airline industry has since recovered and is currently experiencing strong growth; however, a recurrence of SARS or the outbreak of another epidemic disease, such as avian influenza, which many experts believe would originate in Asia, could materially and adversely affect the Asian airline industry.

Lease rental revenues from lessees based in Europe accounted for 39% of our lease revenues in 2007. Commercial airlines in Europe face, and can be expected to continue to face, increased competitive pressures, in part as a result of the deregulation of the airline industry by the European Union and the resulting expansion of low-cost carriers. European countries generally have relatively strict environmental regulations and traffic constraints that can restrict operational flexibility and decrease aircraft productivity, which could significantly increase operating costs of all aircraft, including our aircraft, thereby adversely affecting our lessees.

Lease rental revenues from lessees based in North America, accounted for 16% of our lease revenues in 2007. During the past 16 years, a number of North American passenger airlines filed for bankruptcy and several major U.S. airlines ceased operations altogether. The outbreak of SARS, the war and prolonged conflict in Iraq and the September 11, 2001 terrorist attacks in the United States have imposed additional financial burdens on most U.S. airlines as a result of increased expenses due to tightened security requirements and have in certain cases led to a temporary reduction in demand for air travel.

Lease rental revenues from lessees based in Latin America accounted for 10% of our lease revenues in 2007. 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 2% of our lease revenues in 2007. Any economic downturn in the Latin American or the Caribbean economies may adversely affect the operations of our lessees in these regions.

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

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

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

As of December 31, 2007, we owned 62 aircraft that were over ten years of age, representing 25.3% 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 and growth prospects.

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

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

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

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

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

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

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

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

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

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

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

In the normal course of their business, our lessees are likely to incur aircraft and engine liens that secure the payment of airport fees and taxes, custom duties, air navigation charges, including charges imposed by Eurocontrol, landing charges, crew wages, repairer's charges, salvage or other liens that may attach to our aircraft or engine. These liens may secure substantial sums that may, in certain

jurisdictions or for certain types of liens, particularly liens on entire fleets of aircraft, exceed the value of the particular aircraft or engine to which the liens have attached. Aircraft and engines may also be subject to mechanical liens as a result of routine maintenance performed by third parties on behalf of our customers. Although the financial obligations relating to these liens are the responsibility of our lessees, if they fail to fulfill their obligations, the liens may attach to our aircraft or engines and ultimately become our responsibility. In some jurisdictions, aircraft and engine liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the aircraft or engine.

Until they are discharged, these liens could impair our ability to repossess, re-lease or sell our aircraft or engines. Our lessees may not comply with their obligations under their leases to discharge aircraft liens arising during the terms of their leases. If they do not, we may find it necessary to pay the claims secured by such aircraft liens in order to repossess the aircraft or engine. Such payments would materially and adversely affect our financial results and growth prospects.

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

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

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

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

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

The supply of commercial jet aircraft is dominated by two airframe manufacturers, Boeing and Airbus, and three engine manufacturers, GE Aircraft Engines, Rolls-Royce plc and Pratt & Whitney. As a result, we are dependent on these manufacturers' success in remaining financially stable, producing products and related components which meet the airlines' demands and fulfilling their contractual obligations to us. 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. In addition, the strengthening of the Euro against a weakening US dollar has put further cost pressure on Airbus. Although Boeing is not exposed to the same Euro-US dollar currency risk, announced delays in the Boeing 787 program could potentially lead to similar consequences to those resulting from the Airbus A380 program delays.

The record number of orders obtained by both Airbus and Boeing over the last few years has lead to an unprecedented production backlog. Absent an increase in production capability or a significant number of order cancellations at Airbus or Boeing, we expect that our short-term growth due to new aircraft orders will remain difficult.

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 and growth prospects.

Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant airframe is registered, and where the aircraft is operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with noise level standards. In addition, 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 and other jurisdictions are beginning to impose more stringent limits on the emission of nitrogen oxide, carbon monoxide and carbon dioxide emissions 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. Limitations on emissions 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 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 its employees. A violation of these laws and regulations or permit conditions can result in substantial fines, permit revocation or other damages. Many of these laws impose liability for clean-up of contamination that may exist at our facilities (even if we did not know of or were not responsible for the contamination) or related personal injuries or natural resource damages or costs relating to contamination at third-party waste disposal sites where we have sent or may send waste. We cannot assure you that we will be at all times in complete compliance with these laws, regulations or permits. We may have liability under environmental laws or be subject to legal actions brought by governmental authorities or other parties for actual or alleged violations of, or liability under, environmental, health and safety laws, regulations or permits.

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

We are the aircraft manager for various securitization vehicles, joint ventures and third parties and receive annual fees for these services. In 2007, we generated revenue of $14.3 million from providing aircraft management services to non-consolidated securitization vehicles and joint ventures and third parties. We may be removed as manager by the affirmative vote of a requisite number of holders of the securities issued by the securitization vehicles upon the occurrence of specified events and at specified times under our joint venture agreements. If we are removed, in the case of our consolidated securitization vehicles and joint ventures, our expenses would increase since such securitization vehicles or joint ventures would have to hire an outside aircraft manager and, in the case of non-consolidated securitization vehicles, joint ventures and third parties, our revenues would decline as a result of the loss of our fees for providing management services to such entities. If we are removed as aircraft manager for any securitization vehicle or joint venture that generates a significant portion of our management fees, our financial results and growth prospects could be materially and adversely affected.

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

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

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

Our future success depends, to a significant extent, upon the continued service of our senior management personnel. For a description of the senior management team, see "Item 6. Directors, Senior Management and Employees". The departure of senior management personnel, including at AeroTurbine, could have a material adverse effect on our ability to achieve our business strategy.

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

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

Risks Related to the Aviation Industry

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

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

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

Fuel prices currently remain at historically high levels. The continuing high cost of fuel has had, and sustained high costs in the future may continue to have, a material adverse affect on airlines' profitability, including our lessees. Due to the competitive nature of the aviation industry, operators have been and may continue to be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully off-sets the increased fuel costs they have incurred. In addition,

they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. If fuel prices remain at historically high levels or increase further due to future terrorist attacks, acts of war, armed hostilities, natural disasters or for any other reason, they are likely to cause our lessees to incur higher costs and/or generate lower revenues, resulting in an adverse affect on their financial condition and liquidity. Consequently, these conditions may adversely affect our lessees' ability to make rental and other lease payments, result in lease restructurings and/or aircraft and engine repossessions, increase our costs of servicing and marketing our aircraft and engines, impair our ability to re-lease them or otherwise dispose of them on a timely basis at favorable rates or terms, if at all, and reduce the proceeds received for such assets upon any disposition. Any of these events could adversely affect our financial results and growth prospects.

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

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

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

- higher costs to the airlines due to the increased security measures;
- decreased passenger demand and revenue due to the inconvenience of additional security measures;
- uncertainty of the price and availability of jet fuel and the cost and practicability of obtaining fuel hedges under current market conditions;
- higher financing costs and difficulty in raising the desired amount of proceeds on favorable terms, if at all;
- significantly higher costs of aviation insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance has been or will continue to be available;
- inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of terrorist attacks and geopolitical conditions, including those referred to above; and
- special charges recognized by some operators, such as those related to the impairment of aircraft and engines and other long lived assets stemming from the grounding of aircraft as a result of terrorist attacks, the economic slowdown and airline reorganizations.

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

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

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

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

The passenger aviation industry is inherently cyclical and a significant downturn in the industry would adversely impact our lessees' ability to make payments to us, which would adversely affect our financial results and growth prospects.

The years 2001 through 2004 were characterized by falling demand and rising costs. This industry downturn was exacerbated by the terrorist attacks on September 11, 2001, prolonged military action in Iraq and Afghanistan, rising fuel prices, SARS and avian influenza. As a result, the global airline industry experienced significant financial losses. Many airlines, including some of our lessees, announced or implemented reductions in capacity, service and workforce. Additionally, many airlines sought protection under bankruptcy laws. The airline bankruptcies and the reduction in demand led to the grounding of significant numbers of aircraft and engines and the negotiation of reductions in lease rental rates, which depressed aircraft and engine market values.

While the down cycle has ended and many of the world's airlines are experiencing improved financial performance, there are recent indications that a recession is developing in the United States which could trigger a slowdown or recession in other economies. While it is unclear what the impact of these events may be on the aviation industry an industry downturn is likely to occur again at some point in the future and the impact could be similar to the impact of the prior downturn. Such a downturn would likely place already financially weakened lessees under further duress, once again putting downward pressure on lease rates. As in the previous downturn, the grounding of undesirable older aircraft would also play a role in depressing aircraft and engine market values.

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.

Funds and accounts affiliated with Cerberus Capital Management, L.P., or Cerberus, own 45.8% of our ordinary shares. As a result, Cerberus may be able to effectively control fundamental corporate matters and transactions, including the appointment of a majority of our directors, mergers, amalgamations, consolidations or acquisitions, the sale of all or substantially all of our assets, the amendment of our articles of association and our dissolution. This concentration of ownership may delay, deter or prevent acts that would be favored by our other shareholders, such as a change of control transaction that would result in the payment of a premium to our other shareholders. In addition, this concentration of share ownership may adversely affect the trading price of our ordinary shares if the perception among investors exists that owning shares in a company with a significant shareholder is not desirable.

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

We were formed under the laws of The Netherlands and, as such, the rights of holders of our ordinary shares and the civil liability of our directors will be governed by the laws of The Netherlands and our articles of association. The rights of shareholders under the laws of The Netherlands may differ from the rights of shareholders of companies incorporated in other jurisdictions. Some of the named experts referred to in this 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 economic and legal risks associated with a global business.

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

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

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

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

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

Risks Related to 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 current 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 and growth prospects.

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 and growth prospects.

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 and growth prospects.

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

Our Irish tax resident subsidiaries are currently subject to Irish corporate income tax on trading income at a rate of 12.5%, on capital gains at 20%, and on other income at 25%. We expect that substantially all of our Irish income will be treated as trading income for tax purposes in future periods. As of December 31, 2007, we had $328.8 million of Irish tax losses available to carry forward against our trading income. The continued application of the 12.5% tax rate to trading income generated in our Irish tax resident subsidiaries and the ability to carry forward Irish tax losses to shelter future taxable trading income depends in part on the extent and nature of activities carried on in Ireland both in the past and in the future. AerCap Ireland and its Irish tax resident subsidiaries intend to carry on their activities in Ireland so that the 12.5% rate of tax applicable to trading income will apply and that they will be entitled to shelter future income with tax losses that arose from the same trading activity. 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 and growth prospects.

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 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 402 people.

We operate our business on a global basis, providing aircraft, engines and parts to customers in every major geographical region. As of December 31, 2007, we owned 136 aircraft and 67 engines, managed 68 aircraft, had 98 new aircraft and two new engines on order, had entered into purchase contracts for 13 aircraft, had entered into sales contracts for two aircraft and had executed letters of intent to purchase an additional three aircraft and sell three aircraft from our owned portfolio.

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, 2007, our owned and managed aircraft and engines were leased to 101 commercial airline and cargo operator customers in 48 countries and are 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 Import & Export Group Corporation, which commenced operations in October 2006.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft and engine transactions in a variety of market conditions. From January 1, 2005 to December 31, 2007, we have executed over 750 aircraft and engine transactions, including 223 aircraft leases, 134 engine leases, 201 aircraft purchase or sale transactions, 108 engine purchase or sale transactions and the disassembly of 37 aircraft and 64 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, 2005 and December 31, 2007, our weighted average owned aircraft utilization rate was 98.8%.

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 funds and accounts affiliated with Cerberus Capital Management, L.P., or Cerberus. 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 6.8 million of our ordinary shares on The New York Stock Exchange.

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

We intend to pursue the following business strategies:

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

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

Our ability to profitably manage aircraft throughout their lifecycle depends in part our ability to successfully lease aircraft and engines at profitable rates and our ability to source acquisition opportunities of new and used aircraft at favorable prices.

Expand Our Aircraft and Engine Portfolio. We intend to grow our portfolio of aircraft and engines through portfolio purchases, new aircraft purchases, airline refleetings, and other opportunistic aircraft and engine purchases. We will rely on our experienced team of aircraft and engine market professionals to identify and purchase assets we believe are being sold at attractive prices or that we believe will increase in demand and value. In addition, we will continue to rebalance our aircraft and engine portfolios through acquisitions, sales and selective disassemblies to maintain the appropriate mix of aviation assets to meet our customers' needs.

Focus on High Growth Markets. Although we maintain a geographically diverse portfolio, we focus on high growth airline markets such as the Asia/Pacific market. In May 2006, we entered into a joint venture with China Aviation Supplies Import & Export Group Corporation, a state-owned aviation service engaged in the import and export of civil aviation products and the leasing and maintenance of aircraft, engines and aviation parts. This joint venture enhances our presence in the increasingly important China market and will enhance our ability to lease our aircraft and engines throughout the entire Asia/Pacific region.

Enter into Joint Ventures. We intend to continue to leverage our leading market position, extensive knowledge of the aircraft and engine leasing markets and aircraft and engine management capabilities by entering into joint ventures that increase our purchasing power and our ability to obtain price discounts on large aircraft orders. For example, by structuring a large aircraft purchase from Airbus through a 50% owned consolidated joint venture, we were able to increase the number of aircraft we ordered from 35 to 70 and obtained significantly more favorable terms than would otherwise have been available to us. We also enter into joint ventures for diversification and risk management purposes. We expect to benefit from greater geographical and product diversity of our entire 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 intend to lower our aircraft and engine maintenance costs by using aircraft and engine parts we obtain from the selective disassembly of acquired and existing airframes and engines. We intend to achieve further maintenance cost savings by using our FAA and EASA certified repair station to perform a variety of value-added MRO services on our aircraft and engines that would otherwise be outsourced at significantly higher costs.

Acquire Complementary Businesses. We intend to selectively pursue acquisitions that we believe will enhance our ability to manage aircraft and engines profitably throughout their lifecycle. The synergies, economies of scale and operating efficiencies we expect to derive from our acquisitions will allow us to strengthen our competitive advantages and diversify our sources of revenue.

Aircraft

Overview

We operate our aircraft business on a global basis. As of December 31, 2007, we owned and managed 204 aircraft. We owned 130 aircraft in our aircraft business, managed 68 aircraft and owned an additional six aircraft which we intend to disassemble for the sale of their parts or sell at the end of their leases. As of December 31, 2007, we leased these aircraft to 81 commercial airline and cargo operator customers in 42 countries. In addition, as of December 31, 2007, we had 68 new Airbus A320 narrowbody aircraft on order through our consolidated joint venture, AerVenture and 30 new Airbus A330 widebody aircraft on order. We also entered into a purchase contract for 13 aircraft and had executed letters of intent for the purchase of three additional aircraft. Including all owned and managed aircraft, aircraft under contract or letter of intent and aircraft in our order book, our portfolio totals 318 aircraft as of December 31, 2007.

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.

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 428 aircraft transactions between January 1, 2005 and December 31, 2007.

The following tables set forth information regarding the aircraft transactions we have executed between January 1, 2005 and December 31, 2007, the number of initial leases and re-leases we entered into, the number of leases we extended, the number of leases we restructured, the number of aircraft we purchased and the number of aircraft we sold. The trends shown in the table reflect the execution of the various elements of our leasing strategy for our owned and managed portfolio, as described further below.

	Owned Aircraft			
Activity	**2005**	**2006**	**2007**	**Total/ Average**
New leases	11	15	22	**48**
Re-leases	9	16	10	**35**
Extensions of lease contracts	28	15	12	**55**
Average lease term for new leases (months)(1)(4)	68.7	103.2	96.5	**92.2**
Average lease term for re-leases (months)(1)	50.6	58.7	72.0	**60.4**
Average lease term for lease extensions (months)(2)	23.0	22.3	46.5	**27.9**
Lease restructurings	6	1	—	**7**
Aircraft purchase	6	41	40	**89**
Aircraft sales	21	17	24	**64**
Average aircraft utilization rates(3)	99.1%	98.9%	98.4%	**98.8%**

(1) Average lease term of new leases and re-leases contracted during the period. The average lease term for new leases and re-leases is calculated by reference to the period between the date of contractual delivery to the date of contractual redelivery of the aircraft.

(2) Average lease term for aircraft extensions contracted during the period. The average lease term for lease extensions is calculated by reference to the period between the date of the original expiration of the lease and the new expiration date.

(3) Our utilization rate for aircraft is calculated based on the average number of months the aircraft are on lease each year. The utilization rate is weighted proportionate to the net book value of the aircraft at the end of the period measured.

(4) Including the letters of intent signed during 2007, the average lease term is 107 months.

	Managed Aircraft			
Activity	**2005**	**2006**	**2007**	**Total/ Average**
Re-leases	23	9	7	**39**
Extensions of lease contracts	21	14	6	**41**
Average lease term for re-leases (months)(1)	36.4	40.9	48.0	**39.5**
Average lease term for lease extensions (months)(2)	30.7	21.5	46.0	**29.9**
Lease restructurings	1	1	—	**2**
Aircraft purchases	1	—	—	**1**
Aircraft sales	9	13	25	**47**

(1) Average lease term of new leases and re-leases contracted during the period. The average lease term for new leases and re-leases is calculated by reference to the period between the date of contractual delivery to the date of contractual redelivery of the aircraft.

(2) Average lease term for aircraft lease extensions contracted during the period. The average lease term for lease extensions is calculated by reference to the period between the date of the original expiration of the lease and the new expiration date.

The tables above illustrate how we have implemented our leasing strategies in response to changing trends in the aircraft leasing market. For example, throughout the years presented above, 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. Leases of new aircraft generally have longer terms than used aircraft which are re-leased. The average lease term for new leases increased significantly in 2006 due to the fact that we contracted to lease six aircraft from our order book to one customer, each for nine years. We experienced a lower level of lease extension activity in 2006 and 2007 and a lower level of re-lease activity in 2007 as we had fewer aircraft requiring remarketing because of the high number of aircraft we re-leased or extended in 2005 that were scheduled to come off-lease in 2006 and 2007. In 2007, our ability to continue to place aircraft on long lease terms reflects the robustness of demand for our aircraft. For our managed aircraft, the decrease in re-lease and extension activity is driven by the reduction of numbers of Dornier 328 aircraft under our management contract with Wings as a result of sales of the aircraft. Average lease terms have lengthened for managed aircraft as is the case for owned aircraft, reflecting the current demand for aircraft capacity worldwide. 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 and younger aircraft are generally placed for a longer lease term than older aircraft.

Before making any decision to lease an aircraft, we perform a review of the prospective lessee, which generally includes reviewing financial statements, business plans, cash flow projections, maintenance records, operational performance histories, hedging arrangements for fuel, foreign currency and interest rates and relevant regulatory approvals and documentation. We also typically perform on-site credit reviews for new lessees which typically includes extensive discussions with the prospective lessee's management before we enter into a new lease. Depending on the credit quality and financial condition of the lessee, we may require the lessee to obtain guarantees or other financial support from an acceptable financial institution or other third parties.

We require our aircraft lessees to provide us with security deposits in order to protect the value of our assets. We require all of our lessees to provide a security deposit for their performance under their leases, including the return of the aircraft in the specified condition at the expiration of the lease. The size of the security deposit is typically equal to two months' rent.

All of our lessees are responsible for their maintenance costs during the lease term. Based on the credit quality of the lessee, we require some of our lessees to pay supplemental maintenance rent to cover scheduled major component maintenance costs. If a lessee pays the supplemental maintenance rent, we reimburse them for their maintenance costs up to the amount of their supplemental maintenance rent payments. Under the terms of our leases, at lease expiration, to the extent that a lessee has paid us more supplemental maintenance rent than we have reimbursed them for their maintenance costs, we retain the excess rent. 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, 2007, 42 of our owned aircraft lessees in respect of 80 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 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 49 aircraft under defaulted leases with 22 different lessees in 15 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, 2007, we owned and managed 204 aircraft. We owned 130 aircraft, managed 68 aircraft and owned an additional six aircraft, which we intend to disassemble for the sale of their parts or sell at the end of their leases. Of the 204 aircraft, 197 were on operating lease and seven were off-lease (one owned and six managed). Of the seven aircraft off-lease, two were subject to our regular remarketing efforts and one aircraft is intended to be disassembled or sold. With respect to the other four aircraft (all Fairchild Dornier 328s), we have been instructed by the client to market the aircraft for sale, rather than seek to re-lease them. As of December 31, 2007, we leased the 197 aircraft on operating leases to 81 commercial airline and cargo operator customers in 42 countries. The weighted average age of our 130 owned aircraft was 7.4 years as of December 31, 2007. We believe that we own one of the youngest aircraft fleets in the world.

The following table provides details regarding our aircraft portfolio by type of aircraft as of December 31, 2007:

	Owned portfolio		Managed portfolio			
Aircraft type	**Number of aircraft owned**	**Percentage of total net book value**	**Number of aircraft**	**Number of aircraft on order**	**Number of aircraft under purchase contract or letter of intent**	**Total owned, Managed and ordered aircraft**
Airbus A300 Freighter	1	1.0%	—	—	—	**1**
Airbus A319	13	13.0%	—	18	—	**31**
Airbus A320	58	37.5%	13	50	3	**124**
Airbus A321	21	21.7%	1	—	—	**22**
Airbus A330	6	8.6%	—	30	—	**36**
Airbus A340	—	0.0%	1	—	—	**1**

Boeing 737	22	12.7%	30	—	7	**59**
Boeing 757	4	2.0%	3	—	—	**7**
Boeing 767	2	1.5%	2	—	—	**4**
Fokker 100	2	0.2%	1	—	—	**3**
MD-11 Freighter	1	1.1%	1	—	—	**2**
MD-83	1	0.1%	6	—	4	**11**
MD 82	4	0.4%	2	—	2	**8**
Fairchild Dornier 328	—	0.0%	8	—	—	**8**
DC8	1	0.2%	—	—	—	**1**
Total	**136**	**100.0%**	**68**	**98**	**16**	**318**

In the future we may acquire additional freighter aircraft or 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 our consolidated joint venture, AerVenture, and have signed letters of intent for the purchase of a number of additional aircraft.

In January 2006, our consolidated joint venture, 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. The AerVenture order consisted of 18 A319 aircraft and 50 A320 aircraft remaining to be delivered as of December 31, 2007. The initial delivery schedule for the AerVenture aircraft includes 12 aircraft to be delivered before the end of 2008 and 58 aircraft to be delivered before the end of 2010.

In December 2006, we placed an order with Airbus to acquire 20 new A330-200 widebody 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 includes two aircraft to be delivered in 2008, eight aircraft in 2009, ten in 2010, four in 2011 and six in 2012.

Aircraft Subject to Purchase and Sale Agreements and Letters of Intent. 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.

The following table provides information regarding the letters of intent and purchase and sale agreements in place and executed as of December 31, 2007.

Aircraft type	Number of aircraft	Letter of Intent or Agreement	New/Used
Purchases			
McDonnell Douglas 83	4	Purchase Agreement	Used
McDonnell Douglas 82	2	Purchase Agreement	Used
Boeing 737-300	6	Purchase Agreement	Used
Boeing 737-300	1	Letter of intent	Used
Airbus A320-200	2	Letter of intent	Used
Airbus A320-100	1	Purchase Agreement	Used
	16		
Sales			
Airbus A300	1	Sale Agreement	Used
Airbus A330	2	Exercised Purchase Option	Used
Fokker 100	1	Sale Agreement	Used
Fokker 100	1	Letter of intent	Used
McDonnell Douglas 83	1	Letter of intent	Used
DC8	1	Letter of intent	Used
	7		

In addition to the above, we are in exclusive discussions with an aircraft owner for the purchase and leaseback of 11 Boeing 737-800 aircraft and ten other aircraft, consisting of Boeing 757-200s, 737-400s and 767-300s. We intend to purchase these aircraft through a joint venture company, of which we expect to own 50%. If we are able to reach agreement on the terms of the purchase with the seller and the terms of the joint venture with our joint venture partner, we expect this transaction to close in 2008.

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, 2007.

Lessee	Percentage of 2007 lease revenue
Thai Airways International Public Co., Ltd.	6.0%
Wizz Air Hungary Ltd	4.2%
America West Airlines	4.0%
My Travel Airways PLC	3.9%
Korean Air Lease & Finance Co., Ltd.	3.4%
Kingfisher Airlines Ltd.	3.4%
Tombo Capital Corporation	3.3%
Indian Airlines Ltd.	3.2%
TAM	3.0%
Asiana Airlines Inc	3.0%
Nordeste/Varig	2.6%
Gemini Air Cargo Inc.	2.5%
Bangkok Airways Co	2.4%
Societe Air France	2.4%
Air Canada	2.3%
SN Brussels Airlines(1)	2.2%
British Midland Airways Ltd	2.1%
Other(2)	46.1%
Total	**100.0%**

(1) Commercial name for Delta Air Transport N.V./S.A.

(2) Consists of more than 100 individual lessees. No other lessee accounted for more than 2.0% of our lease revenue in 2007.

We lease our aircraft to lessees located in numerous and diverse geographical regions and have focused our leasing efforts on the fast growing Asia/Pacific market.

The following table sets forth the percentage of our total lease revenue by country in which we lease our owned aircraft for the year ended December 31, 2007.

Country	Percentage of 2007 lease revenue
United Kingdom	12.8%
United States of America	11.6%
Thailand	8.5%
India	8.2%
Republic of Korea	6.5%
Brazil	6.1%
Hungary	4.1%
Canada	4.0%
Belgium	3.9%
Germany	3.4%
Japan	3.3%
Turkey	3.1%
France	2.8%
Indonesia	2.0%
Kazakhstan	1.9%
Mexico	1.8%
Iceland	1.7%
El Salvador	1.5%
Italy	1.4%
Portugal	1.1%
Other(1)	10.3%
Total	**100.0**%

(1) No other country accounted for more than 1.0% of our lease revenue in 2007.

As of December 31, 2007, leases representing approximately 40.4% of our lease revenues in 2007 were scheduled to expire before December 31, 2010. As of December 31, 2007, our 130 owned aircraft which are on lease (excluding the six aircraft that we intend to disassemble or sell at the end of their leases) had a weighted average remaining lease period per aircraft of 46 months.

The following table sets forth as of December 31, 2007 the number of leases that were scheduled to expire between December 31, 2007 and December 31, 2016 as a percentage of our 2007 lease revenue.

Year	Percentage of 2007 lease revenue(1)	Number of aircraft with leases expiring(2)
2008	13.3%	26(3)
2009	18.4%	27(4)
2010	8.7%	17
2011	6.6%	13
2012	10.7%	15
2013	10.6%	14
2014	6.2%	9
2015	2.0%	3
2016	1.2%	4
2017	—%	—
2018	—%	—
2019	0.2%	2
Total	**78.0%**	**130**

(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 2007 (7.8%), revenue from the leasing of engines and parts (11.0%) and lease revenue from the aircraft subject to lease-in lease out transactions (3.2%).

(2) On December 31, 2007, we had no owned aircraft off-lease. We have excluded the six aircraft which we intend to disassemble or sell at the end of their current leases, one of which was off-lease as of December 31, 2007.

(3) As of March 17, 2007, 24 of the 26 aircraft with leases expiring in 2008 have been contracted to another lessee for re-lease or have had leases extended with the current lessee or are under executed letter of intent for sale.

(4) As of March 17, 2007, 12 of the 27 aircraft with leases expiring in 2009 have been contracted to another lessee for re-lease, have had leases extended with the current lessee, are under executed letter of intent for sale or are intended to be parted out in our aircraft disassembly business.

Aircraft Acquisitions and Dispositions

From January 1, 2005 to December 31, 2007, we purchased 90 aircraft and sold 111 aircraft. In addition, as of December 31, 2007, we had negotiated and entered into contracts to purchase an additional 98 new aircraft, 30 directly and 68 through a joint venture, entered into a purchase contract to purchase eight used aircraft and have executed letters of intent to purchase an additional three aircraft. By selling our subordinated interests in securitization vehicles at two different occasions in past years, we also disposed of two large portfolios of aircraft totaling 272 aircraft. In addition, on May 11, 2007, we signed an agreement with Airbus for the purchase of an additional ten A330s, bringing the total number of new aircraft on order to 98 aircraft which remained to be delivered on December 31, 2007. We have a portfolio management team of 24 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 trading strategies by providing us with large-scale committed funding to acquire new and used aircraft, engines and parts. As of December 31, 2007, we had $938.9 million of committed undrawn credit facilities that allow us to purchase aircraft of up to 15 years of age and $216.8 million of committed undrawn credit facilities that allow us to purchase a broad variety of aircraft, engine and part types of any age. In connection with the refinancing of Aircraft Lease Securitization in 2007, we repaid $165.8 million of bank debt thereby increasing availability under our commercial bank financings, including our revolving credit facility. We also have $928.1 million of undrawn amounts under borrowing facilities with commercial banks, including facilities guaranteed by European export credit agencies.

Joint Ventures

We expect to conduct an increasing portion of our business in the future through joint ventures. Entering into joint venture arrangements allows us to:

- order new aircraft and engines in larger quantities to increase our buying power and economic leverage;
- increase the 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. We have invested $25.0 million in AerVenture and LoadAir has invested $25.0 million in AerVenture. We have each agreed to make additional equity contributions of up to $100.0 million. We consolidate AerVenture's financial results in our financial statements. We have developed AerVenture as a joint venture because this structure allows us to leverage our buying power to achieve more favorable aircraft acquisition terms. We have entered into exclusive agreements to provide management and marketing services to AerVenture in return for aircraft management fees and specified incentive fees which are tied to the profitability of AerVenture. Payments under these agreements will not

provide any additional revenues as a result of consolidation. These agreements may be terminated by AerVenture in 2014. We consolidate AerVenture's financial results in our financial statements.

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. Subsequently, AerVenture signed an amendment to the agreement that deferred two deliveries to 2011. 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. 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 for financial reporting purposes has been deferred until delivery of each aircraft. For consistency with the accounting treatment for this amendment, we will continue to include these seven positions as aircraft under order until the third-party has fulfilled its obligations under the amendment and taken delivery of these aircraft.

AerVenture closed a credit facility for a total amount of $119.0, and subsequently increased the size of the facility to $207.5 million that will finance the pre-delivery payments on the first 30 aircraft to be delivered. Upon delivery of the aircraft, AerVenture will be required to arrange financing to cover the entire purchase price, including refinancing the pre-delivery payments, which is not covered by the joint venture's equity contributions. The first two deliveries occurred in 2007 and were financed by AerCap's $1 billion warehouse facility. The remaining delivery schedule includes 10 aircraft to be delivered in 2008 and 58 aircraft to be delivered between 2009 and 2011.

AerDragon. In May 2006, we signed a joint venture agreement with China Aviation Supplies Import & Export Group Corporation and affiliates of Calyon establishing AerDragon. AerDragon consists of two companies, Dragon Aviation Leasing Company Limited, based in Beijing with a registered capital of $10.0 million and AerDragon Aviation Partners Limited, based in Ireland with a registered capital of $50.0 million. AerDragon is 50% owned by China Aviation and 25% owned by each of us and Calyon. Following receipt of the local Chinese approvals required for it to begin operations, AerDragon commenced operations in October 2006. We 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, 2007, 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 directly from Airbus through an assignment of our purchase right under our 1999 agreement with Airbus. 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.

Annabel and Bella. In 2005, we signed a joint venture agreement with Deucalion Capital Limited to form the Annabel joint venture in which we hold a 27% equity interest. Annabel purchased a used A340 aircraft in 2005. The aircraft is on lease to Sri Lanka Airlines through 2015. In 2006, we signed a joint venture agreement with Deucalion to form the Bella joint venture in which we hold a 50% equity interest. Bella purchased two used Airbus A330-322 aircraft in April 2006, one of which is on lease through 2009 and one of which is on lease through 2013. We receive fee income for providing aircraft management services to both Annabel and Bella. We consolidate Bella's financial results in our financial statements but do not consolidate Annabel's financial results in our financial statements. We do not expect these joint ventures to acquire any more aircraft.

Relationship with Airbus

We have a close and longstanding mutually advantageous relationship with Airbus. Our relationship dates back to our formation, when DaimlerChrysler AG (formerly known as Daimler-Benz AG), a principal shareholder of European Aeronautic Defense & Space Company—EADS N.V., an 80% shareholder of Airbus, was one of our founding shareholders. In the last 10 years, we, directly or through our joint ventures, have contracted to purchase over 100 new commercial jet aircraft from Airbus and 24 used aircraft from Airbus. We maintain a wide-ranging dialogue with Airbus seeking mutually beneficial opportunities such as taking delivery of new aircraft on short notice and purchasing used aircraft from airlines seeking to renew their fleet with Airbus aircraft.

Aircraft Services

We are one of the aircraft industry's leading providers of aircraft asset management and corporate services to securitization vehicles, joint ventures and other third parties. As of December 31, 2007, we had aircraft management and administration service contracts with eight parties covering over 199 aircraft (including the 68 aircraft on order by AerVenture), two of which accounted for 71% of our aircraft services revenue in 2007. We categorize our aircraft services into aircraft asset management, administrative services and cash management services. Since we have an established operating system to provide these services to manage our own aircraft assets, the incremental cost of providing aircraft management services to securitization vehicles, joint ventures and third parties is limited. Our primary aircraft asset management activities are:

- remarketing aircraft;
- collecting rental and maintenance payments, monitoring aircraft maintenance, monitoring and enforcing contract compliance and accepting delivery and redelivery of aircraft;
- conducting ongoing lessee financial performance reviews;
- periodically inspecting the leased aircraft;
- coordinating technical modifications to aircraft to meet new lessee requirements;
- conducting restructurings negotiations in connection with lease defaults;
- repossessing aircraft;
- arranging and monitoring insurance coverage;
- registering and de-registering aircraft;
- arranging for aircraft and aircraft engine valuations; and
- providing market research.

We charge fees for our aircraft management services based primarily on a mixture of fixed retainer amounts, but we also receive performance-based fees related to the managed aircrafts' lease revenue or sale proceeds, or specific upside sharing arrangements.

We provide cash management and administrative services to securitization vehicles and joint ventures. As of December 31, 2007, we had four cash management agreements with clients holding an aggregate of 243 aircraft in their portfolios and five 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.

To facilitate the integration of AeroTurbine, we have entered into three year employment contracts with key members of its senior management. In addition, our indirect shareholders granted key members of AeroTurbine's senior management indirect equity interests in us and other members of senior management were granted stock options directly in us, so that they share a vested interest in achieving the successful integration of our aircraft business with AeroTurbine's engine and parts business.

Engine 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. In addition, we opportunistically acquire engines that require maintenance work and refurbish those engines in our MRO operations. By pursuing these acquisition strategies, we believe we have been able to acquire our engines at attractive prices.

We purchase engines for which there is high market demand or for which we believe demand will increase in the future. We opportunistically sell and exchange engines when we believe that the realizable value from a sale or exchange will equal or exceed the realizable value that we would expect to receive from leasing or disassembling the engine for the sale of its parts.

In determining whether to purchase or sell an engine, we assess the value of each engine according to a number of factors, including its hardware composition, airworthiness directive compliance and service bulletin status, life-limited parts thresholds, historical maintenance documentation, performance data and material certifications.

Our extensive experience buying, selling, leasing, repairing and disassembling engines for their parts has provided us with in-depth trading and management expertise across the most popular commercial product lines manufactured by General Electric, CFM International, Pratt & Whitney, Rolls-Royce and International Aero Engines. We conduct extensive technical and maintenance records due diligence before we purchase each engine. Our experienced team of dedicated acquisition and maintenance professionals is composed of 79 licensed aircraft and engine mechanics, 15 licensed inspectors and 12 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 318 engines, generating revenues in excess of $278 million.

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 $328.0 million committed revolving facility which we can use to fund acquisitions of aircraft, engines and aircraft parts. As of December 31, 2007, we had $216.8 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, 2007, we owned 67 engines and had two new engines on order through AerVenture. Our engine portfolio consists primarily of CFM56 series engines, one of the most widely used engines in the commercial aviation market. As of December 31, 2007, 54 of our 67 engines were CFM56 series engines manufactured by CFM International. In August 2006, AerVenture entered into a contract with CFM International to acquire four new spare CFM 56-5B and two new spare CFM 56-7B engines. At December 31, 2007, there were two remaining CFM56-7B engines to be delivered in June and September 2008.

We expect to expand and further diversify our engine portfolio in the future through engine acquisitions and aircraft disassemblies. As our aircraft portfolio ages, and specific aircraft become suitable for disassembly, we intend to disassemble such aircraft and remove high demand engines for addition to our engine portfolio, while the remaining airframes and engines will be disassembled for sale of their component parts.

We have the ability to perform limited MRO services on CFM56 series engines, which comprise most of the engines in our engine portfolio. As we obtain sufficient numbers of other engine models, we intend to further develop additional in-house MRO capabilities to achieve greater cost advantages.

Airframe and Engine Disassembly and Parts Sales

Over time, the combined value of a typical aircraft's parts will eventually exceed the value of the aircraft as a whole operating asset, at which time the aircraft may be retired from service. Traditional aircraft lessors and airlines often retire their aircraft by selling or consigning them to companies that specialize in aircraft and engine disassembly. The AeroTurbine Acquisition has allowed us to incorporate this valuable revenue source into our integrated business model, which is focused on managing aircraft and engines throughout their lifecycle.

We sell airframe parts primarily to aircraft parts distributors and MRO service providers. Airframe parts comprise a broad range of aircraft sub-component groups, including avionics, hydraulics and pneumatic systems, auxiliary power units, landing gear, interiors, flight control surfaces, windows and panels. We have disassembled 63 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 Goodyear facility, we outsourced the physical disassembly of our airframes into parts, but sold the airframe parts ourselves.

Engine Leasing

Generally, it is uneconomical for aircraft operators with small aircraft fleets to own the quantity of spare engines required to adequately cover their operational requirements. As a result, aircraft operators often lease spare engines when they send out their engines for off-site MRO. Spare engines are generally leased either directly from engine lessors like us, or from the MRO service provider that

is repairing the aircraft operator's engine. To meet their clients' needs, MRO service providers often lease engines from engine lessors. We are focused on the short-term engine lease market with a typical lease term of 60 to 180 days. Short-term engine leases tend to have higher lease rates than long-term leases, because lessees require the engines on short notice and are willing to pay a premium for the flexibility of a short-term lease. Engines subject to short-term leases typically spend more time off-lease, while they are released with greater frequency.

The short-term engine leasing market has also developed in part in response to airlines' need to rapidly place aircraft back in service in the event of an unexpected engine problem. Short-term engine leases provide an alternative to owning spare engines or entering into long-term leases, where the engines can needlessly sit idle for long periods. To meet clients' urgent engine leasing needs, we typically maintain a substantial inventory of ready-to-lease engines in our off-lease inventory. We believe that our ability to modify and configure most of our lease portfolio engines is an important competitive advantage, since it can facilitate the rapid installation of our engines onto our customers' aircraft. In addition, we have the capability to provide limited on-site maintenance and repair for most of our leased engines which, in some circumstances, enables us to facilitate the return to service of our customers' grounded aircraft.

Our engine leasing customer base is comprised of a wide variety of airlines and cargo and charter operators, in addition to MRO service providers, and other aircraft and engine leasing companies. As of December 31, 2007, we had engines on lease to 27 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 nine 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 certified repair station which is certified by the FAA and EASA and associated equipment which permits us to perform a variety of MRO services on commercial transport aircraft, including aircraft heavy maintenance, limited powerplant repair to engine and line components, which includes starters, generators, hydraulic pumps, and quick engine changes installation. The Goodyear facility includes a 226,000 square foot hangar with the ability to house up to four widebody aircraft, or eight narrowbody aircraft for the purpose of performing heavy maintenance repairs, aircraft disassemblies and engine changes. The ramp area outside of the hangar can facilitate both short and long term storage of up to 14 aircraft. In addition to the hangar and ramp space, there is a significant storage field capable of storing over 100 aircraft. This transaction was primarily made to reduce our cost of aircraft disassembly and to support the expansion of our airframe parts distribution business. Since integration of the Goodyear facility, we have disassembled seven customer owned aircraft. In 2007, we disassembled 10 aircraft and performed heavy airframe maintenance, or a C2 check, on an AerCap managed aircraft, a C2 check on a customer B757-200 and a D check on an MD87 owned with a joint venture partner.

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. Most recently, 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.

Subsidiaries

AerCap Holdings N.V.'s major subsidiaries during 2007 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 Leasing XXII B.V. (sold to a third-party prior to December 31, 2007 after the sale of its interest in a single aircraft). 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.

Location	December 31, 2005	December 31, 2006	December 31, 2007
Amsterdam, The Netherlands	71	71	88
Shannon, Ireland	27	37	42
Fort Lauderdale, FL	11	13	16
Miami, FL(1)	124	163	172
Goodyear, AZ(1)	—	67	75
Other	—	—	9
Total	**233**	**351**	**402**

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

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 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. employs 19 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 AerVenture (two aircraft with 68 aircraft on order) which in turn holds the economic interests in AerFunding (two 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, 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, Netherlands and employed 56 people as of December 31, 2007. AerCap Group Services B.V. does not own significant assets, but provides a range of 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. employed 13 people as of December 31, 2007.

AerCap Ireland Limited is indirectly owned 100% by AerCap Holdings N.V. AerCap Ireland Limited is located in Shannon, Ireland, employed 42 people as of December 31, 2007 and holds our economic interests in Aircraft Lease Securitisation Limited (65 aircraft) and Bella (two aircraft). In addition, AerCap Ireland Limited owns 22 aircraft directly or through single aircraft-owning special purpose entities. AerCap Ireland Limited is also the holder of our joint venture investments in AerDragon (two aircraft) and Annabel (one aircraft).

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 employed 19 people as of December 31, 2007 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 six 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 253 people as of December 31, 2007. AeroTurbine, Inc. owns 59 engines, nine 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 2007, GE Commercial Aviation Service and International Lease Finance Corporation together, according to Airclaims Client Aviation System Enquiry Database, represent approximately 35% of the operating lease market and 39% of the orders from Boeing and Airbus held by operating lessors.

The engine leasing industry is fragmented and is also highly competitive. The engine leasing industry is generally divided into two principal competitive segments: short-term engine lessors that focus on providing temporary spare engine support while a customer's engine requires off-site MRO (typical 60 to 90 day lease periods) and long-term engine lessors that focus on providing spare or primary engines to operators as an alternative to ownership of the engine by the lessee (typical lease periods of over one year). Though we are much more active in the short-term engine leasing segment, we compete in both lease segments. The engine leasing market is primarily comprised of six major engine leasing companies, including ourselves. We believe we are a strong competitor, particularly in the short-term engine leasing segment, due to our rapid response in-house MRO capabilities; however, some of our competitors such as GE Engine Leasing, Shannon Engine Support, Engine Lease Finance, Pratt & Whitney Engine Leasing LLC, Rolls Royce and Partners Finance and Willis Lease Finance, have significantly larger and more diversified engine portfolios and greater access to financing than we do. We also encounter competition from airlines, financial institutions, engine brokers, consignment agencies and special purpose entities with investment objectives similar to ours.

The aircraft parts market is generally divided into two principal segments, consisting of (i) airframe parts sales and (ii) engine parts sales specialists. While we compete in both markets with a few large companies, we also separately compete with numerous other parts sales organizations, MRO service providers, original equipment manufacturers, commercial airlines and many smaller competitors primarily in the U.S. and Europe. Additionally, there are numerous small brokers and traders that generally sell from limited inventories and participate in niche markets. Competition in the aircraft and engine parts markets is based on quality, ability to provide a timely and consistent source of materials, ability to provide a multiple range of desirable products, speed of delivery and pricing.

Insurance

Our lessees are required under our leases to bear responsibility, through an operational indemnity subject to customary exclusions, and to carry insurance for, any liabilities arising out of the operation of our aircraft or engines, including any liabilities for death or injury to persons and damage to property that ordinarily would attach to the operator of the aircraft or engine. In addition, our lessees are required to carry other types of insurance that are customary in the air transportation industry, including hull all risks insurance for both the aircraft and each engine whether or not installed on our aircraft, hull war risks insurance covering risks such as hijacking, terrorism, confiscation, expropriation, nationalization and seizure (in each case at a value stipulated in the relevant lease which typically exceeds the net book value by 10%, subject to adjustment in certain circumstances) and aircraft spares insurance and aircraft third-party liability insurance, in each case subject to customary deductibles. We are named as an additional insured on liability insurance policies carried by our lessees, and we and/or our lenders are designated as a loss payee in the event of a total loss of the aircraft or engine. We monitor the compliance by our lessees with the insurance provisions of our leases by securing confirmation of coverage from the insurance brokers. We also purchase insurance which provides us with coverage when our aircraft or engines are not subject to a lease or where a lessee's policy lapses for any reason. In addition we carry customary insurance for our property and parts inventory, and we

also maintain customary product liability insurance covering liabilities arising from our aircraft, engine and aviation parts trading activities. Insurance experts advise and make recommendations to us as to the appropriate amount of insurance coverage that we should obtain.

Regulation

While the air transportation industry is highly regulated, since we do not operate aircraft, we generally are not directly subject to most of these regulations. However, our lessees are subject to extensive regulation under the laws of the jurisdiction in which they are registered and in which they operate. These regulations, among other things, govern the registration, operation and maintenance of our aircraft and engines. Most of our aircraft are registered in the jurisdiction in which the lessee of the aircraft is certified as an air operator. Both our aircraft and engines are subject to the airworthiness and other standards imposed by our lessees' jurisdictions of operation. Laws affecting the airworthiness of aviation assets are generally designed to ensure that all aircraft, engines and related equipment are continuously maintained in proper condition to enable safe operation of the aircraft. Most countries' aviation laws require aircraft and engines to be maintained under an approved maintenance program having defined procedures and intervals for inspection, maintenance and repair.

In addition, under our leases, we may be required in some instances to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the aircraft and engines. Also, to perform some of our cash management services and insurance services from Ireland under our management arrangements with our joint ventures and securitization entities, we are required to have a license from the Irish regulatory authorities which we have obtained.

With regard to our MRO activities, we maintain FAA and EASA certifications to conduct limited repair station tasks on engines. These certifications are subject to periodic review, and involve regulatory oversight and audit of the respective personnel and procedures utilized to conduct MRO services to aircraft, engines and components thereof, so as to ensure that our repair station managers and mechanics are properly qualified to perform the work for which we are certified. In addition, our MRO facility is subject to environmental regulation regarding, among other things, the use, storage and disposal of certain hazardous material.

Facilities

We are relocating from our current Headquarters in Amsterdam, the Netherlands, to a 37,000 square foot office facility in April 2008. The new office has been contracted under a five year lease which commences on April 1, 2008. Our existing office lease will be terminated at that date. 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 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, includes a 226,000 square foot hangar and substantial additional space for aircraft outdoor storage, pursuant to a long-term lease that expires in 2026.

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

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

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 have 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 it's assets in Brazil. We have opposed this application and in a hearing on March 5, 2008, VASP's application was dismissed.

Swedish Tax Dispute

In 2001, Swedish tax authorities challenged the position we took in tax returns we filed for the years 1999 and 2000 with respect to certain deductions. In accordance with Swedish law, we made a guaranty payment to the tax authority of $16.8 million in 2003. We appealed the decision of the tax authorities, and, in August 2004, a Swedish Court issued a ruling in our favor which resulted in a tax refund of $19.9 million (which included interest and the effect of foreign exchange movements for the intervening period). In September 2004, the Swedish tax authorities appealed the decision of the Court and filed an appeal with the Administrative Court of Appeal in Sweden. We have responded to this appeal and have requested an oral hearing on the matter. The Court has responded that they would schedule an oral hearing, but we have not yet received notice of the timing of such hearing. Our management, based on the advice of our tax advisors, has determined that it is not necessary to make any provisions for this tax dispute.

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

The industry environment in 2007 was characterized by strong demand and tight supply for aircraft, with international airline traffic growth reported at 7.4% for the year. Overall, the industry saw the strong growth of airlines in emerging markets, particularly in markets such as China, the Middle East and Latin America and a significantly improved financial performance of the U.S. airline industry. With the growth of the industry, we have also experienced increased competition from other aircraft lessors in the market. 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, 2005 to December 31, 2007, we executed over 750 aircraft and engine transactions, including 223 aircraft leases, 134 engine leases, 201 aircraft purchase or sale transactions, 108 engine purchase or sale transactions and the disassembly of 37 aircraft and 64 engines. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft and engine portfolios, and between January 1, 2005 and December 31, 2007, our weighted average owned aircraft utilization rate was 98.8%.

Major Developments in 2007

- During 2007, we purchased 40 aircraft and 18 engines for a total value of $788 million and sold 24 aircraft and 22 engines from our owned portfolio, increasing total assets at December 31, 2007 to $4.4 billion from $3.9 billion at December 31, 2006—an increase of 12%.
- We signed an agreement for the purchase of an additional 10 new A330-200 aircraft with Airbus, bringing our total forward order commitment for A330-200 aircraft to 30.
- We closed a secondary offering of 20 million of our shares, increasing the percentage of our shares held by public investors from 31% to 54%.
- We closed a refinancing of debt on 70 aircraft on May 8, 2007 through the issuance of $1.66 billion of securitized bonds as further described below.
- We extended the term of our $1 billion warehouse facility with UBS from May 2013 to May 2014.
- We increased committed funding throughout the AerCap group by $440 million, including an amendment and extension to our AeroTurbine debt facility, an amendment and extension to an existing facility for the purchase of a broad range of aircraft types and ages and a pre-delivery payment funding facility in relation to our A330-200 forward order with Airbus.
- Completed a corporate tax restructuring which reduced our overall effective tax rate to 11.8% for 2007 and which will lead to tax savings in future years.

Results of Operations

Net income for the full year 2007 was $188.5 million. Net income excluding non-cash charges relating to the mark-to-market of interest rate caps and share-based compensation was $210.6 million.

The after-tax charge relating to the mark-to-market of our interest rate caps was $12.6 million and the after-tax charge from share-based compensation was $9.5 million. Our net income for the full year 2007 also includes a charge of $24.0 million, net of tax, related to the refinancing of securitized bonds in Aircraft Lease Securitisation. Our result was driven by a number of factors. Our portfolio has grown through purchases of aircraft and other aviation assets. We continue to benefit from improved lease rates and the leveraging of our cost base in relation to our owned aircraft. We have benefitted from interest savings as a result of the $1.66 billion refinancing, which reduced the margin on the debt which was refinanced. In addition, our use of interest rate caps has allowed us to benefit from the reduction in interest rates generally during 2007 and provides us with protection in the event of rising interest rates over the next several years. Our results have also been positively impacted by the inclusion of a full year of operations at AeroTurbine. We have generated net profits from the sale of aircraft assets as we continue to optimize and rebalance our portfolio of aviation assets. Our financial performance in 2007 reflects the strength and flexibility of our business model and demonstrates our continuing focus on investing strategically to grow our business.

Earnings Per Share

Total basic and fully-diluted earnings per share for the full year 2007 was $2.22. Total basic and fully-diluted earnings per share excluding non-cash charges relating to mark-to-market of interest rate caps of $0.15 per share and share-based compensation of $0.11 per share was $2.48. The number of outstanding shares is currently at 85.0 million.

Non-Cash Charge for Share-based Compensation

The non-cash charge for share-based compensation, net of tax, was $9.5 million for the full year 2007. 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, was $12.6 million for the full year 2007. 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.

Refinancing of Securitized Bonds

On May 8, 2007, ALS, a lease securitization special purpose entity that we consolidate in our financial statements, completed a refinancing through the issuance of $1.66 billion of AAA-rated class G-3 floating rate notes. The proceeds from the issuance of these notes were used to redeem all of the outstanding ALS 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's aircraft portfolio size to 70 aircraft. The class G-3 notes bear an interest rate of one-month LIBOR plus 26 basis points, resulting in annual savings of approximately $16 million. Concurrently with the ALS refinancing, our revolving credit facility was amended and estated, resulting in a reduced interest rate spread and a two-year extension of the revolving period to May 2010. The size of our revolving credit facility remains $1.0 billion. As a result of the ALS refinancing, we reported a non-recurring expense in the second quarter of 2007 of $24.0 million, net of tax for the write-off of unamortized debt issuance costs related to the refinanced debt, costs related to the prepayment of the prior ALS notes and other related fees. The majority of this non-recurring expense was non-cash.

Aviation Assets

Our total assets and owned portfolio continue to grow. We acquired $788.0 million of aviation assets including 40 aircraft and 18 engines in 2007. Total assets on the balance sheet were $4.4 billion at December 31, 2007. Total assets increased 12% during 2007 which was driven by an increase in cash and cash equivalents of $110.5 million, an increase in flight equipment of $219.5 million and an increase in all other assets of $146.2 million. The increase in flight equipment was the result of a net increase of 16 owned aircraft in our portfolio. The number of aircraft in our portfolio was 318 as of December 31, 2007, consisting of 136 owned aircraft, 68 managed aircraft, 98 aircraft in our order book, 13 aircraft subject to purchase contract and three aircraft under letter of intent. The number of aircraft decreased by 26 units from 344 since the end of 2006. The decline in aircraft was largely driven by sales of owned Fokker aircraft and older, managed aircraft. The number of engines owned or on contract was 69, an increase of 12 engines from 57 engines owned at the end of 2006.

Liquidity and Access to Capital

Our cash balance at the end of 2007 was $336.8 million including restricted cash of $95.1 million and our operating cash flow was $205.9 million for the full year. The available lines of credit at December 31, 2007 were approximately $2.1 billion. As these amounts suggest, we have significant access to capital for growth through our cash and available lines of credit. Our debt balance at December 31, 2007 was $2.9 billion and the average annual interest rate on our debt in 2007 was 6.7%. Our debt to equity ratio stood at 3.0 to 1 as of December 31, 2007. We completed several financings during 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 purchase price we pay for our aircraft and engines;
- the number, types and sale prices of aircraft and engines we sell in a period;
- the ability of our lessee customers to meet their lease obligations and maintain our aircraft and engines in airworthy and marketable condition;
- the utilization rate of our aircraft and engines;
- the recognition of non-cash stock-based compensation expense related to the issuance of restricted stock and stock options to our employees and our non-executive directors by Bermuda holding companies that controlled 100% of our stock at the time of the 2005 Acquisition, or Bermuda Parents;
- the availability and cost of debt capital to finance purchases of aircraft and aviation assets; and
- interest rates which affect our aircraft lease revenues and our interest on debt expense.

Factors Affecting the Comparability of Our Results

Our Acquisition by Cerberus

On June 30, 2005, AerCap Holdings C.V., a Netherlands partnership owned by Cerberus acquired all of AerCap B.V.'s (formerly known as debis AirFinance B.V.) shares and $1.8 billion of liabilities owed by AerCap B.V. to its prior shareholders. AerCap Holdings C.V. paid total consideration of $1.4 billion for AerCap B.V.; $370 million of the total consideration paid by AerCap Holdings C.V. was

funded through equity contributions by Cerberus and $1.0 billion was funded through a term loan. The 2005 Acquisition resulted in a net decrease of $802.0 million of indebtedness on our balance sheet—the difference between the $1.8 billion of intercompany liabilities and the indebtedness incurred to fund the acquisition. In accordance with FAS 141, *Business Combinations*, we allocated the purchase consideration to the assets acquired and liabilities assumed based on their fair values. Since the purchase consideration of $1.4 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 when compared to periods prior to the 2005 Acquisition.

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

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 of combined flight equipment and inventory in our December 31, 2007 consolidated balance sheet. 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").

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 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 will continue to recognize some additional non-cash, share-based compensation in connection with these options, other restricted shares

held in Bermuda holding companies which indirectly own our shares (excluding the shares sold to the owners of AeroTurbine) and options issued in 2007 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, 2007 include a charge for share-based compensation of $9.5 million, net of tax of $1.4 million.

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 are no longer legally obligated to refund such rent to our customer, which normally coincides with lease termination or where the terms of the lease allow us to control the occurrence, timing or amount of such reimbursement.

Depreciation and Amortization

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

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 related to customer relationships are amortized over ten years, which is the length of time that we expect to benefit from existing customer relationships. The amortization in each year is based on the anticipated sales in each year which benefit from such relationships. Our FAA certificate is amortized straight-line over 15 years, the remaining estimated useful life of the engine type to which the repair station certificate relates. Amortization of the non-compete agreement is straight-line over six years, which is the sum of the term of the employment agreements of the related individuals and the term of the non-compete agreements.

Inventory

Inventory, which consists exclusively of finished goods, is valued at the lower of cost or market. Cost is primarily determined using the specific identification method for individual part purchases and whole engines and on an allocated basis for dismantled engines, aircraft, and bulk inventory purchases using the relationship of the cost of the dismantled engine, aircraft or bulk inventory purchase to estimated 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. In the majority of these leases, we do not recognize such supplemental rent received as revenue, but as an accrued maintenance liability. 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 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 Bella joint ventures, our Aircraft Lease Securitisation vehicle, and our AerFunding financing vehicle, but exclude AerDragon and Annabel. The determination of which entities are variable interest entities and of which variable interest entities we are the primary beneficiary involves the use of significant estimates, including whether the entity has sufficient equity to finance its activities without additional subordinated financial support and the expected cash flows to the entity and distributions of those cash flows in the future. We estimate expected cash flows based on the variable interest entities' contractual rights and obligations as well as reasonable expectations for future business developments. We then adjust these cash flow estimates to simulate possible changes in economic trends which could impact the variable interest entity to determine which entity will absorb a majority of the variability in order to determine if we are the primary beneficiary of the variable interest entity.

Deferred Income Taxes

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

Financial Period Convention

AerCap Holdings C.V. (the predecessor to AerCap Holdings N.V.) was formed on June 27, 2005; however, it did not commence operations until June 30, 2005, when it acquired all of the shares and certain of the liabilities of AerCap B.V. AerCap Holdings C.V.'s initial accounting period is from June 27, 2005 to December 31, 2005 but it 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 AerCap Holding C.V.'s initial accounting period in table headings in this annual report as the six months ended December 31, 2005. In addition, for presentation purposes in this Management's Discussion and Analysis of Financial Condition and Results of Operations, we have combined the six months ended June 30, 2005 of AerCap B.V., our predecessor, with AerCap Holding C.V.'s initial accounting period into a 12 month period ended December 31, 2005. The financial information presented for this combined period reflects the addition, with no adjustments, of the results of AerCap B.V. for the six months ended June 30, 2005 and for AerCap Holdings C.V.'s initial accounting period ended December 31, 2005. The combined period information is included as a combined presentation since it is the way our management analyzes our

business results. This combined presentation, however, is not in accordance with US GAAP and should be considered as supplemental information only.

Revenues

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

Lease Revenue.

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

- the contracted lease rate, which is highly dependent on the age, condition and type of the leased equipment;
- for leases with rates tied to floating interest rates, interest rates during the term of the lease;
- the number, type, condition and age of flight equipment subject to lease contracts;
- the lessee's performance of their lease obligations; and
- the amount of end-of-lease compensation payments we receive and the amount of accrued maintenance liabilities released to revenue 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, 2007, we had 130 owned aircraft on lease (excluding the six aircraft that we intend to disassemble or sell at the end of their leases) to 55 customers in 34 countries, with no lessee accounting for more than 10% of lease revenue for the year ended December 31, 2007. The following table shows the regional profile of our lease revenue for the periods indicated:

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	Six months ended December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Asia/Pacific	43%	44%	43%	33%
Europe	33	33	35	39
North America/ Caribbean	18	18	15	17
Latin America	6	5	7	10
Africa/Middle East	—	—	—	1
Total	**100%**	**100%**	**100%**	**100%**

The geographical concentration of our customer base has varied historically, reflecting the opportunities available in particular markets at a given time. The decrease in Asia/Pacific concentration between 2007 and 2006 is the result of lease expiries on six aircraft with one Asian lessee. Asia/Pacific continues to be a focal point for additional growth in leasing activity for us.

Sales Revenue.

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

Management Fee Revenue.

We generate management fee revenue through a variety of management services that we provide to non-consolidated aircraft securitization vehicles and joint ventures and third-party owners of aircraft. Our management services include leasing and remarketing services, cash management and treasury services, technical advisory services and accounting and administrative services. We currently generate almost three-quarters of our management fee income from services we provide to two securitization vehicles, Airplanes Group and AerCo. Since Aircraft Lease Securitisation's results are consolidated in our financial statements, we do not generate any accounting revenue from the services we provide to it.

Interest Revenue.

Our interest revenue is derived primarily from deposit interest on unrestricted and restricted cash balances, 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 six aircraft at December 31, 2007 expire between 2009 and 2013. 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. The amount of this liability amortizes monthly as a reduction of operating lease-in costs on a constant yield basis as we meet our obligations to the aircrafts' legal owners under the applicable leases.

Our leasing expenses consist primarily of maintenance expenses on our flight equipment, which we incur when our flight equipment is off-lease, 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.

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 2004 to 2007. 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, 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 $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 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 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.

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, 20056.

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.

Results of Operations for the Year Ended December 31, 2006 Compared to the Year Ended December 31, 2005

	Year ended December 31, 2005	Year ended December 31, 2006
	Aggregate non-GAAP	AerCap Holdings N.V.
	(US dollars in millions)	
Revenues		
Lease revenue	$ 335.8	$ 443.9
Sales revenue	88.3	301.4
Management fee revenue	14.2	14.1
Interest revenue	33.4	34.7
Other revenue	4.5	20.3
Total revenues	**476.2**	**814.4**
Expenses		
Depreciation	112.3	102.4
Cost of goods sold	68.2	220.3
Interest on debt	114.6	166.2
Operating lease in costs	25.3	25.2
Leasing expenses	27.5	21.5
Provision for doubtful notes and accounts receivable	6.2	(0.2)
Selling, general and administrative expenses	46.5	149.4
Total expenses	**400.6**	**684.8**
Income from continuing operations before income taxes and minority interest	**75.6**	**129.6**
Provision for income taxes	(10.0)	(21.2)
Minority interest net of taxes	—	0.6
Net income	**$ 65.6**	**$ 109.0**

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

2005 aggregate period results to our consolidated income statements prepared in accordance with US GAAP in the table below:

	AerCap B.V.	AerCap Holdings N.V.	Aggregate non-GAAP
	Six months ended June 30, 2005	Six months ended December 31, 2005	Year ended December 31, 2005
		(US dollars in millions)	
Lease revenue	$ 162.2	$ 173.6	$ 335.8
Sales revenues	75.8	12.5	88.3
Management fee revenue	6.5	7.7	14.2
Interest revenue	13.1	20.3	33.4
Other revenue	3.5	1.0	4.5
Total revenue	**261.1**	**215.1**	**476.2**
Depreciation	66.4	45.9	112.3
Cost of goods sold	57.6	10.6	68.2
Interest on debt	69.9	44.7	114.6
Operating lease-in costs	13.9	11.4	25.3
Leasing expenses	15.3	12.2	27.5
Provisions for doubtful notes and accounts receivable	3.2	3.0	6.2
Selling, general and administrative expenses	19.6	26.9	46.5
Total expenses	**245.9**	**154.7**	**400.6**
Income from continuing operations before income taxes	**15.2**	**60.4**	**75.6**
Provisions for income taxes	0.6	(10.6)	(10.0)
Net income	**$ 15.8**	**$ 49.8**	**$ 65.6**

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

Revenues. Our total revenues increased by $338.2 million, or 71.0%, to $814.4 million in the year ended December 31, 2006 from $476.2 million in the year ended December 31, 2005. In the year ended December 31, 2006, we generated $689.2 million of revenue in our aircraft segment and $125.2 million of revenue in our engine and parts segment, and, in the year ended December 31, 2005, we generated $476.2 million of revenue in our aircraft segment and no revenue in our engine and parts segment since we had not yet acquired AeroTurbine. The principle categories of our revenue and their variances were:

	Year ended December 31, 2005	Year ended December 31, 2006	Increase/ (decrease)	Percentage Difference
		(US dollars in millions)		
Lease revenue	$ 335.8	$ 443.9	$ 108.1	32.2%
Sales revenue	88.3	301.4	213.1	241.3%
Management fee revenue	14.2	14.1	(0.1)	(0.7)%
Interest revenue	33.4	34.7	1.3	3.9%
Other revenue	4.5	20.3	15.8	351.1%
Total	**$ 476.2**	**$ 814.4**	**338.2**	**71.0%**

The increase in lease revenue was attributable primarily to:

- an increase of $33.6 million in the year ended December 31, 2006 resulting from previously collected maintenance rents which were recognized as revenue at the termination of leases on several A321 aircraft in 2006 whereas the revenue from previously collected maintenance rents in 2005 was primarily the result of lease terminations on Fokker aircraft which have lower levels of related accrued maintenance;

- the AeroTurbine Acquisition on April 26, 2006, which resulted in a $29.0 million increase in lease revenue in the year ended December 31, 2006;

- the acquisition between January 1, 2005 and December 31, 2006 of 47 aircraft for leasing with an aggregate net book value of $1.2 billion at the date of acquisition, partially offset by the sale of 40 aircraft, (primarily older Fokker aircraft) during such period, with an aggregate net book value of $250.2 million at the date of sale, which resulted in a $28.9 million increase in lease revenue; and

- an increase in payments from leases with lease rates tied to floating interest rates in the year ended December 31, 2006 due to increases in market interest rates, which resulted in a $16.4 million increase in lease revenue.

The increase in sales revenue was attributable primarily to:

- an increase in average sales price to $12.2 million (19 aircraft) in the year ended December 31, 2006 from $4.4 million (21 aircraft) in the year ended December 31, 2005. The increase of the average sales price is mainly a result of the mix of aircraft types sold and increased demand for the sold aircraft. In the year ended December 31, 2006, we sold four A320 aircraft and two Boeing 757 aircraft in addition to 13 Fokker 100 aircraft where in the prior period we sold Fokker 50 and Fokker 100 aircraft and we only sold one A320 aircraft; and

- the AeroTurbine Acquisition, which resulted in a $93.7 million increase in sales revenue.

Management fee revenue did not materially change in the year ended December 31, 2006 compared to the year ended December 31, 2005.

Interest revenue did not materially change in the year ended December 31, 2006 compared to the year ended December 31, 2005.

The increase in other revenue was due to the increase in revenue from the sale of financial assets in the year ended December 31, 2006 compared to the year ended December 31, 2005. 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. In the year ended December 31, 2005, we sold our AerCo Series D Note for a gain of $4.6 million which was partially offset by our sale of notes secured by aircraft for a loss of $0.1 million.

Depreciation. Depreciation decreased by $9.9 million, or 8.8%, to $102.4 million in the year ended December 31, 2006 from $112.3 million in the year ended December 31, 2005 due primarily to the reduction of our asset values in connection with the 2005 Acquisition. The decrease was partially offset by the acquisition of 41 new aircraft between December 31, 2005 and December 31, 2006 with a book value at the time of the acquisition of $928.5 million and the increased depreciation resulting from the AeroTurbine Acquisition.

Cost of Goods Sold. Cost of goods sold increased by $152.1 million, or 223.0%, to $220.3 million in the year ended December 31, 2006 from $68.2 million in the year ended December 31, 2005 due primarily to:

- an increase in average cost of goods sold for each aircraft. The average cost of goods sold for each aircraft increased to $9.1 million in the year ended December 31, 2006 from $3.2 million in the year ended December 31, 2005. The increase of the average cost of goods sold is a result of the mix of aircraft types sold, which included four A320 aircraft in 2006;

- the AeroTurbine Acquisition, which resulted in a $66.3 million increase in cost of goods sold.

Interest on Debt. Our interest on debt increased by $51.6 million, or 45.0%, to $166.2 million in the year ended December 31, 2006 from $114.6 million in the year ended December 31, 2005. The increase in interest on debt was principally caused by:

- a $24.5 million decrease in the recognition of mark-to-market gains on derivatives to $7.9 million in the year ended December 31, 2006 from $32.4 million in the year ended December 31, 2005;

- the AeroTurbine Acquisition on April 26, 2006, which resulted in a $17.3 million increase in interest on debt; and

- an increase in the average interest rate on our debt in the year ended December 31, 2006 to 6.5% from 6.2% in the year ended December 31, 2005 due to the increase in market interest rates and the fact that we refinanced low interest rate indebtedness owed to our prior shareholder with higher interest rate debt with a longer maturity.

Other Operating Expenses. Our other operating expenses decreased by $12.5 million, or 21.2%, to $46.5 million in the year ended December 31, 2006 from $59.0 million in the year ended December 31, 2005. The principal categories of our other operating expenses and their variances were as follows:

	Year ended December 31, 2005	Year ended December 31, 2006	Increase/ (decrease)	Percentage difference
		(US$ in millions)		
Operating lease in costs	$ 25.3	$ 25.2	$ (0.1)	(0.4)%
Leasing expenses	27.5	21.5	(6.0)	(21.8)%
Provision for doubtful notes and accounts receivable	6.2	(0.2)	(6.4)	(103.2)%
Total	**$ 59.0**	**$ 46.5**	**$ (12.5)**	**21.2%**

Our leasing expenses decreased in the year ended December 31, 2006 primarily because we incurred lower maintenance expenses due to fewer lessee defaults than in 2005.

Our provision for doubtful notes and accounts receivable was lower in the year ended December 31, 2006 when compared to the year ended December 31, 2005 due to the decrease in lessee defaults in the year ended December 31, 2006 and the impact of some recoveries of provisioned receivables in the year ended December 31, 2006.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by $102.9 million, or 221.3%, to $149.4 million in the year ended December 31, 2006 from $46.5 million in the year ended December 31, 2005, due primarily to (i) charges for share-based compensation in the amount of $78.6 million in 2006 which did not occur in 2005, (ii) the AeroTurbine Acquisition, which resulted in a $21.5 million increase in selling, general and administrative expenses and (iii) start-up costs for our two consolidated joint ventures, AerVenture and Bella, which totaled $3.8 million.

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 $54.0 million, or 71.4%, to $129.6 million in the year ended December 31, 2006 from $75.6 million in the year ended December 31, 2005.

Provision for Income Taxes. Our provision for income taxes increased by $11.2 million or 112.0% to $21.2 million in the year ended December 31, 2006 from $10.0 million in the year ended December 31, 2005. Our effective tax rate for the year ended December 31, 2005 was 13.2% and was 16.4% for the year ended December 31, 2006. The effective tax rate in 2006 was impacted by (i) charges for share-based compensation in the U.S., only a portion of which are tax-deductible, (ii) a reduction in the Netherlands corporate tax rate which resulted in a reduction of our Netherlands deferred tax assets and (iii) the reduction of a valuation allowance against our Swedish tax assets.

Net Income. For the reasons explained above, our net income increased by $43.4 million, or 66.2%, to $109.0 million in the year ended December 31, 2006 from $65.6 million in the year ended December 31, 2005.

Liquidity and Capital Resources

We satisfy our liquidity requirements through several sources, including:

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

Aircraft leasing and trading is a capital intensive business. We believe that our existing cash balance and anticipated future operating cash flows, including proceeds arising from the sale of aircraft, engines and parts, will be sufficient to satisfy the operating requirements of our business through 2008. In the longer term, we expect to fund the growth of our business, including the acquisition of aircraft and engines, through internally generated cash flows, the incurrence of bank debt and the issuance of debt and equity securities. For additional information on the availability of funding under our revolving credit facilities see "—Indebtedness".

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

Our liquidity also depends on the ability of our subsidiaries to distribute cash to us in the form of interest and principal payments or the return of subordinated investments. Substantially, all of our owned aircraft are held through special purpose subsidiaries, consolidated joint ventures or finance structures which borrow funds to finance or refinance the aircraft. Most of the commercial bank loans

and export credit facility financings restrict the payment of dividends in the event that the borrower is in default under the applicable loan, which can include the failure to meet financial ratios or tests. Our revolving credit facility with a syndicate of banks led by affiliates of UBS Real Estate Securities Inc. permits limited distributions to us by the relevant subsidiary borrower during the first two years provided specified principal payments are made. AeroTurbine's revolving credit facility with a syndicate of banks led by affiliates of Calyon permits distributions to us provided that specified financial ratios are met. The securitization of Aircraft Lease Securitisation allows distributions on the subordinated notes to us after the senior classes of notes are repaid. We believe we are in compliance with the financial covenants in all of our indebtedness. For more information on our indebtedness, see "—Indebtedness".

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

Cash Flows

	Year ended December 31, 2006	Year ended December 31, 2007
	(US dollars in millions)	
Net cash flow provided by operating activities	$ 348.4	$ 205.9
Net cash flow used in investing activities	(843.3)	(415.8)
Net cash flow provided by financing activities	443.6	321.1

Year ended December 31, 2007 compared to year ended December 31, 2006.

Cash Flows Provided by Operating Activities. Our cash flows provided by operating activities decreased by $142.5, or 40.9% million to $205.9 million for the year ended December 31, 2007 from $348.4 million for the year ended December 31, 2006 primarily due to a $140.8 million decrease in the change in accounts payable and accrued expenses, including maintenance liabilities and lessee deposits. This was primarily due to the increase in accrued maintenance liabilities and lessee deposits from the purchase of 24 used aircraft, subject to leases, during 2006 which did not occur in 2007.

Cash Flows Used in Investing Activities. Our cash flows used in investing activities decreased by $427.5 million, or 50.7%, to $415.8 million in the year ended December 31, 2007 from $843.3 million in the year ended December 31, 2006, primarily due to (i) a $196.1 million increase in proceeds from the sale/disposition of aircraft, (ii) a $179.7 million decrease in purchase of flight equipment and (iii) the consideration paid, net of cash acquired, of $143.1 million to acquire AeroTurbine.

Cash Flows Provided by Financing Activities. Our cash flows provided by financing activities decreased by $122.5 million, or 27.6%, to $321.1 million in the year ended December 31, 2007 from $443.6 million in the year ended December 31, 2006. This decrease in cash flows provided by financing activities was due primarily to the additional equity investment of $143.6 million in relation to our initial public offering in the year ended December 31, 2006.

Indebtedness

As of December 31, 2007, our outstanding indebtedness totaled $2.9 billion and primarily consisted of export credit facilities, Japanese operating lease financings, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

The following table provides a summary of our indebtedness at December 31, 2007:

Debt Obligation	Collateral	Commitment	Outstanding	Undrawn amounts	Weighted average interest rate	Final stated Maturity
			(US dollars in thousands)			
Export credit facilities—financings	17 aircraft	1,067,164	563,835	503,329	5.24%	2019
Japanese operating lease financings	3 aircraft	95,819	95,819	—	5.35%	2015
AerVenture A320 Pre-delivery payment facility	—	207,536	87,007	120,529	5.94%	2010
Airbus A330 Pre-delivery payment facility	—	182,594	28,372	154,222	5.72%	2010
UBS revolving credit facility	—	1,000,000	61,117	938,883	6.79%	2014
AeroTurbine revolving credit facility	57 engines	328,000	111,238	216,762	6.35%	2012
GATX portfolio acquisition facility	21 aircraft	278,443	128,443	150,000	6.62%	2014
Commercial bank debt	13 aircraft & 3 engines	231,414	231,414	—	6.55%	2019
Aircraft Lease Securitisation debt	65 aircraft	1,407,623	1,407,623	—	5.51%	2032
Capital lease obligations under defeasance structures	4 aircarft	177,876	177,876	—	5.39%	2010
Total		**4,976,469**	**2,892,744**	**2,083,725**		

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.

The following table sets forth our contractual obligations and their maturity dates as of December 31, 2007:

Payments Due By Period as of December 31, 2007

Contractual Obligations	Less than one year	One to three years	Three to five years	Thereafter	Total
			(U.S. dollars in thousands)		
Debt(1)	$ 548,145	$ 1,012,248	$ 656,309	$ 1,284,373	$ 3,501,075
Purchase obligations(2)	807,271	3,235,140	684,466	—	4,726,877
Operating leases(3)	36,225	50,236	40,309	2,544	129,314
Derivative obligations	(2,880)	(4,000)	(5,947)	(8,712)	(21,540)
Total	**1,388,761**	**4,293,137**	**1,375,137**	**1,278,205**	**8,335,727**

(1) Includes estimated interest payments based on one-month LIBOR as of December 31, 2007, which was 4.60%.

(2)

We also had 30 new A330-200 widebody aircraft on order from Airbus. In addition, AerVenture had 68 Airbus A320 family aircraft and two engines on order.

(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.

Under the AerDragon joint venture agreement, we have contributed $15.0 million of equity to fund AerDragon's initial aircraft and engine purchases.

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,		
	2005	2006	2007
	(US dollars in thousands)		
Capital expenditures	$ 198,870	$ 879,497	$ 720,336
Pre-delivery payments	46,315	93,708	164,074

In 2005, our principal capital expenditures were for five A320 aircraft and one A319 aircraft and pre-delivery payments for 12 aircraft. 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.

The table below sets forth our expected capital expenditures for future periods indicated based on contracted commitments as of December 31, 2007.

	2008	2009	2010	2011
	(US dollars in thousands)			
Capital expenditures	$ 443,940	1,131,658	1,460,959	248,196
Pre-delivery payments	363,331	442,493	200,030	126,051
Total	$ 807,271	1,574,151	1,660,989	374,247

As of December 31, 2007, we expect to make capital expenditures related to the 50 A320 aircraft and 18 A319 aircraft on order by AerVenture between 2008 and 2011. As we implement our growth strategy and expand our aircraft and engine portfolio, we expect our capital expenditures to increase in the future. We anticipate that we will fund these capital expenditures through internally generated cash flows, draw downs on our committed revolving credit facilities and the incurrence of bank debt, and other debt and equity issuances.

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. We lease these six 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 six aircraft are insufficient to cover our lease obligations, we have recognized an onerous contract accrual on our balance sheet which is equal to the difference between the present value of the lease expenses and the present value of the sublease income discounted at appropriate discount rates. This accounting treatment, however, does not result in the same presentation as if we accounted for these aircraft as owned assets and the related operating lease obligations as 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. 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.

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 two joint ventures, (Annabel and AerDragon) that do not qualify for consolidated accounting treatment. The assets and liabilities of these joint ventures 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. AerCap believes this measure provides investors with a more meaningful view of AerCap's operational performance and allows investors to better understand its operational performance in relation to past and future reporting periods. AerCap uses interest rate caps to allow the Company 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 the Company's lease and other contracts. AerCap does not apply hedge accounting to its interest rate caps. As a result, AerCap is required to recognize the change in fair value of the interest rate caps in AerCap's 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 twelve month periods ended December 31, 2007 and 2006:

	Year ended December 31, 2006	Year ended December 31, 2007
	(US dollars in millions)	
Net income	$ 109.0	$ 188.5(1)
Plus: Non-cash charges relating to the mark-to-market of interest rate caps, net of tax	(6.8)	12.6
Non-cash charges related to share-based compensation, net of tax	69.1	9.5
Net income excluding non-cash charges related to mark-to-market of interest rate caps and share-based compensation	**$ 171.3**	**$ 210.6**

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

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". SFAS 157 prescribes a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for fiscal years beginning after November 15, 2007 for financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis in financial statements. In November 2007, the FASB issued FSP 157-2 which provided a one year deferral for the implementation of SFAS 157 for other nonfinancial assets and liabilities. We do not anticipate that the adoption of SFAS 157 will have a material effect on our financial statements or our results of operations.

In February 2007, the FASB issued SFAS 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*". SFAS 159, which is expected to expand fair value measurement, permits entities to choose to measure many financial instruments and certain other items at fair value. FAS 159 is effective for us beginning in the first quarter of 2008. We do not anticipate that the adoption of SFAS 159 will have a material effect on our financial statements or our results of operations.

In December 2007, the FASB issued SFAS 141 (revised), *Business Combinations* ("SFAS 141(R)"). The standard changes the accounting for business combinations, including the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for preacquisition gain and loss contingencies, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. We are currently evaluating the impact that the adoption of SFAS 141(R) will have on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *"Noncontrolling Interests in Consolidated Financial Statements*," (SFAS 160). SFAS 160 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.

Export Credit Facility Financings

General. In April 2003, we entered into an $840.0 million export credit facility for the financing of up to 20 Airbus A320 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by European export credit agencies. In January 2006, the export credit facility was amended and extended to cover an additional nine aircraft and its size increased to a maximum of $1.215 billion. The terms of the lending commitment in the export credit facility are such that the export credit agencies only approve funding for aircraft that are due for delivery on a six-months rolling basis and have no obligation to fund deliveries beyond that period. At December 31, 2007, we had financed 17 aircraft under this facility. We had $570.4 million of loans outstanding under our April 2003 export credit facility and the previous export credit facilities as of December 31, 2007.

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

	Amount outstanding at December 31, 2007	Interest rate
	(US dollars in thousands)	
Floating Rate Tranches:	273,121	Three-month LIBOR plus 0.12%
	254,510	Three-month LIBOR plus 0.25%
	42,738	Three-month LIBOR plus 0.30%
Purchase accounting fair value adjustments	(6,534)	
Total:	563,835	

Maturity Date. We are obligated to repay principal on the export credit facility over a 12-year term.

Collateral. The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We have entered into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerCap. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerCap Holdings N.V.

Certain Covenants. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2003 export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control, 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.

Aircraft Lease Securitisation

General. On May 8, 2007, we completed a refinancing of our securitization of the Aircraft Lease Securitisation 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 Aircraft Lease Securitisation 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 Aircraft Lease Securitisation's aircraft portfolio size to 70 aircraft. The primary source of payments on the notes is lease payments on the aircraft owned by the subsidiaries of Aircraft Lease Securitisation. We retained the most junior class of notes in the securitization, as a result of which we still consolidate Aircraft Lease Securitisation's results in our financial statements.

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 rated Aaa and AAA 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 Aircraft Lease Securitisation 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 of note not held by us.

	Amount outstanding at December 31, 2007	Interest rate
	(US dollars in thousands)	
Class G3 notes	$ 1,407,623	One month LIBOR plus 0.26%

Aircraft Management Services. We provide lease and aircraft management and re-leasing and remarketing services for Aircraft Lease Securitisation's aircraft, for which we receive a retainer fee of 0.212% per year of the initial appraised value of the aircraft, which was $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 Aircraft Lease Securitisation or MBIA Insurance Corporation if we default on our obligations as manager or administrative agent or become insolvent. In addition, we may be terminated as manager if:

- at the time of an event of default under the trust indenture for the securitization, at least 12 aircraft are not subject to leases and have been off-lease and reasonably available for re-lease for the previous three months,
- an event of default arises under the trust indenture as a result of our failure as manager to perform certain covenants in the trust indenture and the failure affects more than 10% of the Aircraft Lease Securitisation aircraft (based on the most recent appraised value of the aircraft at that time), or we, as manager, cease to be actively involved in the aircraft advisory and management business, 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.

Aircraft Lease Securitisation 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, Aircraft Lease Securitisation must pay any accrued but unpaid interest on the notes and any premium due to MBIA Insurance Corporation upon redemption of the notes. Aircraft Lease Securitisation may redeem the notes in whole or in part, provided that if a default notice has been given under the trust indenture or the maturity of any notes has been accelerated then Aircraft Lease Securitisation may only redeem the notes in whole.

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

Collateral. The property of Aircraft Lease Securitisation includes the rights under the financial guaranty insurance policy. The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of Aircraft Lease Securitisation, as well as by the interests of Aircraft Lease Securitisation's subsidiaries' interests in leases of the aircraft they own, by cash held by or for them and by their rights under agreements with the service providers. Rentals and reserves paid under leases of the Aircraft Lease Securitisation aircraft will be placed in a collection account and paid out according to a priority of payments.

UBS Revolving Credit Facility

General. On April 26, 2006, our consolidated subsidiary, AerFunding 1 Limited entered into a non recourse senior secured revolving credit facility in the aggregate amount of up to $1.0 billion with UBS Real Estate Securities Inc., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. The revolving loans under the UBS revolving credit facility are divided into 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, 2007, we had $61.1 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

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

	Class A	Class B
Borrowing period(1)	1.75%	4.25%
First 180 days following conversion	2.50%	5.00%
From 181 days to 360 days following conversion	3.00%	5.50%
From 361 days to 450 days following conversion	3.25%	5.75%
From 450 days to 541 days following conversion	3.50%	6.00%
Thereafter	3.75%	6.25%

(1) The borrowing period is three 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;

- 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, 2007, AeroTurbine had $111.2 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 federals funds effective rate in effect on such day plus $^1/_4$ of 1%). Set forth below are the interest rates for the Calyon revolving loan facility.

		Interest rate	
	Amount outstanding at December 31, 2007	ABR Loans	LIBOR Loans
	(US dollars in thousands)		
Revolving Loan Facility	$ 111,238	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.

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. 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, 2007, we had financed three aircraft under Japanese operating lease financings. The aggregate principal amount of the loans outstanding under Japanese operating leases financings was $95.8 million as of December 31, 2007.

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

	Amount outstanding at December 31, 2007	Average interest rates
	(US dollars in thousands)	
Senior debt	$ 64,732	Three month LIBOR plus 0.96%
Subordinated debt	31,087	Fixed rates 4.03%
Total	**$ 95,819**	

Collateral. Our Japanese operating leases financings require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We have entered into lease agreements on the subject aircraft which transfer the risk and rewards of ownership of the aircraft to us. The obligations outstanding under our Japanese operating leases financings are secured by a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerCap Holdings N.V.

Certain Covenants. Our Japanese operating leases financings contain affirmative covenants customary for secured financings.

AerVenture Pre-delivery Payment Facility

General. In November 2005, AerVenture signed a letter of intent to purchase up to 70 Airbus A320 family aircraft. A purchase agreement for the aircraft was signed in January 2006. The aircraft are scheduled to be delivered between November 2007 and August 2010. Under the purchase agreement, AerVenture agreed to make scheduled pre-delivery payments to Airbus prior to the physical

delivery of each aircraft. In connection with the scheduled delivery of the first 30 aircraft before the end of 2009, AerVenture and Calyon 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 $87.0 million as of December 31, 2007.

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.

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.

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 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 eight 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, 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. The aggregate principal amount of the loans outstanding under this facility was $28.4 million as of December 31, 2007.

Interest Rate. Borrowings under this facility bear interest at a floating interest rate of one-month LIBOR plus a margin of 0.75%, payable monthly in arrears after the initial drawing on the AerCap Facility.

Prepayment. Borrowings under this facility may be prepaid (subject to minimum amounts of $5.0 million or integral multiples thereof and subject to AerCap Holdings N.V. 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 this facility will be the earlier of (a) the delivery date for the final aircraft to be delivered and (b) 31 January 2010.

Collateral. Borrowings under this facility are secured by, among other things, the partial assignment of the airframe and engine purchase agreements in respect of the eight 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.

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

Certain Covenants. This facility contains customary covenants for secured financings. We also covenant in this facility (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 this facility..

GATX Aircraft Calyon Facility

General. On October 12, 2006, a wholly owned subsidiary entered into a senior secured loan facility in the aggregate amount of up to $248.0 million with Calyon and certain other financial institutions in order to finance the purchase of up to 25 aircraft from GATX. Borrowings under the senior facility 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, 2007, the amount outstanding under the senior facility was $128.4 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. 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, 2007, no drawings had been made under the additional Facility.

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.

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.

Other Commercial Bank Financings

We have entered into various commercial bank financings to fund the purchase of aircraft. The financings mature at various dates through 2019. The interest rates are LIBOR based with spreads ranging from 0.95% to 1.80%. The financings are secured by, among other things, a pledge of the shares of the subsidiaries owning the related aircraft, a guarantee from us and, in certain cases, a mortgage on the applicable aircraft. The aggregate principal amount of the loans outstanding under the commercial bank financings was $231.4 million as of December 31, 2007.

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	66	Non-Executive Chairman of the Board of Directors
Ronald J. Bolger	60	Non-Executive Director
James N. Chapman	45	Non-Executive Director
Klaus W. Heinemann	56	Executive Director, Chief Executive Officer
W. Brett Ingersoll	44	Non-Executive Director
Marius J.L. Jonkhart	58	Non-Executive Director
Gerald P. Strong	63	Non-Executive Director
David J. Teitelbaum	36	Non-Executive Director
Robert G. Warden	35	Non-Executive Director
Executive Officers		
Wouter M. (Erwin) den Dikken	40	Chief Legal Officer; Chief Executive Officer AerCap Ireland
Patrick P. den Elzen	42	Head of Trading
Soeren E. Ferré	40	Head of Europe, Middle East, Africa & Asia/Pacific Regions; Chief Executive Officer AerCap Group Services B.V.
Nicolas Finazzo	51	AeroTurbine Chief Executive Officer
Keith A. Helming	49	Chief Financial Officer
Aengus Kelly	34	Chief Executive Officer AerCap, Inc.
Heinrich H. Loechteken	46	Chief Investment Officer
Anil Mehta	58	Executive Vice President of Americas
Robert B. Nichols	51	AeroTurbine Chief Operating Officer
Cole T. Reese	43	Chief Tax & Accounting Officer; Chief Operating Officer AerCap Group Services B.V.
Reynoud K. Simonis	44	Chief Technical Officer

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 member of the Board of Directors of Aozora Bank Ltd (Tokio) and Member of the Supervisory Board of BawagPSK Bank (Vienna). He currently serves as Member of the Supervisory Board of Mercedes Benz Nederland BV and of Hypo Real Estate Holding AG (Munich). He also serves as senior advisor to Anthos B.V. Mr. Korteweg previously served as Chairman of the Supervisory Board of Pensions and Insurance Supervisory Authority of The Netherlands, Chairman of the Supervisory Board of the Dutch Central Bureau of Statistics and Vice-Chairman of the Supervisory Board of De Nederlandsche Bank from 2002 to 2004. From 1987 to 2001, Mr. Korteweg was President and Chief Executive Officer of the Group Executive Committee of Robeco Group in Rotterdam. From 1981 to 1986, he was Treasurer-General at The Netherlands Ministry of Finance. In addition, Mr. Korteweg was a professor of economics from 1971 to 1998 at Erasmus University Rotterdam in The Netherlands. Mr. Korteweg holds a PhD in Economics from Erasmus University Rotterdam.

Ronald J. Bolger. Mr. Bolger has been a director of our company since October 11, 2005. Mr. Bolger currently serves as a member of the board of directors of a number of companies including Ely Capital Ltd., Irish Food Processors, C & D Foods Ltd., Galway Clinic Doughiska Ltd. and Global Shares Plc. 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 Scottish Re Group Ltd., Chrysler LLC 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., Entrecap, LLC, 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, Connexxion Holding N.V., Corus Nederland N.V., Orco Bank International N.V. and Staatsbosbeheer, Chairman of the Supervisory Board of Ruimte voor Ruimte Beheer B.V and a non-executive director of Aozora Bank. Mr. Jonkhart 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 European Investment Bank, Bank Nederlandse Gemeenten N.V., Postbank N.V., NPM Capital N.V., Kema N.V., AM Holding N.V. and De Nederlandsche Bank N.V. He has also served as chairman of the Investment Board of ABP Pension Fund and several other funds. Mr. Jonkhart holds a Master's degree

in Business Administration, a Master's degree in Business Economics and a PhD in Economics from Erasmus University Rotterdam.

Gerald P. Strong. Mr. Strong has been a director of our company since July 26, 2006. He currently is a Managing Director of Cerberus Capital Partners' operations in Europe. Mr. Strong has extensive senior experience in a number of industries, including airlines, global communications, retailing, and consumer products. He has served senior roles in the restructuring and building of a number of international businesses in his career. Mr. Strong was Chairman of the Advisory Board on Telecom Security to the government of the United Kingdom from 2002 to 2005 and President and Chief Executive Officer of Teleglobe International Holdings Limited. He is also a member of the Governing Council of the Ashridge Business School, a Director of NewPage Corporation and Chairman of Virtual IT. Mr. Strong received his BA with honors from Trinity College, Dublin.

David J. Teitelbaum. Mr. Teitelbaum has been a director of our company since September 20, 2005. Mr. Teitelbaum is a Managing Director of Cerberus Capital Management, LLC and has worked for Cerberus and/or its affiliates since 1997. Prior to joining Cerberus, Mr. Teitelbaum worked in the investment banking department of Donaldson, Lufkin & Jenrette. Mr Teitelbaum holds a BS in Business Administration from the University of California, Berkeley.

Robert G. Warden. Mr. Warden has been a director of our company since September 20, 2005. He is also currently a Managing Director of Cerberus Capital Management, L.P., which he joined in February 2003. Mr. Warden is also currently a director of 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 National de l'Aviation Civile.

Nicolas Finazzo. Mr. Finazzo is the Chief Executive Officer of AeroTurbine, which he co-founded in 1997. He has been active in the aviation industry for over 25 years. In 1982 he founded Air Florida commuter carrier Southern Express Airways. In 1987 Mr. Finazzo joined Miami-based Greenwich Air Services as Vice President—Contracts. In 1992 he became Vice President & General Counsel to Miami-based International Air Leases, and in 1997, he accepted a similar position at Miami-based AeroThrust Corp. Mr. Finazzo earned a JD from the University of Miami School of Law and a BS in Political Science from the University of Michigan. He is a member of the Florida Bar and also holds an Airframe & Powerplant license issued by the Federal Aviation Administration.

Keith A. Helming. Mr. Helming assumed the position of Chief Financial Officer of AerCap effective August 21, 2006. Prior to joining us, he was a long standing executive at GE Capital Corporation, including serving recently for five years as Chief Financial Officer at aircraft lessor GE Commercial Aviation Services (GECAS). He was with General Electric Company for over 25 years, beginning with their Financial Management Program in 1981. In addition to the GECAS role, Mr. Helming served as the Chief Financial Officer of GE Corporate Financial Services, GE Fleet Services and GE Consumer Finance in the United Kingdom, and also held a variety of other financial positions throughout his career at GECC. Mr. Helming holds a Bachelor of Science degree in Finance from Indiana University.

Aengus Kelly. Mr. Kelly 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.

Heinrich H. Loechteken. Mr. Loechteken has been the Chief Investment Officer of our company since August 2006. Prior to serving as our Chief Investment Officer, Mr. Loechteken served as our Chief Financial Officer between September 2002 and August 2006. Prior to his employment with us, Mr. Loechteken served as the Chief Financial Officer of DaimlerChrysler Capital Services in Norwalk, Connecticut, where he was responsible for the financial operations of the non-automotive finance activities of DaimlerChrysler in North America, Europe and Asia. He also served as the Chief Credit Officer for DaimlerChrysler Services in Berlin, Germany prior to his appointment as Chief Financial Officer. Before joining DaimlerChrysler in 1996, he worked for six years in various positions in corporate finance, credit analysis and credit risk management at Deutsche Bank. Mr. Loechteken holds the degree of Diplom-Kaufmann from the University of Muenster where he majored in Finance and Bank Controlling.

Anil Mehta. Mr. Mehta has been the Executive Vice President of Americas for our company since June 2006. Prior to serving in this capacity, he was the Head of Europe, Middle East, Africa & Indian Subcontinent Region since 2004. Mr. Mehta joined our company in 1997 in the Marketing and Sales Department and was promoted to become the Executive Vice President of Marketing and a Member of the Group Executive Committee in 2003. Mr. Mehta has over 30 years of experience in the aviation industry. Mr. Mehta has served in various capacities at Fokker Aircraft based in Amsterdam, holding various positions in Flight Test, Performance Engineering, Marketing and Sales. In 1989 he moved to the United States to serve as Regional Sales Director. Anil Mehta has a Bachelor's Degree in Engineering from Birla Institute of Technology & Science in Pilani, India.

Robert B. Nichols. Mr. Nichols is the Chief Operating Officer for AeroTurbine and co-founded AeroTurbine in 1997. He has been active in the aviation industry for over 20 years. He joined Aviall in

1982 and assumed various roles in the administration of JT8D & CFM56-3 power plant maintenance. Mr. Nichols joined Braniff Airways in 1988 as Manager of Powerplant & Warranty Administration and participated in the oversight of outsourced powerplant maintenance covering JT8D, V2500 and Tay-650 engines. When Braniff ceased operations, Mr. Nichols joined Greenwich Air Services in 1989 as Director of Engine Maintenance Sales. In 1990 he joined AeroThrust Corp. where he became Vice President of Engine Sales & Leasing. Mr. Nichols is a graduate of the University of Texas where he earned a BS in Business Administration.

Cole T. Reese. Mr. Reese has been the Chief Tax and Accounting Officer of our company since September 2002. In addition to his responsibilities as Chief Tax and Accounting Officer, he has been appointed Chief Operating Officer of AerCap Group Services, B.V. in 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.

Reynoud K. Simonis. Mr. Simonis has been the Chief Technical Officer of our company since 2005. Mr. Simonis joined our company in 1998 as Technical Manager and was eventually promoted to become Senior Vice President of the Technical department. Mr. Simonis started his career in 1989 at the Schreiner Aviation Group where he held various positions in technical management, quality management and material management, and was based in The Netherlands as well as Lagos, Nigeria. In 1996, he joined Transavia Airlines as Quality Manager. Mr. Simonis holds a Master's degree in Aerospace Engineering from the Delft University of Technology.

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 2007, we paid an aggregate of approximately $9.4 million in cash and benefits as compensation to our 12 executive officers during the year. In 2007, we paid our executive officers annual target bonuses, which are based on the achievement of personal targets, as set out in a personal target agreement. All bonuses are determined by our Chief Executive Officer with approval from the Nomination and Compensation Committee, and the Nomination and Compensation Committee determines the amount of any bonuses paid to our Chief Executive Officer.

Equity Incentive Plan

Bermuda Parents Equity Incentive Plan

The Bermuda Parents, our indirect shareholders, have implemented an equity incentive plan that is designed to motivate and retain individuals who are responsible for the attainment of our primary long-term performance goals. The plan provides for the grant of nonqualified stock options, incentive stock options for shares of common stock and restricted shares of common stock of the Bermuda Parents to participants of the plan selected by the boards of directors of the Bermuda Parents or a committee of each of their respective boards of directors or the administrator of the plan. Subject to certain adjustments, the maximum number of shares available to be granted under the plan is equal to 25% of the outstanding common shares of the Bermuda Parents. As of December 2007, common

shares or options to purchase common shares of the Bermuda Parents, representing indirectly 8.5% of our ordinary shares on a fully diluted basis, were issued and are outstanding under the plan.

All shares and options granted under the Bermuda Parents equity incentive plan vested after completion of our initial public offering in November 2006 or as of December 31, 2007, except for options outstanding to three members of management representing indirectly 0.5% of our ordinary shares. Even after vesting, pursuant to a shareholders agreement, all vested common shares and options to purchase common shares of the Bermuda Parents issued under the plan (other than common shares held by the former AeroTurbine owners and our directors) are subject to repurchase by the Bermuda Parents in the event the manager leaves his position without good cause or is terminated by us with cause, at a price equal to the lower of the cost or fair value until the termination of the two-year lock-up period described below. All common shares and options to purchase common shares are also subject to repurchase at fair value if the manager leaves for any other reason. The common shares of the Bermuda Parents are also subject to Cerberus's drag-along rights and the plan participant's tag-along rights in the event of certain transactions involving sales of the common shares of the Bermuda Parents.

In connection with our initial public offering, the members of our senior management and directors who have received shares or options to purchase shares of the Bermuda Parents under the Bermuda Parents equity incentive plan agreed not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any of our ordinary shares directly held by them or indirectly held through the Bermuda Parents. Subject to limited exceptions, the lock-up is for a period of two years from the date of our initial public offering was consummated. In addition, the members of our senior management and directors holding common shares of the Bermuda Parents also have received the right, beginning on the second anniversary our initial public offering and ending on the fifth anniversary, to exchange Bermuda Parents common shares for our ordinary shares held by the selling shareholders in amounts representing their indirect interest in us held through the Bermuda Parents. To assist our management and directors in the resale of our ordinary shares to be held by them upon such exchange, we have agreed to file a registration statement and use commercially reasonable efforts to keep the registration statement continuously effective until all applicable ordinary shares have been sold or can be sold without registration under Rule 144(k) under the Securities Act.

The indirect 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.

In September 2007, a total of 2.4 million 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 and all options are exercisable at a strike price of $24.63 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 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, the Chairman or Vice Chairman is present at the meeting. All resolutions must be passed by an absolute majority of the votes cast. If there is a tie, the matter will be decided by the Chairman of our Board of Directors or in his or her absence, the Vice Chairman.

Subject to Netherlands law, resolutions may be passed in writing by a majority of the directors in office. Pursuant to the internal rules for our Board of Directors, a director may not participate in discussions or the decision making process on a transaction or subject in relation to which he or she has a conflict of interest with us. Resolutions to enter into such transactions must be approved by a majority of our Board of Directors, excluding such interested director or directors.

Committees of the Board of Directors

The Board of Directors has established a Group Executive Committee, a Group Portfolio and Investment Committee, a Group Treasury and Accounting Committee, an Audit Committee and a Nomination and Compensation Committee.

Our Group Executive Committee is responsible for our operational management. It is chaired by our Chief Executive Officer and is comprised of ten current members of our senior management. The current members of our Group Executive Committee are Klaus Heinemann, Heinrich Loechteken, Keith Helming, Aengus Kelly, Patrick den Elzen, Erwin den Dikken, Reynoud Simonis, Cole Reese, Soeren Ferré and Anil Mehta.

Our Group Portfolio and Investment Committee has authority to enter into and is responsible for transactions relating to the acquisition and disposal of aircraft, engines and financial assets that are in excess of $100 million but less than $500 million. It is chaired by our Chief Investment Officer and is comprised of members of the Group Executive Committee and non-executive directors or any other person appointed by the Board of Directors upon recommendation of the Nomination and Compensation Committee. The current members of our Group Portfolio and Investment Committee are Keith Helming, Soeren Ferré, Heinrich Loechteken, Klaus Heinemann, Robert Warden, Patrick den Elzen, Aengus Kelly, Nicolas Finazzo 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 comprised of three non-executive directors who are "independent" as defined by Rule 10A-3 of the

Securities Exchange Act of 1934, as amended, as well as under The Netherlands Corporate Governance Code. The current members of our Audit Committee are Marius Jonkhart, James Chapman and Ronald Bolger.

Our Nomination and Compensation Committee selects, recruits and determines the remuneration, bonuses and other terms of employment of candidates for the positions of the Chief Executive Officer, non-executive director and Chairman of the Board of Directors, 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, 2005	December 31, 2006	December 31, 2007
Amsterdam, The Netherlands	71	71	88
Shannon, Ireland	27	37	42
Fort Lauderdale, FL	11	13	16
Miami, FL(1)	124	163	172
Goodyear, AZ(1)	—	67	75
Other	—	—	9
Total	233	351	402

(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 Beijing (China), Irvine (TX) and Brighton (UK).

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.

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:

	Bermuda Parents Shares/Options(1)			AerCap Holdings N.V. Options	
	Ordinary shares beneficially owned	Ordinary shares underlying vested, but unexercised options(2)(3)	Ordinary shares underlying unvested options (2)(3)(4)	Ordinary shares underlying unvested options(5)	Fully Diluted Ownership Percentage (6)
Directors:					
Ronald J. Bolger	—	27,734	—	—	*
James N. Chapman	—	55,300	—	—	*
Pieter Korteweg	—	55,469	—	—	*
W. Brett Ingersoll(7)	—	—	—	—	—
Klaus W. Heinemann(8)		1,409,926	—	—	1.2%
Marius J. L. Jonkhart	—	27,734	—	—	*
Gerald P. Strong(7)	—	—	—	—	—
David J. Teitelbaum(7)	—	—	—	—	—
Robert G. Warden(7)	—	—	—	—	—
Executive Officers:					
Wouter M. (Erwin) den Dikken	148,565	48,804	32,538	250,000	*
Patrick den Elzen	144,581	—	—	—	*
Soeren E. Ferré	167,366	—	—	250,000	*
Nicolas Finazzo	1,127,720	—	—	—	1.3%
Keith A. Helming	—	341,337	295,572	500,000	*
Aengus Kelly	252,791	97,612	65,072	500,000	*
Heinrich H. Loechteken	1,197,458	—	—	—	1.4%
Anil Mehta	78,839	—	—	—	*
Robert B. Nichols	1,127,720	—	—	—	1.3%
Cole T. Reese	209,227	—	—	250,000	*
Reynoud K. Simonis	—	109,672	—	—	*
All our directors and executive officers as a group (20 persons)	4,454,267	2,173,588	393,182	1,250,000	7.8%

*
Less than 1.0%.

(1)
Shareholdings reflect indirect beneficial ownership of AerCap Holdings N.V. held through ownership of restricted common shares or options to acquire common shares of indirect Bermuda holding companies, or the Bermuda Parents 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 Mssrs. Heinemann and Simonis 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)
All outstanding options expire on September 13, 2017 and carry a strike price of $24.63 per option. None of these options 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)

Mssrs. Ingersoll and Warden are each a Managing Director of Cerberus Capital Management, L.P. and Mssrs. Strong and Teitelbaum are Managing Directors of affiliates of Cerberus Capital Management, L.P.

(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., Evert van de Beekstraat 312, 1118 CX 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 10, 2008, based on available public filings:

	Ordinary shares beneficially owned	
	Number	Percent
5% or Greater Beneficial Share Owner:		
Stephen Feinberg(1)(2)	31,738,372	37.3%
Wellington Management Company, LLP	11,646,180	13.7%
Bank of America Corporation	5,177,054	6.1%

(1)

Cerberus beneficially owns 37.3% of our ordinary shares on a fully-diluted basis assuming the vesting and exercise of all outstanding Bermuda holding company 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.

(2)

Prior to our initial public offering which closed on November 27, 2006, Cerberus beneficially owned 82% of our ordinary shares on a fully-diluted basis assuming the vesting and exercise of all outstanding Bermuda holding company options.

As of December 31, 2007, 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 Affiliates

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 Import & Export Group Corporation, 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, 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 approximately $1.2 million since the 2005 Acquisition. The payments to Cerberus represent reimbursement of consulting fees paid by Cerberus to individuals who have assisted us in the evaluation of portfolio or company purchases, including our AeroTurbine Acquisition. In addition, this amount also includes approximately $0.2 million of reimbursements for consulting services incurred by Cerberus in connection with Cerberus's evaluation of the 2005 Acquisition. 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 A320-200 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 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.

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, 2007, we had drawn and there remained outstanding $48.8 million of the class A loans and $12.3 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.

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.

Item 8. Financial Information

Consolidated Statements and Other Financial Information.

Please refer to Item 18. Financial Statements and to pages F-1 through F-57 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		
2007	32.82	18.54
Quarterly highs and lows		
Quarter 1 2007	29.85	22.75
Quarter 2 2007	32.80	28.49
Quarter 3 2007	32.82	20.00
Quarter 4 2007	28.70	18.54
Monthly highs and lows		
January	28.00	22.75
February	28.02	25.25
March	29.85	25.85
April	31.15	28.55
May	32.39	28.49
June	32.80	29.74
July	32.82	25.11
August	25.99	20.00
September	26.96	23.50
October	28.70	24.89
November	25.32	19.64
December	23.00	18.54
2008		
January	18.45	14.22
February	20.24	16.81
March (through March 18, 2008)	20.47	16.57

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

On March 18, 2008, the closing sales price for our ordinary shares on the New York Stock Exchange as reported on the NYSE Composite Tape was $18.33.

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, 2007, 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.

Prior to our initial public offering in November 2006, 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. Prior to our initial public offering in November 2006, pursuant to our articles of association, the power to limit or exclude preemptive rights has been delegated to our Board of Directors for a period of five years.

Repurchase of Our Ordinary Shares

We may acquire our ordinary shares, subject to certain provisions of the laws of The Netherlands and of our articles of association, if the following conditions are met:

- a general meeting of shareholders has authorized our Board of Directors to acquire the ordinary shares, which authorization may be valid for no more than 18 months;
- our equity, after deduction of the price of acquisition, is not less than the sum of the paid-in and called-up portion of the share capital and the reserves that the laws of The Netherlands or our articles of association require us to maintain; and
- we would not hold after such purchase, or hold as pledgee, ordinary shares with an aggregate par value exceeding one-tenth of our issued share capital.

Capital Reduction; Cancellation

Shareholders may reduce our issued share capital either by cancelling ordinary shares held in treasury or by amending our articles of association to reduce the par value of the ordinary shares. A resolution to reduce our capital requires the approval of at least an absolute majority of the votes cast and, if less than one half of the share capital is represented at a meeting at which a vote is taken, the approval of at least two-thirds of the votes cast.

A partial repayment of ordinary shares under the laws of The Netherlands is only allowed upon the adoption of a resolution to reduce the par value of the ordinary shares. The repayment must be made pro rata on all ordinary shares. The pro rata requirement may be waived with the consent of all affected shareholders. In some circumstances, our creditors may be able to prevent a resolution to reduce our share capital from taking effect.

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.

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, 2007, 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, 2007, 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 ordinary shares or share options, the Board of Directors must submit a proposal to the shareholders for approval. This proposal must, at a minimum, state the number of ordinary shares or share options that may be granted to directors and the criteria that apply to the granting of the ordinary shares or share options or the alteration of such arrangements.

General Meetings of Shareholders

At least one general meeting of shareholders must be held every year. The rights of shareholders may only be changed by amending our articles of association. A resolution to amend our articles of association is valid if the Board of Directors makes a proposal amending the articles of association and such proposal is adopted by a simple majority of votes cast.

The following resolutions require a two thirds majority vote if less than half of the issued share capital is present or represented at the general meeting of shareholders:

- capital reduction;
- exclusion or restriction of pre emptive rights, or designation of the Board of Directors as the authorized corporate body for this purpose;

- merger or demerger.

If a proposal to amend the articles of association will be considered at the meeting, we will make available a copy of that proposal, in which the proposed amendments will be stated verbatim.

An agreement of the Company to enter into a (i) statutory merger whereby the Company is the acquiring entity, or (ii) a legal demerger, with certain limited exceptions, must be approved by the shareholders.

Voting Rights

Each ordinary share represents the right to cast one vote at a general meeting of shareholders. All resolutions must be passed with an absolute majority of the votes validly cast except as set forth above. We are not allowed to exercise voting rights for ordinary shares we hold directly or indirectly.

Any major change in the identity or character of the Company or its business must be approved by our shareholders, including:

- the sale or transfer of substantially all our business or assets;
- the commencement or termination of certain major joint ventures and our participation as a general partner with full liability in a limited partnership (commanditaire vennootschap) or general partnership (vennootschap onder firma); and
- the acquisition or disposal by us of a participating interest in a company's share capital, the value of which amounts to at least one third of the value of our assets.

Adoption of Annual Accounts and Discharge of Management Liability

Each year, our Board of Directors must prepare annual accounts within five months after the end of our financial year, unless the shareholders have approved an extension of this period for up to six additional months due to certain special circumstances recognized as such under the laws of The Netherlands. The annual accounts must be made available for inspection by shareholders at our offices within the same period. The annual accounts must be accompanied by an auditor's certificate, an annual report and certain other mandatory information. The shareholders shall appoint an accountant as referred to in Article 393 of Book 2 of The Netherlands Civil Code, to audit the annual accounts. The annual accounts are adopted by our shareholders.

The adoption of the annual accounts by our shareholders does not release the members of our Board of Directors from liability for acts reflected in those documents. Any such release from liability requires a separate shareholders' resolution.

Liquidation Rights

If we are dissolved or wound up, the assets remaining after payment of our liabilities will be first applied to pay back the amounts paid up on the ordinary shares. Any remaining assets will be distributed among our shareholders, in proportion to the par value of their shareholdings. All distributions referred to in this paragraph shall be made in accordance with the relevant provisions of the laws of The Netherlands.

Limitations on Non-Residents and Exchange Controls

There are no limits under the laws of The Netherlands or in our articles of association on non-residents of The Netherlands holding or voting our ordinary shares. Currently, there are no exchange controls under the laws of The Netherlands on the conduct of our operations or affecting the remittance of dividends.

Disclosure of Insider Transactions

Members of our Board of Directors and other insiders within the meaning of Section 47a of The Netherlands Securities Act must report to The Netherlands Authority for the Financial Markets if they carry out or cause to be carried out, for their own account, a transaction in our ordinary shares or in securities whose value is at least in part determined by the value of our ordinary shares.

Netherlands Squeeze-out Proceedings

If a person or a company or two or more group companies within the meaning of Article 2:24b of The Netherlands Civil Code acting in concert holds in total 95% of a Netherlands public limited liability company's issued share capital by par value for their own account, the laws of The Netherlands permit that person or company or those group companies acting in concert to acquire the remaining ordinary shares in the company by initiating squeeze out proceedings against the holders of the remaining shares. The price to be paid for such shares will be determined by the Enterprise Chamber of the Amsterdam Court of Appeal.

Choice of Law and Exclusive Jurisdiction

Under our articles of association, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder shall be governed exclusively by the laws of The Netherlands, unless such rights or obligations do not relate to or arise out of the capacities above. Any lawsuit or other legal proceeding by and between those persons relating to or arising out of their capacities listed above shall be exclusively submitted to the courts of The Netherlands. All of our current and former directors and officers must agree in connection with any such lawsuit or other legal proceeding to submit to the exclusive jurisdiction of The Netherlands courts, waive objections to such lawsuit or other legal proceeding being brought in such courts, agree that a judgment in any such legal action brought in The Netherlands courts is binding upon them and may be enforced in any other jurisdiction, and elect domicile at our offices in Amsterdam, The Netherlands for the service of any document relating to such lawsuit of other legal proceedings.

Registrar and Transfer Agent

A register of holders of the ordinary shares will be maintained by American Stock Transfer & Trust Company in the United States who will also serve as the transfer agent. The telephone number of American Stock Transfer & Trust Company is 1-800-937-5449.

Material contracts.

Aircraft Purchase Agreement, dated December 30, 2005, between Airbus S.A.S. and AerVenture Limited. Pursuant to this agreement, AerVenture, our consolidated joint venture, 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 Limited. 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.

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.

Sale and Purchase Agreement for 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. Pursuant to the Sale and Purchase Agreement, on June 30, 2005, AerCap Holdings C.V. acquired all of AerCap B.V.'s (formerly known as debis AirFinance B.V.) shares and $1.8 billion of liabilities owed by AerCap B.V. to its prior shareholders. AerCap Holdings C.V. paid total consideration of $1.37 billion for AerCap B.V..

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.

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 the 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).

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. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar. This discussion does not address the effect of the U.S. federal alternative minimum tax or any state, local or foreign tax laws on a holder of ordinary shares. The discussion is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

For purposes of this discussion, a "U.S. Holder" means a beneficial owner of ordinary shares that is for U.S. federal income tax purposes an individual citizen or resident of the U.S.; a U.S. corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; a trust if the trust (i) is subject to the primary supervision of a U.S. court and one or more U.S. persons are able to control all substantial decisions of the trust or (ii) has elected to be treated as a U.S. person; or an estate the income of which is subject to U.S. federal income tax regardless of its source. A "non-U.S. Holder" is a beneficial owner of our ordinary shares that is not a U.S. Holder.

Cash Dividends and Other Distributions

A U.S. Holder of ordinary shares generally will be required to treat distributions received with respect to such ordinary shares (including any amounts withheld pursuant to Netherlands tax law) as dividend income to the extent of AerCap's current or accumulated earnings and profits (computed using U.S. federal income tax principles), with the excess treated as a non-taxable return of capital to the extent of the holder's adjusted tax basis in the ordinary shares and, thereafter, as capital gain, subject to the passive foreign investment company ("PFIC") rules discussed below. Dividends paid to a U.S. Holder that is a corporation are not eligible for the dividends received deduction available to corporations. Current tax law provides for a maximum 15% U.S. tax rate on the dividend income of an individual U.S. Holder with respect to dividends paid by a domestic corporation or "qualified foreign corporation" if certain holding period requirements are met. A qualified foreign corporation generally includes a foreign corporation (other than a PFIC) if (i) its ordinary shares are readily tradable on an established securities market in the United States or (ii) it is eligible for benefits under a comprehensive U.S. income tax treaty. The ordinary shares are expected to be readily traded on the New York Stock Exchange. As a result, assuming we are not treated as a PFIC, we should be treated as a qualified foreign corporation with respect to dividends paid on our ordinary shares and, therefore, dividends paid to an individual U.S. Holder with respect to ordinary shares for which the requisite holding period is satisfied should be taxed at a maximum federal tax rate of 15%. The maximum 15% federal tax rate is scheduled to expire for taxable years commencing after December 31, 2010.

Distributions to U.S. Holders of additional ordinary shares or preemptive rights with respect to ordinary shares that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax, but in other circumstances may constitute a taxable dividend.

Distributions paid in a currency other than U.S. dollars will be included in a U.S. Holder's gross income in a U.S. dollar amount based on the spot exchange rate in effect on the date of actual or constructive receipt whether or not the payment is converted into U.S. dollars at that time. The U.S. Holder will have a tax basis in such currency equal to such U.S. dollar amount, and any gain or loss recognized upon a subsequent sale or conversion of the foreign currency for a different U.S. dollar amount will be U.S. source ordinary income or loss. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to applicable limitations that may vary depending upon the circumstances, foreign taxes withheld from dividends on ordinary shares, to the extent the taxes do not exceed those taxes that would have been withheld had the holder been eligible for and actually claimed the benefits of any reduction in such taxes under applicable law or tax treaty, will be creditable against 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 advisor regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, a U.S. Holder may, at his election, deduct such otherwise creditable foreign taxes in computing his taxable income, subject to generally applicable limitations under U.S. law.

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on dividends paid with respect to ordinary shares unless such income is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States.

Sale or Disposition of Ordinary Shares

A U.S. Holder generally will recognize gain or loss on the taxable sale or exchange of the ordinary shares in an amount equal to the difference between the U.S. dollar amount realized on such sale or exchange (determined in the case of shares sold or exchanged for currencies other than U.S. dollars by

reference to the spot exchange rate in effect on the date of the sale or exchange or, if the ordinary shares sold or exchanged are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date) and the U.S. Holder's adjusted tax basis in the ordinary shares determined in U.S. dollars. The initial tax basis of the ordinary shares to a U.S. Holder will be the U.S. Holder's U.S. dollar purchase price for the shares (determined by reference to the spot exchange rate in effect on the date of the purchase, or if the shares purchased are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date). Assuming that the Company is not a PFIC and has not been treated as a PFIC during your holding period for our ordinary shares, such gain or loss will be capital gain or loss and will be long-term gain or loss if the ordinary shares have been held for more than one year. With respect to sales occurring in taxable years commencing before January 1, 2011, the maximum long-term capital gain tax rate for an individual U.S. Holder is 15%. For sales beginning in taxable years after December 31, 2010, under current law the long-term capital gain rate for an individual U.S. Holder is 20%. The deductibility of capital losses is subject to limitations. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

A non-U.S. Holder of ordinary shares will not be subject to United States income or withholding tax on gain from the sale or other disposition of ordinary shares unless (i) such gain is effectively connected with the conduct of a trade or business within the United States or (ii) the non-U.S. Holder is an individual who is present in the United States for at least 183 days during the taxable year of the disposition and certain other conditions are met.

Potential Application of Passive Foreign Investment Company Provisions

We do not 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.

Our belief that we will not be classified as a PFIC for the current taxable year is based on (i) our financial statements and (ii) our current plans, expectations and projections regarding the use of the net proceeds of the offering, the value and nature of our assets and the sources and nature of our income. However, the determination as to whether a foreign corporation is a PFIC is a complex determination that is based on all of the relevant facts and circumstances and that depends on the classification of various assets and income under the rules that apply in determining whether a foreign corporation is a PFIC. It is unclear how some of these rules apply to us. Further, this determination must be tested annually 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, its pro rata share of our net long-term capital gains, in each case, whether or not cash distributions are actually made. The amounts recognized by a U.S. Holder making a QEF election generally are treated as income from sources outside the U.S. If, however, U.S. Holders hold at least half of the ordinary shares, a percentage of our income equal to the proportion of our income that we receive from U.S. sources will be U.S. source income for the U.S. Holders of ordinary shares. Because a U.S. Holder of shares in a PFIC that makes a QEF election is taxed currently on its pro rata share of our income, the amounts recognized will not be subject to tax when they are distributed to the U.S. Holder. An electing U.S. Holder's basis in the ordinary shares will be increased by any amounts included in income currently as described above and decreased by any amounts not subjected to tax at the time of distribution. If we are or become a PFIC, a U.S. Holder would make a QEF election in respect of its ordinary shares by attaching a properly completed IRS Form 8621 in respect of such shares to the holder's timely filed U.S. federal income tax return. For any taxable year that we determine that we are a PFIC, we will (i) provide notice of our status as a PFIC as soon as practicable following such taxable year and (ii) comply with all reporting requirements necessary for U.S. Holders to make QEF elections, including providing to shareholders upon request the information necessary for such an election.

Although a U.S. Holder normally is not permitted to make a retroactive QEF election, a retroactive election (a "retroactive QEF election") may be made for a taxable year of the U.S. Holder (the "retroactive election year") if the U.S. Holder (i) reasonably believed that, as of the date the QEF election was due, the foreign corporation was not a PFIC for its taxable year that ended during the retroactive election year and (ii) to the extent provided for in applicable Treasury Regulations, filed a protective statement with respect to the foreign corporation, applicable to the retroactive election year, in which the U.S. Holder described the basis for its reasonable belief and extended the period of limitation on the assessment of taxes for all taxable years of the shareholder to which the protective statement applies. If required to be filed to preserve the U.S. Holder's ability to make a retroactive QEF election, the protective statement must be filed by the due date of the investor's return (including extensions) for the first taxable year to which the statement is to apply. U.S. Holders should consult their own tax advisor regarding the advisability of filing a protective statement.

As discussed above, if we are a PFIC, a U.S. Holder of ordinary shares that makes a QEF election (including a proper retroactive QEF election) will be required to include in income currently its pro rata share of our earnings and profits whether or not we actually distribute earnings. The use of earnings to fund reserves or pay down debt or to fund other investments could result in a U.S. Holder of ordinary shares recognizing income in excess of amounts it actually receives. In addition, our income from an investment for U.S federal income tax purposes may exceed the amount we actually receive. If we are a PFIC and a U.S. Holder makes a valid QEF election in respect of their ordinary shares, such holder may be able to elect to defer payment, subject to an interest charge for the deferral period, of the tax on income recognized on account of the QEF election. Prospective purchasers of ordinary shares should consult their tax advisors about the advisability of making a QEF election, protective QEF election and deferred payment election.

Miscellaneous itemized deductions of an individual U.S. person can only be deducted to the extent that all of such person's miscellaneous itemized deductions exceed 2% of their adjusted gross income. In addition, an individual's miscellaneous itemized deductions are not deductible for purposes of computing the alternative minimum tax. Certain expenses of the Company might be a miscellaneous itemized deduction if incurred by an individual. A U.S. person that owns an interest in a "pass-through entity" is treated as recognizing income in an amount corresponding to its share of any item of expense that would be a miscellaneous itemized deduction and as separately deducting that item subject to the limitations described above. If it is determined that we are a PFIC, the IRS could take the position that we are a "pass-through entity" with respect to a U.S. Holder of ordinary shares that makes a QEF election.

Special rules apply to determine the foreign tax credit with respect to withholding taxes imposed on distributions on shares in a PFIC. If a U.S. Holder owns ordinary shares during any year in which we are a PFIC, such Holder must file Internal Revenue Service Form 8621.

We urge prospective purchasers of ordinary shares to consult their tax advisers concerning the tax considerations relevant to an investment in a PFIC, including the availability and consequences of making the mark-to-market election and QEF election discussed above.

Information Reporting and Backup Withholding

Information reporting to the U.S. Internal Revenue Service generally will be required with respect to payments on the ordinary shares and proceeds of the sale of the ordinary shares paid to holders that are U.S. taxpayers, other than corporations and other exempt recipients. A 28% "backup" withholding tax may apply to those payments if such a holder fails to provide a taxpayer identification number to the paying agent and to certify that no loss of exemption from backup withholding has occurred. Holders that are not subject to U.S. taxation may be required to comply with applicable certification procedures to establish that they are not U.S. taxpayers in order to avoid the application of such

information reporting requirements and backup withholding. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the holder's U.S. federal income tax liability, if any, provided the required information is furnished to the U.S. Internal Revenue Service.

THE ABOVE DISCUSSION IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE ORDINARY SHARES.

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, 2007 and our equity as of December 31, 2007 as set forth in our annual statutory accounts were $228.4 million and $988.1million, 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 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 and 11 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 interest rate swaps using a cash flow based risk management model. This model takes the expected cash flows generated by our assets and liabilities and then calculates by how much the value of these cash flows will change for a given movement in interest rates. Our policy is to seek to ensure that the net worth of our business will not be exposed to more than a $15 million movement from a 1% parallel shift in US dollar interest rates across the yield curve.

Under our interest rate swaps, we pay fixed amounts and receive floating amounts on a monthly basis. The swaps amortize based on a number of factors, including the expiration dates of the leases under which our lessees are contracted to make fixed rate rental payments and the three- or six-month LIBOR reset dates under our floating rate leases. Under our interest rate caps, we will receive the excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap.

The table below provides information as of December 31, 2007 regarding our derivative financial instruments that are sensitive to changes in interest rates on our borrowing, including our interest rate caps and swaps. 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.

	2008	2009	2010	2011	2012	2013	Thereafter	Fair value
	(US Dollars in millions)							
Interest rate caps								
Average Notional amounts	$ 2,057.9	$ 1,908.0	$ 1,261.3	$ 880.3	$ 584.1	$ 466.8	$ 919.0	$ 21.9
Weighted average strike rate	4.71%	5.12%	5.39%	5.44%	5.56%	5.62%	5.61%	—

	2008	2009	2010	2011	2012	2013	Thereafter	Fair value
	(US Dollars in millions)							
Interest rate swaps								
Notional amounts	$ 60.0	$ —	$ —	$ —	$ —	$ —	$ —	$ (0.4)
Weighted average pay rate	5.38%	—	—	—	—	—	—	—

As of December 31, 2007, the interest rate swaps and caps had notional amounts of $2.4 billion and a fair value of $21.5 million. The variable benchmark interest rates associated with these instruments ranged from one to six—month LIBOR. The swap above is with our AeroTurbine operation.

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

Foreign Currency Risk and Foreign Operations

Our functional currency is the US dollar. As of December 31, 2007, 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, 2007, our aggregate expenses denominated in currencies other than the US dollar, such as payroll and office costs and professional advisory costs, were $56.6 million in US dollar equivalents and represented 48.7% 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, 2007, 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, 2007, our disclosure controls and procedures are effective to achieve their intended objectives.

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, 2007. 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, 2007.

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, 2007 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

Throughout the course of 2007, we have implemented several enhancements to our system of internal control as described below:

(i) We hired additional accounting and finance personnel at our locations in the Netherlands, Ireland and at AeroTurbine. Many of these additional personnel have been involved in the identification, documentation and design of key controls as prescribed in Section 404 of the Sarbanes-Oxley Act.

(ii) Our internal audit department has been staffed at sufficient levels throughout all of 2007, which has enabled them to complete a broad range of internal audits as agreed directly with our audit committee.

(iii) Senior management across all significant departments have been involved in the documentation and design of enhanced internal controls in accordance with the Company's successful completion of compliance at December 31, 2007 with Section 404 of the Sarbanes-Oxley Act.

(iv) We have hired additional financial analysts both at our headquarter offices in Amsterdam and at AeroTurbine to help senior management better analyze group and subsidiary results and to identify potential internal control deficiencies.

We believe that these measures along with other measures already implemented have led to an improvement in our systems of 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, 2006 and December 31, 2007:

	2006	2007
	(Euros in thousands)	
Audit fees	€ 3,074	€ 2,412
Audit-related fees	200	—
Total	**€ 3,274**	**€ 2,412**

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, 2006 and December 31, 2007, 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.

PART III

Item 17. Financial Statements.

Not applicable.

Item 18. Financial Statements.

Please refer to pages F-1 through F-57 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)

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)(4)

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)(4)

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

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

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

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

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
2.20	Amendment Agreement, dated December 12, 2007, among AerCap AerVenture Holding B.V., NLM AerVenture Holding B.V. and AerVenture Limited
8.1	List of Significant 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) 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.

/s/ KLAUS HEINEMANN

Klaus Heinemann
Chief Executive Officer

Date: March 18, 2008

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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") as of December 31, 2007 and 2006, and the consolidated results of their operations and cash flows for the years ended December 31, 2007 and 2006 and for the period from June 27, 2005 to December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the accompanying financial statement Schedule I presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, 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 109. 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 was an integrated audit in 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, March 18, 2008
PricewaterhouseCoopers Accountants N.V.

A. Tukker RA

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 statements of income, shareholders' equity and cash flows present fairly, in all material respects, the results of operations, cash flows and other data shown therein of debis AirFinance B.V. ("AerCap B.V.") and its subsidiaries for the period from January 1, 2005 to June 30, 2005 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the accompanying financial statement Schedule I presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement Schedule I are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement Schedule I based on our audits. We conducted our audits of these statements and financial statement Schedule I in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of income, shareholders' equity and cash flows are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Rotterdam, March 18, 2008
PricewaterhouseCoopers Accountants N.V.

A. Tukker RA

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets

as of December 31, 2006 and 2007

	Note	December 31, 2006	December 31, 2007
		(US dollars in thousands except share and per share amounts)	
Assets			
Cash and cash equivalents		$ 131,201	$ 241,736
Restricted cash	3	112,277	95,072
Trade receivables, net of provisions of $2,496 and $4,088	4	25,058	35,591
Flight equipment held for operating leases, net	5	2,966,779	3,050,160
Flight equipment held for sale		—	136,135
Notes receivable, net of provisions, of $2,563 and nil	6	167,451	184,820
Prepayments on flight equipment	7	166,630	247,839
Investments	8	18,000	11,678
Goodwill	9	6,776	6,776
Intangibles	9	34,229	41,855
Inventory	10	82,811	90,726
Derivative assets	11	17,871	21,763
Deferred income taxes	16	96,521	85,253
Other assets	12	92,432	144,823
Total Assets		$ 3,918,036	$ 4,394,227
Liabilities and Shareholders' Equity			
Accounts payable		$ 6,958	$ 16,376
Accrued expenses and other liabilities	13	92,466	81,379
Accrued maintenance liability		259,739	255,535
Lessee deposit liability		77,686	83,628
Debt	14	2,555,139	2,892,744
Accrual for onerous contracts	15	111,333	46,411
Deferred revenue		28,391	33,574
Deferred income taxes	16	3,383	3,425
Commitments and contingencies	23	—	—
Total Liabilities		3,135,095	3,413,072
Minority interest, net of taxes		31,937	30,782
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		591,553	602,469
Accumulated retained earnings		158,752	347,205
Total Shareholders' Equity		751,004	950,373
Total Liabilities and Shareholders' Equity		$ 3,918,036	$ 4,394,227

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

AerCap Holdings N.V. and Subsidiaries

Consolidated Income Statements

**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**

		AerCap B.V.	AerCap Holdings N.V.		
	Note	Six months ended June 30, 2005	June 27, 2005 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
		(US dollars in thousands, except share and per share amounts)			
Revenues					
Lease revenue	19	$ 162,155	$ 173,568	$ 443,925	$ 554,226
Sales revenue		75,822	12,489	301,405	558,263
Management fee revenue		6,512	7,674	14,072	14,343
Interest revenue		13,130	20,335	34,681	29,742
Other revenue	6,13	3,459	1,006	20,336	19,947
Total Revenues		261,078	215,072	814,419	1,176,521
Expenses					
Depreciation	5	66,407	45,918	102,387	141,113
Cost of goods sold		57,632	10,574	220,277	432,143
Interest on debt	14	69,857	44,742	166,219	234,770
Operating lease in costs	15	13,877	11,441	25,232	20,176
Leasing expenses		15,348	12,081	21,477	18,825
Provision for doubtful notes and accounts receivable	4,6	3,161	3,002	(186)	745
Selling, general and administrative expenses(a)	20	19,559	26,949	149,364	116,328
Total Expenses		245,841	154,707	684,770	964,100
Income from continuing operations before income taxes and minority interest		15,237	60,365	129,649	212,421
Provision for income taxes	16	556	(10,604)	(21,246)	(25,123)
Minority interest, net of taxes		—	—	588	1,155
Net Income		$ 15,793	$ 49,761	$ 108,991	$ 188,453
Basic and diluted earnings per share	21	$ 21.45	$ 0.64	$ 1.38	$ 2.22
Weighted average shares outstanding, basic and diluted		736,203	78,236,957	78,982,162	85,036,957

(a) Selling, general and administrative expenses include $78,635 ($69,133, net of tax) and $10,916 ($9,477, net of tax) of share-based compensation in the years ended December 31, 2006 and 2007, 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 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**

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	June 27, 2005 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
		(US dollars in thousands)		
Net income	$ 15,793	$ 49,761	$ 108,991	$ 188,453
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority interest			(588)	(1,155)
Depreciation	66,407	45,918	102,387	141,095
Amortization of debt issuance costs	885	566	11,777	38,156
Amortization of intangibles	—	6,563	10,132	10,800
Gain on elimination of fair value guarantee	—	—	—	(10,736)
Provision for doubtful notes and accounts receivable	3,161	3,002	(186)	745
Capitalized interest on pre-delivery payments	(3,084)	(2,767)	(4,888)	(5,968)
Release of provision against debt	—	—	(4,139)	—
Gain on disposal of assets	(24,906)	(2,645)	(67,720)	(103,455)
Mark-to-market of non-hedged derivatives	(11,783)	(19,028)	(9,166)	(3,892)
Deferred taxes	(1,178)	10,135	21,011	13,929
Share-based compensation	—	—	78,635	10,916
Changes in assets and liabilities:				
Trade receivables and notes receivable, net	59,023	9,846	30,299	(28,647)
Inventories	—	—	(24,216)	8,460
Other assets and derivative assets	(18,986)	(57)	(7,990)	(16,041)
Accounts payable and accrued expenses, including accrued maintenance liability, lessee deposits	21,681	5,595	98,936	(41,904)
Deferred revenue	262	2,349	5,104	5,182
Net cash provided by operating activities	107,275	109,238	348,379	205,938
Purchase of flight equipment	(74,679)	(124,191)	(879,497)	(699,807)
Proceeds from sale/disposal of assets	91,863	12,718	253,199	449,313
Prepayments on flight equipment	(19,711)	(26,604)	(93,708)	(164,074)
Purchase of subsidiaries, net of cash acquired	—	(1,245,609)	(143,100)	—
Purchase of investments	(3,000)	—	(15,000)	—
Purchase of intangibles	—	—	(10,636)	(18,427)
Movement in restricted cash	20,052	(47,573)	45,453	17,205
Net cash (used in) provided by investing activities	14,525	(1,431,259)	(843,289)	(415,790)
Issuance of debt	63,085	2,231,633	908,077	2,395,956
Repayment of debt	(239,369)	(1,058,095)	(607,721)	(2,025,298)
Debt issuance costs paid	(772)	(38,066)	(32,940)	(49,579)
Issuance of equity interests	35,051	370,000	143,617	—
Dividends paid to minority interests	—	—	(225)	—
Capital contributions from minority interests	—	—	32,750	—
Net cash provided by (used in) financing activities	(142,005)	1,505,472	443,558	321,079
Net increase (decrease) in cash and cash equivalents	(20,205)	183,451	(51,352)	111,227
Effect of exchange rate changes	233	103	(1,001)	(692)
Cash and cash equivalents at beginning of period	143,640	—	183,554	131,201
Cash and cash equivalents at end of period	$ 123,668	$ 183,554	$ 131,201	$ 241,736
Supplemental cash flow information:				
Interest paid	$ 77,042	$ 54,980	$ 145,793	167,306
Taxes paid (refunded)	55	(605)	267	17,691

Fair values of assets acquired and liabilities assumed in purchase acquisitions

	AerCap B.V.	AeroTurbine
Assets acquired	$ 2,838,918	$ 305,321
Liabilities assumed	(1,469,641)	(160,619)
Cash paid	$ 1,369,277	$ 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 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

	Number of Shares	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained (loss) earnings	Total shareholders' equity
			(US dollars in thousands, except share amounts)			
AerCap B.V.						
Six months ended June 30, 2005						
Balance at January 1, 2005	736,203	$ 333,780	—	$ (181)	$ (264,580)	$ 69,019
Issuance of equity capital	63,797	35,051	—	—	—	35,051
Comprehensive income:						
Net income for the period	—	—	—	—	15,793	15,793
Comprehensive income						15,793
Balance at June 30, 2005	800,000	$ 368,831	$ —	$ (181)	$ (248,787)	$ 119,863
AerCap Holdings N.V.						
Period from June 27, 2005 to December 31, 2005						
Balance at June 27, 2005	—	—	—	—	—	—
Issuance of equity capital	78,236,957	$ 646	$ 369,354			$ 370,000
Comprehensive income:						
Net income for the period	—	—	—	—	49,761	49,761
Comprehensive income						49,761
Balance at December 31, 2005	78,236,957	$ 646	$ 369,354	$ —	$ 49,761	$ 419,761
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	85,036,957	$ 699	$ 591,553	$ —	$ 158,752	$ 751,004
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	85,036,957	$ 699	$ 602,469	$ —	$ 347,205	$ 950,373

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

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 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 return for management fees. We have

1. General (Continued)

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.

In April 2006, we signed a joint venture agreement with Deucalion to form the Bella joint venture in which we hold a 50% equity interest. Bella was formed to purchase two used Airbus A330-322 aircraft for leasing. These aircraft were purchased in April and May 2006 and have subsequently been leased to third parties. We have entered into agreements to provide to Bella aircraft management and marketing services in return for management fees. We have determined that Bella is a variable interest entity for which we are the primary beneficiary. As such, we have consolidated Bella in our accounts. The obligations of Bella are non-recourse to us.

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

In May 2006, we signed a joint venture agreement with China Aviation Supplies Import and Export Group Corporation and affiliates of Calyon establishing AerDragon. AerDragon is 50% owned by China Aviation and 25% owned by each of us and Calyon. The joint venture owned two aircraft at December 31, 2007, 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, 2007, 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, 2007, 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 $39.8 million.

Risks and uncertainties

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 and our ability to sell aircraft and engines parts. The global airline industry has experienced passenger growth in the last three years, which has led to increased demand for new aircraft and a strengthening of lease rates in most aircraft categories. The continued growth of the global aviation industry is dependent on several factors, most notably sustained global GDP growth and price stability in the oil markets. Substantial increases in jet kerosene prices in recent years has caused a depression in airline earnings and in some cases liquidity shortages. The impact of continued or rising oil prices as well as overcapacity and high levels of competition in some geographical markets may create occasional unscheduled lease returns and possible supply surpluses, which may create pressure on rentals and aircraft and engine values. 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

1. General (Continued)

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.

We expect to fund a significant portion of our forward order delivery obligations (Note 7) through borrowings secured by the related aircraft. The unavailability to us of such secured borrowings at the time of delivery could have a material impact on our ability to meet our obligations under the forward order contract. If we cannot meet our obligations under such contracts, 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 periodically perform reviews of the carrying values of our aircraft and customer receivables, the recoverable value of deferred tax assets and the sufficiency of accruals and provisions, substantially all of which are sensitive to the above risks and uncertainties.

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.

The assets and liabilities of AerCap B.V. are stated at their fair values at the acquisition date of June 30, 2005. The consolidated financial statements of the predecessor reflect historical cost. The consolidated financial statements show both the predecessor accounts and successor accounts. Due to these different bases of accounting, predecessor and successor amounts are not directly comparable.

2. Summary of significant accounting policies (Continued)

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, goodwill, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Management utilize professional appraisers and valuation experts, where possible, to support estimates, particularly with respect to flight equipment. Despite management's best efforts to accurately estimate such amounts, actual results could materially differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with an original maturity of three months or less.

Restricted cash

Restricted cash includes cash held by banks that is subject to withdrawal restrictions.

Trade receivables

Trade receivables represent unpaid, current lease obligations of lessees under existing lease contracts. Allowances are made for doubtful accounts where it is considered that there is a significant risk of non-recovery. The assessment of risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment.

Flight equipment held for operating leases, net

Flight equipment held for operating leases, including aircraft, is stated at cost less accumulated depreciation and impairment. Costs incurred in the acquisition of aircraft or related leases are included in the cost of the flight equipment and depreciated over the useful life of the equipment. In instances where the purchase price includes additional consideration which can be allocated to the value of an acquired lease containing above market terms, such allocated cost is amortized over the term of the related lease. The cost of improvements to flight equipment are normally expensed unless the improvement materially increases the long-term value of the flight equipment or extends the useful life of the flight equipment. In instances where the increased value benefits the existing lease, such capitalized cost is depreciated over the life of the lease. Otherwise, the capitalized cost is depreciated over the remaining useful life of the aircraft. Flight equipment acquired is depreciated over the assets' useful life, based on 25 years from the date of manufacture, using the straight-line method to the estimated residual value. The current estimates for residual (salvage) values for most aircraft types are 15% of original manufacture cost.

The estimates of useful lives are as follows:

Stage III Aircraft	20-25 years
Turboprop Aircraft	20 years

2. Summary of significant accounting policies (Continued)

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 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

2. Summary of significant accounting policies (Continued)

non-recovery of the note receivable. The assessment of the risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment.

Capitalization of interest

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.

2. Summary of significant accounting policies (Continued)

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. Inventory acquired in the purchase of a subsidiary is accounted for in accordance with SFAS 141 at estimated selling prices less the sum of (a) costs of disposal and (b) a reasonable profit allowance for the selling effort of the acquiring entity.

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.

Other assets

Other assets consist of prepayments, debt issuance costs, interest and other receivables and other tangible fixed assets. Other tangible fixed assets consist of computer equipment, motor vehicles and office furniture and are valued at acquisition cost and depreciated at various rates between 16% to 33% per annum over the assets' useful lives using the straight-line method. 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.

2. Summary of significant accounting policies (Continued)

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. In the majority of these leases, we do not recognize supplemental rent received as revenue, but as an accrued maintenance liability. 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 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 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.

2. Summary of significant accounting policies (Continued)

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 notes, warrants or convertible securities issued by our lessees, which we receive from lessees as compensation for amounts owed to us in connection with lease restructurings.

Pensions

We operate a number of non-contributory defined benefit plans and defined contribution schemes for substantially all of our employees. Defined benefit plan obligations and contributions are determined periodically by qualified actuaries. We recognize pension liabilities and prepaid pension costs in accordance with SFAS No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of SFASB Statements No. 87, 88, 106, and 132 (R)"*.

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

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

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.

3. Restricted cash

Restricted cash consists of the following at December 31:

	2006	2007
Cash received under lease agreements restricted per the terms of the relevant lease and cash securing our obligations under debt and derivative instruments	$ 72,523	$ 86,846
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)	38,074	6,837
Other	1,680	1,389
	$ 112,277	$ 95,072

Restricted cash securing our obligations under debt includes amounts related to the ALS securitization debt (Note 14), which requires that cash be placed in liquidity reserves.

(US dollars in thousands)

4. Trade receivables, net of provisions

Trade receivables consist of the following at December 31:

	2006	2007
Trade receivables	$ 27,554	39,679
Allowance for doubtful accounts	(2,496)	(4,088)
	$ 25,058	$ 35,591

Trade receivables include amounts invoiced to lessees in respect of lease rentals and maintenance reserves.

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

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	Period from June 27, 2005 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Provision at beginning of period	$ 23,255	$ —	$ 3,405	$ 2,496
(Recoveries) Expense for doubtful accounts receivable	(5,906)	1,225	320	745
Reclassification to notes receivable allowance	(9,961)	—	(2,326)	—
Other(a)	(4,596)	2,180	1,097	847
Provision at the end of period	$ 2,792	$ 3,405	$ 2,496	$ 4,088

(a) Other includes direct write offs and reclassifications.

5. Flight equipment held for operating leases, net

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

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	Period from June 27, 2005 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Net book value at beginning of period	$ 2,748,347	$ —	$ 2,189,267	$ 2,966,779
Fair value of flight equipment acquired in business combinations	—	2,085,221	158,820	—
Additions	93,244	157,104	928,468	813,549
Depreciation	(65,963)	(45,537)	(106,240)	(137,014)
Disposals	(52,783)	(7,521)	(195,273)	(341,599)
Transfers to direct finance leases/flight equipment held for sale	(4,748)	—	—	(136,135)
Transfer to inventory	—	—	—	(25,966)
Transfer to equity accounted joint venture(a)	—	—	—	(73,421)
Other(b)	—	—	(8,263)	(16,033)
Net book value at end of period	$ 2,718,097	$ 2,189,267	$ 2,966,779	$ 3,050,160
Accumulated depreciation/impairment at December 31, 2005, 2006 and 2007	—	$ (45,537)	$ (151,958)	$ (225,678)

(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).

(US dollars in thousands)

5. Flight equipment held for operating leases, net (Continued)

(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 in 2007. These discounts were applied to reduce the net book value of the related aircraft.

At December 31, 2007 we owned 136 aircraft and 67 engines, which we leased under operating leases to 77 lessees in 41 countries. The geographic concentrations of leasing revenues are set out in Note 19.

Prepayments on flight equipment (including related capitalized interest) of $18,564, $32,914, $48,971 and $93,213 have been applied against the purchase of aircraft during the six months ended June 30, 2005, the period from June 27 to December 31, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, respectively.

The following table indicates our contractual commitments for the prepayment and purchase of flight equipment in the periods indicated as of December 31, 2007:

	2008	2009	2010	2011
Capital expenditures	$ 443,940	1,131,658	1,460,959	248,196
Pre-delivery payments	363,331	442,493	200,030	126,051
	$ 807,271	1,574,151	1,660,989	374,247

Our current operating lease agreements expire over the next eight years. The contracted minimum future lease payments receivable from lessees for equipment on non-cancelable operating leases at December 31, 2007 are as follows:

	Contracted minimum future lease receivables
2008	499,219
2009	450,458
2010	407,646
2011	355,671
2012	283,158
Thereafter	833,894
	$ 2,830,046

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.

(US dollars in thousands)

6. Notes receivable

Notes receivable consist of the following at December 31:

	2006	2007
Secured notes receivable	$ 1,092	6,320
Notes receivable in defeasance structures	162,808	178,267
Notes receivable from lessee restructurings	3,551	233
	$ 167,451	$ 184,820

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, 2007 are as follows:

	Minimum future notes receivable
2008	58,028
2009	8,114
2010	116,058
2011	1,310
2012	1,310
Thereafter	—
	184,820

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

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	Period from June 27, 2005 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Provision at beginning of period	$ 51,500	$ —	$ 2,563	—
Expense for doubtful notes receivable	9,066	1,777	(506)	—
Reclassification from trade receivable allowance	9,961	—	2,326	—
Other(a)	—	786	(4,383)	—
Provision at the end of period	$ 70,527	$ 2,563	$ —	—

(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.

(US dollars in thousands)

7. Prepayments on flight equipment (Continued)

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 ("2005 Forward Order"). 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 widebody 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 includes two aircraft to be delivered in 2008, eight aircraft in 2009, ten in 2010, four in 2011 and six in 2012.

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 $3,084, $2,767, $6,236 and $10,348 was capitalized with respect to these payments 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. 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.

Following is a summary of the movements in prepayments on flight equipment during 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:

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	Period from June 27 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Net book value at beginning of period	$ 135,202	$ —	$ 115,657	$ 166,630
Fair value of acquired prepayments	—	119,200	—	—
Prepayments made	19,711	26,604	93,708	164,074
Prepayments applied against the purchase of flight equipment	(18,564)	(32,914)	(48,971)	(93,213)
Interest capitalized	3,084	2,767	6,236	10,348
Net book value at end of period	$ 139,433	$ 115,657	$ 166,630	$ 247,839

8. Investments

Investments consist of the following at December 31:

	2006	2007
Subordinated debt investment in single aircraft owning company	$ 3,000	$ 3,000
25% equity investment in unconsolidated joint venture (AerDragon)	15,000	8,678
	$ 18,000	$ 11,678

(US dollars in thousands)

8. Investments (Continued)

Our subordinated debt investment in a single aircraft owning company is accounted for at cost. 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.

9. Intangible assets

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

	As of December 31, 2006			
	Gross	Accumulated amortization	Other (Note 16)	Net
Lease premiums	$ 56,510	$ (16,869)(a)	$ (29,064)(b)	$ 10,577
Customer relationships—parts	19,800	(890)	—	18,910
Customer relationships—engines	3,600	(883)	—	2,717
FAA certificate	1,100	(50)	—	1,050
Non-compete agreement	1,100	(125)	—	975
Net book value at end of period	$ 82,110	$ (18,817)	$ (29,064)	$ 34,229

	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

(a) Includes ($1,382) 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 an 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).

(US dollars in thousands)

9. Intangible assets (Continued)

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

	June 27 to December 31, 2005(a)	Year ended December 31, 2006	Year ended December 31, 2007
Net carrying value at beginning of period	$ —	$ 38,571	34,229
Lease premiums acquired in 2005 Acquisition	45,134	—	—
Intangible assets acquired in AT Acquisition	—	25,600	—
Purchases of intangible lease premiums	—	11,376	18,427
Amortization	(6,563)	(10,872)	(10,801)
Disposals	—	(1,382)	—
Write-off of intangibles from decrease in tax valuation allowance (Note 16)	—	(29,064)	—
Net carrying value at end of period	$ 38,571	$ 34,229	$ 41,855

(a) No intangible assets existed prior to this period.

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

	Amortization of intangible assets
2008	10,878
2009	9,838
2010	7,302
2011	3,616
2012	2,783
Thereafter	7,438
	$ 41,855

The remaining weighted average amortization period for the amortizable intangible assets is 67 months.

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.

(US dollars in thousands)

10. Inventory

Following are the major classes of inventory at December 31,

	2006	2007
Engine and airframe parts	66,486	82,220
Work-in-process	3,971	6,718
Airframes	2,005	239
Engines	10,349	1,549
	$ 82,811	$ 90,726

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, swaps, options and forward contracts.

As of December 31, 2007, we had 26 interest rate caps, one interest rate swap and several foreign currency forward contracts with combined notional amounts of $2.4 billion and a fair value of $21,763. The variable benchmark interest rates associated with these instruments ranged from one to six-month LIBOR.

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 a reduction of interest expense as specified below:

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	June 27 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Change in fair value of derivatives	$ 11,592	$ 20,813	$ 7,874	$ 14,592

Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. Cash paid and received 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 2019.

(US dollars in thousands)

12. Other assets

Other assets consist of the following at December 31:

	2006	2007
Debt issuance costs	$ 56,628	$ 69,728
Other tangible fixed assets	12,437	13,124
Receivables from aircraft manufacturer	4,228	32,002
Prepaid expenses	5,491	5,923
Current tax receivable	—	3,906
Other receivables	13,648	20,140
	$ 92,432	$ 144,823

Amortization of debt issuance costs was $885, $566, $11,777 and $38,156 for the six months ended June 30, 2005, the period from June 27 to December 31, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, respectively. The unamortized debt issuance costs at December 31, 2007 amortize annually from 2007 through 2019.

13. Accrued expenses and other liabilities

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

	2006	2007
Guarantee liability	$ 15,668	$ 3,926
Accrued expenses	42,681	49,393
Accrued interest	14,373	14,432
Lease deficiency	19,744	8,201
Deposits under forward sale agreements	—	5,427
	$ 92,466	$ 81,379

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, 2007, 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 2008 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.

(US dollars in thousands)

13. Accrued expenses and other liabilities (Continued)

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 29 months.

Deposits under forward sale agreements—In 2007, AerVenture Ltd., our consolidated joint venture, 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.

14. Debt

Debt consists of the following as of December 31:

	2006	2007	Weighted average interest rate December 31, 2007	Maturity
ECA-guaranteed financings	$ 567,900	563,835	5.24%	2008-2019
JOL financings	100,261	95,819	5.35%	2008-2015
AerVenture pre-delivery payment facility	8,130	87,007	5.94%	2008-2010
A330- pre-delivery payment facility	—	28,372	5.72%	2008-2010
UBS revolving credit facility	234,577	61,117	6.79%	2008-2014
AT revolving credit facility	65,688	111,238	6.35%	2008-2012
GATX portfolio acquisition facility	218,399	128,443	6.62%	2008-2014
Commercial bank debt	353,725	231,414	6.55%	2008-2019
ALS securitization debt	844,308	1,407,623	5.51%	2008-2032
Capital lease obligations under defeasance structures	162,151	177,876	5.39%	2008-2010
	$ 2,555,139	2,892,744		

(US dollars in thousands)

14. Debt (Continued)

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
2008	417,413
2009	292,707
2010	511,243
2011	254,283
2012	259,068
Thereafter	1,158,030
	$ 2,892,744

ECA-guaranteed financings—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 European export credit agencies ("ECAs"). In January 2006, the ECA Facility was amended and extended to cover an additional nine aircraft and its size increased to a maximum of $1,215,000 for a further three years. The terms of the lending commitment in the ECA Facility are such that the ECAs only approve funding for aircraft that are due for delivery on a six-month rolling basis and have no obligation to fund deliveries beyond that time frame. The margin over three-month Libor ranges from 0.25% for aircraft delivered under the original facility and 0.12% for those aircraft delivered subsequently to the January 2006 amendment. We are obligated to repay principal on ECA loans over a 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, 2007, we had financed 17 aircraft under the ECA Facility, plus four aircraft financed under ECA financings prior to the April 2003 facility agreement. The net book value of aircraft pledged to the ECAs under the ECA Facility and the previous ECA loans was $591,180 at December 31, 2007.

14. Debt (Continued)

JOL Financings—We have 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 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, 2007, we had financed three aircraft under JOL structures. The net book value of aircraft pledged to JOL financings was $86,264 at December 31, 2007.

AerVenture Pre-delivery Payment Facility—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 $207,500 ("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.

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. 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

14. Debt (Continued)

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, 2007, we had financed two aircraft under the UBS revolving credit facility. The net book value of the two aircraft pledged to lenders under the credit facility was $66,459 at December 31, 2007.

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 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 $383,681 at December 31, 2007 are pledged as collateral for the revolving loan facility.

GATX Portfolio 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 million 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

14. Debt (Continued)

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, 2007, we had financed 21 aircraft under the original loan facility. The net book value of the 21 aircraft pledged to lenders under the loan facility was $244,593 at December 31, 2007.

ALS Securitization Debt—ALS is a special purpose company incorporated with limited liability in Jersey, Channel Islands, on August 10, 2005. The share capital of ALS is owned 95.1% by Jersey charitable trusts and 4.9% by AerCap Ireland. ALS 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 our Aircraft Lease Securitisation securitization 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 Aircraft Lease Securitisation 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 Aircraft Lease Securitisation's aircraft portfolio size to 70 aircraft. As a result of the refinancing, we recorded additional interest expense of $27,402 related to the write-off of unamortized debt issuance costs. After the refinancing, Aircraft Lease Securitisation sold five aircraft, resulting in an aircraft portfolio size of 65 aircraft at December 31, 2007.

The primary source of payments on the notes is lease payments on the aircraft owned by the subsidiaries of Aircraft Lease Securitisation. We retained the most junior class of notes in the securitization, as a result of which we still consolidate Aircraft Lease Securitisation's results in our financial statements. The net book value of the remaining 65 aircraft pledged as collateral for the securitization debt was $1,549,203 at December 31, 2007.

ALS is bankruptcy-remote from us and the lenders to ALS may only look to proceeds derived from the 65 ALS aircraft for repayment. The indenture agreement, which governs the securitized notes, require that ALS hold a designated amount of cash aside in restricted accounts for future cash flow requirements of ALS. All cash held by ALS is recorded as restricted cash on our balance sheets. The indenture also requires ALS to comply with a number of general and operating covenants including, but not limited to the following:

Limitations on aircraft modifications, acquisition and disposals.

Limitation on transactions with us and our affiliates.

Maintenance of separate existence.

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

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

(US dollars in thousands)

14. Debt (Continued)

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 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 $28.8 million as of December 31, 2007.

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 1.80%. 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, 2007, we had financed 13 aircraft and three engines under commercial bank financings. The net book value of the 13 aircraft and three engines pledged to commercial bank financings was $329,426 at December 31, 2007.

Capital Lease Obligations—We are obligated under capital lease agreements involving four 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 $96,071 at December 31, 2007 on these four aircraft. The net book value at December 31, 2007 of the four aircraft securing the capital lease obligations was $138,156, which is also included in the net book value of aircraft securing commercial bank debt above. Depreciation of $3,084, $4,429, $6,169 and $6,169 have been charged on these assets during 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. The future minimum lease payments under the capital leases, together with the scheduled return of principal amounts in related defeased structures are as follows:

	Rental commitments	Defeased notes receivable	Net rental Commitments
2008	56,717	56,717	—
2009	6,803	6,803	—
2010	134,071	134,071	—
2011	—	—	
	197,591	197,591	—
Less amount representing interest	(19,715)	(19,715)	—
Present value of minimum payments	177,876	177,876	—

During 2006, we purchased an aircraft that was previously subject to a capital lease and terminated the capital lease obligation. The purchase consideration represented a discount of $8,263 to the

(US dollars in thousands)

14. Debt (Continued)

carrying value of our capital lease obligation. 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.

At December 31, 2007, we had also issued letters of credit in an amount of $6,838 in support of certain obligations. All issued letters of credit are fully cash collateralized with restricted cash. In addition, at December 31, 2007, we had available credit facilities of $2,083,725 and an on-demand overdraft facility of $10,000, which were undrawn.

A total amount of capitalized interest of $3,084, $2,767, $4,888 and $10,398 reduced interest expense in respect of the prepayments on flight equipment (Note 7) 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.

15. Accrual for onerous contracts

Accrual for onerous contracts consist of the following items, which are described below at December 31:

	2006	2007
Lease-in, lease-out transactions	$ 72,959	$ 46,411
1999 Forward Order	38,374	—
	$ 111,333	$ 46,411

Lease-in, Lease-out transactions—At December 31, 2007, we leased in six aircraft from three different lessors under operating head leases that mature between 2009 and 2013. At December 31, 2007, we had entered into sublease agreements with several different customers covering these same aircraft. For four aircraft, the lease termination dates of the subleases are matched to the lease termination dates under the head leases. For the other two aircraft, the related subleases had been terminated as of December 31, 2007. 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.

(US dollars in thousands)

15. Accrual for onerous contracts (Continued)

Following is a summary of the undiscounted contracted minimum lease payments under the respective head leases and subleases at December 31, 2007:

	Head lease payments	Sublease Receipts
2008	31,583	16,348
2009	22,072	13,488
2010	21,651	13,488
2011	21,651	13,488
2012	16,055	7,798
Thereafter	—	555
	113,012	65,165

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 which previously were subject to head leases and terminated the related head leases. The purchase consideration represented a discount of $16,033 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.

In addition, in February 2008, we purchased the two aircraft which were not subject to subleases from the head lessor and terminated the head leases.

Forward order contract—As indicated in Note 7, we were committed for the purchase of nine firm aircraft under the 1999 Forward Order contract for delivery in 2007. Because the contracted purchase prices of the aircraft at delivery were expected to be in excess of the anticipated fair market value of the aircraft at delivery, we had recognized an accrual for onerous contracts with respect to the forward order. The accrual was recognized at the date of the Acquisition as the excess of the net present value of costs to be incurred under the contract over the estimated fair value of the aircraft at delivery. At December 31, 2007, the accrual has been offset against the purchase price of the aircraft in connection with the delivery of these aircraft during 2007.

(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.

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	June 27 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Deferred tax (benefit) expense				
The Netherlands	$ (2,943)	$ 9,836	$ 25,965	1,903
Ireland	2,155	890	11,020	9,824
United States of America	—	—	(8,044)	(3,832)
Sweden	—	—	(9,010)	(463)
Other	324	(83)	(115)	—
	(464)	10,643	19,816	7,432
Current tax (benefit) expense				
United States of America	(92)	(39)	1,430	9,191
The Netherlands	—	—	—	8,500
	(92)	(39)	1,430	17,691
Income tax expense	$ (556)	$ 10,604	$ 21,246	25,123

Reconciliation of statutory income tax expense to actual income tax expense is as follows:

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	June 27 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Income tax (benefit) expense at statutory income tax rate(a)	$ 4,800	$ 19,015	$ 38,376	$ 54,167
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	—	(6,123)	(12,421)	
Valuation allowance (reduction)	—	—	(9,010)	2,550
Tax on global activities	(5,356)	(2,288)	(20,670)	(31,594)
	(5,356)	(8,411)	(17,130)	(29,044)
Actual income tax expense	$ (556)	$ 10,604	$ 21,246	$ 25,123

(a)

The statutory income tax rates in the Netherlands were 31.5% for the six months ended June 30, 2005 and the period from June 27, 2005 to December 31, 2005, 29.6% for the year ended December 31, 2006 and 25.5% for the year ended December 31, 2007.

(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.

(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, 2006 and 2007.

	December 31, 2006			
	The Netherlands	Ireland	U.S.	Sweden
Depreciation/Impairment	$ (42,507)	$ 2,922	$ 27,242	$ —
Prepayments on flight equipment	(2,503)	—	—	—
Intangibles	—	—	8,927	—
Lessee receivables	—	—	(1,807)	—
Inventory	—	—	2,145	—
Loss-making contracts	(9,785)	—	(21,097)	—
Obligations under capital leases and debt obligations	—	(7,881)	—	—
Capitalized expenses	—	—	(1,275)	—
Investments	25,389	(2,500)	—	—
Losses and credits forward	(7,098)	(44,303)	(7,236)	(9,010)
Other	48	911	(3,720)	—
Valuation allowance on tax assets	—	—	—	—
Net deferred tax (asset) liability	$ (36,456)	$ (50,851)	$ 3,179	$ (9,010)

	December 31, 2007			
	The Netherlands	Ireland	U.S.	Sweden
Depreciation/Impairment	$ (31,138)	$ 5,907	$ 26,000	$ —
Share-based compensation	2,764	—	—	—
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	(745)	—
Valuation allowance on tax assets	2,550	—	—	—
Net deferred tax (asset) liability	$ (37,091)	$ (38,689)	$ 3,425	$ (9,473)

(US dollars in thousands)

16. Income taxes (Continued)

The change in the valuation allowance for the deferred tax asset has been as follows:

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	June 27 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Valuation allowance at beginning of period	83,697	64,138	$ 60,432	—
Reduction of allowance to income tax provision	(19,559)	(3,706)	(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	$ 64,138	$ 60,432	—	$ 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 rollforward 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	$ —

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 2003 forward, in Sweden from 2002 forward and in the United States from 2004 forward. With the exception of Sweden, none of our tax returns are currently subject to examination. Tax returns for the years 1999 and 2000 are currently being disputed by the Swedish tax authorities. We have not made any provision for the disputed tax liabilities under FAS 109 or FIN 48.

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 2007, we recognized a total of $854 as interest expense on tax payments. There was no accrued interest or accrued penalties on tax payments at either January 1, 2007 or December 31, 2007

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. In 2007, a payment

16. Income taxes (Continued)

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 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, 2007 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, 2007.

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. 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 US group is 37.26% for the year ended December 31, 2007.

Sweden

The Swedish entities have significant losses forward at December 31, 2007 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, 2007.

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

17. Share capital (Continued)

same Luxemburg entities. AerCap Holdings N.V. issued one additional share to acquire all of the assets 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 21, 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.

As of December 31, 2007, 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.

As described in Note 14, the ability of our wholly-owned subsidiary, AeroTurbine, to declare and pay dividends to us of cash or other assets, above a certain threshold is restricted under the terms of its revolving loan facility. Our consolidated shareholders' equity includes shareholders' equity attributable to AeroTurbine of $261,911.

18. Share-based compensation

Bermuda Equity Grants

Effective June 30, 2005, Bermuda holding companies which indirectly owned 100% of our equity interests put into place an Equity Incentive Plan ("Bermuda Equity Plan") under which members of our senior management, Board of Directors and an employee of Cerberus (the "participants") can be granted either restricted shares or share options ("Bermuda Equity Grants") in such holding companies. The Bermuda holding companies were formed with identical capital structures and each had an equal percentage indirect ownership interest in us, representing an aggregate 100% of our ownership interest in us prior to our initial public offering and 69.3% after our initial public offering and 45.8% at December 31, 2007. Prior to December 31, 2007, all of the interests in our shares held by the four Bermuda holding companies were combined into one holding company ("Bermuda Parent") and all participants' interests in the other Bermuda holding companies were transferred to the remaining Bermuda Parent. The Bermuda Parent does not own any other significant assets or conduct any other significant activities outside of their indirect investment in us and the value of the Bermuda Parent 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 Bermuda Equity Grants. In addition to formal vesting restrictions, the terms of the Bermuda Equity Grants contain provisions which allow the Bermuda Parent to repurchase any restricted shares or shares obtained through the exercise of options upon the occurrence of certain employment termination

18. Share-based compensation (Continued)

events or cessation of service on the board of directors for share options issued to our independent directors. All holders of Bermuda Equity Grants signed a Share Agreement in connection with our initial public offering which gives each of them the right to exchange their Bermuda Parent shares or share options for our shares or options on our shares directly with the Bermuda Parent. Such right is not exercisable until November 27, 2008 and is valid for a period of three years from that date. The Share Agreement also restricts all such holders from selling or pledging their interests in the Bermuda Parents. Beginning November 27, 2008, the participants will not be restricted from selling their interests in our shares and the Bermuda Parent's rights to repurchase restricted shares or shares obtained through the exercise of options upon certain employment termination rights will lapse. All share options granted under the Bermuda Equity Plan are exercisable for a period of ten years from the date of issuance.

December 2005 Issuance—In December 2005, restricted shares and "zero strike price" share options were issued under the Bermuda Equity Plan to members of our senior management and an employee of Cerberus. The terms of the awards contain provisions which allow the Bermuda Parent to repurchase any restricted shares or shares obtained through the exercise of options at no cost upon the occurrence of certain employment termination events. According to the terms of these Bermuda Equity Grants, the options were to vest and certain restrictions on the restricted shares were to lapse during the period from June 2005 to December 2009 according to certain time and performance criteria. All share options vested and all restrictions on restricted shares lapsed (other than the repurchase rights referred to above), upon the closing of our initial public offering. The fair value of the shares and options issued in December 2005 were calculated with reference to the transaction price for the 2005 Acquisition on June 30, 2005 and considered all factors effecting the value between that date and the grant date. For all shares and share options except those held by an employee of Cerberus, expense recognition under SFAS 123(R) is based on the grant date fair value. The share-based compensation for the employee of Cerberus is based on the mark-to-market value of the underlying shares at each reporting date. Despite the formal vesting of these restricted shares and share options at the date of our initial public offering, expense recognition of these Bermuda Equity Grants will be recognized between the date of our initial public offering and two years from that date, which is the date that the holders can exchange their Bermuda holding company shares for shares in our company and sell them in the market. This period of two years represents the period of "substantial vesting" under SFAS 123(R).

April 2006 Issuance—On April 26, 2006, (the date of the AT Acquisition) the selling shareholders of AT purchased restricted shares in the Bermuda Parent. These restricted shares were subject to certain time and performance criteria similar to the December 2005 grants. The agreements which govern the restricted shares allow the Bermuda Parent to call the restricted shares and allow the selling shareholders of AT to put their shares back to the Bermuda Parent at fair market value upon the occurrence of certain employment termination events. In connection with our initial public offering, all restrictions on these restricted shares, other than the put and call rights referred to above, lapsed and all remaining unrecognized fair value was recognized as stock-based compensation in our income statement for the year ended December 31, 2006.

Senior Management Issuance—On August 21, 2006 and September 5, 2006 the Bermuda Parent issued stock options under the Bermuda Equity Plan to three members of the Company's senior

(US dollars in thousands)

18. Share-based compensation (Continued)

management. The options vest over a four-year period of time according to both time and performance-based criteria and have a strike price equivalent to $7.00 with reference to our shares. All of the options issued vest upon a change of control. The option agreements contain provisions which allow the Bermuda Parents to repurchase any shares obtained through the exercise of options at the lower of fair market value or the exercise price paid upon the occurrence of certain employment termination events. Twenty-percent of the options vested upon our initial public offering and another 40% have vested as of December 31, 2007 based on achievement of both time and performance measures.

Independent Director Issuance—On September 5, 2006, the Bermuda Parent granted options under the Bermuda Equity Plan to four non-executive directors of the Company. The options granted to the directors are not subject to vesting criteria and have a strike price equivalent to $7.00 with reference to our shares. The Bermuda Parents have the right to repurchase any shares acquired through the exercise of options at fair market value within 90 days of the conclusion of any director's term on the board of directors.

Since all of the Bermuda Equity Grants outstanding are shares or share options in the Bermuda Parents and since the right of the holders of the Bermuda Equity Grants to exchange their shares in the Bermuda Parents for our shares after the two-year period 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 in 2006 which have a grant date as defined by SFAS 123(R), 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 ("DLOM") was applied to reflect the fact that (i) the shares being valued represent an illiquid minority interest in a closely-held indirect holding company without access to a recognized market and (ii) the shares are subject to significant restrictions which prevent their transfer or pledge.

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 amount of expense recognized with respect to share options is based on the fair value of the option using the share valuation method described above and then applying a Black-Scholes option pricing model to the underlying share value. The value of each of the Bermuda 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.

(US dollars in thousands)

18. Share-based compensation (Continued)

The offsetting entry for the compensation expense recognized for Bermuda Equity Grants is to additional paid-in capital with no resulting effect on total shareholders' equity, other than the positive effect of the deferred tax benefit related to the tax deductible portion of share-based compensation charges.

A summary of activity for all issuances under the Bermuda Equity Plan for the years ending December 31, 2005, 2006 and 2007 is set forth below. Because the number of shares and share options under the Bermuda Equity Plan are shares and share options of the Bermuda Parent, ownership interests in the table below have been stated as the equivalent number of our shares which are represented by the Bermuda Parent shares.

	December 2005 Issuance	April 2006 Issuance	Senior Management Issuance	Independent Director Issuance
2005 Activity:				
Beginning outstanding 1/1/2005	—	—	—	—
Shares/options issued	7,644,070	—	—	—
Ending outstanding 12/31/2005	7,644,070(b)	—	—	—
2006 Activity:				
Beginning outstanding 1/1/2006	7,644,070	—	—	—
Shares/options issued	—	5,095,904	1,306,525	335,302
Dilutive effect of other Bermuda Parent issuances	(790,076)	(106,576)	(5,600)	—
Dilutive effect of initial public offering	(1,690,788)	(1,230,800)	(320,920)	(82,714)
Ending outstanding 12/31/2006	5,163,206(b)	3,758,528	980,005	252,588
Exercisable, 12/31/2006	N/A(c)	N/A	392,003	252,588
2007 Activity:				
Beginning outstanding 1/1/07	5,163,206	3,758,528	980,005)	252,588
Shares/options redeemed(a)	(1,597,188)	(1,503,088)	(99,070)	(82,714)
Ending outstanding 12/31/2007	3,566,018(b)	2,255,440	880,935	166,237
Exercisable, 12/31/2007	N/A(c)	N/A	487,753	166,237
Share-based compensation expense for the year ended December 31, 2007(e)	$ 1,352(d)	—	$ 5,945	—

(a)

Redemptions result from remaining proceeds from our initial public offering and proceeds from our Secondary Offering.

(b)

In addition to restricted shares and zero-strike price options, members of senior management also hold Bermuda Parent shares which were purchased from Cerberus (not granted under the Bermuda Parent Equity Plan) representing 269,722, 186,389 and 230,689 of our shares as of the year ended December 31, 2005, 2006 and 2007, respectively.

(c)

All vesting restrictions have lapsed on these interests, but share-based compensation will continue to be recognized on straight-line basis until November 27, 2008.

(US dollars in thousands)

18. Share-based compensation (Continued)

(d)

In addition, an amount of $2,673 was recognized in relation to restricted shares held by an employee of Cerberus, based on the mark-to-market valuation at each reporting date.

(e)

Assuming that established performance criteria are met and excluding restricted shares held by an employee of Cerberus which are expensed on a mark-to-market basis, we expect to recognize share-based compensation related to Bermuda Equity Grants of $7.0 million and $1.8 million during 2008 and 2009, respectively.

Following is a summary of the issuances of share options subject still to vesting restrictions during the year ended December 31, 2007. All share numbers are calculated on a fully-diluted basis assuming the vesting, exercise and conversion of all Bermuda Parent interests to shares of AerCap Holdings N.V.

	Unvested Options Subject to a $7.00 Strike Price
Balance at January 1, 2007	588,002
Vesting during year	(196,002)
Effect of disproportionate redemptions in Bermuda Parent	203,140
Balance at December 31, 2007	595,140

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 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.

In September 2007, a total of 2.4 million non-qualified stock options were issued under the NV Equity Plan to certain employees of the Company. All options issued vest over a period of four years

(US dollars in thousands)

18. Share-based compensation (Continued)

based on both time and performance-based criteria and all are exercisable at $24.63 per share option. All non-qualified stock options issued under the NV Equity Plan remained unvested at December 31, 2007. There are no other NV Equity Grants issued or outstanding under the NV Equity Plan at December 31, 2007. The fair value of the 1.2 million options which vest according to time-based criteria has been calculated as $10.72 per option. The 1.2 million performance-based options were fair valued at per-option values between $4.23 and $5.64 depending on the performance year to which they relate. Total stock-based compensation recognized in the year ended December 31, 2007 relating to the NV Equity Grants was $935. Assuming that established performance criteria are met and that no forfeitures occur, we expect to recognize share-based compensation related to NV Equity Grants of approximately $4.6 million during each of 2008, 2009 and 2010 and $3.9 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%-36.38%
Expected life	5.33-6.25 years
Risk-free interest rate	3.11%-4.10%
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 differences in expected life among the different tranches (time-based vs. performance-based) of stock options valued.

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:

	AerCap B.V. Six months ended June 30, 2005		
	Aircraft	Engines and parts	Total
Revenues from external customers	$ 261,078	—	$ 261,078
Segment profit	15,793	—	15,793
Segment assets	2,841,689	—	2,841,689
Depreciation	66,407	—	66,407

(US dollars in thousands)

19. Segment information (Continued)

	AerCap Holdings N.V. June 27, 2005 to December 31, 2005		
	Aircraft	Engines and parts	Total
Revenues from external customers	$ 215,072	—	$ 215,072
Segment profit	49,761	—	49,761
Segment assets	3,061,199	—	3,061,199
Depreciation	45,918	—	45,918

	AerCap Holdings, N.V. 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

	AerCap Holdings, N.V. 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

(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:

	Six months ended June 30, 2005	June 27 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Europe	33%	33%	35%	39%
Asia/Pacific	43%	44%	43%	33%
Latin America	6%	5%	7%	10%
North America and Caribbean	18%	18%	15%	17%
Africa/Middle East	—%	—	—	1%
	100%	100%	100%	100%

No lessee accounted for more than 10% of lease revenue in any of the periods indicated above. Sales revenue is comprised of 75% from our aircraft segment and 25% 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.

(US dollars in thousands)

19. Segment information (Continued)

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 at December 31, 2006 and December 31, 2007:

	2006	2007
Europe	41%	38%
Asia/Pacific	35%	33%
Latin America	6%	7%
North America and Caribbean	18%	21%
Africa/Middle East	—	1%
	100%	100%

20. Selling, general and administrative expenses

Selling, general and administrative expenses include the following expenses:

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	June 27 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Personnel expenses(a)	$ 9,360	$ 13,417	$ 114,463(a)	$ 65,210(a)
Travel expenses	1,277	1,270	4,635	6,551
Professional services	4,702	6,662	19,415	23,454
Office expenses	1,474	1,571	4,590	8,716
Directors expenses	228	1,582	1,232	2,956
Other expenses	2,518	2,447	5,029	9,441
	$ 19,559	$ 26,949	$ 149,364	$ 116,328

(a)

Includes share-based compensation of $78,635 and $10,916 in the years ended December 31, 2006 and 2007, respectively

We had 351 and 402 persons in employment as at December 31, 2006 and 2007, respectively.

21. 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

(US dollars in thousands)

21. Earnings per common share (Continued)

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:

	Six months ended June 30, 2005	June 27 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
Net income for the computation of basic and diluted earnings per share	$ 15,793	$ 49,671	$ 108,991	$ 188,453
Weighted average common shares outstanding	736,203	78,236,957	78,962,162	85,036,957
Basic and diluted (loss) earnings per common share	$ 21.45	$ 0.64	$ 1.38	$ 2.22

22. Related party transactions

Until the 2005 Acquisition, the Previous Shareholder Lenders had provided us with subordinated loans for a total of $350,650 as at the time of the 2005 Acquisition. The interest rates on these loans were variable and are calculated on the basis of six-month LIBOR. Interest of $7,373 was included in interest on indebtedness for the six months ended June 30, 2005. 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 B.V. Acquisition. A total of $1,799,950 was outstanding under these credit agreements at the time of the 2005 Acquisition. The interest rate on the credit facility is variable and is calculated on the basis of LIBOR. Interest on the senior debt of $34,842 is included in interest on debt for the six months ended June 30, 2005.

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 $685 for 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.

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 $1,733, $850, $1,700 and $354 for the six months ended June 30, 2005, the period from June 27, 2005 to December 31, 2005, 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 $2,358,$2,440, $5,208 and $4,793 for the six months ended June 30, 2005, the period from June 27, 2005 to December 31, 2005, for the year ended December 31, 2006, and for the year ended December 31, 2007, respectively.

22. Related party transactions (Continued)

We have made payments to Cerberus and third parties on behalf of Cerberus totaling $1,203 since the 2005 Acquisition. The payments to Cerberus represent reimbursement of consulting fees paid by Cerberus to individuals who have assisted us in the evaluation of portfolio or company purchases, including our acquisition of AeroTurbine. In addition, this amount also includes approximately $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 parties on behalf of Cerberus consist of payments to advisors engaged by Cerberus in connection with the 2005 Acquisition.

We lease two A320-200 model aircraft to Air Canada. One lease began on April 23, 2002 and extends for a term of six years. The other lease began on May 29, 2002 and extends for a term of ten years. Cerberus indirectly controls 6.7% of the equity of Air Canada and indirectly controls 45.8% of shares in AerCap Holdings N.V. at December 31, 2007. 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 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, 2007, we had drawn and there remained outstanding $48,824 of the class A loans and $12,294 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.

(US dollars in thousands)

22. Related party transactions (Continued)

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 €7,800 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 $1,800. We sold all of our WizzAir convertible notes in September 2006.

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 Import & Export Group Corporation, 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, 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.

23. Commitments and contingencies

Property and other rental commitments

We have entered into property rental commitments with third parties, which expire in 2011, amounting to $24,782 as of December 31, 2007. We also have lease arrangements with respect to company cars and office equipment. Minimum payments under the property rental agreements are as follows:

2008	5,388
2009	4,703
2010	2,830
2011	1,875
2012	1,816
Thereafter	8,170
	$ 24,782

We are relocating from our current Headquarters in Amsterdam, the Netherlands, to a 37,000 square foot office facility in April 2008. The new office has been contracted under a five year lease

23. Commitments and contingencies (Continued)

which commences on April 1, 2008, but had not yet been signed as of December 31, 2007. Accordingly, the table above does not include the minimum payments under this future lease.

Legal proceedings

VASP litigation

We leased 13 aircraft and three spare engines to Vicao Aerea de Sao Paulo ("VASP"), a Brazilian airline. In 1992, VASP defaulted on its lease obligations and we commenced litigation against VASP to repossess its aircraft. In 1992, we obtained a preliminary injunction for the repossession and export of 13 aircraft and three spare engines (the "Repossessed Assets") from VASP. We repossessed and exported the Repossessed Assets in 1992. VASP appealed this decision.

In 1996, the High Court of the State of São Paulo (the "High Court") found in favor of VASP on its appeal. We were instructed to return the Repossessed Assets to VASP for the lease under the terms of the original lease agreements between us and VASP. The High Court also granted VASP the right to seek damages in lieu of the return of Repossessed Assets. Since 1996, we have pursued in this case in the Brazilian courts through various motions and appeals.

On March 1, 2006, the Superior Court of Justice dismissed our most recent appeal and on April 5, 2006 a special panel of the Superior Court of Justice confirmed the Superior Court of Justice decision. On May 15, 2006, we appealed this decision to the Federal Supreme Court. On February 23, 2006, VASP commenced a procedure for the calculation of the award for damages. 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. In October 2006, the English Courts approved our motion to serve process upon VASP in Brazil.

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 have 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 it's assets in Brazil. We have opposed this application and a hearing for this application was held on March 5, 2008, where VASP's application was dismissed.

We continue to actively pursue all courses of action that may be available to us and intend to defend our position vigorously and to pursue each of our claims against VASP based on the damages we incurred as a result of the default by VASP on its lease obligations. Our management, based on the advice of external legal counsel, has determined that it is not necessary to make any provisions for this litigation.

Swedish tax dispute

In 2001, the Swedish tax authorities challenged our position in tax returns filed for the years 1999 and 2000 with respect to certain deductions. In accordance with Swedish law, we made a guarantee payment to the tax authority of $16,792 in 2003, which was recorded as a receivable in anticipation that

(US dollars in thousands)

23. Commitments and contingencies (Continued)

we would prevail in our arguments. We appealed the decision of the tax authorities and in August 2004, a Swedish court ruled in our favor, which resulted in a tax refund of $19,887 (which included interest and the effect of foreign exchange movements for the intervening period) to us, which was offset against the receivable established. In September 2004, the Swedish tax authorities appealed the decision of the Court and filed an appeal with the Administrative Court of Appeal in Sweden. We have responded to this appeal and have requested an oral hearing on the matter. The Court has responded that they would schedule an oral hearing, but we have not yet received notice of the timing of such hearing. Management, based on the advice of our tax advisors, has determined that it is not necessary to make any provisions for this tax dispute.

24. Fair values of financial instruments

Statement of Financial Accounting Standards No. 107 "Disclosures about Fair Value of Financial Instruments" defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values of financial instruments have been determined with reference to available market information. However, considerable management judgment is required in interpreting market data to arrive at estimates of fair values. Accordingly, the estimates presented herein may not be indicative of the amounts that we could realize in a current market exchange.

	December 31, 2006		December 31, 2007	
	Book value	Fair value	Book value	Fair value
Assets				
Investments	$ 3,000	$ 3,000	$ 3,000	$ 8,458
Notes receivable	167,451	167,451	184,820	184,820
Restricted cash	112,277	112,277	95,072	95,072
Derivative assets	17,871	17,871	21,763	21,763
Cash and cash equivalents	131,201	131,201	241,736	241,736
	$ 431,800	$ 431,800	546,391	551,849
Liabilities				
Debt	$ 2,555,139	$ 2,555,139	$ 2,892,744	$ 2,900,092
Derivative liabilities	—	—	—	—
Guarantees	15,668	15,668	3,926	3,926
	$ 2,570,807	$ 2,570,807	$ 2,896,670	$ 2,904,018

25. Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". SFAS 157 prescribes a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for fiscal years beginning after November 15, 2007 for financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis

25. Recent Accounting Pronouncements (Continued)

in financial statements. In November 2007, the FASB issued FSP 157-2, which provided a one year deferral for the implementation of SFAS 157 for other nonfinancial assets and liabilities. We do not anticipate that the adoption of SFAS 157 will have a material effect on our financial statements or our results of operations.

In February 2007, the FASB issued SFAS 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*". SFAS 159, which is expected to expand fair value measurement, permits entities to choose to measure many financial instruments and certain other items at fair value. FAS 159 is effective for us beginning in the first quarter of 2008. We do not anticipate that the adoption of SFAS 159 will have a material effect on our financial statements or results of operations.

In December 2007, the FASB issued SFAS 141 (revised), *Business Combinations* ("SFAS 141(R)"). The standard changes the accounting for business combinations including the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for preacquisition gain and loss contingencies, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. We do not anticipate that the adoption of SFAS 141(R) will have a material effect on our financial statements or results of operations.

In December 2007, the FASB issued SFAS No. 160, *"Noncontrolling Interests in Consolidated Financial Statements,"* (SFAS 160). SFAS 160 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.

Additional Information—Financial Statements
Schedule I

AerCap Holdings N.V.

Condensed Balance Sheets

As of December 31, 2006 and 2007

	December 31,	
	2006	2007
	(US dollars in thousands except share and per share amounts)	
Assets		
Cash and cash equivalents	$ 792	$ 475
Investments	750,659	1,004,105
Other assets	—	1,329
Total Assets	$ 751,451	$ 1,005,909
Liabilities and Shareholders' Equity		
Accrued expenses and other liabilities	447	5,050
Payable to subsidiary	—	50,486
Total Liabilities	447	55,536
Ordinary share capital, €0.01 par value (200,000,000 ordinary shares authorized, 78,236,957 and 85,036,957 ordinary shares issued and eoutstanding, respectively)	699	699
Additional paid-in capital	591,553	602,469
Accumulated retained earnings	158,752	347,205
Total Shareholders' Equity	751,004	950,373
Total Liabilities and Shareholders' Equity	$ 751,451	$ 1,005,909

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

Additional Information—Financial Statements
Schedule I

AerCap Holdings N.V.

Condensed Income Statements

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

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	June 27, 2005 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
	(US dollars in thousands, except share and per share amounts)			
Revenues				
Lease revenue	$ 6,904	$ —	$ —	$ —
Sales revenue	96,946	—	—	—
Management fee revenue	173	—	—	1,797
Interest revenue	2,034	—	—	—
Other revenue	223	—	—	—
Total Revenues	106,280	—	—	1,797
Expenses				
Depreciation	2,317	—	—	—
Cost of goods sold	107,060	—	—	—
Goodwill impairment	—	—	—	—
Interest on debt	36,535	16,128	—	—
Leasing expenses	3,297	—	—	—
Provision for doubtful notes and accounts receivable	(30)	—	—	—
Selling, general and administrative expenses	10,098	845	833	23,104
Total Expenses	159,277	16,973	833	23,104
Loss from continuing operations before income taxes and equity in profit of subsidiaries	(52,997)	(16,973)	(833)	(21,307)
Provision for income taxes	15,687	—	212	5,433
Equity in profit of subsidiaries	53,103	66,734	109,612	204,327
Net (Loss) Income	$ 15,793	$ 49,761	$ 108,991	188,453
Basic and diluted (loss) earnings per share	$ 21.45	$ 0.64	$ 1.38	$ 2.22
Weighted average shares outstanding, basic and diluted	736,203	78,236,957	78,982,162	85,036,957

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

Additional Information—Financial Statements
Schedule I

AerCap Holdings N.V.

Condensed Statements of Cash Flows

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

	AerCap B.V.	AerCap Holdings N.V.		
	Six months ended June 30, 2005	June 27, 2005 to December 31, 2005	Year ended December 31, 2006	Year ended December 31, 2007
	(US dollars in thousands)			
Net cash used in operating activities	$ (46,6722)	$ (16,973)	$ (833)	$ (6,711)
Net cash provided by (used in) investing activities	180,425	(352,307)	(142,712)	6,394
Net cash (used in) provided by financing activities	(157,049)	370,000	143,617	—
Net increase (decrease) in cash and cash equivalents	(23,296)	720	72	(317)
Cash and cash equivalents at beginning of period	125,987	—	720	792
Cash and cash equivalents at end of period	$ 102,6911	$ 720	$ 792	$ 475

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

Additional Information—Financial Statements
Schedule I

AerCap Holdings N.V.

Notes to the Condensed Financial Statements

(US dollars in thousands)

1. General

The Company

AerCap Holdings N.V. is the parent company of a group that operates as an integrated global aviation company, conducting aircraft and engine leasing and trading and parts sales. AerCap Holdings N.V. is a holding company, whose principal purpose is to hold the shares in operating companies through which the AerCap group conducts is activities.

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. In anticipation of our initial public offering in 2006, the Company changed its holding company 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. Because our conversion from a Netherlands limited partnership to a Netherlands public limited liability company was accomplished in a common control transaction, these financial statements are presented as if our public limited liability holding company structure led by AerCap Holdings N.V. had existed as of June 27, 2005 (the formation date of AerCap Holdings C.V.) with total shares outstanding of 78,236,957. On November 27, 2006, we completed an initial public offering of 6,800,000 of our common shares at $23 per share generating net proceeds of $143,017 which we used to make additional equity investments in a subsidiary for the purpose of debt repayment at our subsidiary level.

The income statements and statements of cash flows for AerCap B.V. are presented to align with the financial statement presentation in our consolidated financial statements. These financial statements are not comparable to the Company's financial statements. As noted above, the Company acquired the shares in AerCap B.V., an operating company, on June 30, 2005.

2. Summary of significant accounting policies

Basis for presentation

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

The Company records its investment in its subsidiaries under the equity method of accounting as prescribed in APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock". Such investment is presented on the balance sheet as "Investment" and our portion of the subsidiaries' profit or loss as "Equity in (loss) profit of subsidiaries" on the income statements.

The subsidiaries of the Company did not pay any dividends to the Company for the periods presented.

2. Summary of significant accounting policies (Continued)

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The footnote disclosures contain supplemental information relating to the operations of the Company., as such, these statements should be read in conjunction with the notes to the consolidated financial statements of AerCap Holdings N.V.

3. Commitments and contingencies

The Company has issued a declaration of liability as referred to in Article 403 of the Netherlands Civil Code in respect of its subsidiary, AerCap B.V. Such declaration operates as a full guarantee of all the obligations of AerCap B.V. to third parties.

The Company has guaranteed the re-payment of loans issued by some of its subsidiaries under commercial bank debt which is guaranteed by European credit agencies as further described in our consolidated financial statements. Amounts outstanding under these loans are $567,900.

QuickLinks

Exhibit 2.15

[Execution Copy]

FIRST AMENDMENT AGREEMENT

FIRST AMENDMENT AGREEMENT, dated as of November 13, 2007 (this "Amendment"), to the Amended and Restated Credit Agreement, dated as of May 8, 2007, by and among AERFUNDING 1 LIMITED, an exempted company organized and existing under the laws of Bermuda (the "Borrower"), AERCAP IRELAND LIMITED, a limited company incorporated and existing under the laws of Ireland ("AerCap"), individually and as primary servicer under the Servicing Agreement (AerCap in such capacity the "Servicer"), AERCAP ADMINISTRATIVE SERVICES LIMITED, a limited company incorporated and existing under the laws of Ireland ("AASL"), individually and as primary administrative agent under the Service Provider Administrative Agency Agreement (AASL in such capacity the "Service Provider Administrative Agent"), AERCAP CASH MANAGER II LIMITED, a limited company incorporated and existing under the laws of Ireland ("ACML"), individually and as financial administrative agent under the Service Provider Administrative Agency Agreement (ACML in such capacity the "Financial Administrative Agent"), and as cash manager under the Cash Management Agreement (ACML in such capacity the "Cash Manager"), and as insurance servicer under the Servicing Agreement (ACML in such capacity the "Insurance Servicer"), UBS REAL ESTATE SECURITIES INC. ("UBSRESI") and THE OTHER FINANCIAL INSTITUTIONS PARTIES THERETO FROM TIME TO TIME AS CLASS A LENDERS (together with any permitted successors and assigns, "Class A Lenders"), UBSRESI and THE OTHER FINANCIAL INSTITUTIONS PARTIES THERETO FROM TIME TO TIME AS CLASS B LENDERS (together with any permitted successors and assigns, "Class B Lenders" and, together with the Class A Lenders, the "Lenders"), UBS SECURITIES LLC ("UBSS"), as agent (UBSS in such capacity, the "Administrative Agent") for the Lenders, UBSS as funding agent (UBSS in such capacity, the "UBS Funding Agent") for the UBS Funding Group (as defined therein), each Other Funding Agent (as defined therein) as funding agent for its related Other Funding Group (as defined therein), and DEUTSCHE BANK TRUST COMPANY AMERICAS, in its capacity as Collateral Agent (as defined therein) and in its capacity as Account Bank (as defined therein) (as amended, restated, supplemented or otherwise modified from time to time pursuant to the terms thereof, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed thereto in the Credit Agreement.

WHEREAS, the parties hereto have agreed to amend the Credit Agreement on the terms and subject to the conditions herein set forth;

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the fulfillment of the conditions set forth below, the parties hereto agree as follows:

SECTION 1. AMENDMENTS TO THE CREDIT AGREEMENT

The Credit Agreement is hereby amended by:

1.1 inserting the following language after "$830,000,000" at the end of the definition of the term "Class A Advances Limit" in Section 1.1 of the Credit Agreement:

minus the aggregate amount of principal paid to the Class A Lenders pursuant to clauses (M) through (P) of Section 8.1(e)(i) from Specified Collections during the Restricted Additional Advance Commitment Period (such amount to be calculated in a manner satisfactory to the Administrative Agent).

1.2 inserting the following language after "$170,000,000" at the end of the definition of the term "Class B Advances Limit" in Section 1.1 of the Credit Agreement:

minus the aggregate amount of principal paid to the Class B Lenders pursuant to clauses (M) through (P) of Section 8.1(e)(i) from Specified Collections during the Restricted Additional Advance Commitment Period (such amount to be calculated in a manner satisfactory to the Administrative Agent).

1.3 deleting the phrase "third anniversary" appearing in the first line of the definition of the term "Conversion Date" in Section 1.1 of the Credit Agreement and substituting therefor the phrase "fourth anniversary";

1.4 inserting the following definitions in Section 1.1 of the Credit Agreement:

"Restricted Additional Advance Commitment Period" means the period commencing on the third anniversary of the Closing Date and ending on the Conversion Date.

"Specified Collections" means, in respect of any Payment Date during the Restricted Additional Advance Commitment Period, all Collections of the type specified in clauses (i), (iii), (iv), (v) and (vi) (except, in the case of clause (vi), to the extent constituting a termination or similar payment) of the definition thereof.

1.5 deleting the phrase "fourth anniversary" appearing in the definition of the term "Stated Maturity Date" in Section 1.1 of the Credit Agreement and substituting therefor the phrase "third anniversary";

1.6 inserting the following language at the end of clause (M) of Section 8.1(e)(i) of the Credit Agreement:

and, during the Restricted Additional Advance Commitment Period, ratably to each Class A Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group), on behalf of the related Class A Lenders, in reduction of the Outstanding Class A Principal Amount, an amount equal to the amount required to reduce the aggregate outstanding principal balance of all Class A Advances as of such Payment Date to the balance that would have resulted as of such Payment Date if

the Borrower had made a principal payment in reduction of the Outstanding Class A Principal Amount on each Payment Date on or after the first day of the Restricted Additional Advance Commitment Period and through, and including, such Payment Date in an amount equal to the aggregate outstanding principal balance of all Class A Advances as of the first day of the Restricted Additional Advance Commitment Period divided by 120 (it being agreed that each Class A Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

1.7 inserting the following language at the end of clause (N) of Section 8.1(e)(i) of the Credit Agreement:

and, during the Restricted Additional Advance Commitment Period, ratably to each Class B Funding Agent (based on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group), on behalf of the related Class B Lenders, in reduction of the Outstanding Class B Principal Amount, an amount equal to the amount required to reduce the aggregate outstanding principal balance of all Class B Advances as of such Payment Date to the balance that would have resulted as of such Payment Date if the Borrower had made a principal payment in reduction of the Outstanding Class B Principal Amount on each Payment Date on or after the first day of the Restricted Additional Advance Commitment Period and through, and including, such Payment Date in an amount equal to the aggregate outstanding principal balance of all Class B Advances as of the first day of the Restricted Additional Advance Commitment Period divided by 120 (it being agreed that each Class B Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders); and

1.8 inserting the following language after the words "during the Amortization Period" in clauses (O) and (P) of Section 8.1(e)(i) of the Credit Agreement:

and during the Restricted Additional Advance Commitment Period

SECTION 2. CONDITIONS TO EFFECTIVENESS

This Amendment shall be effective upon (i) delivery to the Administrative Agent of counterparts hereof executed by each of the parties hereto, (ii) delivery to the Administrative Agent by each Lender of an executed counterpart of a letter agreement, dated as of the date hereof, with respect to a fee (the "Extension Fee") payable to such Lender in connection with this Amendment and (iii) payment to each Lender of the Extension Fee payable thereto.

SECTION 3. MISCELLANEOUS

3.1 The Borrower hereby certifies that the representations and warranties set forth in Article IX of the Credit Agreement and any other representations and warranties made by the Borrower in the Credit Agreement, in each case to the extent that such representations and warranties are deemed repeated on each Payment Date pursuant to the terms of the Credit Agreement, are true and correct on the date hereof with the same force and effect as if made on the date hereof. Each Service Provider hereby certifies that the representations and warranties

set forth in Section 8.3 of the Credit Agreement and any other representations and warranties made by such Service Provider (irrespective of its capacity) in the Credit Agreement, in each case to the extent that such representations and warranties are deemed repeated on each Payment Date pursuant to the terms of the Credit Agreement, are true and correct on the date hereof with the same force and effect as if made on the date hereof. In addition, the Borrower and each Service Provider (in each of its capacities under the Transaction Documents) each represents and warrants (which representations and warranties shall survive the execution and delivery hereof) that (a) no Early Amortization Event, Event of Default or Servicer Termination Event (nor any event that but for notice or lapse of time or both would constitute an unwaived Early Amortization Event, Event of Default or Servicer Termination Event) shall have occurred and be continuing as of the date hereof nor shall any Early Amortization Event, Event of Default or Servicer Termination Event (nor any event that but for notice or lapse of time or both would constitute an unwaived Early Amortization Event, Event of Default or Servicer Termination Event) occur due to this Amendment becoming effective, (b) the Borrower and each Service Provider each has the corporate power and authority to execute and deliver this Amendment and has taken or caused to be taken all necessary corporate actions to authorize the execution and delivery of this Amendment, and (c) no consent of any other person (including, without limitation, shareholders or creditors of the Borrower or any Service Provider), and no action of, or filing with any governmental or public body or authority is required to authorize, or is otherwise required in connection with the execution and performance of this Amendment other than such that have been obtained.

3.2 The Credit Agreement, as amended hereby, is hereby ratified and confirmed in all respects and remains in full force and effect in accordance with its terms.

3.3 All references in the Credit Agreement to “this Agreement” and “herein” and all references to the Credit Agreement in the documents executed in connection with the Credit Agreement shall mean the Credit Agreement as amended hereby.

3.4 This Amendment may be executed by the parties hereto individually or in combination, in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

3.5 By their signatures below, each of the Lenders hereby directs the Collateral Agent and Account Bank to execute and deliver this Amendment.

3.6 THIS AMENDMENT SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

Sections 17.6, 17.7, 17.8, 17.10, 17.11, 17.13 and 17.14 of the Credit Agreement are hereby incorporated by reference and shall apply *mutatis mutandis* to this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

AERFUNDING 1 LIMITED, as Borrower

By: _____
Name: _____
Title: _____

AERCAP IRELAND LIMITED

By: _____
Name: _____
Title: _____

AERCAP ADMINISTRATIVE SERVICES LIMITED

By: _____
Name: _____
Title: _____

AERCAP CASH MANAGER II LIMITED

By: _____
Name: _____
Title: _____

UBS SECURITIES LLC, as Administrative Agent and as UBS Funding Agent

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

UBS REAL ESTATE SECURITIES INC., as a UBS Non Conduit Lender, Class A Lender and Class B Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

AOZORA BANK, LTD., as a UBS Non Conduit Lender, Class A Lender and Class B Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BTMU CAPITAL CORPORATION, as a UBS Non Conduit Lender and Class A Lender

By: _____
Name: _____
Title: _____

KfW, as a UBS Non Conduit Lender and Class A Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collateral Agent and as Account Bank

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Exhibit 2.16

Dated 12th October 2006
As amended and restated and acceded to on 20th December 2007

AERCAP DUTCH AIRCRAFT LEASING I B.V.
as Borrower

AZZURRO AIRCRAFT LEASING LIMITED
as Additional Borrower

CALYON
as Senior Arranger and Senior Agent

CALYON
as Collateral Trustee

CERTAIN FINANCIAL INSTITUTIONS
as Senior Lenders

CERTAIN FINANCIAL INSTITUTIONS
as Additional Senior Lenders

AMENDED AND RESTATED SENIOR LOAN FACILITY AGREEMENT

with respect to a US$245,845,676.60 senior secured loan facility as increased by an additional amount of US$150,000,000

TABLE OF CONTENTS

THIS AGREEMENT is dated 12 October 2006 (as amended and restated and acceded to on 20th December 2007) and made between:

(1) **AERCAP DUTCH AIRCRAFT LEASING I B.V.** a company incorporated under the laws of The Netherlands and having its registered office at Evert van de Beekstraat 312, 1118 CX Schiphol, The Netherlands (***Borrower***);

(2) **AZZURRO AIRCRAFT LEASING LIMITED** a private limited company incorporated and existing under the laws of Ireland and having its registered office at Aercap House, Shannon, County Clare, Ireland (***Additional Borrower***);

(3) **CALYON**, a societe anonyme organised under the laws of France through its offices at 9, quai de Président Paul Doumer 92920 Paris La Défense, France (***Senior Arranger***) and in its capacity as senior agent (***Senior Agent***);

(4) **CALYON**, in its capacity as collateral trustee 9, quai de Président Paul Doumer 92920 Paris La Défense, France (***Collateral Trustee***);

(5) **THE FINANCIAL INSTITUTIONS** listed in Schedule 1 as lenders (***Senior Lenders***); and

(6) **THE FINANCIAL INSTITUTIONS** listed in Schedule 1A as lenders (***Original Additional Senior Lenders***).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION; ADDITIONAL BORROWER

Definitions and Interpretation

1.1 Unless otherwise defined in this Agreement or the context otherwise requires, words and expressions used in this Agreement have the meanings and constructions ascribed to them in the Master Definitions Schedule set out in Appendix A of the deed of proceeds and priorities which is dated the Signing Date and made between, *inter alios*, the parties hereto (as amended, varied and supplemented from time to time in accordance with its terms, the ***DPP***).

Additional Borrower

1.2 The Additional Borrower hereby accedes to this Agreement and undertakes to the Borrower, the Senior Agent, the Collateral Trustee and the Relevant Senior Lenders to be bound by, and perform, all the rights and obligations which have been assumed by it on the Amendment and Restatement Effective Date, pursuant to this Agreement, the GARA and the other Operative Documents.

1.3 Each of the Borrower and the Additional Borrower agrees that any and all of their respective obligations and liabilities under this Agreement and the other Operative Documents, whether arising on or before the Amendment and Restatement Effective Date or arising at any time thereafter shall be joint and several obligations and liabilities of each and both of them, it being acknowledged by the parties hereto that satisfaction of any such obligations or liabilities by one Relevant Borrower shall pro tanto and to the

same extent constitute satisfaction by the other Relevant Borrower of those same obligations or liabilities.

2. THE SENIOR FACILITY

The Senior Facility

2.1 (a) Subject to the terms of this Agreement, the Senior Lenders make available to the Borrower a Dollar loan facility in an aggregate amount equal to the Total Commitments during the Availability Period.

(b) The Senior Facility shall be utilised by way of up to 25 Senior Allocated Loans, one in respect of each Eligible Aircraft, as set out in Schedule 8;

The Availability Period

2.2 If, on 30 December 2006, one or more Eligible Aircraft remain to be financed hereunder, the Availability Period shall be extended to 31 March 2007 (the ***Extension***) provided that the Extension shall apply to a maximum of seven Eligible Aircraft only.

The Additional Senior Facility

2.3 (a) Subject to the terms of this Agreement, the Additional Senior Lenders make available to the Relevant Borrowers an additional Dollar loan facility in an aggregate amount equal to the Additional Total Commitments during the Additional Availability Period.

(b) The Additional Senior Facility shall be utilised by way of separate Additional Senior Allocated Loans, one in respect of each Additional Eligible Aircraft.

(c) The Additional Senior Facility may only be used by the Relevant Borrower for the financing or re-financing of the acquisition of aircraft which satisfy the requirements set out in Schedule 7A for Additional Eligible Aircraft.

3. PURPOSE

3.1 (a) The Borrower shall apply the full amount of each Senior Allocated Loan solely towards the financing of the Purchase Price or the refinancing of the Purchase Price in respect of the Eligible Aircraft to which the Senior Allocated Loan relates.

(b) The Borrower shall not apply any amount borrowed of any Senior Allocated Loan towards the financing or re-financing of the Purchase Price in respect of any Eligible Aircraft other than the Eligible Aircraft to which that Senior Allocated Loan relates or for any other purpose except the purpose referred to in clause 3.1(a).

Monitoring

3.2 No Senior Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

Purpose of Additional Senior Facility

3.3 (a) The Relevant Borrower shall apply the full amount of each Additional Senior Allocated Loan solely towards the financing of the Purchase Price or the refinancing of the

Purchase Price in respect of the Additional Eligible Aircraft to which the Additional Senior Allocated Loan relates.

(b) The Relevant Borrower shall not apply any amount borrowed of any Additional Senior Allocated Loan towards the financing or re-financing of the Purchase Price in respect of any Additional Eligible Aircraft other than the Additional Eligible Aircraft to which the Additional Senior Allocated Loan relates or for any other purpose except the purpose referred to in clause 3.3(a).

4. CONDITIONS OF UTILISATION

Conditions Precedent to Signing

4.1 The obligations of the Senior Lenders under the Operative Documents are subject to the Senior Agent having received all of the documents and other evidence listed in Part A of Schedule 2 in form and substance satisfactory to the Senior Agent (or to the extent not satisfied, waived in writing by the Senior Agent) on or prior to the Signing Date**.** The Senior Agent shall notify the Borrower and the Senior Lenders promptly on being so satisfied or if any such Conditions Precedent to Signing are waived by the Senior Agent.

Conditions Precedent to Utilisation

4.2 (a) Further to the satisfaction of the Conditions Precedent to Signing on the terms and subject to the conditions set out in Clause 4.1, the Senior Lenders will only be obliged to comply with Clause 5.6 if on the relevant Utilisation Date the Senior Agent has received all of the Conditions Precedent to Utilisation listed in Part B of Schedule 2 in respect of each Eligible Aircraft which is the subject of the relevant Utilisation Request (or to the extent not so satisfied, waived in writing by the Senior Agent). The Senior Agent shall notify the Borrower and the Senior Lenders promptly upon such conditions precedent being satisfied or if any such Conditions Precedent to Utilisation are waived by the Senior Agent.

(b) Further to the satisfaction of the Conditions Precedent to Amendment and Restatement on the terms and subject to the conditions set out in clause 5 of the GARA, the Additional Senior Lenders will only be obliged to comply with Clause 5.6 if on the relevant Utilisation Date the Senior Agent has received all of the Conditions Precedent to Utilisation referred to in Part C of Schedule 2 in respect of each Additional Eligible Aircraft which is the subject of the relevant Utilisation Request (or to the extent not so satisfied, waived in writing by the Senior Agent). The Senior Agent shall notify the Relevant Borrower and the Additional Senior Lenders promptly upon such conditions precedent being satisfied or if any such Conditions Precedent to Utilisation are waived by the Senior Agent.

Further Conditions Precedent

4.3 Subject to clauses 4.1 and 4.2, the Relevant Senior Lenders will only be obliged to comply with clause 5.6 if:

(a) on the date of the relevant Utilisation Request and on the proposed Utilisation Date:

(i) no Relevant Event or Termination Event has occurred or is continuing or would result from the proposed Senior Allocated Loan or, as the case maybe, the proposed Additional Senior Allocated Loan; and

(ii) all representations made by each Relevant Borrower pursuant to the terms of this Agreement are true in all material respects on the date (or dates, where such representations are required to be repeated) such representations are given; and

(b) on the proposed Utilisation Date, in relation to any Utilisation under the Additional Senior Facility:

(i) there is no more than one (1) Off-Lease Aircraft at such time and, immediately following the disbursement of the Utilisation, there would be no more than one (1) Off-Lease Aircraft; and

(ii) each element of the Concentration Criteria is satisfied and the disbursement of the Utilisation would not result in any element of the Concentration Criteria being breached.

5. UTILISATION

Delivery of a Utilisation Request

5.1 A Relevant Borrower may utilise a Senior Allocated Loan or an Additional Senior Allocated Loan by delivering to the Senior Agent a duly completed Utilisation Request for such Senior Allocated Loan or, as the case may be, Additional Senior Allocated Loan not later than three (3) Business Days prior to the proposed Utilisation Date.

Completion of a Utilisation Request

5.2 (a) Subject to clauses 5.9 and 5.10, each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) if it is the first Utilisation Request, the proposed Utilisation Date falls prior to 20 October 2006;

(ii) it identifies the Eligible Aircraft or, as the case maybe, Additional Eligible Aircraft to which that Senior Allocated Loan or, as the case may be, Additional Senior Allocated Loan relates;

(iii) the proposed Utilisation Date is a Business Day within the Availability Period or, as the case may be, Additional Availability Period that is no earlier than the Delivery Date of the Relevant Eligible Aircraft; and

(iv) the currency and amount of the Relevant Senior Allocated Loan shall comply with clauses 5.3, 5.4 and 5.5.

(b) Only one Senior Allocated Loan or, as the case maybe, one Additional Senior Allocated Loan may be requested in each Utilisation Request.

Currency and amount

5.3 The currency of each Relevant Senior Allocated Loan is Dollars.

5.4 (a) The amount of any proposed Senior Allocated Loan must not be more than the lesser of:

(i) the Available Senior Facility Commitment; and

(ii) the Notional Senior Allocated Loan Amount for the related Eligible Aircraft, as adjusted pursuant to the provisions of clause 5.5..

(b) The amount of any proposed Additional Senior Allocated Loan must not be more than the lesser of:

(i) the Available Additional Senior Facility Commitment;

(ii) eighty-five per cent. (85%) of the Purchase Price of such Additional Eligible Aircraft; and

(iii) the Initial Appraised Value of such Additional Eligible Aircraft multiplied by the percentage appearing in:

(A) column 2 of the table set out in Schedule 9A, opposite the Aircraft Type which corresponds to such Additional Eligible Aircraft; or

(B) if such Additional Eligible Aircraft is an Off-lease Aircraft, column 3 of such table, opposite the Aircraft Type which corresponds to such Additional Eligible Aircraft.

5.5 (a) Upon receipt of a Utilisation Request, the Senior Agent shall adjust the Notional Senior Allocated Loan Amount for the related Eligible Aircraft so as to ensure that such Notional Senior Allocated Loan Amount is equal to the Notional Senior Allocated Loan Amount for such Eligible Aircraft multiplied by the percentage appearing in the column in the table set out in Schedule 9 for the month during which the Utilisation Date is to occur and which is opposite the Repayment Date in column 1 of such table upon which the Utilisation Date is to occur, provided that if such Utilisation Date is not a Repayment Date, reference shall be made to the next immediately following Repayment Date.

(b) If the ratio (the "Applicable Ratio") between:

(i) the aggregate of: (i) the Notional Senior Allocated Loan Amount as adjusted pursuant to paragraph (a) above; and (ii) the Notional Junior Allocated Loan Amount as adjusted pursuant to clause 5.5(a) of the Junior Loan Agreement; and

(ii) the Purchase Price of such Eligible Aircraft;

is greater than ninety percent (90%), then the Senior Agent shall further adjust the Notional Senior Allocated Loan Amount for such Eligible Aircraft so as to ensure that such Notional Senior Allocated Loan Amount is equal to the product of:

(A) the Notional Senior Allocated Loan Amount as calculated pursuant to paragraph (a) above; and

(B) the ratio between 90% and the Applicable Ratio related to such Eligible Aircraft.

(c) For the avoidance of doubt, this Clause 5.5 shall not apply to Utilisations under the Additional Senior Facility.

The Additional Senior Lenders' participation

5.6 If the conditions set out in this Agreement have been met, each Relevant Senior Lender shall make its participation in each Senior Allocated Loan or, as the case may be, each

Additional Senior Allocated Loan available by the Utilisation Date through its Facility Office.

5.7 (a) The amount of each Senior Lender's participation in each Senior Allocated Loan will be equal to the proportion borne by its Available Senior Commitment to the Available Senior Facility Commitment immediately prior to making that Senior Allocated Loan.

(b) The amount of each Additional Senior Lender's participation in each Additional Senior Allocated Loan will be equal to the proportion borne by its Available Additional Senior Commitment to the Available Additional Senior Facility Commitment immediately prior to making that Additional Senior Allocated Loan.

5.8 The Senior Agent shall notify each Relevant Senior Lender of the amount of each Senior Allocated Loan or, as the case may be, each Additional Senior Allocated Loan and the amount of its participation in that Senior Allocated Loan or, as the case may be, that Additional Senior Allocated Loan, in each case by the Specified Time.

Delay in drawdown

5.9 (a) If, after delivery to the Senior Agent of a duly completed Utilisation Request in respect of a Senior Allocated Loan or, as the case may be, an Additional Senior Allocated Loan, the Relevant Borrower notifies the Senior Agent in writing that such Senior Allocated Loan or, as the case may be, such Additional Senior Allocated Loan will not be drawndown on the proposed Utilisation Date (a ***Delay in Drawdown***) then the Relevant Borrower shall as soon as reasonably practicable, but in any event no later than the originally proposed Utilisation Date, notify the Senior Agent of the date when the Senior Allocated Loan or, as the case may be, the Additional Senior Allocated Loan is intended to be drawndown.

(b) The Senior Agent shall, subject to receiving the notice of Delay in Drawdown as provided in paragraph (a) above, maintain the funding as drawn and invest the amount of such Senior Allocated Loan or, as the case may be, such Additional Senior Allocated Loan in an interest bearing account for the period of the Delay in Drawdown and any interest on such funds received shall be paid (less any Break Costs and other expenses payable pursuant to paragraph (e) below) by the Senior Agent to the Collections Account.

(c) The Senior Agent shall maintain the funding as drawn during the period of the Delay in Drawdown until the earlier of:

(i) the date specified in a request in writing from the Relevant Borrower to the Senior Agent to break the funding; and

(ii) the day which immediately succeeds the day which falls fifteen (15) Business Days after the originally proposed Utilisation Date, provided that the Senior Agent agrees to consult with the Relevant Borrower regarding the Delay in Drawdown prior to breaking the funding pursuant to this paragraph (c)(ii).

(d) The Senior Agent shall by written notice as soon as reasonably practicable after the breaking of funding pursuant to this clause 5.9, advise the Relevant Borrower it has broken the funding and notify the Relevant Borrower whether a further Utilisation Request will be required in relation to the subsequent drawdown of the relevant Senior Allocated Loan or, as the case may be, the relevant Additional Senior Allocated Loan.

(e) The Relevant Borrower shall pay all funding costs and Break Costs (less Break Gains) in relation to the Delay in Drawdown including without limitation interest and other expenses in respect of such delay. The difference between Break Gains and Break Costs incurred as a result in the Delay in Drawdown (if positive) shall be paid by the Senior Agent to the Collections Account.

(f) Only one Delay in Drawdown shall be permitted in respect of each Senior Allocated Loan or Additional Senior Allocated Loan.

Utilisation requests if Delay in Drawdown

5.10 (a) If a Delay in Drawdown exists for a period which is no longer than fifteen (15) Business Days, then no further Utilisation Request shall be required in respect of the drawing down of the relevant Senior Allocated Loan or, as the case may be, the relevant Additional Senior Allocated Loan.

(b) If the Delay in Drawdown is for a period which is longer than fifteen (15) Business Days, then the Senior Agent may, subject to the proviso in Clause 5.9(c)(ii), break the funding and require the Relevant Borrower to issue a further Utilisation Request in respect of the relevant Senior Allocated Loan or, as the case may be, the relevant Additional Senior Allocated Loan.

Funding Indemnity

5.11 The Relevant Borrower agrees to direct the Put Counterparty to provide the Relevant Senior Lenders and the Senior Agent with a full funding indemnity in form and substance satisfactory to the Senior Agent (acting reasonably) and the Relevant Senior Lenders in respect of any Delay in Drawdown which may occur in respect of the first Utilisation Date or, as the case may be, the first Utilisation under the Additional Senior Facility.

Bridging Finance

5.12 The Senior Finance Parties and the Borrower each agree and acknowledge that the Borrower may enter into Bridging Finance in respect of any Eligible Aircraft which are purchased by the Borrower prior to the first Utilisation Date provided that:

(a) All Bridging Finance is repaid in full on or before the first Utilisation Date;

(b) no Security Interests are created by or in relation to such Bridging Finance that could affect the Security Interests taken by the Secured Parties pursuant to the Security Documents;

(c) no Available Collections, Applicable Proceeds, Put Proceeds, Special Proceeds, Maintenance Reserves, Security Deposits, Total Loss Proceeds, Requisition Proceeds or any other proceeds in respect of the Lease Agreements or the Eligible Aircraft shall be applied by the Borrower towards any repayment of or other payment required pursuant to any Bridging Finance;

(d) all interest, costs and other expenses of any kind incurred in relation to the Bridge Financing shall be financed by the purchase by the Subordinated Note

Holder of Additional Subordinated Loan Notes issued by the Borrower pursuant to the Subordinated Note Purchase Agreement; and

(e) the Borrower shall within ten (10) Business Days of written request by the Senior Agent, provide to the Senior Agent all documentation relating to any Bridging Finance entered into by the Borrower.

Bridging Finance for Additional Eligible Aircraft

5.13 The Senior Finance Parties and each Relevant Borrower each agree and acknowledge that a Relevant Borrower may enter into Bridging Finance in respect of any Additional Eligible Aircraft which are purchased by such Relevant Borrower prior to the Utilisation in respect thereof under the Additional Senior Facility provided that:

(a) all Bridging Finance is repaid in full on or before the relevant Utilisation Date under the Additional Senior Facility;

(b) no Security Interests are created by or in relation to such Bridging Finance that could affect the Security Interests taken by the Secured Parties pursuant to the Security Documents;

(c) no Available Collections, Applicable Proceeds, Put Proceeds, Special Proceeds, Maintenance Reserves, Security Deposits, Total Loss Proceeds, Requisition Proceeds or any other proceeds in respect of the Lease Agreements, the Financed Aircraft, or the Additional Eligible Aircraft shall be applied by the Relevant Borrower towards any repayment of or any other payment required pursuant to any Bridging Finance;

(d) all interest, costs, and other expenses of any kind incurred in relation to the Bridge Financing shall be financed by the purchase by the Original Subordinated Note Holder of Additional Subordinated Loan Notes issued by the Relevant Borrower pursuant to the Subordinated Note Purchase Agreement; and

(e) the Relevant Borrower shall within ten (10) Business Days of written request by the Senior Agent, provide to the Senior Agent all documentation relating to any Bridging Finance entered into by such Relevant Borrower.

6. REPAYMENT

Minimum Senior Principal Amount

6.1 The Relevant Borrower shall repay the Senior Loan by instalments payable on each Repayment Date. The amount of each instalment shall be equal to the Minimum Senior Principal Amount calculated as follows for each Repayment Date:

X = The amount by which SL exceeds FMSPT.

Where

X = Minimum Senior Principal Amount for the relevant Repayment Date;

SL = The outstanding principal amount of the Senior Loan immediately

prior to the payment to be made on the relevant Repayment Date;

FMSPT = The aggregate of the Final Minimum Senior Principal Targets for all Financed Aircraft for the relevant Repayment Date.

6.2 To the extent that at any time prior to the Maturity Date after application of the Net Available Collections in accordance with clauses 6.1(a)-(k), 6.2 (a)-(g) (inclusive) of the DPP or the application of Applicable Proceeds in accordance with clauses 9.1(a)-(d) or 9.2 (a)-(d), (inclusive) of the DPP, a surplus amount of Net Available Collections or Applicable Proceeds (as applicable) is available (a ***Surplus Senior Loan Amount***) an amount of the Senior Loan equal to the Surplus Senior Loan Amount shall become immediately due and payable, whereupon the Senior Agent shall apply the Surplus Senior Loan Amount to repay the amount of the Senior Loan which has become so due and payable.

Balloon Repayment

6.3 On the Maturity Date, the Relevant Borrower shall be obliged to repay in full the principal amount outstanding under the Senior Loan.

Calculation of Final Minimum Senior Principal Amounts

6.4 (a) On each Utilisation Date the Senior Agent shall prepare a schedule comprising the Repayment Dates and the Final Minimum Senior Principal Targets for each Financed Aircraft and for each Repayment Date. Such schedule (a ***Final Minimum Senior Principal Schedule***) shall be prepared by calculating the product, as of each Repayment Date, of:

(i) the amount related to such Repayment Date appearing in the column relating to such Financed Aircraft to be financed on such Utilisation Date in the table set out in Schedule 8;

(ii) the percentages related to such Repayment Date appearing in the column corresponding to the month during which such Utilisation Date occurs in the table set out in Schedule 9; and

(iii) in the case of a Financed Aircraft funded by Senior Allocated Loan, one hundred per cent (100%), or if the Applicable Ratio related to such Financed Aircraft is greater than ninety percent (90%), the ratio between ninety per cent (90%) and the Applicable Ratio related to such Financed Aircraft.

The parties hereby agree that this clause 6.4(a) shall cease to apply from and after the Amendment and Restatement Effective Date.

(b) For the avoidance of doubt, once the Final Minimum Senior Principal Amounts have been calculated for a Financed Aircraft, such amounts shall not be recalculated when the Senior Agent prepares a new Final Minimum Senior Principal Schedule to take account of any Financed Aircraft in respect of which the Final Minimum Senior Principal Target is subsequently calculated.

(c) Upon preparation of a Final Minimum Senior Principal Schedule, the Senior Agent and the Borrower shall sign a Senior Loan Supplement (to which such Final Minimum Senior Principal Schedule shall be appended) and any previous Final Minimum Senior

Principal Schedule shall be superseded by the Final Minimum Senior Principal Schedule appended to such Senior Loan Supplement.

(d) On each Utilisation Date in respect of an Additional Eligible Aircraft, the Senior Agent shall prepare a schedule comprising the Repayment Dates and the Final Minimum Senior Principal Targets for that Additional Eligible Aircraft. Such schedule (***a Final Minimum Senior Principal Schedule***) shall be prepared by calculating the product, as of each Repayment Date, of:

(i) the percentage applicable to each Repayment Date falling after the Utilisation Date, as set out in the table in Schedule 8A; and

(ii) the Future Market Value for such Additional Eligible Aircraft on each Repayment Date falling after such Utilisation Date as at such related Utilisation Date (which value may be obtained by the Senior Agent by interpolation, if required).

(e) The Senior Allocated Loans Table, as at the Amendment and Restatement Effective Date is attached hereto at Schedule 8. On each Utilisation Date under the Additional Senior Facility, the Senior Agent shall prepare and issue to the Relevant Borrower and the Relevant Senior Lenders a revised Senior Allocated Loans Table to take account of: (i) principal repayments made up to and including such Utilisation Date and (ii) the Additional Senior Allocated Loan drawn on such Utilisation Date. Upon issue of such revised Senior Allocated Loans Table, any previous Senior Allocated Loans Table shall be superseded by the revised Senior Allocated Loans Table.

(f) On each of (i) the date which falls one (1) year after the Amendment and Restatement Effective Date and (ii) the date which falls on the last day of the Additional Availability Period, the Senior Agent shall prepare and issue to the Relevant Borrower and Relevant Senior Lenders a new Senior Allocated Loans Table, so as to harmonise the exposure of the Relevant Senior Lenders to each Financed Aircraft and to take account of those Additional Eligible Aircraft that have become Financed Aircraft during the Additional Availability Period.

(g) Each Senior Allocated Loan Table prepared pursuant to sub-clauses 6.4(e) and 6.4(f) shall be prepared to provide that, for each Senior Allocated Loan in respect of a Financed Aircraft, the ratio of **A:B** is equivalent to the ratio of **C:D** where at any date:

"**A**" is the principal amount then outstanding under such Senior Allocated Loan in respect of such Financed Aircraft;

"**B**" is the aggregate principal amount then outstanding under the Senior Loan;

"**C**" is the most recent Subsequent Half-Life Appraised Value of such Financed Aircraft; and

"**D**" is the aggregate of the most recent Subsequent Half-Life Appraised Values for all Financed Aircraft.

Upon issue of such new Senior Allocated Loans Table, any previous Senior Allocated Loans Table shall be superseded by the new Senior Allocated Loans Table. For the avoidance of doubt, the aggregate amount of all Relevant Senior Allocated Loans after any adjustment shall remain identical to the aggregate amount of all Relevant Senior Allocated Loans prior to such adjustment.

No Re-borrowing

6.5 The Relevant Borrower may not re-borrow any part of the Senior Loan which is repaid or prepaid.

Allocation of payments

6.6 Any payment of principal made by the Relevant Borrower pursuant to clauses 6.1, 6.2 or 6.3 shall be applied pro rata against the principal amount outstanding under each Relevant Senior Allocated Loan.

7. PREPAYMENT AND CANCELLATION

Illegality affecting Senior Lender

7.1 If it becomes unlawful or contrary to any applicable law in any jurisdiction for a Relevant Senior Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Senior Loan or any Relevant Senior Allocated Loan:

(a) that Relevant Senior Lender shall promptly notify the Senior Agent and the Relevant Borrower upon becoming aware of that event;

(b) if, at that time, the affected Relevant Senior Allocated Loan has not been made, the Commitment or, as the case may be, the Additional Commitment of that Relevant Senior Lender will be immediately cancelled; and

(c) the Relevant Borrower shall repay that Relevant Senior Lender's participation in the Senior Loan on the last day of the Interest Period occurring after the Senior Agent gives notice to the Relevant Borrower pursuant to paragraph (a) above.

Illegality affecting Relevant Borrower

7.2 If it becomes unlawful or contrary to any applicable law in any jurisdiction for the Relevant Borrower to perform any of its obligations under this Agreement or any Operative Document, or this Agreement or any Operative Document becomes wholly or partially invalid or unenforceable:

(a) the Relevant Borrower shall notify the Senior Agent as soon as reasonably practicable upon becoming aware of that event or the Senior Agent shall as soon as reasonably practicable notify the Relevant Borrower and the Relevant Senior Lenders upon becoming aware of that event; and

(b) the Relevant Borrower shall repay the Senior Loan in full on the earlier of:

(i) the date on which it becomes unlawful or contrary to applicable law in any jurisdiction for the Relevant Borrower to perform its obligations under this Agreement or any of the Operative Documents, or this Agreement or any Operative Document becomes wholly or partially invalid or unenforceable; and

(ii) the date falling five (5) Business Days after the expiry of any mitigation period entered into pursuant to clause 15.1.

Mandatory Prepayment

7.3 If a Mandatory Prepayment Event occurs, then on the Repayment Date immediately following the date on which the Relevant Borrower receives any Applicable Proceeds relating to such Mandatory Prepayment Event, the Borrower shall prepay the full outstanding principal amount of the Relevant Senior Allocated Loan related to the Financed Aircraft in respect of which the Mandatory Prepayment Event has occurred. All such Applicable Proceeds shall be applied by the Collateral Trustee in accordance with clause 9.1 of the DPP.

Sale of Aircraft Pursuant to a Put Agreement

7.4 If the Relevant Borrower sells a Financed Aircraft in accordance with the provisions of a Put Agreement, then on the Repayment Date which is the relevant Put Option Date, the Relevant Borrower shall repay the full outstanding principal amount of the Relevant Senior Allocated Loan related to the Financed Aircraft in respect of which the provisions of the relevant Put Agreement have been exercised. All such Put Proceeds shall be applied by the Collateral Trustee in accordance with clause 10 of the DPP.

Voluntary prepayment of Senior Loan

7.5 (a) Subject to Clause 7.5(b), the Relevant Borrower may, if it gives the Senior Agent not less than five (5) Business Days' prior notice (or such shorter period as the Senior Agent acting reasonably may agree), prepay on any Repayment Date the whole or any part of the Senior Loan (but, if in part, being an amount that reduces the Senior Loan by an integral multiple of United States Dollars two million (US$2,000,000) without penalty, fee or premium save as stated in clauses 10.2 and 7.5(d).

(b) The Relevant Borrower shall repay in full the amount outstanding under the Liquidity Facility prior to the prepayment of any part of the Senior Loan pursuant to clause 7.5(a).

(c) Any prepayment under clause 7.5(a) shall be applied pro rata against the principal amount outstanding under each Relevant Senior Allocated Loan.

(d) The Relevant Borrower shall pay all Break Costs (less Break Gains) in respect of any prepayment of any part of the Senior Loan pursuant to clause 7.5(a).

(e) The difference between Break Gains less Break Costs (if positive) in respect of a prepayment of any part of the Senior Loan pursuant to clause 7.5(a) shall be paid to the Collections Account for application in accordance with the DPP.

Right of repayment and cancellation in relation to a single Senior Lender

7.6 (a) If:

(i) any sum payable to a Relevant Senior Lender by the Relevant Borrower is required to be increased under paragraph (c) of clause 12.1 (Tax gross-up); or

(ii) a Relevant Senior Lender claims indemnification from the Relevant Borrower under clause 12.2 (*Tax indemnity*) or clause 13 (*Increased costs*)*;*

the Relevant Borrower may, whilst (in the case of paragraphs (i) and (ii) above) the circumstance giving rise to the requirement or indemnification continues, give the Senior Agent notice of cancellation of the Commitment or, as the case may be,

Additional Commitment of the Relevant Senior Lender and its intention to procure the prepayment of that Relevant Senior Lender's participation in the Senior Loan.

(b) On receipt of a notice referred to in paragraph (a), the Commitment or, as the case may be, Additional Commitment of the Relevant Senior Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after the Relevant Borrower has given notice under paragraph (a) (or, if earlier, the date specified by the Borrower in that notice), the Relevant Borrower shall prepay the Relevant Senior Lender's participation in the Senior Loan.

Restrictions

7.7 (a) Any notice of cancellation or prepayment given by the Relevant Borrower under this clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid, any Break Costs (and/or less Break Gains, if any), and, if applicable, any Prepayment Fee payable pursuant to clause 10.2.

(c) The Relevant Borrower may not reborrow any part of the Senior Facility or Additional Senior Facility which is prepaid.

(d) The Relevant Borrower shall not repay or prepay all or any part of the Senior Loan or cancel all or any part of the Commitments or, as the case may be, Additional Commitments, except at the times and in the manner expressly provided for in this Agreement.

(e) No amount of the Total Commitments or, as the case may be, Additional Total Commitments cancelled under this Agreement may be subsequently reinstated.

(f) If the Senior Agent receives a notice under this clause 7 it shall promptly forward a copy of that notice to either the Relevant Borrower or the affected Senior Lender, as appropriate.

Special Repayments and Prepayments

7.8 If after the Delivery Date in respect of a Financed Aircraft, the Relevant Borrower receives any Special Proceeds in respect of that Financed Aircraft, the Relevant Borrower shall on the Repayment Date immediately following the date on which the Relevant Borrower receives any Special Proceeds, pay to the Collections Account for allocation by the Collateral Trustee pursuant to clause 9.2 (*Application of Special Proceeds*) of the DPP a sum calculated as the product of:

(a) the ratio between the Relevant Senior Allocated Loan in respect of the Financed Aircraft and the Purchase Price in respect of that Financed Aircraft;

(b) multiplied by the amount of Special Proceeds received.

7.9 If the Borrower has not purchased all of the Eligible Aircraft by the end of the Availability Period, the Borrower shall on the expiry of the Availability Period pay to the Collections Account for allocation by the Collateral Trustee pursuant to clause 9.2 (*Application of Special Proceeds*) of the DPP a sum calculated as follows:

(a) ten per cent (10%), if the weighted average age of the Financed Aircraft acquired by the Borrower as at the expiry of the Availability Period is less than or equal to thirteen (13) years; or

(b) if the weighted average age of the Financed Aircraft acquired by the Borrower as at the expiry of the Availability Period exceeds thirteen (13) years, the lower of:

(i) ten percent (10%), plus one percent (1%) for each incremental month of age over thirteen (13) years of the weighted average age of the Financed Aircraft acquired by the Borrower as at the expiry of the Availability Period; and

(ii) twenty-five percent (25%)

in each case, of the aggregate Notional Senior Allocated Loan Amount (calculated as if the Utilisation Date in respect of the relevant Notional Senior Allocated Loan Amount was the last day of the Availability Period) in respect of each Eligible Aircraft which has not been purchased by the Borrower during the Availability Period.

7.10 (a) If, at any time, the aggregate amount outstanding under the Senior Loan that relates to Financed Aircraft leased to a single Lessee exceeds the Concentration Limit, (but excluding in circumstances where such exceeding of the Concentration Limit has resulted from the exercise of the put option in relation to a Financed Aircraft pursuant to the Put Agreement) then upon notice given by the Senior Agent to the Relevant Borrower, the Relevant Borrower shall on the Repayment Date immediately following such notice, or where the next Repayment Date is within five (5) Business Days of such notice being given, on the second Repayment Date immediately following such notice, prepay such amount of the Senior Loan as shall be sufficient to ensure that following such prepayment the aggregate amount outstanding under the Senior Loan that relates to Financed Aircraft leased to a single Lessee does not exceed the Concentration Limit.

(b) It is acknowledged by the Parties that, as at the Amendment and Restatement Effective Date, the aggregate amount outstanding under the Senior Loan that relates to Original Financed Aircraft:

(i) leased to TAM is in excess of the Concentration Limit; and

(ii) leased to Air France is potentially in excess of the Concentration Limit and will be so if two (2) or more Financed Aircraft currently leased to TAM are sold and, at such time, no Additional Senior Allocated Loans have been made (the ***Relevant Scenario***);

In recognition of the above, the parties agree that, for the purposes of Clause 7.10(a), the Relevant Borrower shall not be deemed to have exceeded the Concentration Limit:

(A) in the circumstances described in (i) above, nor

(B) in relation to Financed Aircraft leased to Air France, solely by reason of the occurrence of the Relevant Scenario,

such that, in each such case, Clause 7.10(a) shall not apply (Clause 7.10(a) not applying in such circumstances, the ***Exception***). However, following the Amendment and Restatement Effective Date (in the case of Financed Aircraft leased to TAM) and

following the occurrence of the Relevant Scenario (in the case of Financed Aircraft leased to Air France), the Exception shall not apply if, after such date, the Concentration Limit, having been satisfied, once again ceases to be satisfied in relation to the Senior Loan outstanding to TAM or, as the case may be, to Air France.

(c) At any time after the first anniversary of the Amendment and Restatement Effective Date, the Relevant Borrower shall be entitled to request a waiver from the Senior Agent (acting on the instructions of the Majority Lenders) with respect to the satisfaction of the Concentration Limit in relation to Financed Aircraft leased to either TAM or to Air France. In considering whether or not to grant such waiver, the Majority Lenders shall have regard to (i) the identity, jurisdiction and financial condition of the relevant Lessee and (ii) the financial performance and cash flows in respect of the portfolio of Financed Aircraft, taken as a whole.

7.11 If, prior to the purchase of an Additional Eligible Aircraft there are any grounds for reasonably believing that the Additional Seller may be subject to insolvency, receivership or bankruptcy procedures or any similar legal action in the near future (a ***Relevant Additional Seller***), and in those circumstances a legal opinion is not provided by the Relevant Borrower to the Senior Agent, then if, following the acquisition of such Additional Eligible Aircraft from the Relevant Additional Seller, either such acquisition is rescinded or the title acquired from the Relevant Additional Seller is put in jeopardy or not recognised, then the Relevant Borrower shall be obliged, at the time a court issues a final judgment or order which does not recognise or rescinds the transfer of title to the Additional Eligible Aircraft, to prepay the Senior Loan in an amount equal to the full amount of the Additional Senior Allocated Loan in respect of that Additional Aircraft.

7.12 If any Additional Financed Aircraft which is an LOI Aircraft is not placed on lease to a Lessee pursuant to a Lease Agreement within the 60-day period referred to in paragraph (b) of the definition of Off-Lease Aircraft, then such LOI Aircraft shall immediately be considered to be an Off-Lease Aircraft and the Relevant Borrower shall, on the Repayment Date immediately following the last day of such 60-day period, prepay the Senior Loan:

(a) if that LOI Aircraft is the only Off-Lease Aircraft at that time, in an amount equal to the difference between (i) the amount resulting from the multiplication of the Senior Allocated Loan related to that LOI Aircraft by the percentage appearing in column 2 of the table set out in Schedule 9A opposite the aircraft type which corresponds to that LOI Aircraft and (ii) the amount resulting from the multiplication of the Senior Allocated Loan related to that LOI Aircraft by the percentage appearing in column 3 of the table set out in Schedule 9A opposite the aircraft type which corresponds to that LOI Aircraft; or

(b) if there are more than one Off-Lease Aircraft as at the Utilisation Date for that LOI Aircraft and which remain Off-Lease Aircraft at that time, in an amount equal to the Additional Senior Allocated Loan relating to such LOI Aircraft.

8. INTEREST

Calculation of Interest

8.1 The rate of interest on the Senior Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Senior Margin; and

(b) LIBOR;

calculated on the basis of a year of three hundred and sixty (360) days and the actual number of days elapsed in each Interest Period.

Payment of interest

8.2 The Relevant Borrower shall pay accrued interest on the Senior Loan on each Repayment Date.

Default interest

8.3 If the Relevant Borrower fails to pay any amount payable by it under an Operative Document to the Senior Finance Parties on its due date interest at the Senior Default Rate shall accrue on the overdue amount from the due date until the date of actual payment (both before and after judgment).

8.4 Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

Notification of rates of interest

8.5 The Senior Agent shall promptly notify the Relevant Senior Lenders and the Relevant Borrower of the determination of a rate of interest under this Agreement.

9. INTEREST PERIODS

9.1 The first Interest Period for a Relevant Senior Allocated Loan shall start on its Utilisation Date and end on the immediately succeeding Repayment Date. Each subsequent Interest Period shall start on the last day of its preceding Interest Period and end on the immediately succeeding Repayment Date.

9.2 An Interest Period shall not extend beyond the Maturity Date.

10. FEES

Commitment Fee

10.1 (a) The Borrower shall pay to the Senior Agent (for the account of the Senior Lenders each in the proportion which its unutilised Commitment bears to the unutilised Total Commitments) a fee in Dollars computed based on the actual number of days elapsed at the rate of zero point three seven five percent (0.375%) per annum and based on a year of three hundred and sixty (360) days on an amount equal to the daily average unutilised Total Commitments calculated with reference to the period from and including the Closing Date to the Utilisation Date in respect of the last Eligible Aircraft to be financed herewith.

(b) The accrued commitment fee is payable on each Repayment Date in the Relevant Availability Period and, if the unutilised Senior Facility is cancelled in full, on the date the cancellation is effective.

(c) The Relevant Borrower shall pay to the Senior Agent (for the account of the Additional Senior Lenders each in the proportion which its utilised Additional Commitment bears to the unutilised Additional Total Commitments) a fee in Dollars computed based on the actual number of days elapsed at the rate of zero point three five per cent (0.35%) per annum and based on a year of three hundred and sixty (360) days on an amount equal to the daily average unutilised Additional Total Commitments calculated with reference to the period from and including the Amendment and Restatement Effective Date to the Utilisation Date in respect of the last Additional Eligible Aircraft to be financed herewith.

(d) The accrued commitment fee is payable on each Repayment Date in the Additional Availability Period and, if the unutilised Additional Senior Facility is cancelled in full, on the date the cancellation is effective.

Prepayment Fee

10.2 If the Relevant Borrower prepays any amount of the Senior Loan in accordance with clause 7.5 the Relevant Borrower shall pay to the Senior Agent (for the account of the Relevant Senior Lenders each in the proportion which its participation in the Senior Loan bears to the total amount of the Senior Loan) a fee in Dollars computed at the rate of:

(a) a half a per cent (0.5%) (if the Prepayment Date occurs prior to the first anniversary of the Closing Date); or

(b) a quarter per cent (0.25%) (if the Prepayment Date occurs on or after the first anniversary of the first Closing Date and prior to the second anniversary of the Closing Date),

in each case, of the amount so prepaid.

10.3 No prepayment fee shall be payable in respect of:

(a) any amount prepaid in accordance with clause 7.5 after the second anniversary of the Closing Date;

(b) the application of any Applicable Proceeds, Special Proceeds or Put Proceeds in accordance with the terms and conditions of the Operative Documents; or

(c) any amount prepaid in accordance with clauses 7.10, 7.11 or 7.12.

Agency Fee

10.4 The Relevant Borrower shall pay to the Senior Agent (for its own account) certain fees calculated pursuant to the Agency and Collateral Trustee Fee Letter at the times, in the amounts and in the manner set out in the Agency and Collateral Trustee Fee Letter.

Arrangement Fee

10.5 (a) The Relevant Borrower shall pay to the Senior Arranger on the Closing Date an arrangement fee as calculated in accordance with the Arrangement Fee Letter.

(b) The Relevant Borrower shall pay to the Senior Arranger on the Amendment and Restatement and Effective Date, certain fees as calculated in accordance with the Additional Arrangement Fee Letter.

11. DETERMINATION OF LIBOR, CHANGES TO THE CALCULATION OF INTEREST, BREAK COSTS AND BREAK GAINS

Absence of Quotations

11.1 Subject to clause 11.2 (*Market disruption*), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

Market disruption

11.2 (a) If a Market Disruption Event occurs in relation to the Senior Loan for any Interest Period, then the rate of interest on each Relevant Senior Lender's share of the Senior Loan for the Interest Period shall be the rate per annum which is the sum of:

(i) the Senior Margin; and

(ii) the rate notified to the Senior Agent by the Relevant Senior Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Relevant Senior Lender of funding its participation in the Senior Loan from whatever source it may reasonably select.

(b) In this Agreement Market Disruption Event means at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Senior Agent to determine LIBOR for the relevant currency and Interest Period.

Alternative basis of interest or funding

11.3 (a) If a Market Disruption Event occurs and the Senior Agent or the Relevant Borrower so requires, the Senior Agent and the Relevant Borrower shall enter into negotiations (for a period of not more than thirty (30) days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) shall, with the prior consent of all the Relevant Senior Lenders, the Junior Lenders, the Put Counterparty and the Borrower, be binding on all Parties.

Break Costs and Break Gains

11.4 The Relevant Borrower shall, within three (3) Business Days of written demand by a Senior Finance Party, pay to that Senior Finance Party its Break Costs attributable to all or any part of the Senior Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for the Senior Loan or Unpaid Sum (including, without limitation, as a result of any indemnity payment).

11.5 Each Relevant Senior Lender shall, within three (3) Business Days of written demand by the Relevant Borrower, pay to the Collateral Trustee any Break Gains attributable to all or any part of the Senior Loan or Unpaid Sum being paid by the Relevant Borrower on a day other than the last day of an Interest Period for the Senior Loan or Unpaid Sum. All such Break Gains shall be applied by the Collateral Trustee in accordance with the DPP.

11.6 Each Relevant Senior Lender shall, as soon as reasonably practicable after a demand by the Senior Agent, provide a certificate confirming the amount of its Break Costs or any Break Gains setting out reasonably detailed calculations for any Interest Period in which they accrue.

12. TAX GROSS UP AND INDEMNITIES

Tax Gross Up

12.1 (a) The Relevant Borrower shall make all payments to be made by it, and shall procure that all payments made on its behalf are made, without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Relevant Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Senior Agent accordingly. Similarly, a Relevant Senior Lender shall notify the Senior Agent on becoming so aware in respect of a payment payable to that Senior Lender. If the Senior Agent receives such notification from a Relevant Senior Lender it shall as soon as reasonably practicable notify the Relevant Borrower.

(c) If a Tax Deduction is required by law to be made by the Relevant Borrower, the amount of the payment due from it shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) The Relevant Borrower shall not be required to make an increased payment to a Relevant Senior Lender under sub-clause (c) above for a Tax Deduction in respect of tax imposed by The Netherlands from a payment of interest on a Loan, if on the date on which the payment falls due the Relevant Senior Lender is a Treaty Lender and the Relevant Borrower is able to demonstrate that the payment could have been made to the Relevant Senior Lender without the Tax Deduction had that Relevant Senior Lender complied with its obligations under sub-clause (h) below.

(e) The Additional Borrower shall not be required to make an increased payment to a Relevant Senior Lender under sub-clause (c) above for a Tax Deduction in respect of tax imposed by Ireland from a payment of interest on the Senior Loan if on the Repayment Date the Relevant Senior Lender is in breach of the representation in sub-clause (i) below, except if such breach results from a change after the date it became a Relevant Senior Lender under this Agreement in (or in the interpretation, administration or application of) any law or treaty or any published practice or concession of any relevant taxing authority.

(f) If the Relevant Borrower is required to make a Tax Deduction, the Relevant Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(g) Within thirty (30) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Relevant Borrower shall deliver to the Senior Agent for the Senior Finance Party entitled to the payment evidence reasonably satisfactory to that Senior Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

(h) A Treaty Lender and the Relevant Borrower which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities

necessary for the Relevant Borrower to obtain authorisation to make that payment without a Tax Deduction.

(i) Each Relevant Senior Lender represents and warrants that, on the date of this Agreement and on each Repayment Date, it is a Qualifying Lender.

Tax indemnity

12.2 (a) The Relevant Borrower shall (within three (3) Business Days of written demand by the Senior Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of an Operative Document.

(b) Sub-clause (a) above shall not apply:

(i) with respect to any Tax assessed on a Protected Party:

(A) under the law of the jurisdiction in which that Protected Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Protected Party is treated as resident for tax purposes or that Protected Party carries on a business through a permanent establishment in the relevant jurisdiction (or jurisdictions); or

(B) under the law of the jurisdiction in which that Protected Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Protected Party; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under clause 12.1; or

(B) would have been compensated for by an increased payment under clause 12.1 but was not so compensated solely because the exclusions in clause 12.1(e) applied;

(iii) with respect to:

(A) Taxes which are imposed on or suffered by a Protected Party as a result of the fraud, wilful misconduct or gross negligence of such Protected Party;

(B) any penalties, fines or surcharges incurred by a Protected Party in respect of any Taxes either:

(I) in respect of which Taxes such person has been indemnified and received payment in full by the Relevant Borrower pursuant hereto or any other Operative Document prior to the date on which such Taxes became overdue; or

(II) in respect of which Taxes or interest the Relevant Borrower's liability has been excluded by the terms of this Agreement or any other Operative Document;

(C) Taxes to the extent such Taxes would not have arisen but for any failure by a Protected Party to file in a timely manner any relevant tax return, tax computation, statement, document or specifically identified claim form which such person was obliged to file by any applicable law of its jurisdiction of incorporation or that of its Facility Office or any other jurisdiction in which such person carries on business and which such person was aware it was obliged by applicable law to file except for any such failure caused by the Relevant Borrower; or

(D) Taxes which are actually indemnified in favour of such person pursuant to any of the other provisions of this Agreement or any of the other Operative Documents.

(c) A Protected Party making, or intending to make a claim under paragraph 12.2 above shall promptly notify the Senior Agent of the event which will give, or has given, rise to the claim, following which the Senior Agent shall notify the Relevant Borrower.

(d) A Protected Party shall, on receiving a payment from the Relevant Borrower under this Clause 12, notify the Senior Agent.

Tax Credit

12.3 If the Relevant Borrower makes a Tax Payment and the relevant Senior Finance Party determines that:

(a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms a part, or to that Tax Payment; and

(b) that Senior Finance Party has obtained, utilised and retained that Tax Credit, the Senior Finance Party shall pay an amount to the Relevant Borrower which that Senior Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Relevant Borrower and the circumstances giving rise to it had not arisen.

Stamp taxes

12.4 The Relevant Borrower shall pay and, within three (3) Business Days of written demand, indemnify each Senior Finance Party against any stamp duty, registration, transfer and other documentary and other similar Taxes payable in respect of any Operative Document, provided always that in respect of any transfer by a Relevant Senior Lender the Relevant Borrower shall not be required to make any payment under this Clause 12.4 and the provisions of clause 20 (*Changes to the Relevant Senior Lenders*) shall apply.

Value added tax

12.5 All consideration expressed to be payable under an Operative Document by any party to such document shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Senior Finance Party to the Relevant Borrower in connection with an Operative Document, the Relevant Borrower shall pay to the Senior Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT.

12.6 Where an Operative Document requires the Relevant Borrower to reimburse a Senior Finance Party for any costs or expenses, the Borrower shall also at the same time pay and indemnify the Senior Finance Party against all VAT incurred by the Senior Finance Party in respect of the costs or expenses to the extent that the Senior Finance Party reasonably determines that it is not entitled to credit or repayment of the VAT.

Tax Contest

12.7 A Senior Finance Party shall provide the Relevant Borrower with a notice of any claim (for the purposes of this Clause 12 a ***Claim Notice***) of any assessment for Taxes (for the purposes of this Clause 12, an ***Assessment***) for which the Relevant Borrower is or may be responsible to such Senior Finance Party, together with copies of all documentation reasonably necessary and available for the purposes of determining whether or not to dispute the Claim Notice and/or the Assessment, promptly following receipt of an Assessment or receiving a written communication from any Governmental Authority which may give rise to a liability for the Relevant Borrower under or pursuant to the provisions of this Clause 12, provided always that the Relevant Borrower shall pay all reasonable costs of each affected Senior Finance Party incurred in complying with this Clause 12.7.

12.8 If the Relevant Borrower is required to make a payment in respect of a claim under and pursuant to the provisions of this Clause 12 in respect of Taxes and the Relevant Borrower is disputing or proposes to dispute, or has requested or is proposing to request the relevant Senior Finance Party to dispute, the relevant Claim Notice and/or Assessment if payment of some or all the Assessment is required in order to dispute the Claim Notice and/or the Assessment, the Borrower must pay to the relevant Senior Finance Party on or prior to the last date on which payment of the Assessment may be made without incurring interest and/or penalties the minimum amount of the Assessment due.

12.9 If the Relevant Borrower has received a Claim Notice in accordance with the provisions of Clause 12.7, the relevant Senior Finance Party must, if the Relevant Borrower so requests by written notice to such Senior Finance Party and provided that such Senior Finance Party is entitled to do so, within seven (7) days of receipt of such written notice from the Relevant Borrower and, in any event, within such time as is necessary to enable any objection or appeal against the Claim Notice and/or the Assessment to be filed or lodged, take or procure that there is taken such action as is necessary to ensure that any objection or appeal against the Claim Notice and/or Assessment is filed or lodged and otherwise take or procure that there is taken all such other action as the Relevant Borrower may reasonably request from time to time by notice to the relevant Senior Finance Party to object to or appeal against the Claim Notice and/or Assessment or otherwise cause the Claim Notice and/or Assessment to be withdrawn, defended, settled or compromised in a manner reasonably satisfactory to the Relevant Borrower, provided that this Clause 12.9 shall only apply to the extent that the Borrower indemnifies the relevant Senior Finance Party for all costs and expenses reasonably incurred as a result of complying with this Clause 12.9 and no action shall be required to be taken pursuant to this Clause 12.9 if:

(a) the relevant Senior Finance Party's business could be negatively affected by any steps required to be taken pursuant to this clause 12.9; and/or

(b) reputable counsel informs the relevant Senior Finance Party that the relevant objection or appeal is unlikely to succeed.

12.10 Each affected Senior Finance Party shall provide the Relevant Borrower with copies of all material correspondence with the relevant Governmental Authority and shall not compromise or settle any Assessment in so far as it concerns an indemnified Tax or agree any matter which may affect the outcome of any dispute or negotiation in relation to any such indemnified Tax liability without the written consent of the Relevant Borrower, provided always that the Relevant Borrower shall pay all reasonable costs of each affected Senior Finance Party incurred in complying with this Clause 12.10.

13. INCREASED COSTS

Increased costs

13.1 (a) Subject to clause 13.3 the Relevant Borrower shall, within five (5) Business Days of written demand by the Senior Agent, pay for the account of a Senior Finance Party the amount of any Increased Costs incurred by that Senior Finance Party or any of its affiliates as a result of:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

(ii) compliance with any law or regulation,

in each case made, exacted or imposed after the date of this Agreement.

(b) In this Agreement Increased Costs means:

(i) a reduction in the rate of return from the Senior Facility or the Additional Senior Facility on a Senior Finance Party's (or its affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Operative Document,

which is incurred or suffered by a Senior Finance Party or any of its affiliates to the extent that it is attributable to that Senior Finance Party having entered into its Commitment, or as the case may be, Additional Commitment or funding or performing its obligations under any Operative Document.

Increased cost claims

13.2 (a) A Senior Finance Party intending to make a claim pursuant to Clause 13.1 shall notify the Senior Agent of the event giving rise to the claim, following which the Senior Agent shall promptly notify the Relevant Borrower.

(b) Each Senior Finance Party shall, as soon as practicable after a demand by the Senior Agent, provide a certificate setting out reasonably detailed calculations confirming the amount of its Increased Costs.

Exceptions

13.3 Clause 13.1 does not apply to the extent any Increased Cost is:

(a) a Tax or is attributable to a Tax;

(b) compensated for by Clause 12.2 (or would have been compensated for under clause 12.2 but was not so compensated solely because any of the exclusions in sub-clause (b) of that clause applied);

(c) incurred by a Senior Finance Party or any of its affiliates as a result of complying with any applicable law or regulation after the date hereof in connection with the implementation of any provision of the Basel II Capital Accord; or

(d) attributable to the wilful breach by the relevant Senior Finance Party or its Affiliates of any law or regulation.

14. OTHER INDEMNITIES

Operational indemnity

14.1 The Relevant Borrower agrees to defend, indemnify and hold harmless each of the Senior Finance Parties on demand from and against any and all Losses as a result of claims by third parties (regardless of when the same are made or incurred):

(a) which may at any time be suffered or incurred directly or indirectly as a result of or connected with the possession, delivery, performance, transportation, replacement, exchange, removal, pooling, interchange, sub-leasing, wet leasing, chartering, importation, exportation, storage, presence, management, ownership, registration, control, maintenance, condition, service, repair, overhaul, leasing, use, operation or redelivery of any Financed Aircraft (or any part thereof) (either in the air or on the ground) whether or not such Losses may be attributable to any defect in any Financed Aircraft (or any part thereof) or to its design, testing or use or otherwise, and regardless of when the same arises or whether it arises out of or is attributable to any act or omission, negligent or otherwise, of any Senior Finance Party;

(b) which arise out of any act or omission which invalidates or which renders voidable any of the insurances in relation to any Financed Aircraft;

(c) which arise in relation to preventing or attempting to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of any Financed Aircraft (or any part thereof), or in securing its release; or

(d) which may at any time be suffered or incurred as a consequence of any design, article or material in any Financed Aircraft (or any part thereof) or its operation or use constituting an infringement of patent, copyright, trademark, design or other proprietary right or a breach of any obligation of confidentiality owed to any person in respect of any of the matters referred to in this clause 14.1(d).

but excluding any Loss in relation to a particular Senior Finance Party to the extent that such Loss:

(i) arises solely as a result of the gross negligence or wilful misconduct of such Senior Finance Party; or

(ii) constitutes the ordinary and usual operating and overhead expenses of such Senior Finance Party; or

(iii) has been recovered and retained by such indemnitee pursuant to another indemnity provision of this Agreement;

(iv) would not have been incurred or suffered, or otherwise would not have arisen, but for any breach by that indemnitee of any of its express representations,

warranties or obligations under any Operative Document, or had not failed in the observance and performance of its express obligations under any Operative Document (but excluding any breach in consequence of a failure by any Obligor to perform any of its obligations thereunder);

(v) relates to any loss of anticipated profit or return (including loss of Senior Margin), the Relevant Borrower's liability for which, to the extent thereof is set out in clause 13;

(vi) arises as a result of the existence of any Security Interest created by or through that indemnitee; or

(vii) is a Tax or a loss of Tax benefits, which is indemnified pursuant to clause 12.

For purposes of the foregoing provision, gross negligence means, in relation to a Senior Finance Party, any intentional or conscious action or decision of such Senior Finance Party which is taken with reckless disregard for the consequences of such action or decision.

The indemnities contained in this clause 14.1 will continue in full force after the end of the Security Period.

Currency indemnity

14.2 (a) The Relevant Borrower shall, as an independent obligation, within five (5) Business Days of written demand, indemnify each Senior Finance Party against any cost, loss or liability which that Senior Finance Party incurs as a consequence of:

(i) that Senior Finance Party receiving an amount in respect of the Relevant Borrower's liability under the Operative Documents; or

(ii) that liability being converted into a claim, order, judgment or award; or

(iii) in a currency (the new currency) other than the currency in which the amount is expressed to be payable under the relevant Operative Document, including any cost, loss or liability arising from any difference between exchange rates used to convert that liability to the new currency and exchange rates available to the Senior Finance Party when it receives an amount in respect of that liability.

(b) Unless otherwise required by law, the Relevant Borrower waives any right it may have in any jurisdiction to pay any amount under the Operative Documents in a currency or currency unit other than that in which it is expressed to be payable.

Other indemnities

14.3 The Relevant Borrower shall within five (5) Business Days of written demand, indemnify each Senior Finance Party and the Senior Agent against any cost, loss or liability (including, without limitation, legal fees and Break Costs) incurred by that Senior Finance Party as a result of:

(a) any action or step taken to enforce or preserve the rights, or in contemplation of or in connection with the enforcement or preservation of any rights, of the Senior Finance Parties and the Senior Agent under the Operative Documents during the occurrence of any Senior Event of Default;

(b) funding, or making arrangements to fund, its participation in a Senior Loan requested by the Relevant Borrower in a Utilisation Request but not made by

reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Relevant Senior Lender alone); or

(c) the Senior Loan (or any Relevant Senior Allocated Loan) not being prepaid in accordance with a notice of prepayment given by the Relevant Borrower.

Indemnity to the Senior Agent

14.4 The Relevant Borrower shall promptly indemnify the Senior Agent on demand against any cost, loss or liability incurred by the Senior Agent (acting reasonably) as a result of:

(a) the execution or exercise or bona fide purported execution or exercise of the rights, powers, authorities and duties created or conferred by or pursuant to the Operative Documents or in respect of any action taken or omitted by the Security Agent under the Operative Documents, in each case, in a manner consistent with the rights and interests of the Finance Parties under the Operative Documents; or

(b) acting or relying on any notice, request or instruction from an Obligor which it reasonably believes to be genuine, correct and appropriately authorised.

15. MITIGATION BY THE RELEVANT SENIOR LENDERS

Mitigation

15.1 (a) Subject to clauses 15.1(b), (c) and (d), if the Relevant Borrower becomes obliged to make any payment or increased payment, or any illegality or cancellation occurs under any of clauses 7.1 (*Illegality affecting Relevant Senior Lender*), 7.2 (*Illegality affecting Relevant Borrower)*, 7.3 (*Mandatory Prepayment*), 12.1 (*Tax Gross-up),* 12.2 (*Tax Indemnity*), 12.4 (*Stamp taxes*), 12.5 (*Value Added Tax*), or 13 (*Increased Costs*) then, without in any way limiting, reducing or otherwise qualifying the rights and obligations of the Finance Parties under any provision of the Operative Documents, upon receipt of notice from the Relevant Borrower to the effect that such payment or increased payment is required to be made or such cancellation will occur, each Senior Finance Party shall, for a period of thirty (30) days (or such longer period as the Senior Agent may agree in its sole discretion), in consultation with the Relevant Borrower, take such reasonable steps as are necessary to mitigate such circumstances which may arise and which would result in such amount becoming so payable or so cancelled, including (but not limited to) transferring its rights and obligations under the Operative Documents to another Affiliate or Facility Office, provided always that in respect of an illegality affecting the Borrower pursuant to clause 7.2 (*Illegality affecting Relevant Borrower*) the provisions of clause 7.2 shall apply to any such mitigation.

(b) Paragraph 15.1(a) above shall only apply to the extent that:

(i) such action or delay is not prohibited by law;

(ii) no Senior Default has occurred and is continuing;

(iii) all amounts due and payable by any Obligor to the Senior Finance Parties pursuant to the Operative Documents have been paid;

(iv) such action or delay does not and would not be reasonably expected to result in the rights and interests of the Senior Finance Parties being materially adversely affected in any way; and

(v) such action or delay does not in any way limit the obligations of any Obligor under the Operative Documents.

(c) The Relevant Borrower shall indemnify each of the Senior Finance Parties for all costs and expenses incurred by that Finance Party as a result of steps taken by it pursuant to Clause 15.1(a)

(d) No Finance Party is obliged to take any steps under clause 15.1(a) if, in the opinion of that Finance Party, to do so might be prejudicial to it or the other Finance Parties.

Limitation of liability

15.2 The Relevant Borrower shall indemnify each Senior Finance Party for all costs and expenses reasonably incurred by that Senior Finance Party as a result of steps taken by it under clause 15.1 (*Mitigation*).

15.3 A Senior Finance Party is not obliged to take any steps under clause 15.1 (*Mitigation*) if, in the opinion of that Senior Finance Party (acting reasonably), to do so might be prejudicial to it.

No double-counting

Notwithstanding any other provision of this Agreement or any other Operative Document, no Senior Finance Party shall be entitled, pursuant to the terms of the Agreement or any other Operative Document to recover by way of indemnity or otherwise any interest, cost, liability, Break Costs, Loss, Tax or expense to the extent that payment in respect of such interest, cost, liability, Break Costs, Loss, Tax or expense has already been received in full and retained without qualification pursuant to any other provision of any Operative Document (including, without limitation, pursuant to any insurance payment pursuant to the Insurances).

16. COSTS AND EXPENSES

Transaction Expenses

16.1 The Relevant Borrower shall, promptly after written demand, pay the Senior Agent and the Senior Arranger the amount of all reasonable costs and expenses (including legal and insurance advisory fees) properly incurred by any of them in connection with the negotiation, preparation, printing and execution of:

(a) this Agreement and any other documents referred to in this Agreement; and

(b) any other Operative Documents executed after the date of this Agreement.

Amendment costs

16.2 If:

(a) an Obligor requests an amendment, waiver or consent;

(b) any Financed Aircraft is sold (whether pursuant to a Put Agreement or otherwise in accordance with the Operative Documents); or

(c) any amendment is made to any Lease, whether by way of change of lessee or otherwise;

(d) an amendment is required pursuant to clause 24.8 (*Change of currency*),

the Relevant Borrower shall promptly after written demand, reimburse the Senior Agent for the amount of all reasonable out of pocket costs and expenses (including legal fees) properly incurred by the Senior Agent in responding to, evaluating, negotiating or complying with that request or requirement.

17. REPRESENTATIONS AND WARRANTIES

17.1 Each Relevant Borrower, in relation to itself, makes the representations and warranties set out in Schedule 6 to each Senior Finance Party at the times specified in Schedule 6 by reference to the facts and circumstances then existing.

17.2 Each Senior Lender represents and warrants, on the date of this Agreement and on each Utilisation Date or (in respect of a New Senior Lender) on the date it becomes a Senior Lender in accordance with Clause 20 (*Changes to the Relevant Senior Lenders)* and on any subsequent Utilisation Date, if any, (but only to the extent that it is a requirement under applicable law at that time that a Senior Lender be a PMP and the Borrower at that time is a Dutch Borrower), to the other Finance Parties and the Borrower that it is a PMP.

18. BORROWER UNDERTAKINGS

Relevant Borrower's Business

18.1 Each Relevant Borrower undertakes that it shall:

(a) not suspend or cease or threaten to suspend or cease to carry on all or a substantial part of its business,

(b) not make any substantial change in the nature of the business in which it is engaged, and

(c) preserve its corporate existence (other than in connection with a solvent reconstruction, the terms of which have been approved by the Senior Agent, such approval not to be unreasonably withheld or delayed).

Disposal of Assets

18.2 Save as permitted or contemplated by any Operative Document, each Relevant Borrower undertakes that it shall not, either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily, sell, transfer or otherwise dispose of all or a substantial part of its property or assets, or consolidate or merge with any other person (whether by one or a series of transactions, related or not) other than, with the prior written consent of the Senior Agent, pursuant to a solvent reconstruction, provided however, that nothing in this clause shall prohibit the consolidation of the Relevant Borrower's accounts with the accounts of the any company in the AerCap Group under Dutch law for the purposes of a Dutch Fiscal Unity.

Special Purpose Undertakings

18.3 Each Relevant Borrower acknowledges to the Senior Finance Parties that it and each of the other Borrower Parties has been originated for the sole purpose of acting as a vehicle for the financing of the Financed Aircraft and the transactions contemplated by the Operative Documents and the Lease Agreements. Each Relevant Borrower undertakes to the Senior Financing Parties on its own behalf and on behalf of each of

the Borrower Parties that, unless it has the prior written consent of the Senior Agent, at all times throughout the Security Period:

(a) **No Other Activities:** neither it nor any of the Borrower Parties shall undertake any trading or business activities other than the leasing of the Financed Aircraft and directly related activities, the entry by the Borrower Parties into the Borrower Documents and the performance of obligations or actions contemplated or permitted by the Borrower Documents and all matters directly incidental thereto;

(b) **No Other Contracts:** except as expressly permitted by this Agreement, neither it nor any other Borrower Party shall enter into any agreement, instrument or arrangement (whether or not recorded in writing) with any person or otherwise create or incur any liability to any person, other than (i) pursuant to and as permitted by the Operative Documents (including, without limitation the creation of any owner trust structure as expressly contemplated therein and any Eligible Hedge Agreements entered into with Eligible Hedge Counterparties pursuant to the Hedging Policy) and (ii) such contracts, agreements or liabilities with respect to Taxes, ordinary operating costs and expenses, legal fees and disbursements and overhead expenses as have arisen or may arise in the ordinary course of carrying on its business as referred to in paragraph (a);

(c) **No Acquisition of Other Assets:** (other than any Eligible Aircraft and any Additional Eligible Aircraft financed pursuant to the Operative Documents) neither it nor any other Borrower Party shall take on lease, purchase or otherwise acquire, or agree to do so, any asset from any person; and

(d) **Loans/Guarantees:** neither it nor any Borrower Party shall make any loans, grant any credit or give any guarantee or indemnity (except as required hereby) to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person, except as may be required pursuant to the terms of the Operative Documents or in respect of its activities as lessor in accordance with the express provisions of the Core Lease Provisions provided that this clause shall not prohibit either Relevant Borrower from entering into restructuring negotiations and arrangements with any Lessee in accordance with Leasing Company Practice;

(e) **Issue of Shares and payment of Dividends:** neither it nor any Borrower Party shall issue any further shares or alter any rights attaching to its issued shares in existence at the date hereof or pay any dividends in respect of any shares;

(f) **Notice of bankruptcy and insolvency proceedings:** it and each other Borrower Party shall, immediately upon becoming aware of the occurrence of any Insolvency Event in relation to any Borrower Party or any other company in the AerCap Group, provide written notice of such occurrence to the Senior Finance Parties; and

(g) **No Employees:** neither it nor any other Borrower Party shall enter into any contract for service or contract of employment with any contractor, officers, secondees, servants, agents or employees.

Negative Pledge

18.4 Each Relevant Borrower undertakes that it shall not create or permit to subsist any Security Interest over any of its assets other than any Permitted Lien.

Preservation of security

18.5 Save as permitted pursuant to the Operative Documents, each Relevant Borrower undertakes that it shall not sell or otherwise dispose of any of its assets or do anything or take any action or knowingly omit to take any action which has or may have the effect of prejudicing the first priority rights granted to the Collateral Trustee under the Operative Documents against a liquidator, receiver, administrator or similar officer or official to all rights, moneys and properties expressed to be mortgaged, assigned, charged or pledged to Collateral Trustee by the Relevant Borrower pursuant to the Security Documents. Provided however, that the Relevant Borrower shall not be required to take any action to perfect or register any Mortgage (other than any Slavenburg Registration in respect of any Financed Aircraft or any registration on the International Registry of International Interests pursuant to clause 13 of the DPP).

Duration

18.6 Each Relevant Borrower shall perform and comply with its undertakings and covenants in the Operative Documents at all times during the Security Period. All such undertakings and covenants shall, except where expressly otherwise stated, be performed at the expense of the Borrower.

Delegation

18.7 Each Relevant Borrower shall remain liable for all of its obligations and liabilities under the Operative Documents notwithstanding any delegation by the Relevant Borrower to another person of any such obligations or liabilities or any reliance by the Relevant Borrower on another person to perform or discharge any such obligations or liabilities, whether or not such sub-delegation or reliance is permitted or contemplated by any Operative Document (provided that to the extent any such obligation or liability is actually performed or discharged by such other person on the Relevant Borrower's behalf, such performance or discharge shall constitute performance or discharge of the corresponding obligation or liability of the Relevant Borrower).

Hedging Policy

18.8 (a) The Borrower undertakes to the Senior Finance Parties that on or before the Signing Date it will enter into the Initial Cap; and

(b) Each Relevant Borrower undertakes to the Senior Finance Parties that:

(i) on or before the Amendment and Restatement Effective Date, it will enter into the Additional Initial Cap;

(ii) it will comply with the Hedging Policy at all times until the end of the Security Period; and

(iii) it will direct the Insurance and Cash Management Servicer to enter into Eligible Hedge Agreements pursuant to the Hedging Policy in order to satisfy the Relevant Borrower's obligation to comply with the Hedging Policy until the end of the Security Period.

Reporting

18.9 Within thirty (30) days of each of 30 June and 30 November in each year, the Relevant Borrower shall provide the Senior Agent with:

(a) a Subsequent Half-Life Appraised Value; and

(b) an Adjusted Subsequent Appraised Value,

of the Financed Aircraft.

18.10 Each Relevant Borrower will provide the Senior Agent with its audited annual reports within one hundred and eighty (180) days after the end of each of its financial years, provided that if audited annual reports of that Relevant Borrower are not produced due to that Relevant Borrower's consolidation with the AerCap Group, the audited annual reports of the AerCap Group shall satisfy this requirement provided that that Relevant Borrower is specifically mentioned in such accounts.

Off-Lease Equipment

18.11 Each Relevant Borrower shall maintain, store and insure in accordance with the terms of the Servicing Agreement any Financed Aircraft that comes off-lease.

Terms of Leasing

18.12 The Relevant Borrower shall ensure that any Lease Agreement or Novation Agreement entered into in respect of any Financed Aircraft will at all times incorporate and be subject to the Core Lease Provisions except only with the Senior Agents prior written consent.

Compliance with Dutch Act on Financial Supervision

18.13 To the extent that the Relevant Borrower qualifies as a bank under the Dutch Act on Financial Supervision, the Relevant Borrower shall comply with the applicable provisions of the Dutch Act on Financial Supervision and any implementing regulation.

Notice of breach of obligation

18.14 The Relevant Borrower shall without delay notify the Senior Agent in writing if it becomes aware that any Senior Event of Default has occurred and is continuing.

19. SENIOR EVENTS OF DEFAULT

Senior Events of Default

19.1 Each of the following events will constitute a Senior Event of Default and a repudiatory breach of this Agreement by the Relevant Borrower:

(a) ***Non-payment***:

(i) Any Relevant Borrower fails to make:

(A) payment of the Minimum Senior Principal Amount or interest payable in respect of the Senior Loan; or

(B) any other payment due by a Borrower Party to the Senior Finance Parties under this Agreement or any other Operative Document to the extent that the Relevant Borrower has received funds to make such payment,

within five (5) Business Days after the due date therefore or in the case of a payment payable on demand, within five (5) Business Days of the date of demand; or

(ii) The Relevant Borrower fails to make on the Maturity Date:

(A) the repayment due in respect of the Senior Loan, the Junior Loan or the Liquidity Facility;

(B) payment of accrued fees payable pursuant to the Agency and Collateral Trustee Fee Letter, the Liquidity Facility Agreement or interest due on that date on the Senior Loan and the Junior Loan; or

(C) any other payment due to the Senior Finance Parties under the Operative Documents;

(b) ***Breach:*** a Relevant Borrower fails to comply in any material respect with any obligation under this Agreement or any other Operative Document (other than a payment obligation and the obligations mentioned in all other paragraphs of this clause 19.1) and if such failure is capable of remedy, the Relevant Borrower has not remedied that failure within fifteen (15) days from the earlier of written notice from the Senior Agent requiring such remedy and thirty (30) days from the date the Relevant Borrower becomes aware of the relevant breach or such longer period as the Senior Agent may (in its sole discretion) agree in writing; or

(c) ***Representation:*** any representation or warranty made (or deemed to be repeated) by a Relevant Borrower in or pursuant to this Agreement, any other Operative Document, or in any document or certificate or statement is or proves to have been incorrect in any material respect when made and, if such representation or warranty can be corrected such correction is not made within thirty (30) days of notice from the Collateral Trustee requiring correction of same; or

(d) ***Approvals:*** any consent, authorisation, licence, certificate or approval of or registration with or declaration to any Government Entity required in connection with this Agreement or any other Operative Document which is material to the ability of a Relevant Borrower to perform its obligations under the Operative Documents (including, without limitation any authorisation required by the Relevant Borrower to authorise, or required in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or any other Operative Document or the performance by the Relevant Borrower of its obligations under this Agreement or any other Operative Document) is modified in a manner unacceptable to the Senior Agent (acting reasonably) or is withheld, or is revoked, suspended, cancelled, withdrawn, terminated or not renewed, or otherwise ceases to be in full force (other than where such modification, revocation, suspension, cancellation, termination or withdrawal is in respect of a change in law); or

(e) ***Insolvency:***

(i) any Relevant Borrower or any Borrower Party is, or is deemed for the purposes of any relevant law to be, unable to pay its debts as they fall due or to be insolvent, or admits inability to pay its debts as they fall due; or

(ii) any Relevant Borrower or any Borrower Party suspends making payments on all or any class of its debts or announces an intention to do so, or a moratorium is declared in respect of any of its indebtedness; or

(f) ***Liquidation and Similar Proceedings:***

(i) a meeting of the shareholders or directors of any Relevant Borrower or any Borrower Party is convened to consider a resolution to present an application for an administration order or to appoint an administrator (whether out of court or otherwise) or any such resolution is passed; or

(ii) any step (including filing of a petition or affidavit, giving of notice, petition proposal or convening a meeting) is taken by any Relevant Borrower or any Borrower Party with a view to a composition, assignment or arrangement with any creditors of, or the rehabilitation, administration (whether out of court or otherwise) custodianship, liquidation, protection from creditors or dissolution of, any Relevant Borrower or any Borrower Party or any other insolvency proceedings involving any Relevant Borrower or any Borrower Party; or

(iii) any order is made or resolution passed for any such composition, assignment, arrangement, rehabilitation, administration (whether out of court or otherwise) custodianship, liquidation, dissolution or insolvency proceedings, or any Relevant Borrower or any Borrower Party becomes subject to or enters into any of the foregoing; or

(iv) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator, examiner or similar officer (in each case, whether out of court of otherwise) is appointed in respect of any Relevant Borrower or any Borrower Party, any of their directors or any of their respective assets; or

(v) any step referred to in sub-clause 19.1(f)(ii) is taken by any person other than a Relevant Borrower, provided that no Senior Event of Default shall arise pursuant to this sub-clause 19.1(f) if (A) the proceedings are vexatious and without merit or relate to a disputed sum; (B) the relevant Obligor is otherwise solvent; (C) the Senior Agent is satisfied (acting reasonably) that the Relevant Borrower or any Borrower Party is diligently seeking to discharge such petition; (D) the step does not affect the Security Interests which secured the relevant Obligor's obligations under the Operative Documents, and (E) the action is remedied within fourteen (14) days of taking such step; or

(g) ***Receiver:***

(i) an administrative or other receiver or manager or other insolvency officer (in each case, whether out of court or otherwise) is appointed in respect of any Relevant Borrower or any Borrower Party or any part of its assets relating to the insolvency of the Relevant Borrower, or any Borrower Party; or

(ii) any Relevant Borrower or any Borrower Party requests any person to appoint such a receiver or manager (whether out of court or otherwise); or

(h) ***Execution and Enforcement:***

(i) any other steps are taken to enforce any Security Interest other than Permitted Liens over all or any part of the assets of any Relevant Borrower or any Borrower Party, provided that no Senior Event of Default shall arise pursuant to this sub-clause 19.1(h)(i) if (A) the proceedings are vexatious and without merit or relate to a disputed sum; (B) the Relevant Borrower or any Borrower Party is otherwise solvent; (C) Senior Agent is satisfied acting reasonably that the Relevant Borrower or any Borrower Party is diligently seeking to discharge such petition; (D) the step does not affect the validity or enforceability of and the Security Interests created pursuant to the Operative Documents; and (E) the action is remedied within fourteen (14) days of taking such step; or

(ii) any attachment, distress or execution affects any assets of any Relevant Borrower or any Borrower Party and is not discharged within fourteen (14) days; or

(i) ***Other Jurisdiction:*** there occurs in relation to any Relevant Borrower or any Borrower Party any event in any jurisdiction which corresponds with any of those mentioned in paragraphs (e), (f) or (g) above; or

(j) ***Rights and Remedies:*** any Relevant Borrower or any Borrower Party or any other person claiming by or through the Relevant Borrowers with the consent of the Relevant Borrower challenges the existence, validity, enforceability or priority of the rights of any Senior Finance Party under the Security Documents, or the Security Documents for any reason cease to be in full force and effect; or

(k) ***Other Default***:

(i) any Junior Event of Default or termination event, however described, occurs under the Junior Loan;

(ii) there occurs a breach by the Original Subordinated Note Holder of the SNH Covenant; or

(iii) the Subordinated Note Holder fails to comply in full with the terms and conditions the Subordinated Note Purchase Agreement including without limitation the failure by the Subordinated Note Holder to purchase any Subordinated Loan Notes required to be purchased to fund any payment of premium required to be paid by the Relevant Borrower pursuant to any Eligible Hedge Agreement (subject to any applicable grace period set out in the Subordinated Note Purchase Agreement);

(iv) the Put Counterparty fails to comply with any obligation by the Put Counterparty under the Put Agreement (subject to any applicable grace period set out in the Put Agreement);

(v) there occurs any Servicer Termination Event;

(vi) any Borrower Party fails to pay to the Collections Account on any Determination Date any amount received by it which is due to be paid to the Collections Account pursuant to the Operative Documents, within five (5) Business Days after the due date therefore; or

(l) ***Security:*** the Collateral Trustee ceases to hold a first priority perfected security interest in the Collateral (other than in relation to the Mortgages) provided that if such failure is not due to an action or omission of the Relevant Borrower or the Servicer such failure shall not have been remedied within thirty (30) days after the Relevant Borrower receives written notice of same.

Provided always that any event of default or termination event (howsoever described under any Lease Agreement) shall not by itself constitute a Senior Event of Default and, for the avoidance of doubt, any event of default or termination event (howsoever described under any Lease Agreement) which directly or indirectly leads to the occurrence of any Senior Event of Default shall (notwithstanding this proviso) constitute a Senior Event of Default.

Acceleration

19.2 On and at any time after the occurrence of a Senior Event of Default which is continuing the Senior Agent may, and shall if so directed by Majority Lenders, by notice to each of the Relevant Borrowers:

(a) cancel the Total Commitments or, as the case may be, the Additional Total Commitments whereupon they shall immediately be cancelled; and/or

(b) declare that all or part of the Senior Loan, together with accrued interest, and all other amounts accrued or outstanding under the Operative Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that all or part of the Senior Loan be payable on demand, whereupon they shall immediately become payable on demand by the Senior Agent on the instructions of Majority Lenders.

Enforcement of Security

19.3 On and at any time after the occurrence of a Senior Event of Default which is continuing the Controlling Party may direct the Senior Agent or the Collateral Trustee to:

(a) take such steps as the Controlling Party considers necessary or desirable to preserve, protect and enforce the rights of the Senior Finance Parties under the Operative Documents; and/or

(b) take such steps as the Collateral Trustee considers necessary or desirable for the enforcement, protection and preservation of the Security Interests constituted by the Security Documents.

20. CHANGES TO THE RELEVANT SENIOR LENDERS

Assignments and transfers by the Relevant Senior Lenders

20.1 Subject to this Clause 20, a Relevant Senior Lender (the ***Existing Relevant Senior Lender***) may:

(a) assign any of its rights; or

(b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the ***New Relevant Senior Lender***).

Provided always that an Existing Relevant Senior Lender may not assign any of its rights or transfer any of its rights and obligations to any New Relevant Senior Lender who is a direct competitor of the AerCap Group or the holding company or any affiliate of any direct competitor of the AerCap Group without the prior written consent of the Put Counterparty. The Senior Agent will give written notice to the Relevant Borrower of any proposed transfer or assignment by an Existing Relevant Senior Lender no later than five (5) Business Days prior to such transfer or assignment becomes effective (such notification to include the full legal name, address and registered office of the proposed New Relevant Senior Lender.

Conditions of assignment or transfer

20.2 (a) An assignment will only be effective on:

(i) receipt by the Senior Agent of written confirmation from a New Relevant Senior Lender that the New Relevant Senior Lender will assume the same obligations to the other Senior Finance Parties as it would have been under if it was an Original Senior Lender or, as the case may be, an Original Additional Senior Lender; and

(ii) performance by the Senior Agent of all necessary know your customer or other similar checks under all applicable laws and regulations in relation to such assignment to a New Relevant Senior Lender, the completion of which the Senior Agent shall promptly notify to an Existing Relevant Senior Lender and a New Relevant Senior Lender.

(b) A transfer will only be effective if the procedure set out in Clause 20.5 is complied with.

(c) If:

(i) a Relevant Senior Lender assigns or transfers any of its rights or obligations under the Operative Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, a Relevant Borrower would be obliged to make a payment to a New Relevant Senior Lender or a Relevant Senior Lender acting through its new Facility Office under Clause 9 or Clause 12.6,

then a New Relevant Senior Lender or a Relevant Senior Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as an Existing Relevant Senior Lender or a Relevant Senior Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

Assignment or transfer fee

20.3 A New Relevant Senior Lender shall, other than as expressly agreed between the relevant New Relevant Senior Lender and the Senior Agent, on the date upon which an assignment or transfer takes effect, pay to the Senior Agent (for its own account) a fee of United States Dollars two thousand five hundred US$2,500.

Limitation of responsibility of the Existing Relevant Senior Lenders

20.4 (a) Unless expressly agreed to the contrary, an Existing Relevant Senior Lender makes no representation or warranty and assumes no responsibility to a New Relevant Senior Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Operative Documents or any other documents;

(ii) the financial condition of any Relevant Borrower;

(iii) the performance and observance by any Relevant Borrower of its obligations under the Operative Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Operative Document or any other document,

(v) and any representations or warranties implied by law are excluded.

(b) Each New Relevant Senior Lender confirms to an Existing Relevant Senior Lender and the other Senior Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by an Existing Relevant Senior Lender in connection with any Operative Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Operative Documents or any Commitment is in force.

(c) Nothing in any Operative Document obliges an Existing Relevant Senior Lender to:

(i) accept a re-transfer from a New Relevant Senior Lender of any of the rights and obligations assigned or transferred under this Clause 20; or

(ii) support any losses directly or indirectly incurred by a New Relevant Senior Lender by reason of the non-performance by the Relevant Borrower of its obligations under the Operative Documents or otherwise.

Procedure for transfer

20.5 (a) Subject to the conditions set out in Clause 20.2 a transfer is effected in accordance with sub-clause (c) below when the Senior Agent executes an otherwise duly completed Transfer Certificate delivered to it by an Existing Relevant Senior Lender and a New Relevant Senior Lender. The Senior Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(b) The Senior Agent shall only be obliged to execute a Transfer Certificate delivered to it by an Existing Relevant Senior Lender and a New Relevant Senior Lender once it is satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations in relation to the transfer to such New Relevant Senior Lender.

(c) On the Transfer Date:

(i) to the extent that in the Transfer Certificate an Existing Relevant Senior Lender seeks to transfer by novation its rights and obligations under the Operative Documents each Obligor and an Existing Relevant Senior Lender shall be released from further obligations towards one another under the Operative Documents and their respective rights against one another under the Operative Documents shall be cancelled (being the ***Discharged Rights and Obligations***);

(ii) each Obligor and New Relevant Senior Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Relevant Borrower and the New Relevant Senior Lender have assumed and/or acquired the same in place of the Relevant Borrower and the Existing Relevant Senior Lender;

(iii) the Senior Agent, the Senior Arranger, the New Relevant Senior Lender and the other Relevant Senior Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Relevant Senior Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Senior Agent, the Senior Arranger and the Existing Relevant Senior Lender shall each be released from further obligations to each other under the Operative Documents;

(iv) a New Relevant Senior Lender shall become a Party as a Relevant Senior Lender; and

(v) if the amount transferred, assigned, sub participated or otherwise transferred to a New Relevant Lender is less than EUR 50,000 (or such other amount as may be required from time to time by the Dutch Financial Supervision Act or implementing legislation), the New Relevant Senior Lender represents to the Borrower that it is a PMP (but only to the extent that it is a requirement under applicable law at that time that a Senior Lender be a PMP and the Borrower at that time is a Dutch Borrower).

Copy of Transfer Certificate to Borrower

20.6 The Senior Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to the Relevant Borrower a copy of that Transfer Certificate.

Disclosure of information

20.7 Any Relevant Senior Lender may disclose to any of its Affiliates and any other person:

(a) to (or through) whom that Relevant Senior Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;

(b) with (or through) whom that Relevant Senior Lender enters into (or may potentially enter into) any sub participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or the Relevant Borrower; or

(c) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about any Obligor and the Operative Documents as that Relevant Senior Lender shall consider appropriate if, in relation to sub-clause (a) and (b) above,

the person to whom the information is to be given has entered into a confidentiality undertaking acceptable to the Senior Agent.

21. ROLE OF THE SENIOR ARRANGER AND THE SENIOR AGENT

Appointment of the Senior Agent

21.1 (a) Each other Senior Finance Party appoints the Senior Agent to act as its agent under and in connection with the Operative Documents.

(b) Each other Senior Finance Party authorises the Senior Agent to exercise the rights, powers, authorities and discretions specifically given to the Senior Agent under or in connection with the Operative Documents together with any other incidental rights, powers, authorities and discretions.

Duties of the Senior Agent

21.2 (a) The Senior Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Senior Agent for that Party by any other Party.

(b) Except where an Operative Document specifically provides otherwise, the Senior Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) If the Senior Agent receives notice from a Party referring to this Agreement, describing a Senior Default and stating that the circumstance described is a Senior Default, it shall promptly notify the Senior Finance Parties.

(d) If the Senior Agent is aware of the non payment of any principal, interest, commitment fee or other fee payable to a Senior Finance Party (other than the Senior Agent or the Senior Arranger) under this Agreement it shall promptly notify the other Senior Finance Parties.

(e) The Senior Agent's duties under the Operative Documents are solely mechanical and administrative in nature.

Role of the Senior Arranger

21.3 Except as specifically provided in the Operative Documents, the Senior Arranger has no obligations of any kind to any other Party under or in connection with any Operative Document.

No fiduciary duties

21.4 (a) Nothing in this Agreement constitutes the Senior Agent or the Senior Arranger as a trustee or fiduciary of any other person.

(b) Neither the Senior Agent nor the Senior Arranger shall be bound to account to any Relevant Senior Lender for any sum or the profit element of any sum received by it for its own account.

Rights as a Relevant Senior Lender

21.5 If it is also a Relevant Senior Lender, each of the Senior Arranger, the Liquidity Facility Provider and the Senior Agent has the same rights and powers under this Agreement as any other Relevant Senior Lender and may exercise those rights as though it were not also the Senior Agent or the Senior Arranger.

Rights and discretions of the Senior Agent

21.6 (a) The Senior Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Senior Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Relevant Senior Lenders) that:

(i) no Senior Default has occurred (unless it has actual knowledge of a Senior Default arising under Clause 19.1(a) (*Non payment*)); and

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.

(c) The Senior Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Senior Agent may act in relation to the Operative Documents through its personnel and agents.

(e) The Senior Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Notwithstanding any other provision of any Operative Document to the contrary, neither the Senior Agent nor the Senior Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

Controlling Party's instructions

21.7 (a) Unless a contrary indication appears in an Operative Document, the Senior Agent shall:

(i) exercise any right, power, authority or discretion vested in it as the Senior Agent in accordance with any instructions given to it by the Controlling Party (or, if so instructed by the Controlling Party, refrain from exercising any right, power, authority or discretion vested in it as the Senior Agent); and

(ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Controlling Party.

(b) Unless a contrary indication appears in an Operative Document, any instructions given by the Controlling Party will be binding on all the Senior Finance Parties.

(c) The Senior Agent may refrain from acting in accordance with the instructions of the Controlling Party (or, if appropriate, the Relevant Senior Lenders) until it has received

such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Controlling Party, (or, if appropriate, the Relevant Senior Lenders) the Senior Agent may act (or refrain from taking action) as it considers to be in the best interest of the Relevant Senior Lenders.

(e) The Senior Agent is not authorised to act on behalf of a Relevant Senior Lender (without first obtaining the Relevant Senior Lender's consent) in any legal or arbitration proceedings relating to any Operative Document.

Responsibility for documentation

21.8 Neither the Senior Agent nor the Senior Arranger:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Senior Agent, the Senior Arranger, an Obligor or any other person given in or in connection with any Operative Document; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Operative Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Operative Document.

Exclusion of liability

21.9 (a) Without limiting Clause 21.9(c) below, the Senior Agent will not be liable for any action taken by it under or in connection with any Operative Document, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party (other than the Senior Agent) may take any proceedings against any officer, employee or agent of the Senior Agent in respect of any claim it might have against the Senior Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Operative Document and any officer, employee or agent of the Senior Agent may rely on this clause.

(c) The Senior Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Operative Documents to be paid by the Senior Agent if the Senior Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Senior Agent for that purpose.

Relevant Senior Lenders' indemnity to the Senior Agent

21.10 Each Relevant Senior Lender shall (in proportion to its share of the Senior Loan) indemnify the Senior Agent, within three (3) Business Days of demand, against any cost, loss or liability incurred by the Senior Agent (otherwise than by reason of the Senior Agent's gross negligence or wilful misconduct) in acting as the Senior Agent under the Operative Documents (unless the Senior Agent has been reimbursed by the Relevant Borrower pursuant to an Operative Document), provided that, to the extent the Relevant Senior Lenders have paid any amount to the Senior Agent pursuant to this clause and the Senior Agent subsequently recovers any amount from the Relevant Borrower or any other party in respect of such amount paid to the Senior Agent by the

Relevant Senior Lenders, the Senior Agent shall pay to each Relevant Senior Lender in the proportion described above, such amount subsequently received.

Resignation of the Senior Agent

21.11 (a) The Senior Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Senior Finance Parties and the Relevant Borrower.

(b) Alternatively the Senior Agent may resign by giving notice to the other Senior Finance Parties and the Relevant Borrower, in which case the Majority Lenders (after consultation with the Relevant Borrower) may appoint a successor Senior Agent.

(c) If the Majority Lenders have not appointed a successor Senior Agent in accordance with paragraph (b) within thirty (30) days after notice of resignation was given, the Senior Agent (after consultation with the Relevant Borrower) may appoint a successor Senior Agent.

(d) The retiring Senior Agent shall, at its own cost, make available to the successor Senior Agent such documents and records and provide such assistance as the successor Senior Agent may reasonably request for the purposes of performing its functions as the Senior Agent under the Operative Documents.

(e) The Senior Agent's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Senior Agent shall be discharged from any further obligation in respect of the Operative Documents but shall remain entitled to the benefit of this Clause 21. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the Relevant Borrower, the Majority Lenders may, by notice to the Senior Agent, require it to resign in accordance with paragraph (b). In this event, the Senior Agent shall resign in accordance with paragraph (b).

Confidentiality

21.12 (a) In acting as agent for the Senior Finance Parties, the Senior Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Senior Agent, it may be treated as confidential to that division or department and the Senior Agent shall not be deemed to have notice of it.

Relationship with the Relevant Senior Lenders

21.13 The Senior Agent may treat each Relevant Senior Lender as a Relevant Senior Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five (5) Business Days prior notice from that Relevant Senior Lender to the contrary in accordance with the terms of this Agreement.

Credit appraisal by the Relevant Senior Lenders

21.14 Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Operative Document, each Relevant Senior Lender confirms to the Senior Agent and the Senior Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Operative Document including:

(a) the financial condition, status and nature of the Relevant Borrower;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Operative Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document;

(c) whether that Relevant Senior Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document; and

(d) the adequacy, accuracy and/or completeness of any information provided by the Senior Agent, any Party or by any other person under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document.

Reference Banks

21.15 If a Reference Bank (or, if a Reference Bank is not a Relevant Senior Lender, the Relevant Senior Lender of which it is an Affiliate) ceases to be a Relevant Senior Lender, the Senior Agent shall (in consultation with the Relevant Borrower) appoint another Relevant Senior Lender or an Affiliate of a Relevant Senior Lender to replace that Reference Bank.

Senior Agent's management time

21.16 Any amount payable to the Senior Agent under Clause 14.4 (*Indemnity to the Senior Agent*), Clause 16 (*Costs and expenses*) and Clause 21.10 (*Relevant Senior Lenders' indemnity to the Senior Agent*) shall to the extent a Senior Event of Default has occurred and is continuing, include the cost of utilising the Senior Agent's management time or other resources, and will be calculated on the basis of such reasonable daily or hourly rates as the Senior Agent may notify to the Relevant Borrower and the Beneficiaries, following prior agreement by two thirds (2/3rds) of the Relevant Senior Lenders, and is in addition to any fee paid or payable to the Senior Agent under Clause 10 (*Fees*).

Deduction from amounts payable by the Senior Agent

21.17 If any Party owes an amount to the Senior Agent under the Operative Documents the Senior Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Senior Agent would otherwise be obliged to make under the Operative Documents and apply the amount deducted in or

towards satisfaction of the amount owed. For the purposes of the Operative Documents that Party shall be regarded as having received any amount so deducted.

Calculation of Values

21.18 Prior to or in respect of any sale of a Financed Aircraft (including any sale of any Financed Aircraft pursuant to a Put Agreement), the Senior Agent shall calculate:

(a) the Further Subsequent Half-Life Appraised Values; and

(b) the Further Adjusted Subsequent Appraised Value,

in respect of those Financed Aircraft remaining following such sale in order to allow the Senior Agent to determine whether the Further Adjusted Appraised Value of such Financed Aircraft after such sale would be above, below or equal to the Further Subsequent Half-Life Appraised Value of such Financed Aircraft.

22. CONDUCT OF BUSINESS BY THE SENIOR FINANCE PARTIES

No provision of this Agreement will:

(a) interfere with the right of any Senior Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Senior Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Senior Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

23. SHARING AMONG THE SENIOR FINANCE PARTIES

Payments to Senior Finance Parties

23.1 If a Senior Finance Party (a ***Recovering Finance Party***) receives or recovers any amount from an Obligor other than in accordance with Clause 24 (*Payment mechanics*) and applies that amount to a payment due under the Operative Documents then:

(a) the Recovering Finance Party shall, within three (3) Business Days, notify details of the receipt or recovery, to the Senior Agent;

(b) the Senior Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Senior Agent and distributed in accordance with Clause 24 (*Payment mechanics*) and the DPP, without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three (3) Business Days of demand by the Senior Agent, pay to the Senior Agent an amount (the ***Sharing Payment***) equal to such receipt or recovery less any amount which the Senior Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with the DPP.

Redistribution of payments

23.2 The Senior Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Senior Finance Parties (other than the Recovering Finance Party) in accordance with the DPP.

Recovering Finance Party's rights

23.3 (a) On a distribution by the Agent under Clause 23.2 (Redistribution of payments), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.

(b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

Reversal of redistribution

23.4 If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Senior Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 27.2 (Redistribution of payments) shall, upon request of the Senior Agent, pay to the Senior Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and

(b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Senior Finance Party for the amount so reimbursed.

Exceptions

23.5 (a) This Clause 23 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Senior Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Senior Finance Party of the legal or arbitration proceedings; and

(ii) that other Senior Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

24. PAYMENT MECHANICS

Payments to the Senior Agent

24.1 (a) On each date on which a Relevant Borrower or a Relevant Senior Lender is required to make a payment under an Operative Document, the Relevant Borrower or the Relevant Senior Lender shall make the same available to the Senior Agent (unless a contrary

indication appears in an Operative Document) for value on the due date at the time and in such funds specified by the Senior Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Senior Agent specifies.

Distributions by the Senior Agent

24.2 Each payment received by the Senior Agent under the Operative Documents for another Party shall, subject to Clause 24.3 (*Distributions to the Relevant Borrower*) and Clause 24.4 (*Clawback*) be made available by the Senior Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Relevant Senior Lender, for the account of its Facility Office), to such account as that Party may notify to the Senior Agent by not less than five (5) Business Days' notice with a bank in the principal financial centre of the country of that currency.

Distributions to the Relevant Borrower

24.3 The Senior Agent may apply any amount received by it for the Relevant Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Relevant Borrower under the Operative Documents or in or towards purchase of any amount of any currency to be so applied.

Clawback

24.4 (a) Where a sum is to be paid to the Senior Agent under the Operative Documents for another Party, the Senior Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Senior Agent pays an amount to another Party and it proves to be the case that the Senior Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Senior Agent shall on demand refund the same to the Senior Agent together with interest on that amount from the date of payment to the date of receipt by the Senior Agent, calculated by the Senior Agent to reflect its cost of funds.

No set-off by Obligors

24.5 All payments to be made by each Relevant Borrower under the Operative Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

Business Days

24.6 (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

Currency of account

24.7 (a) Subject to Clause 24.7(b) and (c), Dollars is the currency of account and payment for any sum due from the Relevant Borrower under any Operative Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than Dollars shall be paid in that other currency.

Change of currency

24.8 (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Operative Documents to, and any obligations arising under the Operative Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Senior Agent (after consultation with the Relevant Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Senior Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Senior Agent (acting reasonably and after consultation with the Relevant Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

25. SET-OFF

A Senior Finance Party (other than the Liquidity Facility Provider) may in circumstances where a Senior Event of Default has occurred and is continuing set off any matured obligation due from the Relevant Borrower under the Operative Documents (to the extent beneficially owned by that Senior Finance Party) against any obligation (whether or not matured) owed by that Senior Finance Party to the Relevant Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Senior Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

26. PARTIAL INVALIDITY

If, at any time, any provision of the Operative Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

27. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Senior Finance Party, any right or remedy under the Operative Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

28. COUNTERPARTS

Each Operative Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Operative Document.

29. THIRD PARTY RIGHTS

29.1 Unless expressly provided to the contrary in an Operative Document a person who is not a party to an Operative Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 (the ***Third Parties Act***).

29.2 Notwithstanding any term of any Operative Document, the consent of any third party is not required to rescind, vary, amend or terminate an Operative Document at any time.

30. GOVERNING LAW

This Agreement is governed by, and construed in accordance with, English law.

31. ENFORCEMENT

Jurisdiction

31.1 (a) For the benefit of each Senior Finance Party, the Relevant Borrower agrees that the courts of England are (subject to sub-clause (d) below) to have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement and claims for set-off and counterclaim) (a ***Dispute***) and for such purposes the Relevant Borrower irrevocably submits to the jurisdiction of the English courts.

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 31.1 is for the benefit of the Senior Finance Parties only. As a result, no Senior Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction and the Relevant Borrower irrevocably submits to the jurisdiction of any such court. To the extent allowed by law, the Senior Finance Parties may take concurrent proceedings in any number of jurisdictions.

(d) A judgment or order in connection with an Operative Document of any court referred to in this Clause 31.1 is conclusive and binding on the Relevant Borrower and may be enforced against it in the courts of any other jurisdiction.

Service of process

31.2 Each Relevant Borrower irrevocably consents to service of process or any other documents in connection with proceedings in any court by facsimile transmission, personal service, delivery at any address specified in this Agreement or any other usual

address, mail or in any other manner permitted by English law, the law of the place of service or the law of the jurisdiction where proceedings are instituted.

Agent for service of process

31.3 Each Relevant Borrower shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be:

Name:	LPA Process Limited (registered in England with company number 6439736) at its registered office for the time being);
Attention:	Managing Director

Any claim form, judgment or other notice of legal process shall be sufficiently served on the Relevant Borrower if delivered to such agent at its address for the time being. The Relevant Borrower irrevocably undertakes not to revoke the authority of the above agent and if, for any reason, the Senior Agent so requests, the Relevant Borrower shall promptly appoint another such agent with an address in England and advise the Senior Agent. If, following such a request, the Relevant Borrower fails to appoint another agent, the Senior Agent shall be entitled to appoint one on behalf of the Relevant Borrower at the expense of the Relevant Borrower.

32. LIMITED RECOURSE

Limited Recourse

32.1 Notwithstanding any other provision of this Agreement or the other Operative Documents to the contrary, and except as provided in the remaining provisions of this Clause 32.1:

(a) all amounts payable or expressed to be payable to or for the account of the Finance Parties by the Relevant Borrower in respect of the Relevant Borrower's obligations under this Agreement and the other Operative Documents shall be payable by the Relevant Borrower only from and to the extent of sums paid to or received or recovered by the Relevant Borrower (or any person claiming through or on behalf of, or in place of the Relevant Borrower, including without limitation the Collateral Trustee as assignee, mortgagee or chargee and any liquidator, receiver, administrator, administrative receiver, trustee or officer of, or creditor of, the Relevent Borrower or any of its assets) from or out of the property comprised in the Security Documents (including any proceeds of realisation or enforcement of any of the Security Documents) (the ***Received Sums***);

(b) the Relevant Borrower shall not be personally liable for such amounts which are so payable or expressed to be so payable to or for the account of the Finance Parties, except to the extent that the Relevant Borrower receives or recovers (and does not have to repay as aforesaid) any of the Received Sums from any person and fails to pay the same to the Finance Parties; and

(c) the Financing Parties agree to look solely to the Received Sums for payments to be made by the Relevant Borrower under this Agreement and the other Operative Documents, and shall not otherwise take or pursue any judicial or other steps or proceedings or exercise any other right or remedy that they might otherwise have against the Relevant Borrower or any of its assets,

except for any proceedings: (i) in connection with enforcement or exercise of the Security Interests; or (ii) to obtain a declaratory or other similar judgment or order as to the obligations of the Relevant Borrower expressed to be assumed hereunder or under any other Transaction Document; or (iii) to claim or prove in (but not initiate) any bankruptcy, insolvency, winding-up, liquidation, reorganisation, amalgamation, or dissolution of the Relevant Borrower.

Non-Derogation

32.2 The provisions of Clause 32.1 shall only limit the personal liability of the Relevant Borrower for the discharge of its monetary obligations under the Operative Documents, and shall not limit or restrict in any way the accrual of interest (including default interest) on any unpaid amount (although the limitations as to the personal liability of the Relevant Borrower shall apply to such interest) or derogate from or otherwise limit the rights of enforcement, recovery, realisation and application by the Finance Parties under and pursuant to the Security Documents.

Applicable Circumstance

32.3 (a) The Relevant Borrower shall be personally and fully liable for, and shall indemnify each of the Finance Parties against, any Losses incurred by the Finance Parties as a result of the occurrence of any Applicable Circumstance, and each Finance Party shall be at liberty to pursue all of its rights and remedies against the Relevant Borrower and all of its assets for any such Loss without restriction in the event of any such circumstance.

(b) For the purposes of this Clause 32.3, Applicable Circumstance means any the following:

(i) the fraudulent or wilful misconduct or negligence of the Relevant Borrower with respect to the transactions contemplated by, or the performance of any of its obligations under, any of the Operative Documents to which it is a party; or

(ii) any representation or warranty or statement as to matters of fact made or given by the Relevant Borrower to any Finance Party in any Operative Document to which it is a party being incorrect in any material respect on the date made or given; or

(iii) any breach by the Relevant Borrower of any of its covenants contained in Clause 18.3 (*Special Purpose Undertakings*) or Clause 18.4 (*Negative Pledge*) or Clause 18.12 *(Terms of Leasing)*.

Full Recourse Obligations

32.4 The limitation on personal liability contained in Clause 32.1 shall not apply, and the Senior Finance Parties may have recourse against the Relevant Borrower and all of its assets without any limitation:

(a) in respect of any Losses suffered or incurred by the Senior Finance Parties as a result of the occurrence of:

(i) the fraudulent or wilful misconduct or gross negligence of the Relevant Borrower with respect to the performance of any of its obligations under this Agreement or any of the other Operative Documents to which it is a party; or

(ii) any representation or warranty or statement as to matters of fact made or given by the Relevant Borrower to the Relevant Senior Lenders in this Agreement or any of the other Operative Documents to which it is a party being incorrect in any material respect on the date made or given or;

(iii) any breach or non-performance by the Relevant Borrower or any of its covenants contained in clauses 18.1, 18.2, 18.3 or 18.4; and

(b) to the extent that the Relevant Borrower receives or recovers any Available Collections or Applicable Proceeds from any person and fails to pay the same when due to the Senior Finance Parties in accordance with the Operative Documents,

and the Relevant Borrower shall be fully and personally liable for all amounts referred to in the foregoing paragraphs.

IN WITNESS whereof the Parties have signed this Agreement on the date shown at the beginning of this Agreement.

The Borrower

EXECUTED by)
AERCAP DUTCH AIRCRAFT)
LEASING I B.V.)
acting by:)
in the presence of:)

The Additional Borrower

EXECUTED by)
AZZURRO AIRCRAFT LEASING LIMITED)
acting by:)
in the presence of:)

The Senior Arranger and Senior Agent

EXECUTED by)
CALYON)
acting by:)
in the presence of:)

The Collateral Trustee

EXECUTED by)
CALYON)
acting by:)
in the presence of:)

The Relevant Senior Lenders

EXECUTED by)
CAYLON)
acting by:)
in the presence of:)

EXECUTED by)
ALLIED IRISH BANKS PLC)
acting by:)
in the presence of:)

EXECUTED by)
DVB BANK AG)
acting by:)
in the presence of:)

EXECUTED by)
DEKABANK DEUTSCHE)
GIROZENTRALE)
acting by:)
in the presence of:)

EXECUTED by)
HSH NORDBANK AG)
acting by:)
in the presence of:)

EXECUTED by)
KfW)
acting by:)
in the presence of:)

EXECUTED by)
NATIONAL CITY BANK)
acting by:)
in the presence of:)

Exhibit 2.17

Execution version

Dated 3 November 2006

as amended and restated on
July 2007

AERVENTURE LIMITED (1)
as Borrower

CALYON S.A. (2)

and

KfW
as Lenders

CALYON S.A. (3)
as Security Trustee

CALYON S.A. (4)
as Agent

FACILITY AGREEMENT

relating to pre-delivery payments in respect of up to twelve (12) Airbus A319-100 Aircraft and eighteen (18) Airbus A320-200 Aircraft

---

NORTON ROSE

Contents

THIS FACILITY AGREEMENT is dated 3 November 2006 as amended and restated on July 2007 (this "**Agreement**") and made **BETWEEN**:

(1) **AERVENTURE LIMITED**, a company incorporated and existing under the laws of Ireland having its registered office at AerCap House, Shannon, County Clare, Ireland (the "**Borrower**");

(2) **CALYON S.A.**, a *société anonyme* established and existing under the laws of France acting through its registered office at 9, quai du President Paul Doumer, 92920 Paris La Défense, France in its capacity as Lender;

(3) **KfW**, a public law institution established under the laws of Germany and having its principal place of business at Palmengartenstrasse 5-9, 60325 Frankfurt am Main, Federal Republic of Germany, in its capacity as a Lender;

(4) **CALYON S.A.**, a *société anonyme* established and existing under the laws of France acting through its registered office at 9, quai du President Paul Doumer, 92920 Paris La Défense, France in its capacity as security trustee for and on behalf of the Lenders (in such capacity the "**Security Trustee**" which expression shall include any successor thereto); and

(5) **CALYON S.A.**, a *société anonyme* established and existing under the laws of France acting through its registered office at 9, quai du President Paul Doumer, 92920 Paris La Défense, France in its capacity as agent for and on behalf of the Lenders (in such capacity the "**Agent**" which expression shall include any successor thereto).

IT IS AGREED as follows:

1 Purpose and definitions

1.1 Purpose

This Agreement sets out the terms and conditions upon which the Lenders have agreed to make available to the Borrower a loan facility of up to the Maximum Loan Amount to be used for the purpose of funding the obligations of the Borrower to make certain Pre-Delivery Payments due to the Manufacturer pursuant to the Purchase Agreement.

1.2 Definitions

In this Agreement, unless the context otherwise requires:

"**Additional Advance**" has the meaning given to such term in clause 4.4;

"**Advance**" means each borrowing of a portion of the Commitment by the Borrower or (as the context may require) the principal amount of such borrowing;

"**AerCap**" means AerCap B.V., a company organised and existing under the laws of The Netherlands whose registered office is at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, Amsterdam, The Netherlands;

"**AerCap Holdings**" means AerCap Holdings N.V., a *"naamlooze vennootschap"* organised and existing under the laws of The Netherlands whose registered office is at Evert van de Beekstraat 312, 1118 CX Schiphol Airport Amsterdam, The Netherlands;

"**AerCap Ireland**" means AerCap Ireland Limited a company incorporated and existing under the laws of Ireland having its registered office at AerCap House, Shannon, County Clare, Ireland;

"**Airbus Letter Agreement**" means the letter agreement dated of even date herewith and made between the Security Trustee, the Borrower and the Manufacturer pursuant to which the

Manufacturer has agreed to make an additional credit memorandum available in respect of certain of the Aircraft, on the specific, and strictly confidential, terms set out therein;

"**Aircraft**" means, subject to clause 2.3, together (or, if the context so requires, one or more of) the twelve (12) Airbus A319-100 and eighteen (18) Airbus A320-200 Aircraft which are the subject of the Purchase Agreement, and references in this Agreement to "**Aircraft N°1**", "**Aircraft N°2**", "**Aircraft N°3**", "**Aircraft N°4**", "**Aircraft N°5**", "**Aircraft N°6**", "**Aircraft N°7**" , "**Aircraft N°8**", "**Aircraft N°9**", "**Aircraft N°10**", "**Aircraft N°11**", "**Aircraft N°12**", "**Aircraft N°13**", "**Aircraft N°14**", "**Aircraft N°15**", "**Aircraft N°16**", "**Aircraft N°17**", "**Aircraft N°18**", "**Aircraft N°19**", "**Aircraft N°20,** "**Aircraft N°21**", "**Aircraft N°22**", "**Aircraft N°23**", "**Aircraft N°24**", "**Aircraft N°25**", "**Aircraft N°26**", "**Aircraft N°27**", "**Aircraft N°28**", "**Aircraft N°29**" and "**Aircraft N°30**" shall be deemed to be references to each such Aircraft in the order of their respective Delivery Dates and any reference to an Aircraft herein shall be deemed to include the Manuals and Technical Records and the Engines which are to be delivered with such Aircraft;

"**Applicable Law**" means, in relation to:

(a) any jurisdiction, any law, regulation, regulatory requirement, judgment, order or direction or any other act of any Government Entity of such jurisdiction; and

(b) the European Union, any law, regulation, directive, decision, regulatory requirement, judgment, order or direction or any act of any EU Institution,

with which any Finance Party or the Borrower is required to comply, or compliance with which is customary by persons carrying on the same business either in the same jurisdiction(s) as such Finance Party or the Borrower or as the case may be, in the European Union;

"**Basel Paper**" means the paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988 and prepared by the Committee on Banking Regulations and Supervisory Practices (now the Basel Committee on Banking Supervision) as amended, modified or varied prior to the date hereof;

"**Basel 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;

"**Borrower Group**" means the Borrower and its Subsidiaries from time to time;

"**Break Funding Costs**" means any cost, loss or expense (excluding any loss of Margin) sustained or incurred by any Lender in maintaining or funding all or any part of the Loan or in liquidating or re-employing deposits from third parties acquired, or contracted for, to fund all or any part of the Loan or any other amount owing to the Lender;

"**Break Funding Gains**" means any net monetary benefit which is actually realised by any Lender in maintaining or funding all or any part of the Loan or in liquidating or re-employing deposits from third parties acquired, or contracted for, to fund all or any part of the Loan or any other amount owing to the Lender;

"**Business Day**" means a day (other than a Saturday or Sunday or holiday scheduled by law) on which banks are open for business in London, Paris, Amsterdam and New York City;

"**Business Plan**" means the five (5) year business plan of the Borrower as provided by the Borrower to the Agent prior to the first Drawdown Date;

"**Buyer Furnished Equipment**" means, in respect of any Aircraft, the buyer furnished equipment for that Aircraft;

"**Capital Adequacy Requirement**" means a request or requirement relating to the maintenance of capital, including one which makes any change to, or is based on any alteration in, the interpretation of the Basel Paper and/or the Basel 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 Basel II Paper in the manner in which it is being implemented at the date hereof by the regulatory authority or authorities supervising such Lender in the jurisdiction in which such Lender is incorporated or the jurisdiction through which it is acting for the purposes of this Agreement;

"**CFM**" means CFM International S.A.;

"**CFM Engine Assignment**" means the engine warranties and engine credit assignment entered, or to be entered, into between the Borrower, the Security Trustee and CFM;

"**CFM General Terms Agreement**" means the general terms agreement, with reference number 9-4196, dated as of 31 August 2006, together with letter agreement no. 1 dated as of 31 August 2006, in each case between CFM and the Borrower;

"**Change in Law**" means any enactment, introduction, adoption, abolition, making or variation of, or any change in or in the interpretation, pursuant to a circular issued by a Government Entity or judgment of a court, of, deletion from or amendment or addition to, any Applicable Law, in each case, having the force of law in any jurisdiction;

"**Commitment**" means in relation to the Lenders at any relevant time the Maximum Loan Amount as reduced by any relevant term of this Agreement and so that, if at such time the Commitment has been reduced to zero, references to the Commitment shall be construed as a reference to the Commitment immediately prior to such reduction to zero;

"**Conversion Rights**" means the conversion rights granted by the Manufacturer to the Borrower pursuant to the Purchase Agreement;

"**Converted Aircraft**" has the meaning given to such term in clause 2.3.2;

"**Deed of Amendment**" means the deed of amendment and restatement dated July 2007 and entered into between each of the Borrower, the Lenders, the Agent and the Security Trustee pursuant to which this Agreement has been amended and restated as described therein;

"**Default**" means any Event of Default or any event or circumstance which would, upon the giving of a notice by the Agent and/or expiry of the relevant period and/or fulfilment of any other condition, constitute an Event of Default;

"**Delivery Date**" means, in respect of each Aircraft, the date on which the Manufacturer shall tender such Aircraft for delivery to the Borrower, or to any other purchaser of such Aircraft, and the Borrower, or such other purchaser, shall accept the same, pursuant to and in accordance with the provisions of the Purchase Agreement;

"**Dollars**" and "**$**" mean the lawful currency of the United States of America and in respect of all payments to be made under this Agreement in Dollars mean funds which are for same day settlement in the New York Clearing House Interbank Payments System (or such other U.S. dollar funds as may at the relevant time be customary for the settlement of international banking transactions denominated in U.S. dollars);

"**Drawdown Date**" means each date on which an Advance is or is to be made hereunder;

"**Drawdown Notice**" means a notice in the form or substantially in the form of schedule 2, duly completed with particulars of the relevant Advance;

"**Drawdown Period**" means the period commencing on the date of this Agreement and ending on whichever is the earlier of (i) the Final Repayment Date or (ii) the date on which the Commitment is reduced to zero pursuant to any of clauses 6.3 or 16.1;

"**Due Date**" means, in respect of each Pre-Delivery Payment for an Aircraft, the date on which such Pre-Delivery Payment is, at the date of this Agreement, scheduled to become due and payable to the Manufacturer in accordance with the Purchase Agreement, as set out in schedule 4;

"**Engines**" means (i) in respect of any A319-100 Aircraft, the two CFM 56-5B6/P model (or any improved or advanced version thereof) aircraft engines or, as the case may be, the two IAE V2524-A5 model (or any improved or advanced version thereof) aircraft engines to be delivered with such Aircraft and (ii) in respect of any A320-200 Aircraft means the two CFM 56 5B4/P model (or any improved or advanced version thereof) aircraft engines or, as the case may be, the two IAE V2527-A5 model (or any improved or advanced version thereof) aircraft engines to be delivered with such Aircraft;

"**Engine Agreements**" means, together, the CFM General Terms Agreement and the IAE General Terms Agreement, and "**Engine Agreement**" means either of them;

"**Engine Agreement Default**" means any event or circumstance which does or would, upon the giving of notice and/or expiry of the relevant period and/or fulfilment of any other condition, entitle an Engine Manufacturer to terminate all or part of an Engine Agreement in accordance with the provisions thereof;

"**Engine Assignments**" means, together, the CFM Engine Assignment and IAE Engine Assignment, and "**Engine Assignment**" means either of them;

"**Engine Manufacturer**" means each of CFM and IAE, as the case may be;

"**Equity Contribution**" means, in respect of an Aircraft, each (or the aggregate, as the context may require) of the amounts specified in column 4 of the relevant paragraph of schedule 4, subject to any adjustment being made to such amounts pursuant to clause 11;

"**Event of Default**" means any of the events or circumstances described in clause 14.1;

"**Excluded Taxes**" means:

(a) any Tax which is imposed on or suffered by the affected Finance Party, or payable to the affected Finance Party in respect of a Tax with respect to, or measured by, the income or capital gain of the affected Finance Party imposed by:

(i) the jurisdiction through which it is acting for the purposes of the Relevant Documents, unless it is imposed or suffered in consequence of any failure by any other party to any Relevant Document to perform any of its obligations thereunder; or

(ii) any other jurisdiction, other than Ireland and any other jurisdiction in which the Borrower is at the relevant time incorporated or at the relevant time has its principal place of business, unless such Tax is imposed or suffered in consequence of (A) any failure by any other party to any Relevant Document to perform any of its obligations thereunder, (B) any other connection between the Borrower and such jurisdiction, and/or (C) any payment by the Borrower under the Relevant Documents being made from, within or through such jurisdiction; or

(b) any Tax for which the affected Finance Party has actually been indemnified in full pursuant to any other provision of any Relevant Document; or

(c) any Tax to the extent that such 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 Relevant Documents (but excluding any breach in consequence of a failure by any other party to a Relevant Document to perform any of its obligations thereunder); or

(e) any Tax to the extent that such Tax would not have been imposed or suffered but for any misrepresentation made by the affected Finance Party under any of the Relevant Documents to which it is a party (but excluding any breach in consequence of a failure by any other party to any Relevant Document to perform any of its obligations thereunder); or

(f) 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 through which it is acting for the purposes of the Relevant Documents 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 Borrower (acting reasonably) has requested the affected Finance Party to make such filing or, as applicable, pay such 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

(g) any Tax which arises solely from an act or omission which constitutes gross negligence or wilful default by the affected Finance Party;

"**Fee Letters**" means the letters between the Borrower, the Agent and the Security Trustee with respect to certain fees, costs and expenses payable by the Borrower in connection with the Relevant Documents;

"**Final Purchase Price**" has the meaning given to such term in the Purchase Agreement Assignment;

"**Final Repayment Date**" means 31 January 2010;

"**Finance Parties**" means the Lenders, the Security Trustee and the Agent and "**Finance Party**" shall mean any of them;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any individual derivative transaction, only the marked to market value of that derivative transaction shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to and including (h) above,

but excluding 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, to the extent that such obligations and liabilities under the corresponding instrument are fully cash-collateralised.

"**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;

"**IAE**" means IAE International Aero Engines AG;

"**IAE Engine Assignment**" means the engine security assignment entered, or to be entered into, between the Borrower and the Security Trustee together with the engine consent and agreement thereto executed by each of the Borrower, the Security Trustee and IAE;

"**IAE General Terms Agreement**" means the engine general terms agreement dated 10 August 2006 between IAE and the Borrower;

"**Inactive Aircraft**" means any Aircraft in respect of which no Advances have been made pursuant to this Agreement;

"**Instructing Group**" has the meaning given to such term in the Trust Deed;

"**Interest Payment Date**" means the last day of an Interest Period;

"**Interest Period**" means in relation to any Advance or the Loan or any part thereof each period for the calculation of interest in respect of such Advance or the Loan or part thereof ascertained in accordance with clause 5.2;

"**Last Scheduled Delivery Date**" means, in respect of each Aircraft, the last day of the Scheduled Delivery Month for such Aircraft;

"**Lenders**" means the institutions named in schedule 1 and includes their respective successors, permitted Transferees and assigns and "**Lender**" means any one of them;

"**Lender's Proportion**" means, in respect of any Lender, that percentage of the Commitment specified opposite that Lender in schedule 1 and/or in any Substitution Certificate, as the same may be reduced or increased pursuant to any Substitution Certificate and/or further reduced or cancelled pursuant to the terms of this Agreement;

"**LIBOR**" means, in relation to any amount denominated in Dollars and for any period, the rate for deposits in Dollars for that amount and for that period which is:

(a) appearing on page 3750 (or similar page, if the Telerate page 3750 is not or no longer available) for Dollars on the Bridge/Telerate screen at or about 11:00 a.m. (London time) on the Quotation Date relating to that period; or

(b) if (a) does not apply, the arithmetic mean (rounded to the nearest four decimal places) of the rates, as supplied to the relevant Agent at its request, quoted by the Reference Banks to leading banks in the European interbank market, at or about 11:00 a.m. (London time) on the Quotation Date relating to that period, for the offering of deposits in Dollars in an amount comparable with that amount and for a period comparable to that period;

"**Lien**" means any encumbrance or security interest whatsoever, howsoever created or arising, including any right of ownership, security, mortgage, pledge, assignment by way of security, charge, lease, lien, statutory right in rem, hypothecation, title retention arrangement, attachment, levy, claim, right of detention or security interest whatsoever, howsoever created or arising, or any right or arrangement having a similar effect to any of the above;

"**LoadAir**" means International Cargo Airlines Company KSC, a joint stock company incorporated in Kuwait (commercial register number 109323 and registered at the Kuwait Chamber of Commerce and Industry since 2005 under number 97424 with commercial licence number Public Shareholder/57/2004) whose registered office is at Free Trade Zone, Kuwait City 70655, Kuwait;

"**Loan**" means the aggregate principal amount owing to the Lenders under this Agreement at any relevant time;

"**Mandatory Prepayment Event**" means any of the events or circumstances set out in clause 6.3;

"**Manuals and Technical Records**" means together those records, logs, manuals, technical data and other materials and documents relating to the Aircraft, together with any amendments thereto, as shall be or are to be delivered pursuant to the Purchase Agreement;

"**Manufacturer**" means Airbus S.A.S., a *Société par Actions Simplifiée* duly created and existing under French law having its principal office at 1 rond-point Maurice Bellonte, 31707 Blagnac Cedex, France, including its successors and assigns, in its capacity as Manufacturer together with its successors in title and permitted assigns;

"**Margin**" means one per cent (1.00%) per annum;

"**Maximum Loan Amount**" means two hundred and seven million five hundred and thirty six thousand and one Dollars ($207,536,001);

"**Maximum Loan Outstanding**" means one hundred and sixty million seven hundred and seventy seven thousand eight hundred and seventy seven Dollars ($160,777,877);

"**Net Aircraft Price**" means, in respect of each Aircraft, the Final Purchase Price for that Aircraft net of all applicable credit memoranda and including (i) Buyer Furnished Equipment up to a maximum of six hundred and eighty four thousand six hundred and twenty three Dollars ($684,623) in respect of any A319-100 Aircraft and seven hundred and sixty two thousand two hundred and twenty two Dollars ($762,222) in respect of any A320-200 Aircraft and (ii) Specification Change Notices up to maximum of five hundred thousand Dollars ($500,000) of Specification Change Notices in respect of any A319-100 Aircraft and five hundred and seventy thousand Dollars ($570,000) in respect of any A320-200 Aircraft with each of the Dollar figures referenced in this definition being calculated by reference to economic conditions prevailing as of January 2005 and by reference to a theoretical delivery of the relevant Aircraft in January 2005;

"**Net Aircraft Price Maximum**" means

(a) in respect of any A319-100 Aircraft, thirty three million Dollars ($33,000,000); and

(b) in respect of any A320-200 Aircraft, thirty six million five hundred thousand Dollars ($36,500,000),

in each case, calculated by reference to, economic conditions prevailing as of January 2005 and by reference to a theoretical delivery of such Aircraft in January 2005 and subject to escalation at a maximum rate of three per cent (3.0%) per annum;

"**Ownership Letter Agreement**" means the letter to be issued by AerCap Ireland in favour of the Security Trustee pursuant to which AerCap Ireland will issue certain guarantees to the Security Trustee in respect of the funding of the Borrower and give certain confirmations in respect of AerCap Ireland's ownership of the Borrower, such letter to be in form and substance satisfactory to the Security Trustee, acting reasonably;

"**Pre-Delivery Payments**" means, in respect of each Aircraft, the payments to be made to the Manufacturer in respect of such Aircraft prior to the Delivery Date therefor pursuant to the Purchase Agreement, as more particularly set out for each Aircraft in schedule 3 to the Purchase Agreement Assignment, and "**Pre-Delivery Payment**" means any one of such payments;

"**Purchase Agreement**" means the purchase agreement dated 30 December 2005 and entered into between the Borrower and the Manufacturer in relation to the Aircraft;

"**Purchase Agreement Assignment**" means the security assignment relating to the Purchase Agreement entered, or to be entered into between the Borrower and the Security Trustee, together with the consent and agreement thereto executed by each of the Borrower, the Security Trustee and the Manufacturer;

"**Purchase Agreement Default**" means any event or circumstance which does or would, upon the giving of notice and/or expiry of the relevant period and/or fulfilment of any other condition, entitle the Manufacturer to terminate all or part of the Purchase Agreement in accordance with the provisions thereof;

"**Quotation Date**" means, in relation to an Interest Period or other period for which LIBOR is to be determined, the date which is two Business Days prior to the first day of the relevant Interest Period or other period or, if such day is not a Business Day, the immediately preceding Business Day;

"**Reference Banks**" means the London branches of Calyon, BNP Paribas and Société Générale or any replacement bank nominated by the Agent;

"**Relevant Documents**" means this Agreement, the Purchase Agreement, the Airbus Letter Agreement, each Engine Assignment, the Purchase Agreement Assignment, the Trust Deed, the Fee Letters, the Ownership Letter Agreement, the Deed of Amendment and each notice, acknowledgement, deed, certificate, consent or other document issued pursuant to any of the foregoing and any other which the Borrower and the Agent agree in writing shall be a Relevant Document;

"**Repayment Date**" means, subject to clause 8.2 and in respect of any Advance, the earlier of (i) the Delivery Date for the Aircraft in respect of which such Advance is made, (ii) any date on which the obligation of the Manufacturer to sell and of the Borrower to purchase that Aircraft pursuant to the Purchase Agreement is cancelled or otherwise terminated, (iii) any other date on which the Borrower becomes obliged to repay or prepay such Advance in accordance with the terms hereof, and (iv) the Final Repayment Date;

"**Scheduled Delivery Month**" means, in respect of each Aircraft and subject to clause 6.2, the month in which the delivery thereof is, as at the date of this Agreement, scheduled to occur, as set out in schedule 4;

"**Specification Change Notice**" or "**SCN**" means any Specification Change Notice issued by the Borrower pursuant to the Purchase Agreement;

"**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;

"**Substitution Certificate**" has the meaning given to such term in the Trust Deed;

"**Taxes**" includes all present and future taxes (including sales, use, excise, personal property and other taxes), levies, imposts, duties, fees or governmental or other charges of whatever nature together with interest thereon and penalties in respect thereof, and "**Tax**" and "**Taxation**" shall be construed accordingly;

"**Transferee**" has the meaning given to such term in the Trust Deed; and

"**Trust Deed**" means the trust deed of even date herewith, entered into between the Borrower, the Lenders, the Agent and the Security Trustee.

1.3 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.

1.4 Construction of certain terms

In this Agreement, unless the context otherwise requires:

1.4.1 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;

1.4.2 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 may be amended from time to time in accordance with its terms and where consent is, by the terms of any Relevant Document, required to be obtained as a condition to such amendment being permitted, with the prior written consent of the relevant parties;

1.4.3 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;

1.4.4 words importing the plural shall include the singular and vice versa;

1.4.5 unless otherwise expressly stated, references to a time of day are to Paris time;

1.4.6 references to a "**person**" shall be construed as including references to an individual, firm, company, corporation, unincorporated body of persons or any Government Entity or any of its agencies;

1.4.7 references to "**assets**" include all or part of any business, undertaking, real property, personal property, uncalled capital and any rights (whether actual or contingent, present or future) to receive, or require delivery of, any of the foregoing;

1.4.8 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 Financial Indebtedness and "**guaranteed**" shall be construed accordingly;

1.4.9 references to the "**equivalent**" of an amount specified in a particular currency (the "**specified currency amount**") shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specified currency amount in the London foreign exchange market at or about 11 a.m. London time on the day on which the calculation falls to be made for spot delivery as determined by the Lenders; and

1.4.10 references to any enactment shall be deemed to include references to such enactment as re-enacted, amended or extended.

2 The Facility Amount; Conversion Rights

2.1 Agreement to advance Loan

The Lenders, relying upon each of the representations and warranties in clause 9, agree to lend to the Borrower upon and subject to the terms of this Agreement a principal sum of up to the Maximum Loan Amount. The obligation of each Lender under this Agreement shall be to make its Lender's Proportion of each Advance on the Drawdown Date of such Advance.

2.2 Obligations several

The obligations of each Lender under this Agreement are several; the failure of any Lender to perform such obligations shall not relieve any other Lender, the Agent or the Borrower of any of their respective obligations or liabilities under this Agreement nor shall the Agent be responsible for the obligations of any Lender (except for its own obligations, if any, as a Lender) nor shall any Lender be responsible for the obligations of any other Lender under this Agreement.

2.3 Conversion Rights

2.3.1 The Finance Parties acknowledge that, pursuant to the Conversion Rights, the Borrower has the right, on the terms and subject to the conditions set out in the Purchase Agreement, to convert an A319-100 Aircraft to an A320-200 Aircraft and vice versa.

2.3.2 The Finance Parties agree to the exercise by the Borrower of the Conversion Rights in the manner contemplated by the Purchase Agreement, provided that:

(a) the Borrower shall have given the Agent as much notice as is practicably possible but in any event not less than ten (10) Business Days' written notice prior to exercising a Conversion Right in respect of any Aircraft and shall specify the Aircraft which is the subject of such Conversion Right (a "**Converted Aircraft**");

(b) the Manufacturer shall have provided to the Borrower (with a copy to the Agent) the revised configuration of the Converted Aircraft, together with the revised amounts of the relevant Pre-Delivery Payments for the Converted Aircraft;

(c) unless the Agent (acting on the instructions of the Instructing Group) shall have otherwise agreed in writing, the exercise of such Conversion Right shall not cause more than eighty per cent (80%) of the Aircraft to be of the same type; and

(d) the exercise of such Conversion Right shall not cause the Maximum Loan Amount to be increased.

2.3.3 Following the exercise by the Borrower of a Conversion Right in accordance with clause 2.3.2, the Agent shall deliver to the Borrower a replacement schedule 4. Such replacement schedule shall, when agreed by the Agent and the Borrower, in the absence of manifest error, be conclusive and binding on the parties hereto. Following such agreement by the Agent and the Borrower, all references in this Agreement to "schedule 4" shall be deemed to be a reference to such replacement schedule.

3 Conditions Precedent

3.1 Documents and evidence

The obligation of the Lenders to make the Commitment available shall be subject to the conditions that, not later than three (3) Business Days before the day on which the Drawdown Notice in respect of the first Advance is given, the Agent shall have received the documents and evidence specified in schedule 3 in form and substance satisfactory to the Security Trustee and the Agent.

3.2 Advance conditions precedent

The obligation of the Lenders to make each Advance is subject to the conditions that at the date of the Drawdown Notice and on the Drawdown Date in respect of such Advance:

3.2.1 the Advance made shall not result in the Loan exceeding the Maximum Loan Outstanding;

3.2.2 the representations and warranties set out in clause 9.1 (other than the representations and warranties in clauses 9.1.8 and 9.1.11, and so that the representation and warranty in clause 9.1.10 shall for this purpose refer to the then latest audited financial statements delivered to the Agent under clause 10.1) are true and correct on and as of such dates as if each were made with respect to the facts and circumstances existing at such dates;

3.2.3 the Agent shall have received a Drawdown Notice for such Advance in accordance with clause 4.1;

3.2.4 no Default shall have occurred; and

3.2.5 no Purchase Agreement Default or Engine Agreement Default shall have occurred;

3.3 The obligation of the Lenders to make each Advance is subject to the further conditions that, on the Drawdown Date in respect of such Advance:

3.3.1 the Agent shall have received from the Borrower (i) by 12 noon (Paris time) on the Drawdown Date, a copy of the SWIFT message (MT103 or equivalent) in respect of the payment of the Equity Contribution corresponding to such Advance and (ii) by 2.00pm (Paris time) on the Drawdown Date, payment of the Equity Contribution corresponding to such Advance for onward disbursement by the Agent to the Manufacturer to the account specified in clause 4.3 on the express understanding that the Agent and each Lender waives any rights which it may have to set off such amount against any other amounts then owing to the Agent or such Lender under any other transaction to which the Agent and the Borrower or, as the case may be, the relevant Lender and the Borrower, are party and the Agent and each Lender hereby waives any and all such rights;

3.3.2 the Finance Parties shall have approved the Final Purchase Price of the relevant Aircraft and the Agent shall have received written confirmation from the Manufacturer as to the Balance of the Final Purchase Price (as defined in the Purchase Agreement Assignment) for the relevant Aircraft provided that to the extent that such confirmation is contained in the executed consent and agreement of the Manufacturer to the Purchase Agreement Assignment, and such executed consent and agreement is received by the Agent on or prior to the Drawdown Date for the first Advance hereunder, no separate written confirmation shall be required in respect of the drawdown of any subsequent Advance;

3.3.3 in respect of the drawdown of the first Advance for any Aircraft, the Agent shall have received copies of the Borrower's bank statements evidencing, to the reasonable satisfaction of the Agent, the payment of any and all Equity Contributions made by the Borrower to the Manufacturer in respect of that Aircraft prior to the Drawdown Date of such first Advance; and

3.3.4 any other amounts due and owing by the Borrower to any of the Finance Parties under this Agreement or otherwise to any party to the Fee Letters, in each case, as at the Drawdown Date shall have been paid in full.

3.4 Waiver of conditions precedent

The conditions specified in this clause 3 are inserted solely for the benefit of the Lenders and may be waived in whole or in part and with or without conditions by the Agent (acting on the instructions of the Instructing Group) in respect of the first or any other Advance without prejudicing the right of the Lenders to require fulfilment of such conditions in whole or in part in respect of any other Advance.

4 Advances

4.1 Drawdown

Subject to the terms and conditions of this Agreement an Advance shall be made available to the Borrower following receipt by the Agent from the Borrower of a Drawdown Notice not later than 12 noon on the third Business Day before the proposed Drawdown Date. A Drawdown Notice shall be effective on actual receipt by the Agent and, once given, shall, subject as provided in clause 5.5.1, be irrevocable. For the avoidance of doubt, the Borrower may, subject to the terms and conditions of this Agreement, issue Drawdown Notices in respect of one or more Advances to be made on the same Drawdown Date.

4.2 Amount

4.2.1 Subject to clause 4.2.2 and 4.4 each Advance shall be made in respect of one Pre-Delivery Payment on or prior to the relevant Drawdown Date, and shall be for a maximum amount of the lesser of:

(a) the amount of the relevant Pre-Delivery Payment less any relevant Equity Contribution; and

(b) the difference between (i) the Maximum Loan Amount and (ii) the aggregate of the amount of the Loan immediately prior to the Drawdown Date and the aggregate amount of any other Advances to be made by the Lender on or prior to such Drawdown Date.

4.2.2 Only one Advance may be made in respect of any Pre-Delivery Payment.

4.3 Application of monies advanced

All payments with respect to the Advances shall be made by the Lenders to the Agent for further disbursement, without further notice from the Borrower, by the Agent to the account of the Manufacturer with Calyon, account no. 31489 00020 00099175322 91 (or such other account of the Manufacturer with Calyon from time to time).

4.4 Additional Advance

Each of the Finance Parties and the Borrower acknowledge and agree that, prior to the amendment and restatement of this Agreement pursuant to the Deed of Amendment, the Lenders have made Advances to the Borrower in the aggregate amount of thirty million, one hundred and ninety nine thousand, five hundred and forty six Dollars point ninety two ($30,199,546.92) in respect of Aircraft N°s 1 to 9. In connection with the amendment and restatement of this Agreement pursuant to the Deed of Amendment, it has been agreed that the

Maximum Loan Amount will be increased from one hundred and eighteen million, nine hundred and twelve thousand, two hundred and eighty two Dollars ($118,912,282) to two hundred and seven million, five hundred and thirty six thousand and one Dollars ($207,536,001) and consequently the Lenders have agreed to permit the Borrower to drawdown an additional Advance (the "**Additional Advance**") in respect of Aircraft N°s 1 to 9, such Additional Advance being in the amount of eighteen million, three hundred and eighty three thousand and ninety six Dollars point twelve ($18,383,096.12). The Additional Advance shall be made available following receipt by the Agent of a duly completed Drawdown Notice in accordance with clause 4.1 and shall constitute an "Advance" for all purposes of this Agreement. The Borrower acknowledges and agrees that the financial schedules set out in schedule 4, in so far as they relate to Aircraft N°s 1 to 9, have been prepared on the basis that the Additional Advance has been made.

4.5 Termination of Commitment

Any part of the Commitment undrawn and uncancelled at the end of the Drawdown Period shall thereupon be automatically reduced to zero.

5 Interest and Interest Periods; alternative interest rates

5.1 Normal interest rate

Subject to clause 5.5, the Borrower shall pay interest on each Advance or, as the case may be, the Loan in respect of each Interest Period on the relevant Interest Payment Date at the rate per annum determined by the Agent to be the aggregate of (a) the Margin and (b) three month LIBOR.

5.2 Determination of Interest Periods

Subject to clause 5.5, each Interest Period shall be determined as follows:

5.2.1 subject as otherwise provided in this clause 5.2, each Interest Period in respect of an Advance shall commence on the expiry of the previous Interest Period therefor and shall have a duration of three (3) months;

5.2.2 the initial Interest Period in respect of each Advance shall commence on the Drawdown Date therefor and shall end on the same day as the then current Interest Period for the previous Advance(s) ends; and

5.2.3 if the Interest Period for an Advance would otherwise overrun a Repayment Date for that Advance, such Interest Period shall terminate on that Repayment Date.

5.3 Interest for late payment

If the Borrower fails to pay any sum (including, without limitation, any sum payable pursuant to this clause 5.3) on its due date for payment under this Agreement, the Borrower shall pay interest on such sum from the due date up to the date of actual payment (after as well as before judgement) at a rate and for periods determined by the Agent pursuant to this clause 5.3. The period beginning on such due date and ending on such date of payment shall be divided into successive periods of not more than one month as selected by the Agent each of which (other than the first, which shall commence on such due date) shall commence on the last day of the preceding such period. The rate of interest applicable to each such period shall be the aggregate (as determined by the Agent) of (a) two per cent (2%), (b) the Margin, and (c) LIBOR. Interest under this clause 5.3 shall be due and payable on the last day of each period determined by the Agent pursuant to this clause 5.3 or, if earlier, on the date on which the sum in respect of which such interest is accruing shall actually be paid.

5.4 Notification of Interest Periods and interest rate

Unless expressly provided for in this Agreement, the Agent shall notify the Borrower promptly of the duration of each Interest Period or other period for the calculation of interest (or, as the case may be, default interest) and of each rate of interest determined under this clause 5.

5.5 Market disruption; non-availability

5.5.1 If and whenever, at any time prior to the commencement of any Interest Period, the Agent shall have determined (which determination shall, in the absence of manifest error, be conclusive) that:

(a) adequate and fair means do not exist for ascertaining LIBOR for such Interest Period; or

(b) deposits in Dollars are not available to the Lenders in the London Interbank Market in the ordinary course of business in sufficient amounts to fund the Loan for such Interest Period or that LIBOR does not accurately reflect the cost to the Lenders of obtaining such deposits,

the Agent shall forthwith give notice (a "**Determination Notice**") to the Borrower. A Determination Notice shall contain particulars of the relevant circumstances giving rise to its issue. After the giving of any Determination Notice the undrawn amount of the Commitment shall not be borrowed until notice to the contrary is given to the Borrower by the Agent.

5.5.2 During the period of 15 days after any Determination Notice has been given by the Lender under clause 5.5.1, the Borrower shall enter into negotiations with a view to agreeing an alternative basis (the "**Substitute Basis**") for making available or, as the case may be, maintaining the Loan. The Substitute Basis may (without limitation) include alternative interest periods, alternative currencies or alternative rates of interest but shall include a margin above the cost of funds reasonably available to the Lenders equivalent to the Margin. The Substitute Basis so certified shall be binding upon the Borrower and shall take effect in accordance with its terms from the date specified in the Determination Notice until such time as the Agent notifies the Borrower that none of the circumstances specified in clause 5.5.1 continues to exist (which the Agent shall do promptly upon any determination by the Agent that none of such circumstances continues to exist) whereupon the normal interest rate fixing provisions of this Agreement shall apply.

5.5.3 In the event that the Borrower and the Agent are unable to agree upon the Substitute Basis pursuant to the procedure set out in clause 5.5.2, the Substitute Basis shall be such alternative basis as the Agent shall certify, acting reasonably.

6 Repayment and prepayment; withdrawal of Aircraft from Facility

6.1 Repayment

The Borrower shall repay each Advance in full in one instalment on the Repayment Date for such Advance.

6.2 Delivery Date delay

In the event that the Delivery Date for any Aircraft shall not have occurred on or before the Last Scheduled Delivery Date therefor and provided that:

6.2.1 the Borrower shall have given the Agent as much notice as is practicably possible but in any event not less than ten (10) Business Days' written notice prior to such Last Scheduled Delivery Date of the likelihood of such non-occurrence;

6.2.2 the Manufacturer shall have certified to the Borrower (with a copy to the Agent) such non-occurrence and the revised scheduled Delivery Date for that Aircraft; and

6.2.3 such deferral shall not cause the Loan to exceed the Maximum Loan Outstanding,

the Borrower shall be entitled, subject to the proviso below, by written notice to the Agent provided not later than three (3) Business Days prior to the Last Scheduled Delivery Date for that Aircraft, to defer the Repayment Date for the Advance in respect of that Aircraft. If, following any deferment, the Delivery Date for an Aircraft is further delayed, provided that the conditions set out in clauses 6.2.2 and 6.2.3 continue to be satisfied and subject to the proviso below, the Borrower shall be entitled, by further written notice to the Agent provided not later than three (3) Business Days prior to the previous revised scheduled Delivery Date for that Aircraft, to further defer the Repayment Date for the Advances in respect of that Aircraft.

PROVIDED ALWAYS THAT the Repayment Date for the Advance in respect of an Aircraft may not be deferred to a date which is later than the earlier of the date falling three (3) months after the Last Scheduled Delivery Date for that Aircraft and the Final Repayment Date.

6.3 Mandatory Prepayment

Each of the events and circumstances set out below is a Mandatory Prepayment Event:

6.3.1 Seizure: all or substantially all of the undertaking, assets, rights or revenues of, or shares in, the Borrower are seized, expropriated, nationalised or compulsorily acquired by or under the authority of any Government Entity; or

6.3.2 Consents and Authorisations: any consent, authorisation, licence or approval of, or registration with or declaration to any person required by the Borrower to authorise, or required by the Borrower in connection with, the execution, delivery, legality, validity, priority, enforceability, admissibility in evidence or effectiveness of this Agreement or any other Relevant Document or the performance by the Borrower of any of its material obligations thereunder is modified in a manner which is, will or is likely to be materially prejudicial to the rights, interests or position of the Lenders or is not granted or is revoked, withdrawn or terminated or expires or is not renewed or otherwise ceases to be in full force and effect in each case as a result of an act or omission of the Borrower and such modification, failure to grant, revocation, withdrawal, termination, expiry, non-renewal or cessation, if capable of remedy, is not remedied within fifteen(15) Business Days of the occurrence thereof; or

6.3.3 Purchase Agreement and Engine Agreements: the Purchase Agreement or any Engine Agreement is terminated or cancelled for any reason or otherwise ceases to constitute the legal, valid and binding obligations of the parties thereto; or

6.3.4 Breach of Ownership Letter Agreement: AerCap Ireland fails to honour any demand made under any of the guarantees contained in the AerCap Ireland Ownership Letter or otherwise breaches any of the provisions of the Ownership Letter Agreement.

Following the occurrence of a Mandatory Prepayment Event the Agent may demand repayment of the Loan and, if the Agent does demand that repayment, on the date specified in that demand (which will not be earlier than the immediately succeeding Business Day):

(a) the Lenders' obligations to make available the Commitment shall be terminated whereupon the Lenders shall be discharged from their obligation to make further Advances; and

(b) the Loan and all interest accrued and all other sums payable under this Agreement shall become immediately due and payable forthwith.

6.4 Voluntary Prepayment

6.4.1 Subject to the receipt by the Agent of at least five (5) Business Days notice from the Borrower (such notice being irrevocable), the Borrower shall have the right to prepay on any Interest Payment Date:

(a) the Loan or the Advance in respect of any Aircraft, in each case in full; and/or

(b) the Loan or the Advance in respect of any Aircraft, in each case in part in integral multiples of five million Dollars ($5,000,000).

6.4.2 The Borrower shall also have the right to prepay the Advance in respect of an Aircraft and/or the Loan on any date which is not an Interest Payment Date subject to the same conditions with respect to notice and, in the case of any prepayment in part of the Loan or the Advance in respect of any Aircraft, the minimum amount of such prepayment set out in clause 6.4.1 being satisfied.

6.4.3 Any prepayment under clause 6.3, clause 6.4.1, clause 16.2 or any other provision of this Agreement shall be made together with (a) accrued interest to the date of prepayment; (b) any additional amount payable under clauses 8.3.1, 15.1 and/or 15.3; and (c) all other sums then due and payable by the Borrower to the Finance Parties under this Agreement.

6.5 Effect of prepayment

No amount prepaid may be reborrowed and, in the case of any prepayment of the Loan in part pursuant to clause 6.4.1(b), any amount prepaid shall be applied in reducing the repayment instalments under clause 6.1 in inverse order of the dates on which such repayment instalments are due. For the avoidance of doubt, the Maximum Loan Amount shall not be increased by reason of such prepayment.

6.6 No other prepayment

The Borrower may not prepay any Advance, the Loan or any part thereof save as expressly provided for in this Agreement.

6.7 Reduction of Commitment in respect of Inactive Aircraft

The Borrower shall have the right, which may be exercised at any time by the Borrower giving written notice to the Agent and the Security Trustee, to withdraw any Inactive Aircraft specified in such notice from the scope of this Agreement. In the event that the Borrower issues any such written notice, the Inactive Aircraft specified therein shall immediately cease to be "Aircraft" for the purposes of this Agreement; the undrawn and uncancelled Commitment shall immediately be reduced by the amount of the Advances which the Borrower would otherwise have been entitled to draw in respect of such Inactive Aircraft and the Assigned Rights (as defined in the Purchase Agreement Assignment) in respect of such Aircraft shall automatically, and without further act, be re-assigned to the Borrower in accordance with clause 4.3 of the Purchase Agreement Assignment.

7 Expenses; VAT; stamp duty

7.1 Expenses

The Borrower shall pay to the Agent on demand:

7.1.1 all reasonable costs and expenses (including, but not limited to, legal and out-of-pocket expenses) incurred by the Finance Parties in connection with the negotiation, preparation, execution and implementation of this Agreement and the other Relevant Documents, as evidenced to the Borrower in writing by the relevant Finance Party;

7.1.2 all reasonable costs and expenses (including legal and out-of-pocket expenses) incurred by the Finance Parties in connection with any amendment or extension of, or the granting of any waiver or consent under, this Agreement or any of the other Relevant Documents, as evidenced to the Borrower in writing by the relevant Finance Party; and

7.1.3 all costs and expenses (including legal and out-of-pocket expenses and, in the case of the Agent and the Security Trustee only, including all reasonable expenses referable to the cost of management time following the occurrence of an Event of Default) properly incurred by the Finance Parties in contemplation of, or otherwise in connection with, the enforcement or

attempted enforcement of, or preservation or attempted preservation of any rights under, this Agreement or any of the other Relevant Documents, together with interest at the rate referred to in clause 5.3 from the date on which such expenses were incurred to the date of payment (after as well as before judgement).

7.2 Value added tax

All fees, costs, losses and expenses payable by the Borrower under this clause 7, clause 16, clause 17 or any other provision of this Agreement and the other Relevant Documents shall be paid together with an amount equal to any value added or equivalent Tax (but excluding Excluded Taxes) payable by the relevant Finance Party in respect of such fees, costs, losses and expenses, in addition to any other sum agreed to be paid by the Borrower under this Agreement and the other Relevant Documents.

7.3 Stamp and other duties

The Borrower shall pay all stamp, registration or other documentary duties or Taxes (including any registration, documentary duties or Taxes payable by, or assessed on, a Finance Party but excluding Excluded Taxes) imposed on or in connection with this Agreement, any other Relevant Document, the Loan or any Advance and shall indemnify the Finance Parties on written demand by the relevant Finance Party against any liability arising by reason of any delay or omission by the Borrower to pay such duties or Taxes (other than Excluded Taxes).

8 Payments and Taxes; accounts and calculations

8.1 No set-off or counterclaim; distribution to the Lenders

All payments to be made by the Borrower under this Agreement shall be made in full, without any set-off or counterclaim whatsoever and, subject as provided in clause 8.3.1, free and clear of any deductions or withholdings, in Dollars (except for costs, fees and expenses which shall be payable in the currency in which they are incurred) on the due date to the account of the Agent with Calyon Americas New York (CRLYUS33) in favour of Calyon Paris (SWIFT Code: BSUIFRPPXXX), account number 0100383000100, under reference "DTB/FS AerVenture PDP", or such other account as the Agent may upon not less than five (5) Business Days' written notice from time to time notify to the Borrower. Save where this Agreement specifically provides for a payment to be made for the account of a particular Lender, in which case the Agent shall distribute the relevant payment to the Lender concerned, or where such payment is made to the Agent or to the Security Trustee for its own account, payments to be made by the Borrower under this Agreement shall be for the account of all the Lenders and the Agent shall forthwith distribute such payments in like funds as are received by the Agent to the Lenders rateably in accordance with their respective Lender's Proportions.

8.2 Non-Business Days

Whenever any amount hereunder shall become due on a date which is not a Business Day, the due date therefor shall be the next succeeding Business Day unless such day falls within the next calendar month, in which case it shall be due and payable on the immediately preceding Business Day and any amount of interest payable on such due date shall be adjusted.

8.3 Grossing-up for Taxes

8.3.1 If at any time the Borrower is required to make any deduction or withholding in respect of Taxes from any payment due under this Agreement for the account of a Finance Party, the sum due from the Borrower in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the relevant Finance Party receives on the due date for such payment (and retains, free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the Borrower shall indemnify the relevant Finance Party against all losses, costs and expenses incurred by it by reason of any failure of the Borrower to make any such deduction or withholding or by reason of any increased

payment not being made on the due date for such payment. The Borrower shall promptly deliver to the relevant Finance Party any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any such deduction or withholding.

8.3.2 If the Borrower makes a payment under clause 8.3.1 and the relevant Finance Party determines that it has received or been granted a credit against or relief or remission for, or repayment of, any Tax paid or payable by it in respect of or which takes account of the deduction, withholding or other matter giving rise to such payment by the Borrower, the relevant Finance Party shall, to the extent it determines that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as the relevant Finance Party shall have determined to be attributable to such deduction or withholding or other matter and which shall leave the relevant Finance Party (after such payment), in an after-Tax position which it determines to be no better or worse than it would have been in if the Borrower had not been required to make such deduction or withholding or such other matter had not arisen. Nothing herein contained shall:

(a) interfere with the right of the relevant Finance Party to arrange its Tax or other affairs in whatever manner it thinks fit;

(b) oblige the relevant Finance Party to disclose any information relating to its Tax or other affairs or any computations in respect thereof;

(c) require the relevant Finance Party to do anything that it determines would or may prejudice its ability to benefit from any other credit, relief, remission or repayment to which it may be entitled; or

(d) require the relevant Finance Party to give any priority as to the order in which it claims credits, relief, remissions and repayments or in which it allocates to any person or liability or class of persons or liabilities any credit, relief, remission or repayment.

8.3.3 If the relevant Finance Party makes any payment to the Borrower pursuant to clause 8.3.2 and such payment is subsequently reviewed by internal auditors to that Finance Party, acting in good faith and as experts, that the credit, relief, remission or repayment in respect of which such payment was made was not available or has been withdrawn or that it is unable to use such credit, relief, remission or repayment in full, the Borrower shall reimburse the relevant Finance Party such amount as the relevant Finance Party determines, in its sole opinion, is necessary to place it in the same after-Tax position as it would have been in if such credit, relief, remission or repayment had been obtained and fully used and retained by the relevant Finance Party.

8.4 General Tax indemnity

The Borrower shall indemnify the relevant Finance Party against the actual amount of all Taxes (other than Excluded Taxes) imposed or asserted by any Government Entity or other competent authority against the relevant Finance Party with respect to: (a) the facility hereunder granted to the Borrower, the Loan, any Advance or the transactions contemplated by the Relevant Documents (or any of them) or (b) the Aircraft or the purchase, ownership or delivery thereof or (c) the Borrower engaging in business in, having or having had an office, branch or permanent establishment in, or being or having been a citizen or resident of, or domiciled in, or incorporated or created in or under the Applicable Laws of, the jurisdiction imposing such Taxes.

8.5 Partial payments

If, on any date on which a payment is due to be made by the Borrower under this Agreement, the amount received from the Borrower falls short of the total amount of the payment due to be made by the Borrower on such date then, without prejudice to any rights or remedies available to the relevant Finance Party under this Agreement, the relevant Finance Party shall apply the amount actually received from the Borrower, or from the exercise of its rights and powers under the Relevant Documents at any time thereafter, in or towards discharge of the obligations of the

Borrower under this Agreement and the other Relevant Documents in such order as circumscribed by the Trust Agreement, notwithstanding any appropriation made, or purported to be made, by the Borrower.

8.6 Calculations

All interest and other payments of an annual nature under this Agreement shall accrue from day to day and be calculated on the basis of actual days elapsed and a 360 day year. In calculating the actual number of days elapsed in a period which is one of a series of consecutive periods with no interval between them or a period on the last day of which any payment falls to be made in respect of such period, the first day of such period shall be included but the last day excluded.

8.7 Certificates conclusive

Any certificate or determination of the Lenders as to any rate of interest or any amount payable under this Agreement shall, in the absence of manifest error, be conclusive and binding, as to the amount from time to time owing by the Borrower under this Agreement.

8.8 Excluded Taxes

The provisions of clauses 7.2, 7.3, 8.3 and 8.4 shall not apply, and the Borrower shall have no liability to any Indemnitee in respect of, any Tax or any increased payment which is an Excluded Tax.

9 Representations and warranties

9.1 The Borrower represents and warrants to the Finance Parties that:

9.1.1 Due incorporation

the Borrower is duly incorporated and validly existing under the laws of Ireland as a limited liability company and has power to carry on its business as it is now being conducted and as contemplated by the Relevant Documents and to own its property and other assets;

9.1.2 Corporate power to borrow

the Borrower has power to execute, deliver and perform its obligations under the Relevant Documents to which it is a party and to borrow the Commitment; all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same and no limitation on the powers of the Borrower to borrow shall be exceeded as a result of borrowings under this Agreement;

9.1.3 Binding obligations

this Agreement and the other Relevant Documents constitute valid and legally binding obligations of the Borrower enforceable in accordance with their respective terms except as the same may be limited by applicable principles of equity, bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally and subject to the qualifications set out in the legal opinions to be provided to the Finance Parties in accordance with this Agreement;

9.1.4 Pari passu status

the obligations of the Borrower under this Agreement and the other Relevant Documents to which it is a party are direct, general and unconditional obligations of the Borrower and rank at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of the Borrower, with the exception of any such obligations which are mandatorily preferred by law and not by contract;

9.1.5 No conflict with other obligations

the execution and delivery of, the borrowing of the Commitment under, the performance of its obligations under, and compliance with the provisions of, the Relevant Documents to which the Borrower is a party by the Borrower shall not (i) contravene any existing Applicable Law or any judgement, decree or permit to which the Borrower is subject, (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 the Borrower is a party or is subject or by which it or any of its property is bound, (iii) contravene or conflict with any provision of the Borrower's constitutional documents or (iv) result in the creation or imposition of or oblige the Borrower to create any Lien on any of the Borrower's undertaking, assets, rights or revenues except to the extent provided for in the Relevant Documents;

9.1.6 Consents obtained

every consent, authorisation, licence or approval of, or registration with or declaration to, any Government Entity required by the Borrower to authorise, or required by the Borrower in connection with, the execution, delivery, validity, enforceability, priority or admissibility in evidence of this Agreement and the other Relevant Documents to which the Borrower is a party or the performance by the Borrower of its obligations under this Agreement and the other Relevant Documents to which the Borrower is a party has been obtained or made and is in full force and effect and there has been no default in the observance of the conditions or restrictions (if any) imposed in, or in connection with, any of the same;

9.1.7 No filings required

Save for the Engine Assignments and the Purchase Agreement Assignment in respect of each of which particulars thereof must be filed with the Irish Registrar of Companies in accordance with section 99 of the Irish Companies Act 1963 (as amended) within twenty one days after the creation of the security thereunder, it is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of this Agreement or any other Relevant Document (or any of them) that it or any other instrument be notarised, filed, recorded, registered or enrolled in any court, public office or elsewhere under any Applicable Law or that any stamp, registration or similar tax or charge be paid under any Applicable Law on or in relation to this Agreement or any other Relevant Document (or any of them) and this Agreement and the other Relevant Documents are in proper form for their enforcement in the English courts (or, if any such action is necessary, it has taken such action);

9.1.8 No litigation

no litigation, arbitration or administrative proceeding is taking place, pending or, to the knowledge of the officers of the Borrower, threatened against the Borrower that could reasonably be expected to have a material adverse effect on the ability of the Borrower to perform its obligations under the Relevant Documents to which it is a party;

9.1.9 No defaults

the Borrower is not (nor would with the giving of notice or lapse of time or the satisfaction of any other condition or any combination thereof be) in breach of or in default under any agreement relating to Financial Indebtedness to which it is a party or by which it may be bound and no other Default has occurred and is continuing;

9.1.10 Financial statements correct and complete

the opening accounts and financial statements of the Borrower have been prepared in accordance with generally accepted accounting principles and practices in Ireland which have been consistently applied and present fairly and accurately the financial position of the Borrower as at such date and the results of the operations of the Borrower for the financial year ended on such date and, as at such date, the Borrower did not have any significant

actual liabilities or any losses which are not disclosed by, or reserved against or provided for in, such financial statements;

9.1.11 No material adverse change

there has been no material adverse change in the financial position of the Borrower from that set forth in the financial statements referred to in clause 9.1.10;

9.1.12 Choice of law

the choice by the Borrower of English law to govern this Agreement and the other Relevant Documents to which it is a party other than the CFM Engine Assignment and of New York law to govern the CFM Engine Assignment and the submissions to jurisdiction by the Borrower as provided herein and therein are valid and binding;

9.1.13 No immunity

the Borrower, under applicable law, is subject to private commercial law and suit, and neither the Borrower nor its properties or assets have any right of immunity from suit or execution on the grounds of sovereignty in its state of incorporation or any other jurisdiction or on any other grounds.

9.1.14 No withholding Taxes

no Taxes are imposed by withholding or otherwise on any payment to be made by the Borrower under this Agreement or any other Relevant Document (or any of them) and no Taxes are imposed on or by virtue of the execution or delivery by the Borrower of this Agreement or any other Relevant Document to which it is a party (or any of them) or any document or instrument to be executed or delivered thereunder; and

9.1.15 Compliance with consents and licences

every consent, authorisation, licence or approval required by the Borrower in connection with the conduct of its business and the ownership, use, exploitation or occupation of its property and assets has been obtained and is in full force and effect and there has been no default in the observance of the conditions and restrictions (if any) imposed in, or in connection with, any of the same which would or may have an adverse effect on the ability of the Borrower to perform its obligations under the Relevant Documents.

9.2 Each Lender represents and warrants that:

9.2.1

(a) it is and will continue to be (for so long as it is entitled to receive any payment from the Borrower under this Agreement) a body corporate which is resident for the purpose of tax in a Member State of the European Union (other than the Republic of Ireland) or any jurisdiction which has a double tax treaty with the Republic of Ireland; and

(b) interest under this Agreement is not and will not be paid to it in connection with a trade or business which is carried on by it in the Republic of Ireland through a branch or agency in the Republic of Ireland; or

9.2.2 it is and will continue to be (for so long as it is entitled to receive any payment from the Borrower under this Agreement) a bank carrying on a bona fide banking business in the Republic of Ireland within the meaning of Section 246 of the Irish Taxes Consolidation Act 1997.

10 Undertakings

10.1 The Borrower undertakes with each Finance Party that, from the date of this Agreement and so long as any moneys are owing under this Agreement or remain available for drawing by the Borrower, it shall:

10.1.1 Notice of Default

promptly upon becoming aware of the same inform the Agent of any occurrence which might adversely affect its ability to perform its obligations under this Agreement and the other Relevant Documents to which it is a party and of any Default or Purchase Agreement Default and, if so requested in writing by the Agent from time to time, confirm to the Agent in writing that, save as otherwise stated in such confirmation, no Default or Purchase Agreement Default has occurred and is continuing;

10.1.2 Consents and licences

without prejudice to clauses 3 and 9.1, 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, or registration with or declaration to, any Government Entity with which it is required to comply in connection with the execution, delivery, validity, enforceability, priority and admissibility in evidence of this Agreement and the other Relevant Documents and the performance of its obligations thereunder and do, or cause to be done, all other acts and things which may from time to time be necessary or desirable under Applicable Law for the continued due performance of all its obligations under this Agreement;

10.1.3 Use of proceeds

use the proceeds of drawings under this Agreement exclusively for the purpose specified in clause 1.1;

10.1.4 Pari passu

ensure that its obligations under this Agreement shall, without prejudice to the provisions of clause 6.3.4 of the Purchase Agreement Assignment, at all times rank at least pari passu with all its other present and future Financial Indebtedness (save and only to the extent that such Financial Indebtedness is secured) with the exception of any obligations which are mandatorily preferred by law and not by contract;

10.1.5 Financial statements

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 the Borrower's financial year, a copy of the Borrower's audited unconsolidated financial accounts for the relevant financial year;

(b) 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;

(c) and in any event within ten (10) months after the end of AerCap Ireland's financial year, a copy of AerCap Ireland's unaudited consolidated financial accounts for the relevant year;

(d) and in any event within forty five (45) days after the end of each quarterly accounting period of the Borrower and AerCap Holdings, a copy of the Borrower's and AerCap

Holdings' unaudited consolidated management accounts for the relevant quarterly period,

provided that the Borrower shall have no obligation pursuant to this clause 10.1.5 to the extent that such accounts are published on the AerCap website, within the applicable time periods specified above,

in each case, prepared in accordance with US, Dutch or Irish GAAP;

10.1.6 Delivery of reports

deliver to the Agent, in each case at the time of issue thereof, every report, circular, notice or like document issued by the Borrower to its principal creditors generally;

10.1.7 Provision of further information

provide the Agent with such financial and other information concerning the Borrower, the shareholders in the Borrower and their respective affairs, and such information concerning the Aircraft and the Purchase Agreement, as the Agent may from time to time reasonably request in the context of the Relevant Documents and the transactions contemplated thereby;

10.1.8 Compliance with Applicable Laws

comply with the terms and conditions of all Applicable Laws which are relevant to the carrying on of its business and the performance of its obligations under the Relevant Documents;

10.1.9 Filings and Further Assurance

take such action and execute such additional documentation at its own cost and expense as is reasonably required by the Agent to ensure the legality, validity, enforceability and admissibility in evidence of any of this Agreement or any other Relevant Document to which it is a party or perfect any or all security interests granted to any Finance Party pursuant to a Relevant Document or any other instrument related thereto including without limitation in circumstances where any of the same require to be notarised, filed, recorded, registered or enrolled in any court, public office or elsewhere under any Applicable Law or where any stamp, registration or similar tax or charge is required to be paid under any Applicable Law on or in relation thereto;

10.1.10 Corporate existence

maintain its existence as a limited liability company existing under the laws of Ireland and inform the Agent immediately and furnish it with all necessary evidence of any change in its legal form, type and qualification to transact business as a legal entity and of any material change in its business activities or in the legal and corporate documents regulating its activities;

10.1.11 Buyer Furnished Equipment and Modification

pay in full, on or prior to the Scheduled Delivery Date for each Aircraft, for:

(a) all buyer furnished equipment installed or to be installed on that Aircraft prior to the Delivery Date; and

(b) the cost of any modification to that Aircraft which it may undertake or request the Manufacturer or any other person to undertake prior to the Delivery Date; and

10.1.12 No dividends

not, and shall ensure that no member of the Borrower Group shall, declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital).

11 Equity Contribution

11.1 Details of the Equity Contribution payable by the Borrower in respect of each Aircraft are set out in column 4 of schedule 4.

11.2 To the extent that the Net Aircraft Price in respect of any Aircraft is higher than the Net Aircraft Price Maximum, the Equity Contribution for each Aircraft shall be increased accordingly and the Borrower shall procure that each of AerCap Ireland, LoadAir and/or the other shareholders in the Borrower at such time shall fund the Borrower with cash amounts which will enable it to pay such increased Equity Contribution to the Manufacturer, or, at the Security Trustee's sole discretion, shall provide other additional security satisfactory to the Finance Parties.

11.3 In the event of any increase being made to the Equity Contribution pursuant to this clause 11, each of the Borrower, the Agent and the Security Trustee shall agree a substitute version of schedule 4 which, when agreed in writing between the Borrower, the Agent and the Security Trustee shall be conclusive and binding on the parties to this Agreement and shall replace the existing schedule 4 for the purposes of this Agreement and the other Relevant Documents.

12 Negative Pledge

12.1 No Pledging of Shares

The Borrower hereby undertakes with each of the Finance Parties that it will procure that neither AerCap Ireland, LoadAir nor any other shareholder of the Borrower from time to time shall create any Lien over their respective shareholdings in the Borrower in favour of any other financing party as security for finance provided by such financing party to the Borrower unless such security interest is created for the joint benefit of the Finance Parties and such other financing party pursuant to arrangements whereby the entire issued share capital of the Borrower is charged in favour of a security trustee for the benefit of the Lenders and such other financing party, or, pursuant to arrangements which are otherwise acceptable to the Finance Parties.

12.2 No Floating Charge

The Borrower shall not, without the prior written consent of the Security Trustee, create a floating charge (howsoever described) over all, or substantially all, of its assets in favour of any financing party or other third party creditor other than the Finance Parties.

12.3 To the extent that the Borrower, from time to time, wishes to raise third party financing in connection with the acquisition of any Aircraft, the Borrower agrees that such financing shall be raised through a dedicated special purpose vehicle company. Notwithstanding the prohibition contained in clause 12.2, the Lenders acknowledge that a floating charge may be created by any such special purpose vehicle company for the benefit of its financiers.

13 [Intentionally omitted]

14 Events of Default and Termination

14.1 Events of Default

Each of the events and circumstances set out below is an Event of Default:

14.1.1 the Borrower fails to make any payment of (a) any scheduled payment in the currency and in the manner stipulated in this Agreement or any other Relevant Document within (five) 5

Business Days of the due date therefor or (b) any other amount due by it under this Agreement or any other Relevant Document within ten (10) Business Days of the due date thereof; or

14.1.2 without prejudice to clause 14.1.1 above, the Borrower fails to observe or perform any other covenants, conditions, obligations, undertakings, provision or agreements contained in this Agreement or any other Relevant Document, including, for the avoidance of doubt, those contained in clauses 11 to 12 of this Agreement, and such default, if capable of remedy, is not remedied within fifteen (15) Business Days of notice from the Security Trustee to the Borrower requiring such remedy; or

14.1.3 if any representation or warranty made or deemed to be made or repeated by or on behalf of the Borrower in this Agreement or any other Relevant Document or in any document or certificate furnished by the Borrower in connection herewith or therewith shall prove to have been false or incorrect in any material respect on the date it was made or deemed to be made or repeated and, if it is possible to remedy the situation which caused such representation or warranty to be false or incorrect, it is not remedied within fifteen (15) Business Days after notice by the Security Trustee to the Borrower requiring the situation to be remedied that it has been remedied to the Security Trustee's satisfaction; or

14.1.4 the Borrower shall consent to the appointment of a receiver, administrator, administrative receiver, trustee, liquidator or examiner of itself or of a substantial part of its property or shall admit in writing its inability to pay its debts generally as they fall due or shall cease or declare its inability to carry on its business; or

14.1.5 the Borrower shall issue a notice convening a meeting of its creditors or make any arrangement or composition with, or any assignment for the benefit of, its creditors or any moratorium or rescheduling affecting all or a substantial part of the Financial Indebtedness of the Borrower is declared or imposed, or the Borrower shall issue a notice or otherwise convene a meeting for the purpose of considering a resolution, or a petition is presented or other steps, action or proceedings are taken by the Borrower, for the winding up, bankruptcy, liquidation, dissolution, administration, reorganisation, amalgamation or insolvency of the Borrower or for an administration order in respect of the Borrower; or

14.1.6 a petition is presented or other steps, action or proceedings are taken by any person (other than the Borrower) for the winding up, bankruptcy, liquidation, dissolution, administration, reorganisation, amalgamation or insolvency of the Borrower or for an administration order in respect of the Borrower other than a petition, steps, action or proceedings which the Borrower proves to the satisfaction of the Security Trustee has been presented, made or taken by such other person only for frivolous or vexatious reasons and which is discharged or stayed within thirty (30) days of the presentation or commencement thereof; or

14.1.7 an order, judgment or decree shall be entered by any court, tribunal or authority of competent jurisdiction for the winding up, bankruptcy, liquidation, dissolution, administration, reorganisation or amalgamation of the Borrower or appointing, without the consent of the Borrower (as appropriate), a receiver, administrator, administrative receiver, trustee, liquidator or examiner of the Borrower or of any substantial part of the Borrower's (as appropriate) property, or sequestering any substantial part of the property of the Borrower; or

14.1.8 the Borrower is declared insolvent or bankrupt or is liquidated, wound up, dissolved, reorganised or amalgamated by any court, tribunal or authority of competent jurisdiction other than for the purposes of a solvent reconstruction or amalgamation, the terms of which have received the prior written consent of the Security Trustee (such consent not to be unreasonably withheld or delayed); or

14.1.9 the Borrower suspends or ceases or makes a public announcement to suspend or cease to carry on its business; or

14.1.10 any event analogous to any of the events specified in clauses 14.1.4, 14.1.5, 14.1.6, 14.1.7, 14.1.8 or 14.1.9 occurs in any jurisdiction to which the Borrower (as appropriate) is subject; or

14.1.11 any Financial Indebtedness of the Borrower in excess of (i) one million Dollars ($1,000,000) (or the equivalent thereof in any other currency), in respect of the period up to Delivery of the first Aircraft or (ii) three million five hundred thousand Dollars ($3,500,000) (or the equivalent thereof in any other currency,) in respect of the period thereafter, is not paid when due after the expiry of any originally applicable grace periods or becomes due and payable prior to the date when it would otherwise have become due; or

14.1.12 the validity or enforceability of any of the Relevant Documents shall at any time and for any reason be contested by the Borrower or the Borrower shall otherwise repudiate any of the Relevant Documents or do or cause or permit to be done any act or thing evidencing an intention to repudiate any of the Relevant Documents; or

14.1.13 a creditor attaches or takes possession of, or a distress, execution, sequestration or other process is levied or enforced upon or sued out against, any material part of the undertakings, assets, rights or revenues of the Borrower and is not discharged within any period of time provided in the relevant judgment or if no such period is provided for, fourteen (14) days; or

14.1.14 the Borrower transfers or disposes of all or a substantial part of its assets, whether by one or a series of transactions, related or not, other than (i) any transfer or disposal of an Aircraft (or groups of Aircraft) to a special purpose company (or companies) where such transfer or disposal is made in order to enable the Borrower to raise long-term financing for the acquisition cost of such Aircraft, (ii) any pledging of the shares in the Borrower in the manner contemplated by clause 12.1 or (iii) any transfer or disposal of an Aircraft upon or following the repayment in full of the Advance in respect of such Aircraft; or

14.1.15 the Security Trustee or Agent receives written notice from (a) the Manufacturer that a Purchase Agreement Default has occurred and is continuing under the Purchase Agreement or (b) an Engine Manufacturer that an Engine Agreement Default has occurred and is continuing under an Engine Agreement.

14.2 Declaration of Default; Automatic Acceleration

Following the occurrence of an Event of Default which is continuing, the Agent may, and if so requested by the Instructing Group shall, without prejudice to any other rights of the Lenders hereunder, by written notice to the Borrower declare that:

14.2.1 the Lenders' obligation to make available the Commitment shall be terminated whereupon the Lenders shall each be discharged from their respective obligations to make further Advances; and/or

14.2.2 the Loan and all interest accrued and all other sums payable under this Agreement shall become due and payable either forthwith or on any date specified in such notice, whereupon the same shall immediately, or in accordance with terms of such notice, became so due and payable,

PROVIDED ALWAYS THAT upon the occurrence of any of the Events of Default specified in clauses 14.1.1(a), 14.1.4, 14.1.5, 14.1.6, 14.1.7, 14.1.8, 14.1.9 and 14.1.10 the Lenders' commitment shall terminate automatically upon the occurrence of such Event of Default, the Lenders shall immediately be discharged from their respective obligations to make any further Advances and the Loan and all interest accrued thereon shall upon the occurrence of any such Events of Default become immediately due and payable.

On or at any time after the making of such declaration, or upon the occurrence of any of the specific Events of Default specified in the above proviso, the Agent shall be entitled to, to the exclusion of the Borrower (and without prejudice to clause 5.3), select the duration of Interest Periods.

15 Indemnities

15.1 Miscellaneous indemnities

The Borrower shall on demand indemnify each Finance Party, without prejudice to any of their other rights under this Agreement and the other Relevant Documents, against any loss (including loss of Margin), cost or expense which each Finance Party shall certify as sustained or incurred by it as a consequence of:

15.1.1 any default in payment by the Borrower of any sum under this Agreement or any other Relevant Document when due (including, for the avoidance of doubt, any losses, costs or expenses which the relevant Finance Party may incur by reason of the exercise by the relevant Finance Party of its rights under the Relevant Documents consequent upon the occurrence of such default); and

15.1.2 the occurrence of any other Event of Default (including, for the avoidance of doubt, any losses, costs or expenses which the Lender may incur by reason of the exercise by the Lender of its rights under the Relevant Documents consequent upon the occurrence of such Event of Default),

including, in any such case, but not limited to, any Break Funding Losses or any other amount owing to the relevant Finance Party but excluding any loss in respect of which it has been indemnified pursuant to any other provision of the Relevant Documents and any cost, loss or expense sustained or incurred by the Finance Party in connection with any sale of the Aircraft and/or any sale or transfer of the rights assigned to the relevant Finance Party under or pursuant to the Purchase Agreement Assignment in each case following the occurrence of an Event of Default, and as evidenced to the Borrower in writing by the relevant Finance Party. In the event that any Finance Party realises a Break Funding Gain, such Finance Party shall pay a sum equal to such Break Funding Gain to the Borrower promptly upon realisation thereof.

15.2 Currency of account; currency indemnity

15.2.1 No payment by the Borrower under this Agreement or any other Relevant Document which is made in a currency other than the currency (the "**Contractual Currency**") in which such payment is required to be made pursuant to this Agreement or such other Relevant Document shall discharge the obligation in respect of which it is made except to the extent of the net proceeds in the Contractual Currency received by a Finance Party upon the sale of the currency so received, after taking into account any premium and costs of exchange in connection with such sale. For the avoidance of doubt a Finance Party shall not be obliged to accept any such payment in a currency other than the Contractual Currency nor shall a Finance Party be liable to the Borrower for any loss or alleged loss arising from fluctuations in exchange rates between the date on which such payment is so received by the Finance Party and the date on which a Finance Party effects such sale, as to which a Finance Party shall (as against the Borrower) have an absolute discretion.

15.2.2 If any sum due from the Borrower under this Agreement or any other Relevant Document or any order or judgement given or made in relation hereto or thereto is required to be converted from the Contractual Currency or the currency in which the same is payable under such order or judgement (the "**first currency**") into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Borrower, (b) obtaining an order or judgement in any court or other tribunal or (c) enforcing any order or judgement given or made in relation to this Agreement or any other Relevant Document, the Borrower shall indemnify and hold harmless each Finance Party from and against any loss suffered as a result of any difference between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which a Finance Party may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgement, claim or proof.

15.2.3 Any amount due from the Borrower under the indemnity contained in this clause 15.2 shall be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement or any other Relevant Document and the term "**rate of exchange**" includes any premium and costs of exchange payable in connection with the purchase of the first currency with the second currency.

15.3 Funding indemnity

The Borrower expressly acknowledges that the Lenders may, from time to time, enter into funding arrangements and incur certain Financial Indebtedness for the purposes of facilitating the transactions contemplated by this Agreement and that all such arrangements may be terminated in the event that the Borrower fails to draw down an Advance after a Drawdown Notice has been given in respect thereof or any Advance or any part thereof is repaid or prepaid otherwise than on an Interest Payment Date for that Advance. Accordingly, the Borrower agrees that in the case of:

(a) any repayment or prepayment of all or part of any Advance being made otherwise than on an Interest Payment Date for that Advance; and

(b) any Advance not being made for any reason after a Drawdown Notice has been given in respect thereof,

the Borrower shall indemnify, and hereby agrees to indemnify, the Lenders and each of them fully against the amount of any Break Funding Costs incurred by any Lender as a result thereof. In the event that any Lender realises a Break Funding Gain, such Lender shall pay a sum equal to such Break Funding Gain to the Borrower promptly following realisation thereof.

16 Illegality; increased costs; mitigation

16.1 Illegality

If, at any time as a consequence of a Change in Law:

16.1.1 it is or shall become unlawful, illegal, prohibited or contrary to any Applicable Law for any party to this Agreement or any of the other Relevant Documents to participate, or continue to participate in the transactions contemplated by this Agreement or the other Relevant Documents or to perform a material obligation under and/or give any required consent pursuant to this Agreement or any other Relevant Document or to continue as a party to this Agreement or any other Relevant Document;

16.1.2 all or any part of this Agreement or any other Relevant Document (other than the Purchase Agreement Assignment or an Engine Assignment) is or becomes void, illegal, invalid or unenforceable or of limited force and effect under any Applicable Law and the same would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrower (or any of them) in and to the Aircraft and/or under any Relevant Document being materially adversely affected, based on advice received by the Security Trustee and shared with the Borrower from reputable legal counsel in the relevant jurisdictions; or

16.1.3 all or any part of the Purchase Agreement Assignment or an Engine Assignment is or becomes void, illegal, invalid or unenforceable or of limited force and effect under any Applicable Law,

then, without prejudice to the Borrower's obligations and the rights of the Finance Parties in relation to the Aircraft and under the Relevant Documents, the affected party shall serve notice of such event on the other parties hereto and clause 16.4 shall apply and not later than the earlier of (a) the end of the consultation period referred to in clause 16.4 and (b) the date on which such Change in Law takes effect:

(a) the obligations of the Lenders to advance the Loan shall be terminated and all Commitments shall be reduced to zero; and

(b) the Borrower shall prepay the Loan together with all other amounts then due and owing under this Agreement and the other Transaction Documents.

16.2 Increased costs

If the result of any Change in Law or Capital Adequacy Requirement is to:

16.2.1 increase the cost to, or impose an additional cost on, any Lender in maintaining its obligations under this Agreement, in each case, other than in respect of Taxes; and/or

16.2.2 reduce the amount payable or the effective return to any Lender under this Agreement, other than as a result of any Tax payable by such Lender,

then, and in each such case:

(a) such Lender shall notify the Borrower through the Agent in writing of such event promptly upon its becoming aware of the same but in any case within three (3) months after the date on which the Lender first became aware of the circumstances giving rise to the Tax, increased cost, additional cost, reduction, payment or forgone return; and

(b) the Borrower shall on demand pay to the Agent for the account of such Lender the amount (which shall not include Taxes) which such Lender specifies (in a certificate setting forth the basis of the computation of such amount but not including any matters which such Lender regards as confidential in relation to its funding arrangements) is required to compensate such Lender for such increased cost, additional cost, reduction, payment or forgone return.

16.3 Exclusions

The following are excluded from the Borrower's agreement to indemnify any particular Lender under clause 16.2:

16.3.1 any Loss which relates to any loss of anticipated profit or return (including loss of Margin or margin);

16.3.2 any Loss which comprises the normal administrative costs and expenses of any Lender (but excluding any such expenses caused directly by, or incurred after, the occurrence of an Event of Default); or

16.3.3 any Loss which arises from an act or omission which constitutes gross negligence or wilful default by such Lender.

PROVIDED FURTHER THAT a Lender shall not be entitled to make any claim to be indemnified for any Loss pursuant to clause 16.2 to the extent that it is actually compensated therefor by any party in accordance with any other provision of the Relevant Documents.

16.4 Mitigation

If circumstances arise which would, or would upon the giving of notice, result in:

16.4.1 the Borrower being required to make an increased payment to a Lender pursuant to clause 8.3.1;

16.4.2 the reduction of a Lender's Commitment to zero or the Borrower being required to prepay the Loan pursuant to clause 16.1; or

16.4.3 the Borrower being required to make a payment to a Lender to compensate a Lender for a liability to Taxes, increased or additional cost, reduction, payment, forgone return or loss pursuant to clause 16.2,

then, without in any way limiting, reducing or otherwise qualifying the obligations of the Borrower under clause 8 and this clause 16, the Lenders and the Borrower, each acting in good faith, shall consult for a maximum period of thirty (30) days with a view to identifying what (if any) reasonable steps are open to them to mitigate or remove such circumstances, provided however that a Lender shall not be obliged to take any such steps if to do so might (in the opinion of that Lender) be prejudicial to itself or be in conflict with its' general banking policies or involve it in expense or an increased administrative burden unless it is indemnified to its satisfaction by the Borrower for such expenses or the costs associated with such increased administrative burden. All costs and expenses reasonably incurred by the Finance Parties in connection with such consultation process and any resultant mitigating action shall be for the account of the Borrower.

17 Assignment, transfer and lending offices

17.1 Benefit and burden

This Agreement shall be binding upon, and enure for the benefit of, each Finance Party and their respective successors.

17.2 Assignment, transfer and lending offices

None of the parties to this Agreement may assign or transfer all or any of its rights and obligations hereunder, and no Lender may change its lending office for the purpose hereof, other than pursuant to and in accordance with clause 13 of the Trust Deed.

18 Notices and other matters

18.1 Notices

Every notice, request, demand or other communication under this Agreement or any other Relevant Document shall:

18.1.1 be in writing delivered personally or by first-class prepaid letter (airmail if available) or by fax;

18.1.2 be deemed to have been received, subject as otherwise provided in this Agreement or any other Relevant Document, in the case of a letter when delivered and, in the case of a fax, when transmission of a complete copy is confirmed by the sender through receipt of a facsimile confirmation showing the correct number of pages having been sent received by the addressee (unless the date of despatch is not a business day in the country of the addressee or the time of despatch of any fax is after the close of business in the country of the addressee in which case it shall be deemed to have been received at the opening of business on the next such business day); and

18.1.3 be sent:

(a) to the Borrower at:

AerVenture Limited
c/o AerCap Ireland Limited
AerCap House

Shannon Industrial Estate
Shannon
County Clare
Ireland

Fax: + 353 61723850
Attention: Company Secretary

with a copy to:

AerCap B.V.
Evert van de Beekstraat 312
1118 CX Schiphol
The Netherlands

Fax: +31 20 655 9100
Attn: Group Treasurer

(b) to the Agent and Security Trustee at:

Calyon
9 Quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

Facsimile: (+33) 1 41 89 91 96 and (+33) 1 41 89 85 75
Attention: Head of Transportation Group and DFS / MO

(c) to each Lender at its address or telefax number specified in schedule 1 or in any relevant Substitution Certificate,

or to such other address or fax number as is notified by one party to the other parties to this Agreement or any other Relevant Document. Without prejudice to the validity of any notice given pursuant to this clause 18.1, the recipient of any fax notice shall confirm receipt of a legible version of such notice as soon as practicable after such receipt.

18.2 Notices through the Agent

Every notice, request, demand or other communication under this Agreement to be given by the Borrower to any other party shall be given to the Agent for onward transmission as appropriate and to be given to the Borrower shall (except as otherwise provided in this Agreement) be given by the Agent.

18.3 No implied waivers, remedies cumulative

No failure or delay on the part of a Finance Party to exercise any power, right or remedy under this Agreement or any other Relevant Document shall operate as a waiver thereof, nor shall any single or partial exercise by a Finance Party of any power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The remedies provided in this Agreement and the other Relevant Documents are cumulative and are not exclusive of any remedies provided by law.

18.4 English translations

All certificates, instruments and other documents to be delivered under or supplied in connection with this Agreement and the other Relevant Documents shall be in the English language or shall be accompanied by a certified English translation upon which the Finance Parties shall be entitled to rely.

18.5 Severability

If at any time any provision of this Agreement or any of the other Relevant Documents is or becomes illegal invalid or unenforceable in any respect under the law of any jurisdiction neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity

or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

18.6 Counterparts

This Agreement and the other Relevant Documents may be executed in any number of counterparts and by the different parties on separate counterparts, each of which when so executed and delivered shall be an original, but all counterparts shall together constitute one and the same instrument.

18.7 Third parties

Any person who is not a party to this Agreement and the other Relevant Documents shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce its terms. Subject to any provision of any Relevant Document to the contrary, the consent of any person who is not a party to this Agreement shall not be required to any amendment, variation (including, without limitation, any release or compromise of any liability) or termination of this Agreement or any other Relevant Document.

19 Governing law

This Agreement is governed by and shall be construed in accordance with English law.

20 Jurisdiction

20.1 For the benefit of the Finance Parties, the parties hereto irrevocably agree that any legal action or proceedings in connection with this Agreement may be brought in the English courts, which shall have non-exclusive jurisdiction to settle any disputes arising in connection with this Agreement. The parties hereto hereby irrevocably and unconditionally submit to the non-exclusive jurisdiction of the English courts. The submission to such jurisdiction shall not (and shall not be construed so as to) limit the rights of any Finance Party to take proceedings against any other party in any other court of 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 Borrower irrevocably waives any objection it may now or hereafter have to the laying of venue of any action or proceeding in any court and any loss it may now or hereafter have that any action or proceeding has been brought in an inconvenient forum.

20.2 For the benefit of the Finance Parties, the Borrower hereby irrevocably and unconditionally waives: (a) any immunity from the jurisdiction of the court mentioned in clause 20.1 and any immunity from suit, judgment, execution, set-off, attachment, arrest, specific performance, injunction or other judicial order or remedy to which it or any of its assets may be entitled at present or in the future in any jurisdiction in respect of any legal action or proceedings with respect to or in connection with this Agreement; and (b) any objections to such jurisdiction on the ground of venue or *forum non conveniens* or any similar grounds.

20.3 The Borrower hereby irrevocably designates, appoints and empowers Freshfields Bruckhaus Deringer whose current address is at 65 Fleet Street, London EC4Y 1HS, England (Ref: DMP Litigation/RFM) to receive for it and on its behalf service of process issued out of the English courts in any legal action or proceedings arising out of or in connection with this Agreement. If the agent referred to above ceases so to act, or ceases to have a place of business in England, the Borrower shall forthwith notify the Finance Parties thereof and appoint another person resident in England reasonably acceptable to the Finance Parties to act as its agent for service of process under this 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.

Exhibit 2.18

EXECUTION COPY

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 Parties Hereto,

CALYON New York Branch,
as Administrative Agent,

HSH Nordbank AG,
as Syndication Agent,

and

DekaBank Deutsche Girozentrale,
Wachovia Bank, National Association,
and
Norddeutsche Landesbank Girozentrale,
as Co-Documentation Agents

CALYON New York Branch,
as Lead Arranger and Bookrunner

TABLE OF CONTENTS

THIS SECOND AMENDED AND RESTATED SENIOR CREDIT AGREEMENT (this "**Agreement**"), dated as of December 19, 2007, among AeroTurbine, Inc., a Delaware corporation (the "**Borrower**"), the several banks and other financial institutions or entities from time to time parties to this Agreement (the "**Lenders**"), CALYON New York Branch, as administrative agent for the Lenders as provided herein (the "**Administrative Agent**"), HSH Nordbank AG, as Syndication Agent, and DekaBank Deutsche Girozentrale, Wachovia Bank, National Association and Norddeutsche Landesbank Girozentraleas, as Co-Documentation Agents.

WHEREAS, the Borrower (as successor by merger to AerCap AT, Inc.) entered into that certain Senior Credit Agreement, dated as of April 26, 2006, as amended and restated as of December 13, 2006 (the **"Original Credit Agreement"**), with certain financial institutions party thereto, the Administrative Agent, the Syndication Agent and the Co-Documentation Agents;

WHEREAS, the Borrower desires to increase each Lender's Revolving Commitment and to add a letter of credit facility and modify certain terms of the Original Credit Agreement;

NOW THEREFORE, the parties hereto agree to amend and restate the Original Credit Agreement, effective as of the Effective Date, in its entirety as follows:

Section 1. Definitions.

1.1 Defined Terms. As used in this Agreement, the terms listed in Appendix I or any Security Document shall have the respective meanings set forth in such Appendix or Security Document. Any reference in Appendix I to a Section, Annex, Schedule or Exhibit without designation as to the particular agreement to which the same relates shall be deemed a reference to the related Section, Annex, Schedule or Exhibit hereof or hereto, including any such Section, Annex, Schedule or Exhibit incorporated herein by reference.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to Borrower or any of its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (iii) the word "incur" shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words "incurred" and "incurrence" shall have correlative meanings), (iv) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

(c) The words "hereof", "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

Section 2. Amount and Terms of Commitments.

2.1 [Intentionally Omitted]

2.2 Letters of Credit.

(a) Letter of Credit Commitment.

(i) Subject to the terms and conditions hereof, the Letter of Credit Issuer agrees to issue Letters of Credit for the account of Borrower.

(ii) The Letter of Credit Issuer shall not be required to issue any Letter of Credit, if: (A) the expiry date of such Letter of Credit would occur later than twelve (12) months after the date of issuance (provided that such Letter of Credit may provide for the renewal thereof for additional one-year periods provided that the expiry date of any renewal shall not be later than the last day of the Letter of Credit Availability Period) or the last day of the Letter of Credit Availability Period, (B) a Default or an Event of Default shall have occurred and be continuing or (C) after giving effect to such issuance, the Letter of Credit Exposure would exceed the Letter of Credit Commitment or the Total Aggregate Exposure would exceed the Total Revolving Commitments.

(iii) The Letter of Credit Issuer shall be under no obligation to issue any Letter of Credit if: (A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Letter of Credit Issuer from issuing, or Borrower from requesting, such Letter of Credit, or any Requirement of Law applicable to the Letter of Credit Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Letter of Credit Issuer or Borrower (as the case may be) shall prohibit, or request that the Letter of Credit Issuer or Borrower refrain from, the issuance or requesting the issuance of letters of credit generally or such Letter of Credit in particular and (B) such Letter of Credit is to be denominated in a currency other than Dollars.

(iv) Each Lender shall and does hereby participate ratably with the Letter of Credit Issuer in each Letter of Credit issued and outstanding hereunder to the extent of its Revolving Percentage, and shall share in all rights and obligations resulting therefrom, including, without limitation: (i) the right to receive from Administrative Agent its Revolving Percentage of any reimbursement of the amount of each draft drawn under each Letter of Credit, including any interest payable with respect thereto; (ii) the right to receive from Administrative Agent its Revolving Percentage of the Letter of

Credit fee pursuant to Section 2.6 hereof; (iii) the right to receive from Administrative Agent its additional costs, if any, pursuant to Section 2.13 hereof; and (iv) the obligation to pay the beneficiary of any Letter of Credit its Revolving Percentage of such Letter of Credit upon proper presentation to the Letter of Credit Issuer by promptly delivering to Administrative Agent when it receives notice of any payment by Administrative Agent or the Letter of Credit Issuer to any beneficiary of any Letter of Credit in immediately available funds, its Revolving Percentage thereof.

(b) Issuance of Letters of Credit.

(i) The Borrower may request the issuance of a Letter of Credit by delivering to the Letter of Credit Issuer not later than at least one (1) Business Day prior to the proposed issuance date thereof, a Letter of Credit Application together with the following information in form and detail reasonably satisfactory to Letter of Credit Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof (which shall not be less than $500,000); (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; and (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder. Additionally, the Borrower shall furnish to the Letter of Credit Issuer such other documents and information pertaining to such requested Letter of Credit issuance as the Letter of Credit Issuer may reasonably require. The Letter of Credit Issuer shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof.

(ii) The Borrower agrees to pay or reimburse the Letter of Credit Issuer for all its normal and customary out-of-pocket costs and expenses incurred in connection with the issuance or proposed issuance of each Letter of Credit, including the reasonable fees and disbursements of counsel to the Letter of Credit Issuer.

(c) Drawings and Reimbursements. Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Letter of Credit Issuer shall notify Borrower thereof. If the Letter of Credit Issuer shall make any payment pursuant to a Letter of Credit, Borrower shall reimburse the Letter of Credit Issuer in an amount equal to the amount of such payment (i) if the Borrower receives notice of such payment prior to 12:00 noon New York time on any Business day, no later than 5:00 p.m. New York time on such Business Day and (ii) if the Borrower receives notice of such payment at or after 12:00 noon New York time on any Business Day, no later than 12:00 noon New York time on the immediately following Business Day.

(d) Obligations Absolute. The obligation of Borrower to reimburse the Letter of Credit Issuer for each drawing under each Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), Administrative Agent, any Lender, Letter of Credit Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the Letter of Credit Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the Letter of Credit Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower.

(e) Role of Letter of Credit Issuer. Borrower agrees that, in paying any drawing under a Letter of Credit, neither the Letter of Credit Issuer, Administrative Agent nor Lenders shall have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Letter of Credit Issuer, Administrative Agent or any Lender nor any of the respective correspondents, participants or assignees of the Letter of Credit Issuer, Administrative Agent or any Lender shall be liable to Borrower for: (i) any action taken or omitted in connection herewith at the request or with the approval of Borrower in the absence of gross negligence or willful misconduct of the Letter of Credit Issuer, Administrative Agent or any Lender; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct of the Letter of Credit Issuer, Administrative Agent or any Lender; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit . Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude Borrower pursuing such rights and remedies as they may have against the beneficiary or transferee at law or under any other agreement. None of the Letter of Credit Issuer, Administrative Agent or any Lender nor any of the respective correspondents, participants or assignees of the Letter of Credit Issuer,

Administrative Agent or any Lender, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.2(d) except due to or resulting from the gross negligence or willful misconduct of the Letter of Credit Issuer, Administrative Agent or any Lender. In furtherance and not in limitation of the foregoing, the Letter of Credit Issuer, Administrative Agent or any Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, and neither the Letter of Credit Issuer, Administrative Agent nor any Lender shall be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(f) Cash Collateral. Upon the request of Letter of Credit Issuer if, (A) as of the Letter of Credit Expiration Date or (B) as of the date the Revolving Commitments are terminated pursuant to Section 8 hereof, any Letter of Credit for any reason remains outstanding and partially or wholly undrawn, Borrower shall immediately Cash Collateralize the then-outstanding amount of the Letter of Credit Exposure.

For purposes of this Section 2.2(f), "***Cash Collateralize***" means to pledge and deposit with or deliver to Letter of Credit Issuer, as collateral for the Letter of Credit Exposure, cash or deposit account balances pursuant to documentation in form and substance satisfactory to Letter of Credit Issuer to be held by Letter of Credit Issuer. Borrower hereby grants to Letter of Credit Issuer, for the benefit of itself and each the Lender, a security interest in all such cash, deposit accounts and all balances in such collateral accounts and all proceeds of the foregoing. Cash collateral shall be maintained in blocked accounts at the Letter of Credit Issuer. If at any time, no Letter of Credit remains outstanding or the Letter of Credit Exposure shall have been reduced to zero, the Letter of Credit Issuer shall promptly return all cash collateral, together with investment earnings thereon, to the Borrower, and the Letter of Credit Issuer shall thereafter promptly release and terminate all of its security interests therein.

2.3 Swing Line Loans; Swing Line Commitment. (a) During the Revolving Commitment Period, subject to the terms and conditions hereof, the Swing Line Lender hereby agrees to make Swing Line Loans to the Borrower in the aggregate amount up to but not exceeding the Swing Line Commitment; provided that, after giving effect to the making of any Swing Line Loan, in no event shall the Total Revolving Extensions of Credit exceed the Total Revolving Commitments. Amounts borrowed pursuant to this Section 2.3 which are repaid may be reborrowed during the Revolving Commitment Period. The Swing Line Loans may only be ABR Loans.

(b) (i) Swing Line Loans shall be made in an amount not less than $500,000.

(ii) Whenever the Borrower desires that the Swing Line Lender make a Swing Line Loan, the Borrower shall deliver to the Administrative Agent a Notice of Borrowing no later than 12:00 p.m. (New York City time) on the date the Borrower requests in such Notice of Borrowing for the Swing Line Loan to be available. A Notice of Borrowing delivered under this Section 2.3(b)(ii) shall constitute a "Notice of Borrowing" under Section 2.5 for a LIBOR Loan (unless otherwise specified by the

Borrower), with a Borrowing Date occurring on the date that is three Business Days after the date of such Notice of Borrowing, in a principal amount equal to the Swing Line Loan requested with an Interest Period of three months (or such other Interest Period specified in such Notice of Borrowing) commencing three Business Days after the date the Swing Line Lender makes the Swing Line Loan available. The Administrative Agent and each Lender shall comply with their respective obligations under Section 2.5 in respect of such LIBOR Loan and the proceeds of such LIBOR Loan shall be applied by the Administrative Agent to repay the Swing Line Loan in full.

(iii) The Swing Line Lender shall make the amount of its Swing Line Loan available to the Administrative Agent not later than 2:00 p.m. (New York City time) on the applicable Borrowing Date by wire transfer of same day funds in Dollars at Administrative Agent's Principal Office. Except as provided herein, upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent shall make the proceeds of such Swing Line Loans available to Borrower on the same date by causing an amount of same day funds in Dollars equal to the proceeds of such Swing Line Loans received by the Administrative Agent from the Swing Line Lender to be credited to such account as may be designated in writing to the Administrative Agent by the Borrower.

(iv) Notwithstanding anything contained herein to the contrary, (1) each Lender's obligation to make Revolving Loans for the purpose of repaying any Swing Line Loan shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right that such Lender may have against the Swing Line Lender, any Loan Party or any other Person for any reason whatsoever; (B) the occurrence or continuation of a Default or Event of Default; (C) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of any Loan Party; (D) any breach of this Agreement or any other Loan Document by any party thereto; or (E) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided that, such obligations of each Lender are subject to the condition that the Swing Line Lender believed in good faith that all conditions under Section 5.2 to the making of such Swing Line Loan, were satisfied at the time such Swing Line Loan was made, or the satisfaction of any such condition not satisfied had been waived by the Required Lenders prior to or at the time such Swing Line Loan was made; and (2) the Swing Line Lender shall not be obligated to make any Swing Line Loans if it has elected not to do so after the occurrence and during the continuation of a Default or Event of Default, or (B) at a time when a Lender has defaulted in its obligations under Section 2.5 hereof unless the Swing Line Lender has entered into arrangements satisfactory to it and the Borrower to eliminate the Swing Line Lender's risk with respect to the defaulting Lender's participation in such Swing Ling Loan, including by cash collateralizing such defaulting Lender's pro rata share of the outstanding Swing Line Loans.

(v) Swing Line Loans may only be borrowed by the Borrower for the purpose set forth in Section 2.4(b)(y) hereof.

2.4 Revolving Commitments. (a) Subject to the terms and conditions hereof, each Lender severally agrees to make revolving credit loans ("**Revolving Loans**") to the Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which does not exceed the amount of such Lender's Revolving Commitment. During the Revolving Commitment Period the Borrower may use the Revolving Commitments by borrowing, prepaying the Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Loans may from time to time be LIBOR Loans or ABR Loans, as provided herein.

(b) Revolving Loans may be borrowed by the Borrower only (x) to repay Swing Line Loans as provided in Section 2.3(b)(ii) or (y) in connection with its acquisition (or refinancing the acquisition) of Eligible Equipment or the refinancing of Returned Equipment (to the extent of any previous reduction in the Borrowing Base Value of such Returned Equipment pursuant to the proviso to Section 3.2(h)) and, in either case, the Revolving Loans made in respect thereof shall not exceed (i) 100% of the Purchase Price or Appraisal Value therefor from the Effective Date to the date of the first mandatory prepayment pursuant to Section 2.9(a) occurring after the Effective Date; and (ii) thereafter, the Advance Rate therefor.

(c) The Borrower shall repay all outstanding Revolving Loans on the Maturity Date.

2.5 Procedure for Revolving Loan Borrowing. The Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day, provided that the Administrative Agent shall have received a Notice of Borrowing prior to 12:00 Noon, New York City time, three Business Days prior to the requested Borrowing Date, in the case of LIBOR Loans, or two Business Days prior to the requested Borrowing Date, in the case of ABR Loans (such Notice of Borrowing may be accompanied by a Notice of Conversion under Section 2.10(a)(ii)). Each borrowing under the Revolving Commitments shall be in an amount equal to not less than $500,000. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Lender thereof. Each Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the

Administrative Agent. The Borrower may, by notice given to the Administrative Agent (which notice may be given by telecopy or by email attaching a copy of a notice as a printable file) not later than 4:00 p.m., New York City time, on the initially requested Borrowing Date, postpone the Borrowing Date by not more than five Business Days, provided, that (i) all amounts received by the Administrative Agent with respect to the initially requested Borrowing Date shall be deposited in the Restricted Account, (ii) subject to the terms and conditions hereof, such amounts will be made available to the Borrower by the Administrative Agent on any day during such five Business Day period upon notice from the Borrower given to the Administrative Agent (which notice may be given by telecopy or by email attaching a copy of a notice as a printable file) not later than 10:00 a.m., New York City time, on the date requested, (iii) interest on such Loan shall accrue commencing on the initially requested Borrowing Date and (iv) if the

Borrower fails to borrow such amounts by the end of business on the fifth Business Day after the originally requested Borrowing Date, the Administrative Agent shall return such amounts to the respective Lenders on the next Business Day and the Borrower shall pay to the Administrative Agent, for distribution to the Lenders, interest on such funds at LIBOR Rate or the ABR Rate, as applicable, plus the Applicable Margin (less any amounts earned with respect to such funds by the Administrative Agent pursuant to Section 6(a)(iii) of the Guarantee and Collateral Agreement) together with amounts payable under Section 2.15, if any.

2.6 Commitment Fees, etc. (a) The Borrower agrees to pay to the Administrative Agent for account of each Lender a commitment fee for the period from and including the date hereof to the Maturity Date (or, if earlier, the date the Revolving Loans shall have been paid in full and the Total Revolving Commitments shall have been reduced to zero or otherwise terminated), computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable on each quarterly Interest Payment Date specified in clause (a)(i) in the definition thereof and on the Maturity Date (or, if earlier, the date the Revolving Loans shall have been paid in full and the Total Revolving Commitments shall have been reduced to zero or otherwise terminated), commencing on the first of such dates to occur after the date hereof.

(b) The Borrower agrees to pay to the Administrative Agent for account of the Lenders a letter of credit fee for the period from and including the Effective Date to the Letter of Credit Expiration Date (or, if earlier, the date the Letter of Credit Commitment shall be reduced to zero and the Letter of Credit Exposure shall have been reduced to zero, paid in full or otherwise terminated), computed at the Letter of Credit Fee Rate on the average daily amount of the Letter of Credit Exposure during the period for which payment is made, payable on each quarterly Interest Payment Date specified in clause (a)(i) in the definition thereof and on the Letter of Credit Expiration Date (or, if earlier, the date the Letter of Credit Commitment shall be reduced to zero and the Letter of Credit Exposure shall have been reduced to zero, paid in full or otherwise terminated), commencing on the first of such dates to occur after the Effective Date. In addition, the Borrower agrees to pay to the Letter of Credit Issuer for its own account (and not for the account of the Lenders) a letter of credit fronting fee for the period from and including the Effective Date to the Letter of Credit Expiration Date (or, if earlier, the date the Letter of Credit Commitment shall be reduced to zero and the Letter of Credit Exposure shall have been reduced to zero, paid in full or otherwise terminated), computed at the Letter of Credit Fronting Fee Rate on the average daily amount of the Letter of Credit Exposure during the period for which payment is made, payable on each quarterly Interest Payment Date specified in clause (a)(i) in the definition thereof and on the Letter of Credit Expiration Date (or, if earlier, the date the Letter of Credit Commitment shall be reduced to zero and the Letter of Credit Exposure shall have been reduced to zero, paid in full or otherwise terminated), commencing on the first of such dates to occur after the Effective Date.

(c) The Borrower agrees to pay to CALYON New York Branch the fees in the amounts and on the dates specified in the Fee Letter.

2.7 Termination or Reduction of Revolving Commitments. The Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Total Revolving Commitments or, from time to time, to reduce the amount of the

Total Revolving Commitments, the Letter of Credit Commitment or the Swing Line Commitment; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans and/or the Swing Line Loans made on the effective date thereof, the aggregate outstanding amount of Loans would exceed the Total Revolving Commitments, the aggregate outstanding amount of the Swing Line Loans would exceed the Swing Line Commitment or the Letter of Credit Exposure would exceed the Letter of Credit Commitment, as applicable. Any such reduction shall be in an amount equal to $1,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Commitments, the Letter of Credit Commitment and/or the Swing Line Commitment, as applicable, then in effect on a pro-rata basis.

2.8 Optional Prepayments. The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon revocable notice delivered to the Administrative Agent at least three Business Days prior thereto, in which notice shall specify the date and amount of prepayment; provided, that if a LIBOR Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.15. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount prepaid, provided, however, that if the Borrower shall notify the Administrative Agent on or prior to 4:00 p.m., New York City time, on the date specified for the prepayment that the Borrower has revoked its election to prepay, the Borrower shall not be required to make such prepayment, provided, further, that if such notice with respect to any LIBOR Loan is delivered to the Administrative Agent less than three Business Days prior to the date specified for prepayment, the Borrower shall pay to the Administrative Agent on demand any amounts payable under Section 2.15. For the avoidance of doubt if, with respect to a LIBOR Loan, such notice is delivered to the Administrative Agent less than three Business Days prior to the date specified for prepayment, "LIBOR" for such amount not prepaid for the remaining portion of the Interest Period commencing on the date of scheduled prepayment shall be the amount the Administrative Agent shall reasonably determine, in consultation with the Lenders, as the rate which compensates the Lenders for their cost of funding for such period. Partial prepayments of Revolving Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple thereof.

2.9 Mandatory Prepayments and Commitment Reductions. (a) If, as at any Report Date, the Total Aggregate Exposure exceeds the Borrowing Base as at such date, the Borrower shall on the last day of the Interest Period including such Report Date prepay the Revolving Loans in such amount as shall allow the Total Aggregate Exposure not to exceed the Borrowing Base.

(b) All proceeds received with respect to the Key Man Insurance shall be deposited in the Restricted Account and, on the earlier of the last day of the Interest Period during which such proceeds were received or, at the election of the Borrower, on a date specified by the Borrower by notice delivered to the Administrative Agent at least three Business Days prior to such date, such proceeds shall be applied (together with interest accrued thereon pursuant to Section 6(a)(iii) of the Guarantee and Collateral Agreement), to the prepayment of

the Revolving Loans. Any prepayment of the Revolving Loans pursuant to this Section 2.9(b) shall permanently reduce the Total Revolving Commitments by the amount of such prepayment.

(c) All Net Cash Proceeds received from any Recovery Event shall be deposited in the Restricted Account and, on the earlier of the last day of the Interest Period during which such Net Cash Proceeds were received or, at the election of the Borrower, on a date specified by the Borrower by notice delivered to the Administrative Agent at least three Business Days prior to such date, shall be applied (together with interest accrued thereon pursuant to Section 6(a)(iii) of the Guarantee and Collateral Agreement) to the prepayment of the Revolving Loans; provided, that, notwithstanding the foregoing, any such prepayment may be deferred until the aggregate Net Cash Proceeds of Recovery Events theretofore received (and as to which no prepayment has been made) exceeds $250,000.

(d) If, as at any date on which the Borrowing Base Value of an Aircraft Asset is reduced pursuant to the proviso to Section 3.2(h), the Total Aggregate Exposure exceeds the Borrowing Base as at such date, the Borrower shall, within five Business Days of such date deposit in the Restricted Account an amount equal to the difference between the Borrowing Base Value as of such date and the Total Aggregate Exposure at that date and, on the earlier of the last day of the Interest Period during which such deposit was made or, at the election of the Borrower, on a date specified by the Borrower by notice delivered to the Administrative Agent at least three Business Days prior to such date, shall be applied (together with interest accrued thereon pursuant to Section 6(a)(iii) of the Guarantee and Collateral Agreement) to the prepayment of the Revolving Loans.

(e) Each prepayment of the Loans under this Section 2.9 shall be (i) made, first, to ABR Loans and, second, to LIBOR Loans and (ii) accompanied by accrued interest to the date of such prepayment on the amount prepaid, together (in the case of LIBOR Loans) with amounts payable under Section 2.15 if such prepayment was made on a date other than the last day of an Interest Period, but without premium or penalty.

2.10 Conversion Options; Continuation; Interest Rates and Payment Dates.

(a) Conversion Options; Continuation.

(i) The Borrower may elect from time to time to convert a Loan from a LIBOR Loan to an ABR Loan by giving the Administrative Agent at least three Business Days prior irrevocable notice of such election.

(ii) The Borrower may elect from time to time to convert a Loan (other than a Swing Line Loan) from an ABR Loan to a LIBOR Loan by giving the Administrative Agent at least three Business Days prior irrevocable notice of such election (a "Notice of Conversion"). Upon receipt of any such irrevocable notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(iii) The Borrower may continue any LIBOR Loan as such upon the expiration of the then current Interest Period with respect thereto (the "Existing Interest Period") by giving irrevocable notice to the Administrative Agent at least three Business Days prior to the expiration of the Existing Interest Period, which notice shall specify the

next Interest Period for such LIBOR Loan, provided, that if the Borrower does not provide the Administrative Agent with the notice described in this paragraph, upon the expiration of the Existing Interest Period, such LIBOR Loan shall automatically continue as a LIBOR Loan and shall have an Interest Period of three months.

(b) Interest Rates and Payment Dates.

(i) Each LIBOR Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the LIBOR Rate determined for such day plus the Applicable Margin. Each ABR Loan shall bear interest at a rate per annum equal to the ABR in effect from time to time plus the Applicable Margin.

(ii) (x) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% and (y) if all or a portion of any interest payable on any Loan or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to the Loans plus 2%, in each case, with respect to clauses (x) and (y) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(c) Interest shall be payable in arrears on (i) each Interest Payment Date and (ii) the date of any repayment or prepayment made in respect of the principal amount of any LIBOR Loan; provided that interest accruing pursuant to paragraph (b)(ii) of this Section shall be payable from time to time on demand.

2.11 Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall promptly notify the Borrower and the relevant Lenders of each determination of a LIBOR Rate. Any change in the interest rate on a Loan resulting from a change in the ABR shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.11(a).

2.12 Pro Rata Treatment and Payments. (a) Each payment by the Borrower on account of any commitment fee and any reduction of the Commitments of the Lenders shall be made to the Administrative Agent and the Administrative Agent shall distribute such payments to the Lenders pro rata according to their respective Revolving Percentage.

(b) [Intentionally Omitted]

(c) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Revolving Loans shall be made to the Administrative Agent and the Administrative Agent shall distribute such payments to the Lenders pro rata according to the respective outstanding principal amounts of the Revolving Loans then held by the Lenders.

(d) Except for reimbursement of payments in respect of Letters of Credit, all payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding sentence, interest thereon shall be payable at the then applicable rate during such extension.

(e) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error.

(f) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any

amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

2.13 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender or the Letter of Credit Issuer with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender or the Letter of Credit Issuer to any Tax of any kind whatsoever with respect to this Agreement, any Letter of Credit or any LIBOR Loan made by it, or change the basis of taxation of payments to such Lender or Letter of Credit Issuer in respect thereof (except for Non-Excluded Taxes covered by Section 2.14 and changes in the rate of tax on the overall net income of such Lender or Letter of Credit Issuer);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender or the Letter of Credit Issuer; or

(iii) shall impose on such Lender or Letter of Credit Issuer any other condition;

and the result of any of the foregoing is to increase the cost to such Lender or Letter of Credit Issuer, by an amount that it deems to be material, of making, continuing or maintaining Letters of Credit or making, converting into, continuing or maintaining LIBOR Loans, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender or Letter of Credit Issuer, as the case may be, upon its demand, any additional amounts necessary to compensate such Lender or Letter of Credit Issuer for such increased cost or reduced amount receivable. If any Lender or Letter of Credit Issuer becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) (which notice shall be accompanied by a certificate setting forth the basis for such demand and a calculation of the amount thereof but not including any matters which that Lender or Letter of Credit Issuer regards as confidential in relation to its funding arrangements) of the event by reason of which it has become so entitled.

(b) If any Lender or Letter of Credit Issuer shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof (including the implementation of regulations in respect of the capital adequacy regime commonly known as Basle II) or compliance by it or any corporation controlling it with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on its or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into

consideration its or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender or Letter of Credit Issuer to the Borrower (with a copy to the Administrative Agent) of a written request therefor (which request shall be accompanied by a certificate setting forth the basis for such demand and a calculation of the amount thereof but not including any matters which that Lender or Letter of Credit Issuer regards as confidential in relation to its funding arrangements), the Borrower shall pay to such Lender or Letter of Credit Issuer such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender or Letter of Credit Issuer to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(d) Notwithstanding the foregoing, the Borrower shall not be required to compensate a Lender or Letter of Credit Issuer pursuant to this Section 2.13 for (i) any amounts incurred more than six months prior to the date that such Lender or Letter of Credit Issuer notifies the Borrower of such Lender's or Letter of Credit Issuer's intention to claim compensation therefor; and provided further that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect or (ii) any amounts incurred by such Lender or Letter of Credit Issuer as a result of a decline in its credit rating.

2.14 Taxes. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income, net receipts, capital, franchise, net worth, or other similar "doing business" Taxes imposed on the Administrative Agent, Letter of Credit Issuer or any Lender as a result of a present or former connection between the Administrative Agent, Letter of Credit Issuer or such Lender and the jurisdiction of the Governmental Authority imposing such Tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent, Letter of Credit Issuer or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded Taxes, ("**Non-Excluded Taxes**") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent, Letter or Credit Issuer or any Lender hereunder, the amounts so payable to the Administrative Agent, Letter or Credit Issuer or such Lender shall be increased to the extent necessary to yield to the Administrative Agent, Letter or Credit Issuer or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender or Letter of Credit Issuer with respect to any Non-Excluded Taxes (i) to the extent imposed as a result of such Lender's or Letter of Credit Issuer's failure to comply with the requirements of paragraph (d) or (e) of this Section 2.14 or (ii) that are United States withholding Taxes imposed on amounts payable to such Lender or Letter of Credit Issuer at the time such Lender or Letter of Credit Issuer becomes a party to this Agreement, except to the extent that such Lender's or Letter

of Credit Issuer's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, the Borrower shall pay any and all Other Taxes to the relevant Governmental Authority in accordance with applicable law, and shall indemnify the Administrative Agent, Letter of Credit Issuer and Lenders, on demand for any failure to do so.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender or Letter of Credit Issuer, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof, if any, or other evidence of payment reasonably acceptable to such Person. If the Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate Governmental Authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent, Letter of Credit Issuer and the Lenders on demand for any incremental Taxes, interest or penalties that may become payable by the Administrative Agent or the Lenders as a result of any such failure.

(d) Each Lender (or Transferee) or Letter of Credit Issuer that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (respectively, a "**Non-U.S. Lender**" or "**Non-U.S. Letter of Credit Issuer**") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN, W-8ECI, W-8IMY (with appropriate documentation), or W-8EXP or, in the case of a Non-U.S. Lender or Non-U.S. Letter of Credit Issuer claiming exemption from U.S. federal withholding Tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit H and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender or Non-U.S. Letter of Credit Issuer claiming complete exemption from, or a reduced rate of, U.S. federal withholding Tax on all payments by the Borrower under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender or Non-U.S. Letter of Credit Issuer shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender or Non-U.S. Letter of Credit Issuer. Each Non-U.S. Lender or Non-U.S. Letter of Credit Issuer shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. Governmental Authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender or Non-U.S. Letter of Credit Issuer shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender or Non-U.S. Letter of Credit Issuer is not legally able to deliver.

(e) At the reasonable request of the Borrower, each Lender or Letter of Credit Issuer that is entitled to an exemption from or reduction of non-U.S. withholding Tax under the law of any jurisdiction (other than the United States), or any treaty to which such jurisdiction is a party with respect to payments under this Agreement shall deliver to the Borrower (with a copy

to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender or Letter of Credit Issuer is legally entitled to complete, execute and deliver such documentation and in such Lender's or Letter of Credit Issuer's sole judgment such completion, execution or submission would not prejudice the legal position of such Lender or Letter of Credit Issuer, including its lending office(s), or cause such Lender or Letter of Credit Issuer or its lending office(s) to suffer any economic, legal, or regulatory disadvantage.

(f) If a Lender or Letter of Credit Issuer actually receives a permanent benefit of a Tax credit or refund which the Borrower has paid or reimbursed such Person pursuant to this Section 2.14 or if a Lender or Letter of Credit Issuer actually realizes an allowance of or deduction in Taxes as a result of any amount or additional amount paid by the Borrower pursuant to this Section 2.14, such Person shall pay to the Borrower such refund or the amount of such reduction in Taxes, but only to the extent of the amounts paid by the Borrower pursuant to this Section 2.14 with respect to the Taxes, provided, however, (x) no Lender or Letter of Credit Issuer shall be obliged to disclose to the Borrower or any other Person information regarding its tax affairs or computations, or tax books or records, (y) the Borrower hereby acknowledges that the order and manner in which a Lender or Letter of Credit Issuer claims credits, refunds, allowances, and deductions available to it is a matter which will be determined in accordance with such Person's taxation and accounting policies and practices and that any credits, refunds, allowances or deductions resulting from amounts or additional amounts paid pursuant to this Section 2.14 shall not receive any preferential treatments, and (z) no Lender or Letter of Credit Issuer shall be required to take any action which in its reasonable opinion would or may prejudice its ability to benefit from any other refund, credit, allowance or deduction to which it may be entitled.

(g) Where the Borrower has an obligation to indemnify or reimburse the Administrative Agent, Letter of Credit Issuer or a Lender for a Tax under this Section 2.14, the calculation of the amount payable by way of indemnity or reimbursement shall be based upon the Tax treatment in the hands of the Administrative Agent, Letter of Credit Issuer or such Lender (as determined by such Person acting in good faith) of the amount payable by way of indemnity or reimbursement and of the Tax in respect of which the amount is payable so as to leave the Administrative Agent, Letter of Credit Issuer or Lender, as the case may be, in the same after-Tax position it would have been in had the payment made to such Person not given rise to a liability to Tax.

(h) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.15 Indemnity. The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) failure by the Borrower to make a borrowing of LIBOR Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) failure by the Borrower to make any prepayment of Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement, (c) the making of a prepayment of LIBOR Loans on a day that is not the last day of an Interest Period with respect

thereto or (d) the conversion of a LIBOR Loan to an ABR Loan pursuant to Section 2.10(a) on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such LIBOR Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the London interbank market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.16 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.13 or 2.14(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event or take such actions as the Borrower may reasonably request; provided, that no Lender shall be obligated to take any action that, in the sole judgment of such Lender, would cause such Lender and its lending office(s) to suffer any economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.13 or 2.14(a).

2.17 Replacement of Lenders. The Borrower shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 2.13 or 2.14(a) or (b) defaults in its obligation to make Loans hereunder, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 2.16 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.13 or 2.14(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 2.15 if any Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution, if not already a Lender, shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 10.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.13 or 2.14(a), as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

Section 3. Borrowing Base.

3.1 Borrowing Base. As at any Report Date, the Total Aggregate Exposure shall not exceed the Borrowing Base as of such Report Date; provided that, if the Total Aggregate Exposure exceeds the Borrowing Base on a Report Date, the Loans shall be subject to prepayment as provided in Section 2.9(a) by such excess amount.

3.2 Borrowing Base Definitions.

(a) "**Acceptable Accounts Receivables**": as at the Original Closing Date and at any Quarterly Date, the accounts receivables of the Borrower and its Subsidiaries as at such date calculated in accordance with GAAP, excluding any such accounts receivables that (i) are more than 60 days past due or (ii) are from Aeropostal.

(b) "**Appraisal Value**": as at the Original Closing Date and at any Quarterly Date, the "current market value" (as such term is defined by the International Society of Transport Aircraft Trading (ISTAT)) of the Borrowing Base Assets (other than the accounts receivable) as determined by the Appraiser as of February 28, 2006 with respect to the Appraisal Value as at the Original Closing Date, and with respect to the Appraisal Value as at any Quarterly Date, as of the last day of the previous month to such Quarterly Date. The Appraisal Value with respect to any Quarterly Date shall be calculated utilizing such physical assessments of such assets, maintenance status of such assets, current trading history and other methodologies as are consistent with the methodologies utilized to provide the Baseline Appraisal (provided, that, the appraisal with respect to the June Quarterly Date shall be a "desk-top" appraisal and physical assessments of such assets shall only be performed with respect to the December Quarterly Date) and shall be presented to the parties in an appraisal addressed to both the Borrower and the Administrative Agent.

(c) "**Appraiser**": SH&E, Inc., unless SH&E, Inc. becomes incapable of determining the Appraisal Value with a degree of care recognized in the industry, in which case, such other nationally recognized appraiser selected by the Borrower and not objected to by the Administrative Agent on an unreasonable basis.

(d) "**Baseline Appraisal**": the appraisal furnished by the Appraiser dated April 24, 2006 and addressed to the Borrower and the Administrative Agent.

(e) "**Borrowing Base**": as at the Original Closing Date and at any Quarterly Date, the sum of: (x) the aggregate of Borrowing Base Values of all Borrowing Base Assets, subject to the Borrowing Base Constraints, *plus* (y) the aggregate amount of sales proceeds from the disposition by the Borrower of Eligible Equipment and Eligible Inventory effected within six months of any date of calculation subject to: (i) such proceeds being in the Restricted Account and (ii) such proceeds not exceeding $20,000,000. The Borrowing Base as in effect immediately prior to reduction in the Borrowing Base Value for an Aircraft Asset pursuant to the proviso to Section 3.2(h) shall be reduced by the amount of such reduction and, on the date such Aircraft Asset ceases to be an Impaired Aircraft Asset or Lease Default Equipment shall be increased by the amount of any reduction in the Borrowing Base Value for such Aircraft Asset.

(f) "**Borrowing Base Assets**": the following categories of assets of the Borrower and its Subsidiaries:

(i) Acceptable Accounts Receivable;

(ii) Eligible Inventory; and

(iii) Eligible Equipment.

(g) "**Borrowing Base Constraints**": in determining the Borrowing Base, the following constraints shall be considered:

(i) Eligible Inventory located at vendors or consignees shall have a Borrowing Base Value of zero;

(ii) if the Eligible Equipment consists of any engine in overhaul (but not an engine sent out for testing preceding any agreement to commence an overhaul or an engine being overhauled by the Borrower or any of its Subsidiaries by its own personnel), such engine shall either be excluded as a Borrowing Base Asset or the estimated cost of the overhaul payable to the overhaul provider shall be deposited in the Restricted Account (which costs shall be subject to withdrawal as provided in Section 6(a) of the Guarantee and Collateral Agreement);

(iii) in respect of Eligible Equipment constituting whole aircraft that are in Advance Category 3, no more than 10% of the Borrowing Base (exclusive of the component thereof constituting Acceptable Accounts Receivables) may be attributable to such type of asset;

(iv) in order for any whole aircraft to be counted as Eligible Equipment (as compared to inventory constituting Eligible Equipment), such aircraft must either (i) be subject to an operating lease with a third party (not an Affiliate of the Borrower) or (ii) if not subject to such an operating lease, become subject to an operating lease within four months (or, such further period beyond such four months not to exceed another two months during which such aircraft is subject to a letter of intent (pursuant to which the prospective lessee has made a non-refundable deposit (in cash or by letter of credit issued by a commercial bank) equal to at least one month's rent, unless the Administrative Agent shall otherwise consent, such consent not to be unreasonably refused) to have it become subject to such an operating lease); if a whole aircraft constituting Eligible Equipment does not satisfy the foregoing tests, it will be treated as Eligible Inventory; and

(v) no more than 50% of the Borrowing Base may be attributable to Eligible Inventory.

(h) "**Borrowing Base Value**" as at the Original Closing Date and at any Quarterly Date: for any Borrowing Base Asset owned by the Borrower or any of its Subsidiaries, a value determined as follows:

(i) in the case of Acceptable Accounts Receivables, 50% of the amount thereof;

(ii) in the case of each item of Eligible Inventory, the percentage of the Appraisal Value or Certified Value, as the case may be, of such item as specified in Annex C for the applicable Advance Category of such item;

(iii) in the case of each item of Eligible Equipment (other than whole aircraft), the percentage of the Appraisal Value or Certified Value, as the case may be, of such item as specified in Annex C for the applicable Advance Category of such item; and

(iv) in the case of each item of Eligible Equipment that is a whole aircraft, the lower of (x) the percentage of the Appraisal Value or Certified Value, as the case may be, and (y) the percentage of the acquisition cost, of such item as specified in Annex C for the applicable Advance Category of such item;

provided, that (x) in the case of any Aircraft Asset that constitutes Lease Default Equipment, but only for so long as it remains Lease Default Equipment, the Borrowing Base Value for such Aircraft Asset shall be:

(1) for the initial period of ninety days commencing on the date such Aircraft Asset became Lease Default Equipment, the Borrowing Base Value for such Aircraft Asset shall be the Borrowing Base Value (the "**Original Borrowing Base Value"**) for such Aircraft Asset as of the Quarterly Date occurring on or immediately prior to the date such Aircraft Asset became Lease Default Equipment;

(2) for the 90 day period commencing immediately after the period referred to in clause (1) above, the Borrowing Base Value for such Aircraft Asset shall be two-thirds (2/3) of the Original Borrowing Base Value for such Aircraft Asset;

(3) for the 90 day period commencing immediately after the period referred to in clause (2) above, the Borrowing Base Value for such Aircraft Asset shall be one-third (1/3) of the Original Borrowing Base Value for such Aircraft Asset; and

(4) thereafter, the Borrowing Base Value for such Eligible Equipment shall be zero;

and (y) in the case of any Aircraft Asset that constitutes an Impaired Aircraft Asset, but only for so long as it remains an Impaired Aircraft Asset, the Borrowing Base Value for such Aircraft Asset shall be zero effective as of the date such Aircraft Asset became an Impaired Aircraft Asset.

In the case of the June and December Quarterly Dates, the Borrowing Base Value shall be adjusted to reflect any change in the Eligible Equipment or Eligible Inventory (e.g., sales,

acquisitions and change in status) occurring between the date as of which the Appraisal Values were determined and the Quarterly Date.

(i) "**Certified Value**" of any item of Eligible Equipment or item of Eligible Inventory: the current market value of such item certified by the Borrower based on its good faith and best knowledge assessment of such item based on (i) in respect of non-traded Eligible Equipment and Eligible Inventory, the most recent Appraisal Value, and the Borrower's assessment of any changes in valuation based on asset purchases, sales and trading activity during the quarterly reporting period (ii) in respect of newly acquired Eligible Equipment and Eligible Inventory, the most recent Appraisal Value in respect of comparable equipment and the prices paid by it during such period in respect thereof and (iii) such other factors as the Borrower may reasonably consider to be relevant.

3.3 Borrowing Base Valuations.

(a) The Borrower shall deliver a Borrowing Base Report (in substantially the form of Exhibit K hereto, on the Original Closing Date and not later than 15 days after each Quarterly Date, which shall calculate the Borrowing Base, (i) in respect of the Original Closing Date by reference to the Appraisal Value with respect to the Original Closing Date, (ii) in respect of the Quarterly Dates in June and December of each year, by reference to the Appraisal Value with respect to such Quarterly Dates and (iii) in respect of the Quarterly Dates in September and March of each year, by reference to the Certified Value with respect to such Quarterly Dates.

(b) The Borrower will cooperate with the Appraiser in its due diligence associated with determining any Appraisal Value, and will provide to the Appraiser access to its facilities to determine the Appraisal Value during normal business hours and without any material interruption of the Borrower's business operations, as well as, on a timely basis, all relevant and necessary data required by the Appraiser to determine the Appraisal Value (including disc sheets, inspection reports and records, as applicable).

3.4 Requests to Add Additional Equipment Types. The Borrower may from time to time propose the inclusion of additional types of Aircraft Assets in Annex B and Annex C. Upon receipt of any such proposal, the Administrative Agent agrees to negotiate in good faith whether to add such additional types of Aircraft Assets, the respective Categories such Aircraft Assets would have on Annex B and the respective Borrowing Base Advance Rates for such Aircraft Assets in Annex C, it being understood that the inclusion of different types of Aircraft Assets would require an amendment to this Agreement requiring the consent of the Lenders pursuant to Section 10.1.

Section 4. Representations and Warranties. To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

4.1 Financial Condition.

(a) [Intentionally Omitted].

(b) The audited consolidated balance sheet of the Borrower as at December 31, 2006 and the related consolidated statements of income and of cash flows for the period April 26, 2006 to December 31, 2006, reported on by and accompanied by an unqualified report from Price Waterhouse Coopers, present fairly the consolidated financial condition of the Borrower as at such date, and the consolidated results of its operations and its consolidated cash flows for the fiscal year then ended. The unaudited consolidated balance sheet of the Borrower as at September 30, 2007, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly the consolidated financial condition of the Borrower as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year-end audit adjustments). All such financial statements have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). Neither the Borrower nor any of its Subsidiaries has any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph.

4.2 No Change. Since September 30, 2007, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

4.3 Existence; Compliance with Law. The Borrower and each of its Subsidiaries (a) is duly organized, validly existing and (if applicable) in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing (if applicable) under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification (except to the extent that the failure to be so qualified could not, in the aggregate, reasonably be expected to have a Material Adverse Effect) and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 Power; Authorization; Enforceable Obligations. The Borrower and each of its Subsidiaries has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to obtain extensions of credit hereunder. The Borrower and each of its Subsidiaries has taken all necessary organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the Acquisition and the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except (i) consents, authorizations, filings and notices described in Schedule 4.4, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect and (ii) the filings contemplated by Section 5. Each Loan Document has been duly executed and delivered on behalf of the Borrower and/or each of its Subsidiaries party

thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of the Borrower and each of its Subsidiaries party thereto, enforceable against each thereof in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any Contractual Obligation of Borrower or any of its Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

4.6 Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against Borrower or any of its Subsidiaries or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) that could reasonably be expected to have a Material Adverse Effect.

4.7 No Default. No Loan Party is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Schedule 4.8 lists all real property owned or leased by the Borrower or any of its Subsidiaries.

4.9 Intellectual Property. The Borrower and each of its Subsidiaries owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No material claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of Intellectual Property by the Borrower and each of its Subsidiaries does not infringe on the rights of any Person in any material respect.

4.10 Taxes. The Borrower and each of its Subsidiaries has filed or caused to be filed all Federal, state and other material Tax returns that are required to be filed and has paid all Taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other Taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the relevant Loan Party); and, to the knowledge of the Borrower, no Tax lien has been filed and no claim is being asserted, with respect to any such Tax, fee or other charge.

4.11 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for "buying" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

4.12 Labor Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of the Borrower and each of its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from Borrower or any of its Subsidiaries on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Loan Party.

4.13 ERISA. Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. No termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by a material amount. Neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to result in a material liability under ERISA, and neither the Borrower nor any Commonly Controlled Entity would become subject to any material liability under ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. No such Multiemployer Plan is in Reorganization or Insolvent.

4.14 Investment Company Act; Other Regulations. Neither the Borrower nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Loan Party is subject to regulation under any Requirement of Law (other than Regulation X of the Board) that limits its ability to incur Indebtedness.

4.15 Subsidiaries. Except for Subsidiaries created after the Original Closing Date which have become parties to the Guarantee and Collateral Agreement and the Aircraft Asset Security Agreement as provided therein ("**New Subsidiaries**"): (a) Schedule 4.15 sets forth the name and jurisdiction of incorporation of each Subsidiary; and, as to each such Subsidiary and each New Subsidiary, the Borrower owns 100% of each class of Capital Stock issued thereby;

and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Borrower or any such Subsidiary, except as created by the Loan Documents.

4.16 Use of Proceeds and Letters of Credit. The proceeds of the Revolving Loans shall be used to acquire (or refinance the acquisition cost of) Eligible Equipment or refinance Returned Equipment. The Letters of Credit shall be used to acquire (or secure the acquisition cost of) Eligible Equipment. The Borrower is the ultimate beneficiary of the Loans and Letters of Credit being made or issued under this Agreement.

4.17 Environmental Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(a) the facilities and properties owned, leased or operated by Borrower or any of its Subsidiaries (the "Properties") do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations or under circumstances that constitute or constituted a violation of, or could give rise to liability under, any Environmental Law;

(b) no Loan Party has received or is aware of any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the business operated by Borrower or any of its Subsidiaries (the "Business"), nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened;

(c) Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location that could give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Law;

(d) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which Borrower or any of its Subsidiaries is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business;

(e) there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of Borrower or any of its Subsidiaries in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws;

(f) the Properties and all operations at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and there

is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the Business; and

(g) no Loan Party has assumed any liability of any other Person under Environmental Laws.

4.18 Accuracy of Information, etc. No representation or warranty contained in this Agreement or any other Loan Document or any other document or certificate furnished by or on behalf of Borrower or any of its Subsidiaries to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, taken as a whole, contained as of the date such statement, information, document or certificate was so furnished, any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. As of the Original Closing Date, the representations and warranties of the Borrower contained in the Acquisition Documentation were true and correct in all material respects.

4.19 Security Documents.

(a) The Security Documents are effective to create in favor of the Collateral Agent, for the benefit of the Lenders, the security interests in the Collateral purported to be created thereby, with such priority and perfected as provided in the Loan Documents.

(b) Schedule 4.19(a) lists all Aircraft Assets and all Aircraft Asset Leases owned by the Borrower or any Subsidiary.

(c) Schedule 4.19(b) lists each location at which the Borrower or any Subsidiary maintains or stores Eligible Equipment (other than any such Equipment subject to an Aircraft Asset Lease) or Eligible Inventory having a aggregate value at any one location of in excess of $1,000,000.

(d) Schedule 4.19(c) lists each bank account or investment account maintained by the Borrower or any of its Subsidiaries;

(e) Schedule 4.19(d) lists all Intellectual Property owned by the Borrower or any of its Subsidiaries.

(f) Notwithstanding the foregoing provisions of this Section 4.19, no representation is made under this Section 4 as to any Exempted Property.

4.20 Solvency. The Borrower and each Subsidiary thereof is Solvent.

4.21 Certain Documents. The Borrower has delivered to the Administrative Agent a complete and correct copy of the Acquisition Documentation, including any amendments, supplements or modifications with respect to any of the foregoing.

4.22 Employment Arrangements. The Borrower has delivered to the Administrative Agent a complete and correct copy of all employment contracts to which the Borrower is a party, a list of which is on Schedule 4.22.

Section 5. Conditions Precedent.

5.1 Effective Date. This Agreement shall be effective when the following conditions precedent have been satisfied:

(a) Loan Documents. The Administrative Agent shall have received the following documents, each duly executed and delivered by the intended parties thereto:

(i) this Agreement;

(ii) the Aircraft Asset Security Agreement;

(iii) the Guarantee and Collateral Agreement;

(iv) the Pledge Agreement; and

(v) the Loan Guarantee.

(b) Representations and Warranties. Each of the representations and warranties made by Borrower in Section 4 of this Agreement and Loan Guarantor in the Loan Guarantee shall be true and correct on and as of the Effective Date as if made on and as of such date.

(c) No Default. No Default or Event of Default shall have occurred and be continuing on such date.

(d) Fees. The Borrower shall have paid to the Lenders the fees in the amounts agreed to in writing by the Borrower and the Lenders.

(e) Closing Certificates. The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing (if applicable) of the Borrower and each of its Subsidiaries, the Pledgor and the Loan Guarantor, and the authorization of the transactions contemplated hereby, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel. The Administrative Agent shall have also received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower confirming compliance with the conditions set forth in paragraph (b) of this Section 5.1.

(f) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions:

(i) the legal opinion of Milbank, Tweed, Hadley & McCloy, special counsel to the Pledgor, the Borrower and its Subsidiaries;

(ii) the legal opinion of Vedder, Price, Kaufman & Kammholz, special counsel to the Administrative Agent;

(iii) the legal opinion of the General Counsel to the Borrower;

(iv) the legal opinion of NautaDutilh, special counsel to the Loan Guarantor; and

(v) the legal opinion of McAfee & Taft, special FAA counsel;

in each case in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

5.2 Conditions to Each Loan. The agreement of each Lender to make a Revolving Loan or the Swing Line Lender to make a Swing Line Loan requested to be made by it on any date is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by Borrower in Section 4 of this Agreement shall be true and correct on and as of such date as if made on and as of such date; provided that such representations and warranties shall not include those contained in Sections 4.2, 4.6, 4.12 or 4.17.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) Notice of Borrowing. The Administrative Agent shall have received from the Borrower the Notice of Borrowing therefor, duly completed and with all attachments, together with such other evidence as to the Purchase Price of the associated Eligible Equipment or Eligible Inventory as the Administrative Agent may reasonably request.

(d) Equity Contribution. If Section 2.4(b)(ii) is applicable, the Administrative Agent shall have received from the Borrower evidence reasonably satisfactory to the Administrative Agent of the Borrower's provision of the balance of the Purchase Price for the associated Eligible Equipment or Eligible Inventory not attributable to the related Revolving Loan.

(e) Insurance. The Administrative Agent shall have received insurance certificates satisfying the requirements of Section 2.07 of the Aircraft Asset Security Agreement in respect of each Aircraft Asset subject to the Aircraft Asset Security Agreement Supplement delivered on such date.

(f) Aircraft Asset Security Agreement Supplement. The Administrative Agent shall have received from the Borrower a duly executed Aircraft Asset Security Agreement Supplement in respect of any Aircraft Asset and Assignment of Lease in respect of any Aircraft Asset Lease being acquired with the proceeds of such Revolving Loan.

(g) Filings, Registrations and Recordings (Aircraft Assets). In the case of any Aircraft Asset intended to be acquired with the proceeds of such Revolving Loan, the following statements shall be true, and the Administrative Agent shall have received evidence reasonably satisfactory to it (including, with respect to Aircraft Assets which are eligible for registration with the International Registry, a printout of the "priority search certificate" from the International Registry relating to such Aircraft Assets) with respect to each Aircraft Asset and any related Aircraft Asset Lease so acquired to the effect that:

(i) the Borrower or the applicable Subsidiary has good title to such Aircraft Asset and Aircraft Asset Lease, free and clear of Liens other than Permitted Liens, the mortgage, security and international interests created by the Aircraft Asset Security Agreement and the Aircraft Asset Security Agreement Supplement for such Aircraft Asset and Aircraft Asset Lease;

(ii) with respect to each Aircraft Asset (other than an Aircraft Asset which is an Exempted Property), the Borrower is in compliance with Section 2.02 of the Aircraft Asset Security Agreement and, if required by Section 2.02 of the Aircraft Asset Security Agreement, has delivered an opinion referred to in Section 2.02(d) of the Aircraft Asset Security Agreement with respect to such Aircraft Assets (provided, that any Lessee Consent to Assignment pursuant to clause (b) of the definition thereof shall not be required to be delivered on the Borrowing Date); and

(iii) with respect to each Aircraft Asset (other than an Aircraft Asset which is an Exempted Property), in respect of any Aircraft Asset Lease, the Borrower is in compliance with the provisions of Section 2.04(c) of the Aircraft Asset Security Agreement (provided, that any Lessee Consent to Assignment pursuant to clause (b) of the definition thereof shall not be required to be delivered on the Borrowing Date).

In the event (i) it is not reasonably feasible to file "international interests" anticipated pursuant to Sections 2.02 and 2.04 of the Aircraft Asset Security Agreement, the Borrower shall be deemed in compliance with this clause (g) if "prospective international interests" with respect to such "international interests", if reasonably feasible, are filed and (ii) a Deregistration Power of Attorney or Lessee Consent to Assignment of the type referred to in clause (b) of the definition thereof, in either case, required by Section 2.02 or 2.04 of the Aircraft Asset Security Agreement cannot be obtained on or prior to the date of borrowing, the Borrower shall obtain such Deregistration Power of Attorney or Lessee Consent to Assignment, as the case may be, within 45 days after the Borrowing Date.

Section 6. Affirmative Covenants. The Borrower hereby agrees that, so long as the Commitments remain in effect or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall, and shall cause each of its Subsidiaries, to:

6.1 Financial Statements. Furnish to the Administrative Agent on behalf of the Lenders:

(a) as soon as available, but in any event within 120 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by KPMG, Price Waterhouse Coopers or other independent certified public accountants of nationally recognized standing;

(b) as soon as available, but in any event not later than 90 days after the end of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year and the related unaudited consolidated statements of income and of cash flows for such fiscal year through the end of such fiscal year, setting forth in each case in comparative form the figures for the previous year; and

(c) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments).

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein and except that unaudited financial statements may not have notes).

6.2 Certificates; Other Information. Furnish to the Administrative Agent on behalf of the Lenders:

(a) concurrently with the delivery of any financial statements pursuant to Section 6.1(a) or 6.1(c), a Compliance Certificate of a Responsible Officer: (i) stating that, to the best of each such Responsible Officer's knowledge, such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate; and (ii) to the extent not previously disclosed to the Administrative Agent, a listing of any location where the Borrower or any Subsidiary maintains, stores or warehouses Eligible Equipment or Eligible Inventory in an aggregate amount of $1,000,000 or more.

(b) as soon as available, and in any event no later than 45 days after the end of each fiscal year of the Borrower, a consolidated budget for the following fiscal year (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the

following fiscal year, the related consolidated statements of projected cash flow and projected income and a description of the underlying assumptions applicable thereto), and, as soon as available, significant revisions, if any, of such budget and projections with respect to such fiscal year (collectively, the "**Projections**");

(c) no later than 5 Business Days prior to the effectiveness thereof, copies of substantially final drafts of any proposed amendment, supplement, waiver or other modification with respect to any Acquisition Documentation; and

(d) promptly upon the Administrative Agent's request, such additional financial and other information as may from time to time be required by the Administrative Agent or any Lender in order to comply with any Requirement of Law.

6.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Loan Party.

6.4 Maintenance of Existence; Compliance. (a) (i) Preserve, renew and keep in full force and effect its organizational existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 7.4 and except, in the case of clause (ii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5 Maintenance of Property; Insurance. Without limiting its obligations under Section 2.07 of the Aircraft Asset Security Agreement, (a) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business.

6.6 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) permit representatives of the Administrative Agent to visit and inspect any of its properties and examine and make abstracts from any of its books and records upon reasonable notice and at any reasonable time during normal business hours and not more than once during any fiscal quarter (unless an Event of Default shall have occurred and be continuing) and to discuss the business, operations, properties and financial and other condition of the Loan Parties with officers and employees of the Loan Parties and with their independent certified public accountants provided that, such inspection shall not be materially interruptive to the business of the Borrower.

6.7 Notices. Promptly give notice to the Administrative Agent of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) event of default under any Contractual Obligation of Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding that may exist at any time between Borrower or any of its Subsidiaries and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting Borrower or any of its Subsidiaries (i) in which the amount involved is $5,000,000 or more and not covered by insurance or (ii) which relates to any Loan Document;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows of: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Plan; and

(e) any Aircraft Asset becoming an Impaired Aircraft Asset or Lease Default Equipment.

Each notice pursuant to this Section 6.7 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the relevant Loan Party proposes to take with respect thereto.

6.8 Environmental Laws. (a) Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws.

6.9 Hedge Agreements; Key Man Insurance.

(a) Keep in full force and effect, and comply with its obligations under, the CALYON Hedge Agreement and keep in full force and effect, and comply with its obligations under, the Existing Hedge Agreements through their respective "Termination Dates".

(b) Keep in full force and effect, and comply with its obligations under, policies of Key Man Insurance in the amount of at least $10,000,000 each with respect to Messrs. Finazzo and Nichols, with the Administrative Agent named as the insured party and loss payee and otherwise containing such terms and conditions as the Administrative Agent may reasonably request.

6.10 Additional Collateral. (a) With respect to any personal property acquired after the Original Closing Date by the Borrower or any of its Subsidiaries (other than (x) any property subject to a Lien expressly permitted by Section 7.3 and (y) any Exempted Property) as to which the Administrative Agent, for the benefit of the Lenders, does not have a perfected Lien, promptly (i) execute and deliver to the Administrative Agent such amendments or supplements to the Guarantee and Collateral Agreement (or, in the case of any Aircraft Asset or Aircraft Asset Lease, the Aircraft Asset Security Agreement and the Assignment of Lease) or such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a security interest in such property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in such property, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or the taking of the actions specified in Section 5.2(g) or as may be reasonably requested by the Administrative Agent.

(b) With respect to any interest in any real property having a value (together with improvements thereof) of at least $500,000 acquired after the Original Closing Date by the Borrower or any of its Subsidiaries, promptly (i) execute and deliver a first priority mortgage, in favor of the Administrative Agent, for the benefit of the Lenders, covering such real property, (ii) if requested by the Administrative Agent, provide the Lenders with (x) title and extended coverage insurance covering such real property in an amount at least equal to the purchase price of such real property (or such other amount as shall be reasonably specified by the Administrative Agent) as well as a current ALTA survey thereof, together with a surveyor's certificate and (y) any consents or estoppels reasonably deemed necessary or advisable by the Administrative Agent in connection with such mortgage, each of the foregoing in form and substance reasonably satisfactory to the Administrative Agent and (iii) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent. With respect to any real property leased by Borrower or any of its Subsidiaries after the Original Closing Date, the Borrower shall have obtained from each Person with any interest in the real property and/or the improvements thereon (whether as fee owner, landlord, tenant, ground lessor, mortgagee, leasehold mortgagee, beneficiary of deed of trust, beneficiary of leasehold deed of trust or otherwise), a waiver of any and all right or interest that such Person may otherwise have in the inventory and other Collateral and such Person's consent, if applicable, to access by the Administrative Agent or its representative to the premises in connection with the exercise of any rights or remedies under or pursuant to the Security Documents pursuant to a Landlord Consent and, if in the reasonable opinion of the Administrative Agent, such real property lease is material to the continued operation of the business of the Borrower and its Subsidiaries, the Borrower shall assign such real estate lease to the Administrative Agent pursuant to a Collateral Lease Assignment.

(c) With respect to any new Subsidiary created or acquired after the Original Closing Date by Borrower or any of its Subsidiaries, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by the Borrower or any of its Subsidiaries, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, (iii) cause such new Subsidiary (A) to become a party to the Guarantee and Collateral Agreement and, if applicable, the Aircraft Asset Security Agreement, (B) to take such actions necessary or advisable to grant to the Administrative Agent for the benefit of the Lenders a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement and the Aircraft Asset Security Agreement with respect to such new Subsidiary, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or the taking of the actions specified in Section 5.2(g) or the Aircraft Asset Security Agreement, as the case may be, or by law or as may be reasonably requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit B to the Guarantee and Collateral Agreement, with appropriate insertions and attachments, and (iv) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(d) With respect to any Deposit Account acquired by the Borrower or any Subsidiary after the Original Closing Date, cause an account control agreement substantially in the form of the Account Control Agreement to be duly executed and delivered by the account holder, the account bank/broker and the Administrative Agent.

6.11 Subsidiaries. All Subsidiaries, whether existing on the date hereof or formed or acquired in the future, shall be Wholly Owned Subsidiaries.

6.12 Post Closing Registration of International Interests. If on any Borrowing Date, prospective international interests with respect to an Aircraft Asset or an Aircraft Asset Lease which are eligible for registration with the International Registry were made, within 45 days after such Borrowing Date, the Borrower shall, if feasible, register international interests with respect to such Aircraft Asset or Aircraft Asset Lease with the International Registry and shall deliver to the Administrative Agent a printout of the "priority search certificate" from the International Registry relating thereto showing no registered international interests on the International Registry prior to such international interest or assignment.

Section 7. Negative Covenants. The Borrower hereby agrees that, so long as the Commitments remain in effect, any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

7.1 [Intentionally Omitted].

7.2 Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

(a) Indebtedness of Borrower or any of its Subsidiaries pursuant to any Loan Document;

(b) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary and Subordinated Indebtedness of the Borrower to the Pledgor;

(c) Guarantee Obligations incurred in the ordinary course of business by the Borrower of obligations of any Subsidiary;

(d) Indebtedness outstanding on the Original Closing Date and listed on Schedule 7.2(d) and any refinancings, refundings, renewals or extensions thereof (without increasing, or shortening the maturity of, the principal amount thereof);

(e) Hedge Agreements in respect of Indebtedness otherwise permitted hereby that bears interest at a floating rate, so long as such agreements are not entered into for speculative purposes;

(f) Indebtedness of any Person that becomes a Subsidiary after the date hereof, provided, that such Indebtedness existed immediately prior to the time such Person became a Subsidiary and was not created in contemplation of or in connection with such Person becoming a Subsidiary;

(g) Indebtedness incurred in the acquisition of tooling in the ordinary course of business; and

(h) Other Indebtedness in an aggregate amount not exceeding $4,000,000 at any time outstanding.

7.3 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except for the following permitted liens ("**Permitted Liens**"):

(a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 60 days or that are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(f) Liens in existence on the date hereof listed on Schedule 7.3(f), securing Indebtedness permitted by Section 7.2(d), provided that no such Lien is spread to cover any additional property after the Original Closing Date and that the amount of Indebtedness secured thereby is not increased;

(g) Liens created pursuant to the Security Documents and Liens permitted by the Security Documents (including without limitation Section 2.01 of the Asset Security Agreement);

(h) any interest or title of a lessor or a lessee under any lease entered into by the Borrower or any other Subsidiary in the ordinary course of its business and covering only the assets so leased;

(i) Liens of creditors of any person to whom the Borrower's or a Subsidiary's assets are consigned for sale in the ordinary course of the Borrower's or such Subsidiary's business;

(j) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods, provided that such custom duties are paid when due and adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(k) Liens in favor of collecting or payor banks and other banks providing cash management services, in each case having a right of setoff, revocation, refund or chargeback against money or instruments of the Borrower or any Subsidiary on deposit or in possession of such bank arising for the payment of bank fees and other similar amounts owed in the ordinary course of business;

(l) Judgment and attachment Liens not giving rise to an Event of Default;

(m) Other Liens on assets (other than assets forming part of the Borrowing Base) acquired after the Original Closing Date securing or relating to Indebtedness and other liabilities and obligations not otherwise prohibited by this Agreement or the Security Documents in an aggregate amount not to exceed $4,000,000 at any time outstanding; and

(n) Any renewal or substitution of any Lien described in clause (f), (i) or (m) provided that such Lien is not extended to additional assets.

7.4 Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except that:

(a) [Intentionally Omitted].

(b) any Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Subsidiary (provided that the Subsidiary shall be the continuing or surviving corporation);

(c) any Subsidiary of the Borrower may Dispose of any or all of its assets to the Borrower or any Subsidiary (upon voluntary liquidation or otherwise); and

(d) any Investment expressly permitted by Section 7.8 may be structured as a merger, consolidation or amalgamation.

7.5 Lines of Business. Enter into any business, either directly or through any Subsidiary, except for those businesses in which the Borrower and its Subsidiaries are engaged on the date of this Agreement or that are reasonably related thereto.

7.6 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of the Borrower, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower (collectively, "**Restricted Payments**"), except that the Borrower may make dividend payment if:

(a) no Default or Event of Default has occurred and is continuing;

(b) the aggregate amount of such dividend payment in any calendar year does not exceed $10,000,000; and

(c) at the time of making such dividend payment, the Borrowing Base shall exceed the Total Aggregate Exposure by at least $50,000,000.

7.7 Capital Expenditures. Make or commit to make any Capital Expenditure in excess of $10,000,000 in the aggregate, except Capital Expenditures by the Borrower and its Subsidiaries of Aircraft Assets or tooling directly related thereto in the ordinary course of business; provided, however, that neither the Borrower nor any of its Subsidiaries may commit to aggregate obligations to make Capital Expenditures for Aircraft Assets (x) more than 18 but less than 24 months in the future if such aggregate obligations would be in excess of $35,000,000 or (y) more 24 or more months in the future if such aggregate obligations (when totaled with any

aggregate obligations more than 18 months or less than 24 months in the future) would be in excess of $25,000,000.

7.8 Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "**Investments**"), except:

(a) extensions of trade credit in the ordinary course of business and any bond, note, debenture or other security distributed in a bankruptcy proceeding with respect thereto;

(b) investments in Cash Equivalents;

(c) Guarantee Obligations permitted by Section 7.2;

(d) the Acquisition;

(e) intercompany Investments by Borrower or any of its Subsidiaries in the Borrower or any Person that, prior to such investment, is a Subsidiary; and

(f) in addition to Investments otherwise expressly permitted by this Section, Investments by the Borrower or any of its Subsidiaries in an aggregate amount (valued at cost) not to exceed $10,000,000 during the term of this Agreement.

7.9 Synthetic Purchase Agreements. Enter into or be party to, or make any payment under, any Synthetic Purchase Agreement.

7.10 Transactions with Affiliates. Enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than the Borrower or any Subsidiary) unless such transaction is (a) otherwise permitted under this Agreement, (b) (i) in the ordinary course of business of the relevant Loan Party, and (ii) upon fair and reasonable terms no less favorable to the relevant Loan Party than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate or (c) a written tax sharing agreement or similar arrangement between the Borrower and the Pledgor that requires the payment by the Borrower of its allocable share of any consolidated, combined or unitary tax liability of any group that includes the Borrower and the Pledgor (or any affiliate of the Pledgor), which allocable share shall be no greater than the amount of US federal, state, and local taxes that the Borrower and the Borrower's subsidiaries would have paid had the Borrower and its subsidiaries filed a consolidated, combined or unitary return for a group including only the Borrower and its Subsidiaries.

7.11 Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by Borrower or any of its Subsidiaries of real or personal property that has been or is to be sold or transferred by such Loan Party to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Loan Party.

7.12 Changes in Fiscal Periods. Permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

7.13 Negative Pledge Clauses. Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of Borrower or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of its property or revenues, whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than (a) this Agreement and the other Loan Documents and (b) any agreements governing any purchase money Liens or Capital Lease Obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby).

7.14 Clauses Restricting Subsidiary Distributions. Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Borrower or any other Subsidiary of the Borrower, (b) make loans or advances to, or other Investments in, the Borrower or any other Subsidiary of the Borrower or (c) transfer any of its assets to the Borrower or any other Subsidiary of the Borrower, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents and (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary.

7.15 Amendments to Acquisition Documentation. (a) Amend, supplement or otherwise modify (pursuant to a waiver or otherwise) the terms and conditions of the indemnities and licenses furnished to the Borrower or any of its Subsidiaries pursuant to the Acquisition Documentation such that after giving effect thereto such indemnities or licenses shall be materially less favorable to the interests of the Loan Parties or the Lenders with respect thereto or (b) otherwise amend, supplement or otherwise modify the terms and conditions of the Acquisition Documentation or any such other documents except for any such amendment, supplement or modification that (i) becomes effective after the Original Closing Date and (ii) could not reasonably be expected to have a Material Adverse Effect.

Section 8. Events Of Default.

If any of the following events shall occur and be continuing:

(a) the Borrower shall fail to pay the principal of or any interest on any Loan, or any fee payable hereunder or under any other Loan Document, within three Business Days after any such principal, interest or fee becomes due in accordance with the terms hereof; or the Borrower shall fail to pay any other amount payable hereunder or under any other Loan Document within five Business Days after the Borrower shall have received notice from the Administrative Agent that same shall be due in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document to which it is a party or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with

this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on the date made or deemed made and which shall have a Material Adverse Effect on the ability of the Loan Party to comply with its obligations under the Loan Documents; or

(c) the Borrower shall default in the observance or performance of any agreement contained in clause (i) or (ii) of Section 6.4(a), Section 6.7(a) or Section 7 of this Agreement; or

(d) the Borrower shall have failed to deliver a Borrowing Base valuation pursuant to Section 3.3(a) within five Business Days after the same shall be due; or

(e) except as otherwise provided in Section 6.9 hereof and Section 2.10 of the Aircraft Asset Security Agreement, any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (d) of this Section), and such default shall continue unremedied for a period of 30 days after notice to the Borrower from the Administrative Agent; or

(f) (i) the Borrower or any Subsidiary of the Borrower shall (x) default in making any payment of any principal of or interest on any Indebtedness (including any Guarantee Obligation, but excluding the Loans) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (y) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided, that a default, event or condition described in subclause (x) or (y) of clause (i) of this paragraph (f) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in subclauses (x) and (y) of clause (i) of this paragraph (f) shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate $4,000,000; or (ii) the Loan Guarantor shall (x) default in making any payment of principal of or interest in an aggregate amount of not less than $5,000,000 on any full recourse Indebtedness (including any Guarantee Obligation, but excluding the Loans) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; provided, that a default described in subclause (x) of clause (ii) of this paragraph (f) shall not at any time constitute an Event of Default unless a default shall have been declared by the relevant lenders in the instrument or agreement under which such Indebtedness was created; or (y) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; or

(g) (i) Any Loan Party shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Loan Party shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Loan Party any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against any Loan Party any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Loan Party shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Loan Party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(h) (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of Borrower or any of its Subsidiaries or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) Borrower or any of its Subsidiaries or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could, in the reasonable judgment of the Required Lenders, reasonably be expected to have a Material Adverse Effect; or

(i) one or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has acknowledged coverage) of $5,000,000 or more, unless all such judgments or decrees shall have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof; or

(j) any of the Security Documents shall cease, for any reason, to be in full force and effect, or Borrower or any of its Subsidiaries or any Affiliate of Borrower or any of its

Subsidiaries shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby; or

(k) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or Borrower or any of its Subsidiaries or any Affiliate of Borrower or any of its Subsidiaries shall so assert; or

(l) the Loan Guarantee shall cease, for any reason, to be in full force and effect or Loan Guarantor shall so assert; or

(m) AerCap Holdings N.V. shall cease to own and control, of record and beneficially, directly or indirectly, 51% of each class of outstanding Capital Stock of the Borrower;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (g) above with respect to the Borrower, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Revolving Commitments to be terminated forthwith, whereupon the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower. All amounts collected or received by the Administrative Agent or any Lender after the exercise of remedies pursuant to this Section 8 shall be paid over or delivered to the Collateral Agent for distribution in accordance with Section 9(a) of the Guaranty and Collateral Agreement and Section 4.01(a) of the Aircraft Asset Security Agreement.

Section 9. The Agents.

9.1 Appointment. Each Lender hereby irrevocably designates and appoints CALYON New York Branch as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or

otherwise exist against the Administrative Agent. Each Lender further appoints DekaBank Deutsche Girozentrale, Wachovia Bank, National Association and Norddeutsche Landesbank Girozentrale, as Co-Documentation Agents under this Agreement and HSH Nordbank AG as Syndication Agent. The Co-Documentation Agents and the Syndication Agent shall have no duties, liabilities or responsibilities in such capacity whatsoever.

9.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact selected by the Administrative Agent with reasonable care and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither any Administrative Agent, the Syndication Agent, any Co-Documentation Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by Borrower or any of its Subsidiaries or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the any such Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of Borrower or any of its Subsidiaries a party thereto to perform its obligations hereunder or thereunder. No such Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of Borrower or any of its Subsidiaries.

9.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat each Person whose name is recorded in the Register as the owner of the Loans recorded therein for all purposes for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan

Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Administrative Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Administrative Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of Borrower or any of its Subsidiaries or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

9.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure

Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Administrative Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Administrative Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

9.8 Administrative Agent in Its Individual Capacity. The Administrative Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with Borrower or any of its Subsidiaries as though such Administrative Agent were not an Administrative Agent. With respect to its Loans made or renewed by it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(g) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

9.10 Administrative Agent Fees. The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates previously agreed to in writing by the Borrower and the Administrative Agent.

9.11 [Intentionally Omitted].

9.12 Intralinks. The Administrative Agent will post all financial statements and other information received by it pursuant to Section 6.1 or 6.2 on Intralinks within ten Business Days of receipt.

Section 10. Miscellaneous.

10.1 Amendments and Waivers. Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and the Borrower and each of its Subsidiaries party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and the Borrower and each of its Subsidiaries party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Majority Facility Lenders of each adversely affected Facility) and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Revolving Commitment, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 10.1 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release all or substantially all of the Subsidiaries from their obligations under the Guarantee and Collateral Agreement or release the Loan Guarantor from its obligations under the Loan Guarantee, in each case without the written consent of all Lenders; (iv) reduce the percentage specified in the definition of Majority Facility Lenders with respect to any Facility without the written consent of all Lenders under such Facility; (v) amend, modify or waive any provision of (A) Sections 2.9(e), 3.1, 3.2 or 3.3 hereof; (B) Annex B hereto to add Eligible Equipment or to change the Advance Category for Eligible Equipment; (C) Annex C to increase the Borrowing Base Advance Rate; (D) Section 9(a) of the Guaranty and Collateral Agreement; or (E) Section 4.01(a) of the Aircraft Asset Security Agreement, without the written consent of all Lenders, (vi) amend, modify or waive any provision of Section 9 without the written consent of the Administrative Agent, (vii) amend, modify or waive any provision of Section 2.3 without the written consent of the Swing Line Lender, (viii) amend, modify or waive any provision of Section 2.2 without the written consent of the Letter of Credit Issuer, or (ix) amend, modify or waive the right of any Lender to receive

its pro rata share of payments or Collateral. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as set forth in Schedule 10.2 in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto; provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

10.5 Payment of Expenses. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its out-of-pocket costs and expenses incurred connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent (including (i) Vedder, Price, Kaufman & Kammholz, P.C., special New York counsel, the costs of each appraisal to determine the Appraisal Value and filing, registration and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Borrower prior to the Effective Date (in the case of amounts to be paid on the Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Lender and the Administrative Agent for all its costs and expenses (other than Taxes, which are solely governed by Sections 2.13 and 2.14 of this Agreement, Section 15 of the Guarantee and Collateral Agreement, and Section 5.01 of the Aircraft Asset Security Agreement) incurred in connection

with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Lender and of counsel to the Administrative Agent, (c) to pay, indemnify, and hold each Lender and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "**Indemnitee**") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than Taxes which are solely governed by Sections 2.13 and 2.14 of this Agreement, Section 15 of the Guarantee and Collateral Agreement, and Section 5.01 of the Aircraft Asset Security Agreement) with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of Borrower or any of its Subsidiaries or any of the Properties and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against Borrower or any of its Subsidiaries under any Loan Document (all the foregoing in this clause (c), collectively, the "**Indemnified Liabilities**"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.5 shall be payable not later than 10 days after written demand therefor. Statements payable by the Borrower pursuant to this Section 10.5 shall be submitted to Lawrence Preston (Telephone No. 305-590-2600, x301) (Telecopy No. 305-590-2695), at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 10.5 shall survive repayment of the Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations and Assignments; Successor Letter of Credit Issuer. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender other than any Conduit Lender may, without the consent of the Borrower, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities (each, a "**Participant**") participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely

responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by Borrower or any of its Subsidiaries therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 10.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.14, such Participant shall have complied with the requirements of said Section and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender other than any Conduit Lender (an "**Assignor**") may, in accordance with applicable law, at any time and from time to time assign to any Lender or any Lender Affiliate or, with the consent of the Administrative Agent (which shall not be unreasonably withheld or delayed), to an additional bank, financial institution or other entity (an "**Assignee**") all or any part of its rights and obligations under this Agreement and the other Loan Documents pursuant to an Assignment and Acceptance, executed by such Assignee and such Assignor, and delivered to the Administrative Agent for its acceptance and recording in the Register; provided (i) that, unless otherwise agreed by the Borrower and the Administrative Agent, no such assignment to an Assignee (other than any Lender or any Lender Affiliate) shall be in an aggregate principal amount of less than $3,000,000, in each case except in the case of an assignment of all of a Lender's interests under this Agreement or if a Default has occurred and is continuing and (ii) such Assignee shall have complied with the requirements of Section 2.14 of this Agreement. For purposes of the proviso contained in the preceding sentence, the amount described therein shall be aggregated in respect of each Lender and its Lender Affiliates, if any. No Assignee shall be entitled to receive a greater amount pursuant to Section 2.14 of this Agreement than the Assignor would have been entitled to receive in respect of the assigned rights and obligations had no such assignment occurred. Any such assignment need not be ratable as among the Facilities. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment and/or

Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto). Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Lender hereunder without the consent of the Administrative Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this Section 10.6(c). Notwithstanding anything in this Section 10.6(c) or elsewhere in this Agreement to the contrary, in the case of any assignments contemplated by this Section 10.6(c) occurring after CALYON New York Branch's primary syndication of the Loans, no Assignee shall be entitled to receive any greater amount pursuant to any such Section hereof than the Assignor would have been entitled to receive in respect of the amount of the Loans transferred by such Assignor to such Assignee had no such transfer occurred.

(d) The Administrative Agent shall, on behalf of the Borrower, maintain at its address referred to in Section 10.2 a copy of each Assignment and Acceptance delivered to it and a register (the "**Register**") for the recordation of the names and addresses of the Lenders and the Commitment of, and the principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, each other Loan Party, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Loans recorded therein for all purposes of this Agreement. Any assignment of any Loan shall be effective only upon appropriate entries with respect thereto being made in the Register.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person whose consent is required by Section 10.6(c), together with payment to the Administrative Agent of a registration and processing fee of $4,000, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) record the information contained therein in the Register on the effective date determined pursuant thereto.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 10.6 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including any pledge or assignment by a Lender to any Federal Reserve Bank in accordance with applicable law.

(g) Each of the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(h) The Lender which is the Letter of Credit Issuer may, upon thirty (30) days' notice to Borrower, the Administrative Agent and the Lenders, resign as Letter of Credit Issuer; provided that such resignation shall not become effective until a successor Letter of Credit Issuer is appointed. In the event of any such resignation, the Required Lenders shall appoint from among the Lenders a successor Letter of Credit Issuer who shall be approved by the Borrower (such approval not to be unreasonably withheld, conditioned or delayed). If a Lender which is the Letter of Credit Issuer resigns as Letter of Credit Issuer, it shall retain all the rights and obligations of the Letter of Credit Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Letter of Credit Issuer and all Letter of Credit Exposure with respect thereto.

10.7 Adjustments; Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular Facility, if any Lender (a "**Benefited Lender**") shall, at any time after the Loans and other amounts payable hereunder shall immediately become due and payable pursuant to Section 8, receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower, as the case may be. Each Lender agrees promptly to notify the Borrower and the

Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.9 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Integration. This Agreement and the other Loan Documents represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.12 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, as the case may be at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

10.13 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

10.14 Releases of Guarantees and Liens. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender except as expressly required by Section 10.1) to take any action requested by the Borrower having the effect of releasing any Collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1 or (ii) under the circumstances described in paragraph (b) below.

(b) At such time as the Loans and the other obligations under the Loan Documents (other than obligations under or in respect of Specified Hedge Agreements) shall have been paid in full and the Commitments have been terminated, the Collateral shall be released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and the Borrower and each of its Subsidiaries and the Loan Guarantor under the Security Documents shall terminate, all without delivery of any instrument or performance of any act by any Person.

10.15 Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all non-public information provided to it by Borrower or any of its Subsidiaries pursuant to this Agreement that is designated by such Loan Party as confidential; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent, any other Lender or any Lender Affiliate, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Specified Hedge Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if requested or required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, or (i) in connection with the exercise of any remedy hereunder or under any other Loan Document.

10.16 WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

10.17 USA Patriot Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (title III of Pub.L.107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrowers and other information that will allow such Lender to identify the Borrower in accordance with the Act. The Borrower shall provide such information promptly upon the request of the Administrative Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Senior Credit Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

AEROTURBINE, INC., as Borrower

By: _____
Name:
Title:

CALYON NEW YORK BRANCH, as
Administrative Agent and as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

HSH Nordbank AG, as Syndication Agent
and as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

KfW, as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

DEKABANK DEUTSCHE
GIROZENTRALE, as Co-Documentation
Agent and as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION, as Co-Documentation Agent and as a Lender

By: _____
Name:
Title:

NORDDEUTSCHE LANDESBANK
GIROZENTRALE, as Co-Documentation
Agent and as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

Exhibit 2.19

Execution Text

Dated: 2 November 2007

(1) AERCAP AERVENTURE HOLDING B.V.

(2) NLM AERVENTURE HOLDING B.V.

(3) INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as LoadAir)

(4) AERVENTURE LIMITED

AMENDMENT AGREEMENT

in respect of that
Joint Venture Agreement
dated 30 December 2005 (as amended)

McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2
AXP\1576890.3

CONTENTS

This **AMENDMENT AGREEMENT** dated 2 November 2007 is made between

(1) **AERCAP AERVENTURE HOLDING B.V.,** a company organised and existing under the laws of The Netherlands and having its principal place of business at Evert van de Beekstraat 312, 1118, CX, Schiphol Airport, The Netherlands ("**AerCap AerVenture B.V.**" which term includes its successors and permitted assigns);

(2) **NLM AERVENTURE HOLDING B.V.** , a company organised and existing under the laws of The Netherlands and having its principal place of business at Naritaweg 165 telestone 8, 1043 BW, Amsterdam, The Netherlands (**"NLM B.V."** which term includes its successors and permitted assigns);

(3) **INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as LoadAir)**, a company incorporated in Kuwait, whose principal place of business is at Kuwait Free Trade Zone, Moevenpick Way, Kuwait City, P.O. Box 43443, Kuwait (**"LoadAir"** which term includes its successors and permitted assigns); and

(4) **AERVENTURE LIMITED**, a company incorporated under the laws of Ireland (registered number 410443) and having its registered office at AerCap House, Shannon, Co. Clare, Ireland (the **"Company"** which term includes its successors and permitted assigns).

WHEREAS

A. AerCap AerVenture B.V. (as transferee of AerCap Ireland Limited), NLM B.V. (as transferee of Narrowbody Lease Management B.V.), LoadAir and the Company are party to that certain Joint Venture Agreement dated 30 December 2005 (as amended) (the "**Joint Venture Agreement**") and pursuant to which it was agreed, inter alia, that the Company would operate as a joint venture vehicle for the purpose of acquiring and leasing a fleet of new Airbus A320 family aircraft.

B. Clause 2.3 of the Joint Venture Agreement provides that the central management and control of the Company shall be exercised in Ireland and that each of the Shareholders shall take such steps as are within its control to ensure that the Company is treated by all relevant authorities as being resident for taxation and other purposes in Ireland.

C. Pursuant to Clause 9.1(k) of the Joint Venture Agreement each Shareholder undertakes to each other Shareholder that it shall comply with its obligations under the Joint Venture Agreement and shall exercise all voting rights and other powers of control available to it in relation to the Company and the Directors or otherwise so as to procure (insofar as it is able by the exercise of such rights and powers) that at all times during the term of the Joint Venture Agreement the the Company is managed and controlled in Ireland and that all Board meetings are held in Ireland.

D. The parties hereto have agreed to enter into certain arrangements to achieve the tax residency migration of the Company from Ireland to the Netherlands (the **"AerVenture Migration"**).

E. In order to achieve the AerVenture Migration, the parties hereto have agreed to amend the Joint Venture Agreement to provide, *inter alia,* that the central management and control of the Company shall be exercised in the Netherlands and the parties hereto have agreed to enter into this agreement to amend the Joint Venture Agreement in the manner provided herein.

IT IS HEREBY AGREED as follows:

1. **Definitions and Interpretation**

1.1 In this Agreement (including in the Recitals), all terms and expressions shall, unless otherwise defined herein, have the meaning attributed to such terms and expressions in the Joint Venture Agreement.

1.2 The terms of clause 1.2 of the Joint Venture Agreement shall apply to this Agreement as if set out herein, *mutatis mutandis*.

2. **Amendment of Joint Venture Agreement**

2.1 With effect from the date hereof, the Joint Venture Agreement shall be amended as follows:

(a) by deleting the text of the definition of "Service Provider" in Clause 1.1 and replacing it with the following text:

"**"Service Provider"** means the Administrative Agent, the Cash Manager, AerCap Ireland Limited, the Servicer and the Insurance Servicer in their capacity as Servicers under the Services Agreements;"

(b) by deleting the text of the of the definition of "Servicer" in Clause 1.1 and replacing it with the following text:

"**"Servicer"** means AerCap Group Services B.V. as the primary servicer to the Company under the Servicing Agreement;"

(c) by deleting the text of the definition of "Servicing Agreement" in Clause 1.1 and replacing it with the following text:

"**"Servicing Agreement"** means the Amended and Restated Servicing Agreement dated 2 November 2007 between AerCap Ireland Limited, the Cash Manager (in its capacity as cash manager), the Cash Manager (in its capacity as Insurance Servicer), the Servicers, the Administrative Agent, the Company, AerVenture Leasing 1 Limited, AerVenture UK Limited and each subsidiary of the Company for the time being a party thereto;"

(d) in Clause 2.3 , the word "Ireland" shall be deleted and replaced with the words "The Netherlands";

(e) in Clause 9.1(k), the word "Ireland" shall be deleted and replaced with the words "The Netherlands";

(f) in Clause 18.5, by inserting the words "(other than a member of the AerCap Group)" after the words "and no person"; and

(g) in Clause 13 of Part B of Schedule 4, the word "Ireland" shall, wherever it appears, be deleted and replaced with the words "The Netherlands".

2.2 AerCap AerVenture B.V., NLM B.V., LoadAir and the Company each hereby unconditionally and irrevocably acknowledge and confirm that save as amended and varied by this Agreement, the Joint Venture Agreement remains in full force and effect and the rights and obligations of each of AerCap AerVenture B.V., NLM B.V., LoadAir and the Company have not been discharged, impaired or otherwise affected by the execution or performance of this Agreement.

2.3 AerCap AerVenture B.V., NLM B.V., LoadAir and the Company each hereby agree that with effect from the date hereof, all references to the Joint Venture Agreement (howsoever described) will be construed as references to the Joint Venture Agreement as amended pursuant to this Agreement, as it may be further amended from time to time.

3. **Representations and Warranties**

3.1 The provisions of Clause 7 of the Joint Venture Agreement shall apply to this Agreement as if set out in full herein, *mutatis mutandis.*

4. **Invalidity**

4.1 If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

(b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

The illegal, invalid or unenforceable provision shall be substituted by a valid provision which accomplishes as far as legally possible the economic purposes of the void or unenforceable provision.

5. **Governing Law**

5.1 The provisions of Clause 29 of the Joint Venture Agreement shall apply to this Agreement as if set out in full herein, *mutatis mutandis***.**

6. **Miscellaneous**

6.1 No neglect, delay or indulgence on the part of any party hereto in enforcing the terms and conditions of this Agreement shall prejudice the strict rights of any party hereunder or be construed as a waiver thereof nor shall this Agreement be capable of variation except in writing signed by the parties hereto.

6.2 The respective rights of the parties hereunder are cumulative, may be exercised as often as each of them considers appropriate and are in addition to their respective rights under general law.

7. **Counterparts**

7.1 This Agreement may be executed in any number of counterparts and by any party hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which, when taken together, shall constitute one and the same agreement.

IN WITNESS whereof the parties hereto have entered into this Agreement the day and year herein first written.

AERCAP AERVENTURE HOLDING B.V.

By: _____

Name: _____

Title: _____

NLM AERVENTURE HOLDING B.V.

By: _____

Name: _____

Title: _____

INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as LoadAir)

By: _____

Name: _____

Title: _____

AERVENTURE LIMITED

By: _____

Name: _____

Title: _____

JVA Amendment Agreement
Execution Text

Dated: 12 December 2007

(1) AERCAP AERVENTURE HOLDING B.V.

(2) NLM AERVENTURE HOLDING B.V.

(3) AERVENTURE LIMITED

AMENDMENT AGREEMENT

in respect of that
Joint Venture Agreement
dated 30 December 2005 (as amended)

McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2
AXP/1604699

CONTENTS

This **AMENDMENT AGREEMENT** dated 12 December 2007 is made between

(1) **AERCAP AERVENTURE HOLDING B.V.,** a company organised and existing under the laws of The Netherlands whose registered office is at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, Amsterdam, The Netherlands ("**AerCap**" which term includes its successors and permitted assigns);

(2) **NLM AERVENTURE HOLDING B.V.**, a company organised and existing under the laws of The Netherlands whose registered office is Naritaweg 165 telestone 8, 1043BW, The Netherlands, ("**NLM**" which term includes its successors and permitted assigns); and

(3) **AERVENTURE LIMITED**, a company incorporated under the laws of Ireland (registered number 410443) and having its registered office at AerCap House, Shannon, Co. Clare, Ireland (the "**Company**" which term includes its successors and permitted assigns).

WHEREAS

A. AerCap AerVenture B.V., (as transferee of AerCap Ireland Limited), NLM Holding B.V. (as transferee of Narrowbody Lease Management B.V.) and the Company are party to that certain Joint Venture Agreement dated 30 December 2005, as amended pursuant to a Joint Venture Amendment Agreement dated 2 November 2007, (the "**Joint Venture Agreement**").

B. Clause 13.4(a) of the Joint Venture Agreement provides that on or before a Financing Start Date the Cash Manager shall by notice in writing require that each Shareholder shall pay to the Company no later than ten Business Days before the Relevant Quarter (the "**Due Date**"), the Agreed Proportion of the Additional Shareholder Capital Tranche.

C. Schedule 7 to the Joint Venture Agreement (the "**Original Equity Drawdown Schedule**") designates the Relevant Quarters and the amounts due by each of the Shareholders on the Due Date in respect of such Relevant Quarters.

D. The parties hereto have agreed to amend the Joint Venture Agreement, *inter alia*, to:

(i) substitute the equity drawdown schedule set out in the Schedule (the "**New Equity Drawdown Schedule**") to this Agreement for the Original Equity Drawdown Schedule to indicate the quarters in which amounts of Secured Initial Shareholder Capital, Additional Shareholder Capital and Notes are to be subscribed for by the Shareholders or AerCap as the case may be;

(ii) permit the Cash Manager, in any notice issued in respect of the Secured Initial Shareholder Capital, to increase or reduce the amount thereof by up to US$7,500,000;

(iii) permit the Cash Manager, in any Call Notice in respect of an Additional Shareholder Capital Tranche, to increase or reduce the scheduled amount of such Additional Shareholder Capital Tranche by up to US$10,000,000;

(iv) oblige AerCap to subscribe for the Notes; and

(v) oblige NLM to pay to the Company not later than ten (10) Business Days before 31 March 2009 an amount equal to 50% of the par value of Notes subscribed for by AerCap. The Company shall issue to NLM fully paid shares at par having a nominal value equal to the par value of such Notes. The proceeds of such payment shall be used by the Company to redeem Notes held by AerCap at par.

E. By their execution of this Agreement, NLM and AerCap, as Significant Shareholders, confirm their agreement to the execution by the Company of the Loan Note Instrument in accordance with and as required by clause 9 of and schedule 4 to the Joint Venture Agreement.

IT IS HEREBY AGREED as follows:

1. Definitions and Interpretation

1.1 In this Agreement (including in the Recitals), all terms and expressions shall, unless otherwise defined herein, have the meaning attributed to such terms and expressions in the Joint Venture Agreement:

"**Loan Note Instrument**" means the instrument constituting convertible redeemable loan notes in an amount of US$70,000,000 executed by the Company on or about the date hereof; and

"**Notes**" has the meaning given to it in the Loan Note Instrument.

1.2 The terms of clause 1.2 of the Joint Venture Agreement shall apply to this Agreement as if set out herein, *mutatis mutandis*.

2. Amendment and Variation of Joint Venture Agreement

2.1 *Definitions; substitution of schedule 7; amendment to Clause 13.4(a)*

With effect from the date hereof, the Joint Venture Agreement shall be amended as follows:

(a) by deleting the text of the of the definition of "Financing Start Date" in Clause 1.1 and replacing it with the following text:

> ""**Financing Start Date**" means the date thirty (30) days before the first date of the quarter in which such subscription is to occur, as set out in the Equity Drawdown Schedule which shall be the "**Relevant Quarter**" in respect of that Financing Start Date";

(b) by amending the definition of "Additional Shareholder Capital Tranche" by deleting the text "(not being more than 115% of the scheduled amount)" in paragraph (a)(i) of such definition, and replacing such deleted text with the following text:

> "(not being (A) less than the scheduled amount minus US$10,000,000 or (B) greater than the scheduled amount plus US$10,000,000)";

(c) by amending the definition of "Business Day" by deleting the words "both Dublin and Kuwait" and replacing them with the words "Dublin, Amsterdam and Kuwait";

(d) by amending the definition of "Secured Initial Shareholder Capital" by inserting the following text at the end thereof:

"**provided that** the Cash Manager may increase or decrease such amount by up to US$7,500,000 in the notice referred to in Clause 13.3(a)(i)(A)";

(e) by inserting the following definitions in the appropriate alphabetical order in clause 1.1 of the Joint Venture Agreement:

""**Loan Note Instrument**" means the instrument constituting convertible redeemable loan notes in an amount of US$70,000,000 executed by the Company on 12 December 2007;"

""**Note Financing Start Date**" means in respect of any subscription by AerCap for Notes under Clause 13.5, any day before the first date of the quarter in which such subscription for Notes is to occur, as set out in the Equity Drawdown Schedule (such date to be determined by Cash Manager in consultation with AerCap) which shall be the "**Relevant Quarter**" in respect of that Note Financing Start Date;" and

""**Notes**" has the meaning given to it in the Loan Note Instrument;";

(f) by deleting the words "45 days" in the first line of clause 13.3(a)(i)(A) and replacing them with "30 days"; and

(g) by deleting the text in Schedule 7 to the Joint Venture Agreement and replacing it with the text in the Schedule to this Agreement.

2.2 *Variation of certain rights and obligations under the Joint Venture Agreement*

(a) Notwithstanding anything to the contrary in clause 13.4 of the Joint Venture Agreement (as amended pursuant to the terms of this Agreement), it is agreed that US$70,000,000 of the Additional Shareholder Capital shall be contributed to the Company not by way of subscription for Shares by the Shareholders but rather by AerCap subscribing for US$70,000,000 of Notes pursuant to the terms of this Agreement and the Joint Venture Agreement (as amended by this Agreement) **provided that** it is acknowledged and agreed by NLM, the Company and AerCap that the failure by AerCap to subscribe for any or all of the Notes in accordance with the Joint Venture Agreement (as amended) shall not constitute an Event of Default or a Financing Event of Default. NLM acknowledges and agrees that it shall have no recourse against AerCap (whether at law, in equity or howsoever otherwise) if AerCap fails to subscribe for any or all of the Notes in accordance with the Joint Venture Agreement (as amended). For the avoidance of doubt, the agreement by NLM in the preceding sentence shall not affect, or be construed to affect, the rights of the Company against AerCap in respect of any breach by AerCap of its obligations hereunder to subscribe for Notes.

(b) In order to reflect the rights and obligations of AerCap, NLM and the Company in respect of such Notes, the following text shall be inserted in the Joint Venture Agreement as a new clause 13.5 and the existing clauses 13.5 and 13.6 shall be renumbered as 13.6 and 13.7 respectively:

"13.5 (a) On any date on or before a Note Financing Start Date the Cash Manager shall by notice in writing (the "**Note Call Notice**") require that AerCap shall subscribe at par for Notes under the Loan Note Instrument on any Business Day before the end of the Relevant Quarter (the "**Note Due Date**"), in such amount as is specified in the Note Call Notice, which amount shall be the amount specified in the column entitled "Note Subscription" in the Equity Drawdown Schedule for the Relevant Quarter **provided that** the Cash Manager may increase or decrease such amount up to US$10,000,000 in the Note Call Notice (such amount being the "**Note Call Amount**") **provided further that** if the aggregate of the par value of Notes which have been subscribed for by AerCap as at 1 January 2009 (such amount being the "**Total Subscribed Note Amount**") is less than US$70,000,000 then the Equity Drawdown Schedule shall be automatically amended such that:

(i) there shall be inserted in the Equity Drawdown Schedule in the column headed "Note Subscription" for the quarter start date "January-09" an amount equal to the difference between US$70,000,000 and the Total Subscribed Note Amount (the "**Differential Amount**");

(ii) the amount specified in the column headed "Additional Shareholder Capital" for the quarter start date "January-09" shall be reduced by an amount equal to the Differential Amount; and

(iii) the amount specified in the column headed "Additional Shareholder Capital" for the quarter start date "April-09" shall be increased by an amount equal to the Differential Amount.

(b) AerCap undertakes to the Company to pay the Note Call Amount as set out in any such Note Call Notice in the manner specified in the Note Call Notice and as required by the Loan Note Instrument; and

(c) No later than 30 days before 31 March 2009, the Cash Manager shall issue a notice to NLM requiring it to pay to the Company a cash amount equal to fifty per cent. (50%) of the par value of the Notes subscribed for by AerCap prior to 31 March 2009 (the "**Subject Notes**") and not later than ten (10) Business Days before 31 March 2009, NLM shall pay such amount in cash to the Company. Following receipt of such sum, on 31 March 2009 the Company shall issue to NLM Shares fully paid at par having a nominal value equal to the par value of the Subject Notes. The Company shall use all of the subscription proceeds for such Shares to redeem on 31 March 2009 such number of the Notes outstanding on such date as equal the amount of such subscription proceeds. For the avoidance of doubt, the Company shall be entitled to redeem Notes only out of the proceeds of the subscription for such Shares, save where

such redemption is made under clause 7(a) (*Acceleration Events*) of the Loan Note Instrument."

(c) NLM acknowledges and agrees that it shall have no rights under clause 15.1 of the Joint Venture Agreement, nor shall article 7.1 of the articles of association of the Company apply, in respect of any Shares issued to the holder of Notes as a result of or in connection with the redemption or conversion of any Notes in accordance with the Loan Note Instrument.

2.3 AerCap, NLM and the Company each hereby unconditionally and irrevocably acknowledge and confirm that save as amended and varied by this Agreement, the Joint Venture Agreement remains in full force and effect and the rights and obligations of each of AerCap, NLM and the Company have not been discharged, impaired or otherwise affected by the execution or performance of this Agreement.

2.4 AerCap, NLM and the Company each hereby agree that, with effect from the date hereof, all references to the Joint Venture Agreement (howsoever described) will be construed as references to the Joint Venture Agreement as amended pursuant to this Agreement, as it may be further amended from time to time.

3. Consent to Loan Note Instrument

3.1 By its execution hereof, and for the purposes of clause 9 of and schedule 4 to the Joint Venture Agreement, each of AerCap and NLM irrevocably consent to:

(a) the amendment and variation to the Joint Venture Agreement constituted by this Agreement; and

(b) the constitution of the Loan Note Instrument by the Company, the issuance of Notes thereunder and any issuance of Shares in connection with the redemption or conversion of any such Notes as contemplated by the Loan Note Instrument.

4. Representations and Warranties

4.1 The provisions of Clause 7 of the Joint Venture Agreement shall apply to this Agreement as if set out in full herein, *mutatis mutandis*.

5. Invalidity

5.1 If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

(b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

The illegal, invalid or unenforceable provision shall be substituted by a valid provision which accomplishes as far as legally possible the economic purposes of the void or unenforceable provision.

6. Governing Law

The provisions of Clause 29 of the Joint Venture Agreement shall apply to this Agreement as if set out in full herein, *mutatis mutandis***.**

7. Miscellaneous

7.1 No neglect, delay or indulgence on the part of any party hereto in enforcing the terms and conditions of this Agreement shall prejudice the strict rights of any party hereunder or be construed as a waiver thereof nor shall this Agreement be capable of variation except in writing signed by the parties hereto.

7.2 The respective rights of the parties hereunder are cumulative, may be exercised as often as each of them considers appropriate and are in addition to their respective rights under general law.

8. Counterparts

8.1 This Agreement may be executed in any number of counterparts and by any party hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which, when taken together, shall constitute one and the same agreement.

IN WITNESS whereof the parties hereto have entered into this Agreement the day and year herein first written.

AERCAP AERVENTURE HOLDING B.V.

By: _____

Name: _____

Title: _____

NLM AERVENTURE HOLDING B.V.

By: _____

Name: _____

Title: _____

AERVENTURE LIMITED

By: _____

Name: _____

Title: _____

Exhibit 8.1

Subsidiary name	Jurisdiction of incorporation
AerCap Aircraft Finance XI B.V.	The Netherlands
AerCap Aircraft Finance XII B.V.	The Netherlands
AerCap Aircraft Finance XIII B.V.	The Netherlands
AerCap Aircraft Finance XVII B.V.	The Netherlands
AerCap Aircraft Finance XVIII B.V.	The Netherlands
AerCap B.V.	The Netherlands
AerCap Group Services B.V.	The Netherlands
AerCap Dutch Aircraft Leasing I B.V.	The Netherlands
AerCap Leasing I B.V.	The Netherlands
AerCap Leasing II B.V.	The Netherlands
AerData B.V.	The Netherlands
AerCap Leasing XIII B.V.	The Netherlands
AerCap Leasing XIV B.V.	The Netherlands
AerCap Leasing XIX B.V.	The Netherlands
AerCap Leasing XVI B.V.	The Netherlands
AerCap Leasing XVII B.V.	The Netherlands
AerCap Leasing XVIII B.V.	The Netherlands
AerCap Leasing 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 X B.V.	The Netherlands
Brazilian Aircraft Finance XI B.V.	The Netherlands
Brazilian Aircraft Finance XIII B.V.	The Netherlands
Brazilian Aircraft Finance XIV B.V.	The Netherlands
Brazilian Aircraft Finance XV B.V.	The Netherlands
Brazilian Aircraft Finance XVII B.V.	The Netherlands
Budapest Aircraft Finance I B.V.	The Netherlands
Mexican Aircraft Finance I B.V.	The Netherlands
Mexican Aircraft Finance II 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 Fokker100 Finance 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 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 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
AerCap Sverige Aircraft Leasing AB	Sweden
AerFi Sverige AB	Sweden
AerFi Sverige Aircraft AB	Sweden
Dijon Location S.A.R.L.	France
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
Elasis Leasing Limited	United Kingdom
AerCap UK Limited	United Kingdom
AerCap International Limited	United Kingdom
Asset Management A/S	Norway
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	Bermuda
AerCap Bermuda A330 Limited	Bermuda
AerCap, Inc	United States of America
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
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 Corvo Limited	Cayman Islands
Elasis (Cayman Islands) Limited	Cayman Islands
AerCap 320 Limited	Cayman Islands
AerCap 320 C Limited	Cayman Islands
AerCap Leasing 8 Limited	Cayman Islands
AerCap HK-320-A Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
AerCap HK-320-C Limited	Cayman Islands
AerCap G Caymans Limited	Cayman Islands
Air Tara Hong Kong Limited	Cayman Islands
AerCap A Bordeaux Limited	Cayman Islands
AerCap Jet Limited	Jersey
Aircraft Lease Securitisation Ltd and subsidiaries	Jersey
AerCap Asia Limited	Malaysia

Exhibit 12.1

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(s) 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(s) 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: March 18, 2008

/s/ KLAUS HEINEMANN

Signature

Chief Executive Officer

Title

QuickLinks

Exhibit 12.2

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(s) 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(s) 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: March 18, 2008

/s/ KEITH HELMING

Signature

Chief Financial Officer

Title

QuickLinks

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)

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, 2007 (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.

Dated: March 18, 2008

/s/ KLAUS HEINEMANN

Klaus Heinemann
Chief Executive Officer

Dated: March 18, 2008

/s/ KEITH HELMING

Keith Helming
Chief Financial Officer

QuickLinks