

PROSPECTUS

\$4,048,000,000

Airplanes Pass Through Trust

PASS THROUGH CERTIFICATES

Each Pass Through Certificate of any class or subclass (collectively, the "Certificates") offered as described herein (the "Underwritten Offering") will represent a fractional undivided beneficial interest in two corresponding classes or subclasses of notes (collectively, the "Notes") issued by Airplanes Limited, a Jersey limited liability company ("Airplanes Limited"), and Airplanes U.S. Trust, a Delaware business trust ("Airplanes Trust"). Airplanes Limited and Airplanes Trust have each fully and unconditionally guaranteed (the "Guarantees") the other's obligations under each class or subclass of Notes. Each corresponding class or subclass of Notes will be held by Airplanes Pass Through Trust (the "Trust"), formed pursuant to a Pass Through Trust Agreement (the "Trust Agreement") among Airplanes Limited, Airplanes Trust, and Bankers Trust Company, as pass through trustee (the "Trustee"). The only source of payment for the Notes, the Guarantees and other obligations of Airplanes Group will be the payments made by the Lessees under the Leases, proceeds from dispositions, if any, of the assets of Airplanes Group, net payments, if any, under the Swap Agreements, disposals of the Notes by the Indenture Trustees under certain circumstances and net cash proceeds received from the sale of Refinancing Certificates. Payments on the Notes and Certificates will be subordinated to certain other obligations of Airplanes Group as further described herein.

GPA Group plc ("GPA Group" and, together with its subsidiaries and affiliates, "GPA") or a wholly owned subsidiary of GPA Group will act as Administrative Agent, Cash Manager and Seller and GE Capital Aviation Services, Limited ("GECAS") will act as Servicer in connection with the transaction described herein. (Cover sheet continued on next page)

NEITHER THE CERTIFICATES NOR THE NOTES ARE OBLIGATIONS OF, OR GUARANTEED BY, OR OFFERED FOR SALE BY, THE TRUSTEE, GPA GROUP, OR ANY OF THEIR AFFILIATES. NEITHER THE CERTIFICATES NOR THE NOTES ARE OBLIGATIONS OF, OR GUARANTEED BY, OR OFFERED FOR SALE BY, GENERAL ELECTRIC CAPITAL CORPORATION OR ANY OF ITS AFFILIATES. THE NOTES AND THE GUARANTEES ARE SOLELY THE OBLIGATIONS OF AIRPLANES LIMITED AND AIRPLANES TRUST. THE CERTIFICATES REPRESENT ONLY BENEFICIAL INTERESTS IN THE NOTES AND THE GUARANTEES HELD BY THE TRUST.

PROSPECTIVE INVESTORS SHOULD CONSIDER, AMONG OTHER CONSIDERATIONS, THE INFORMATION SET FORTH IN THE SECTION ENTITLED "RISK FACTORS" COMMENCING ON PAGE 27.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Pass Through Certificates	Initial Aggregate Principal Amount	Interest Rate	Expected Final Payment Date (2)	Final Maturity Date	Price to Public (3) (4)
Subclass A-1	\$850,000,000	LIBOR+.25% (1)	March 15, 1998	March 15, 2006	99.9436%
Subclass A-2	\$750,000,000	LIBOR+.32% (1)	March 15, 1999	March 15, 2009	99.9173%
Subclass A-3	\$500,000,000	LIBOR+.47% (1)	March 15, 2001	March 15, 2015	99.8695%
Subclass A-4	\$200,000,000	LIBOR+.62% (1)	March 15, 2003	March 15, 2019	99.8278%
Subclass A-5	\$598,000,000	LIBOR+.35% (1)	April 15, 1999	March 15, 2019	99.9627%
Class B	\$375,000,000	LIBOR+1.10% (1)	March 15, 2009	March 15, 2019	99.4257%
Class C	\$375,000,000	8.15%	March 15, 2011	March 15, 2019	99.9116%
Class D	\$400,000,000	10.875%	March 15, 2012	March 15, 2019	100%

(1) London interbank offered rate for one month U.S. dollar deposits (unless otherwise specified, "LIBOR") plus the applicable margin.

(2) Based on the Assumptions set forth herein. See "Description of Securities — The Certificates — Payments and Distributions".

(3) The aggregate net proceeds to the Trust from the sale of all the Certificates will be \$4,011 million after deducting aggregate underwriting discounts and commissions of \$32 million but before deducting transaction expenses payable by Airplanes Limited and Airplanes Trust, which are expected to be approximately \$13 million. See "Underwriting".

(4) Airplanes Limited, Airplanes Trust and GPA Group have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting".

The Certificates are offered subject to prior sale, when, as and if delivered to and accepted by the Underwriters, and subject to approval of certain legal matters by Shearman & Sterling, counsel to the Underwriters. It is expected that delivery of the Certificates will be made in book-entry form on or about March 28, 1996 through the facilities of The Depository Trust Company, Cedel Bank, société anonyme, and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System, against payment therefor in immediately available funds.

MORGAN STANLEY & CO.

Incorporated

LEHMAN BROTHERS

CITICORP SECURITIES, INC.

SALOMON BROTHERS INC

ABN AMRO HOARE GOVETT

BARCLAYS DE ZOEETE WEDD LIMITED

CS FIRST BOSTON

DAIWA EUROPE LIMITED

FIRST CHICAGO CAPITAL MARKETS, INC.

KREDIETBANK AEROSPACE FINANCE

MITSUBISHI TRUST INTERNATIONAL LIMITED

NATWEST MARKETS

PARIBAS CAPITAL MARKETS

SCHRODER WERTHEIM & CO. INCORPORATED

SCOTIA CAPITAL MARKETS

SOCIÉTÉ GÉNÉRALE

SBC WARBURG

A DIVISION OF SWISS BANK CORPORATION

March 13, 1996

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE LUXEMBOURG STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

There has been no market for the Certificates prior to the Underwritten Offering. The Underwriters have advised Airplanes Limited and Airplanes Trust that they presently intend to make a market in the Certificates. The Underwriters are not obligated, however, to make a market in the Certificates and any such market-making may be discontinued at any time at the sole discretion of the Underwriters. Accordingly, no assurance can be given as to the liquidity of or trading market for the Certificates. See "Underwriting".

Each class or subclass of Certificates will be issued as a global security in registered form, which is expected to be deposited with Bankers Trust Company, as custodian for the Depository Trust Company ("DTC"). Except as described under "Description of Securities — The Certificates", no Definitive Certificates will be available to the purchasers thereof. Beneficial interests in the Certificates will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, or its nominee and its participants (including Cedel Bank, société anonyme ("Cedel Bank") or Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") holding through their respective depositaries, Citibank, N.A. and Morgan Guaranty Trust Company of New York).

Unless otherwise stated, all monetary amounts are expressed herein in United States Dollars ("\$").

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Trust, Airplanes Limited, Airplanes Trust, GPA Group or the Underwriters. This Prospectus does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Trust, Airplanes Limited, Airplanes Trust or GPA Group since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

Until June 11, 1996, all dealers effecting transactions in the registered securities, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Neither General Electric Capital Corporation ("GE Capital"), GECAS nor any of their affiliates is the issuer or guarantor of the Notes or the Certificates. Accordingly, neither GE Capital, GECAS nor any of their affiliates makes any representations or warranties as to the accuracy or completeness of the information contained in this Prospectus and nothing herein shall be deemed to constitute any such representation or warranty by GE Capital, GECAS or any of their affiliates or any representation or warranty as to the future performance of Airplanes Limited or Airplanes Trust or the ability of Airplanes Limited or Airplanes Trust to make payments of interest or principal with respect to the Notes or the Certificates.

[ART]

[ART]

The consent of the Finance and Economics Committee of the States of Jersey (the "Committee") under the Control of Borrowing (Jersey) Order 1958 (as amended) (the "1958 Order") will be obtained to the issue of Notes by Airplanes Limited and, to the extent the same may be required under the 1958 Order, the Certificates.

When this document is circulated there will have been delivered a copy thereof to the Registrar of Companies in Jersey in accordance with Article 6 of the Companies (General Provisions) (Jersey) Order 1992 and the consent of the Registrar of Companies to its circulation will have been given and not withdrawn. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies nor the Committee takes any responsibility for the financial soundness of Airplanes Limited or for the correctness of any statements made, or opinions expressed, with regard to it.

In accordance with the rules of the Luxembourg Stock Exchange, Airplanes Group states that it has taken all reasonable care to confirm that the information contained in this Prospectus in relation to Airplanes Group and the Certificates is true and accurate in all material respects and that in relation to Airplanes Group and the Certificates there are no material facts the omission of which would make misleading any statement herein, whether of fact or opinion.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus. Capitalized terms used in this Prospectus Summary without definition have the meanings assigned in the text of this Prospectus. An Index referencing defined terms is attached as Appendix I hereto. Investors should thoroughly consider this Prospectus in its entirety, including the information set forth herein under "Risk Factors", prior to an investment in the Certificates.

The Underwritten Offering and Acquisition described in this Prospectus require the consent or approval of various parties, or require detailed agreement to be reached with various parties as to the terms and conditions on which such transactions will occur. As of the date of this Prospectus, GPA had received required consents and approvals or approvals in principle for the Secured Debt Refinancing from all of the Banks, the required majority of the Secured Noteholders and from certain other lenders affected thereby. GPA has also received all the consents and approvals it needs from the various operators of the Aircraft in order to effect the Acquisition. There can be no assurance, however, that any of these parties or any of GPA's other creditors, security holders, suppliers or airline customers will not object to any of the transactions described in this Prospectus in a manner that adversely affects completion of the Underwritten Offering and Acquisition.

Transaction Overview

The Trust will issue approximately \$4 billion in aggregate principal amount of the Certificates in four classes: Class A (composed of 5 subclasses), Class B, Class C and Class D. Each Certificate represents a fractional undivided beneficial interest in a pair of corresponding classes or subclasses of Notes issued by Airplanes Limited and Airplanes Trust (together with, unless the context otherwise requires, their subsidiaries, "**Airplanes Group**") and held by the Trust. Airplanes Limited and Airplanes Trust have each fully and unconditionally guaranteed the other's obligations under its Notes. Airplanes Limited and Airplanes Trust are special purpose vehicles established to acquire indirectly, as described below, 229 aircraft from GPA which will enable GPA to repay a substantial part of its existing indebtedness. The proceeds of the issuance of the Certificates will be used primarily to finance such acquisition.

Airplanes Group will acquire assets from GPA consisting primarily of 201 commercial jet and 28 turboprop aircraft (the "**Aircraft**"), related leases to aircraft operators (the "**Existing Leases**") and certain outstanding receivables relating to the Aircraft and owed by certain of the current operators of the Aircraft (the "**Receivables**"). The Aircraft had an aggregate Initial Appraised Value of \$4,527 million at October 31, 1995. As of December 31, 1995, 220 of the Aircraft were on lease to 83 aircraft operators based in 40 countries. Of the remaining nine aircraft, three were available for lease and six were the subject of non-binding letters of intent. Historically, letters of intent entered into by GPA have generally resulted in lease agreements. In addition, of the 220 Aircraft on Lease as of December 31, 1995, recovery of two Aircraft was being pursued from a Mexican Aircraft operator and recovery of three Aircraft was being pursued from a Brazilian operator. Of the 229 Aircraft, 19 are widebody types and 210 are narrowbody types. See "The Aircraft, the Related Leases and Collateral".

Airplanes Limited will indirectly acquire 206 of the Aircraft and the related Existing Leases through the acquisition of 95% of the capital stock of GPA II Limited ("**Holding Co.**"), a wholly owned aircraft-owning subsidiary of GPA Group. Airplanes Trust will indirectly acquire 23 of the Aircraft and related Existing Leases through the acquisition of all of the capital stock of AeroUSA, Inc., a Connecticut corporation, ("**AeroUSA**"), an indirect wholly-owned aircraft-owning subsidiary of GPA Group. Holding Co. will own (i) 33 of the Aircraft and the related Existing Leases, (ii) 13 wholly owned subsidiaries of GPA Group (including Holding Co., the "**Aircraft Owning Companies**") which own 173 of the Aircraft and (iii) 9 other wholly-owned subsidiaries of GPA Group ("**Special Lessors**") which own no aircraft and whose business is to lease certain of the Aircraft from the Aircraft Owning Companies and sublease such Aircraft to various aircraft operators. The ownership of the Aircraft by two entities reflects GPA Group's corporate structure prior to the transaction. It would not be tax-efficient in Ireland or the United States to have a single direct or indirect owner of the Aircraft. The Aircraft Owning Companies, the Special Lessors and AeroUSA are referred to in this Prospectus as the "**Transferring Companies**".

GECAS will act as servicer (the "**Servicer**") pursuant to the servicing agreement among Airplanes Limited, AeroUSA, Holding Co., Airplanes Trust, GPA Cash Manager Limited, as Cash Manager, and

GECAS dated as of the Closing Date (the “**Servicing Agreement**”) and perform certain aircraft-related services on behalf of Airplanes Group. Airplanes Limited, AeroUSA and Holding Co. have directed the Servicer to perform such services in a manner that is intended to be consistent with maximizing the cash flows derived from the Aircraft and the Existing Leases and future leases related thereto (the “**Future Leases**” and, together with the Existing Leases, the “**Leases**”) over time, subject to the constraints imposed by the Trust Indentures and by seeking to achieve a balanced and diversified portfolio (including, without limitation, with respect to lessees, geography and lease term lengths), in all cases taking into account then existing and anticipated market conditions affecting the operating lease market for used aircraft and the commercial aviation industry generally. The Servicer is not required pursuant to the terms of the Servicing Agreement to obtain rental rates designed to pay any amounts due and owing under the Notes and no assurance can be given that the rental rates of the Leases will be sufficient to pay interest and principal on the Notes in accordance with their terms. As described below under “The Prospectus Summary — Secured Debt Refinancing and GPA Options Restructuring”, it is a condition to the Underwritten Offering that, following completion of the Underwritten Offering, GE Capital will have the right to acquire at any time until October 29, 2001, 90% of the ordinary share capital of GPA Group. There can be no assurance, however, that GE Capital will elect to acquire any of such ordinary shares. Neither the Certificates nor the Notes are obligations of, or guaranteed by, or offered for sale by, GE Capital, GECAS or any of their affiliates.

After the payment of amounts due and owing in respect of, *inter alia*, taxes and obligations to lessees and various service providers (including, without limitation, the Servicer, the Administrative Agent and the Cash Manager), the cash flows derived primarily from the Leases will be applied, indirectly, towards the payment of amounts due to Certificateholders. Payments of interest on the Class A, Class B, Class C and Class D Notes and the corresponding classes of Certificates will be made in descending alphabetical order. However, certain amounts of principal on the Class A Notes and the Class B Notes will be paid in priority to interest payments on the Class B Notes and Class C Notes, respectively, and a limited amount of Class E Note interest will be paid in priority to certain payments of principal on the Notes and the corresponding classes of Certificates. See “Prospectus Summary — Overview of Priority of Payments” and “Description of Securities — The Notes and the Guarantees — Priority of Payments”.

Part of the net cash proceeds of the Underwritten Offering will be used to refinance approximately \$2.9 billion of indebtedness (including interest accrued thereon and certain other amounts accrued until the Closing Date) and other obligations of GPA. See “Prospectus Summary — The Secured Debt Refinancing and GPA Options Restructuring” and “Use of Proceeds”.

The transactions contemplated hereby are intended to establish Airplanes Limited, Airplanes Trust, Holding Co., AeroUSA and their respective subsidiaries as legal entities distinct from GPA which would be unaffected by the bankruptcy or insolvency of GPA Group or any of its affiliates. If such steps are not successful and such entities were to be consolidated with GPA Group or otherwise affected by any bankruptcy or insolvency of the GPA Group and its affiliates, payments to Certificateholders could be materially adversely affected. See “Risk Factors — Certain Bankruptcy Considerations”.

A majority of the Directors of Airplanes Limited and a majority of the Controlling Trustees of Airplanes Trust will be independent of GPA, although certain significant transactions may only be approved by a unanimous vote of all the Directors of Airplanes Limited and all the Controlling Trustees of Airplanes Trust, respectively. Airplanes Limited and Airplanes Trust will have no employees or executive officers. Accordingly, the Directors and Controlling Trustees will rely upon the Servicer, the Administrative Agent, the Cash Manager and other service providers for all asset servicing, executive and administrative functions pursuant to the respective service provider agreements. See “Management of Airplanes Group”.

The Certificates

The following table summarizes certain of the principal terms of the Underwritten Offering.

	Subclass A-1 Certificates	Subclass A-2 Certificates	Subclass A-3 Certificates	Subclass A-4 Certificates
Aggregate Principal Amount:.....	\$ 850,000,000	\$ 750,000,000	\$ 500,000,000	\$ 200,000,000
Expected Ratings				
DCR.....	AA	AA	AA	AA
Moody's.....	Aa2	Aa2	Aa2	Aa2
Standard & Poor's.....	AA	AA	AA	AA
Interest Rate(2):.....	LIBOR+.25%	LIBOR+.32%	LIBOR+.47%	LIBOR+.62%
Initial Loan to Aircraft Value (Cumulative) (1):.....	63%	63%	63%	63%
Expected Average Life:.....	2.0 Years	3.0 Years	5.0 Years	7.0 Years
Expected Final Payment Date:.....	March 15, 1998	March 15, 1999	March 15, 2001	March 15, 2003
Final Maturity Date:.....	March 15, 2006	March 15, 2009	March 15, 2015	March 15, 2019
	Subclass A-5 Certificates	Class B Certificates	Class C Certificates	Class D Certificates
Aggregate Principal Amount:.....	\$ 598,000,000	\$ 375,000,000	\$ 375,000,000	\$ 400,000,000
Expected Ratings				
DCR.....	AA	A	BBB	BB
Moody's.....	Aa2	A2	Baa2	Ba2
Standard & Poor's.....	AA	A	BBB	BB
Interest Rate(2):.....	LIBOR+.35%	LIBOR+1.10%	8.15%	10.875%
Initial Loan to Aircraft Value (Cumulative) (1):.....	63%	71%	79%	88%
Expected Average Life:.....	1.6 Years	7.5 Years	10.2 Years	12.0 Years
Expected Final Payment Date:.....	April 15, 1999	March 15, 2009	March 15, 2011	March 15, 2012
Final Maturity Date:.....	March 15, 2019	March 15, 2019	March 15, 2019	March 15, 2019

- (1) "Initial Loan to Aircraft Value" represents the initial aggregate principal amount of each class or subclass of Certificates, plus the initial aggregate principal amount of any other class or subclass of Certificates that ranks equally or senior in priority of payment, expressed as a percentage of the aggregate Initial Appraised Value of the Aircraft, plus the amount of the Receivables.
- (2) For the initial Interest Accrual Period, LIBOR will be interpolated between 1 month and 2 month LIBOR.

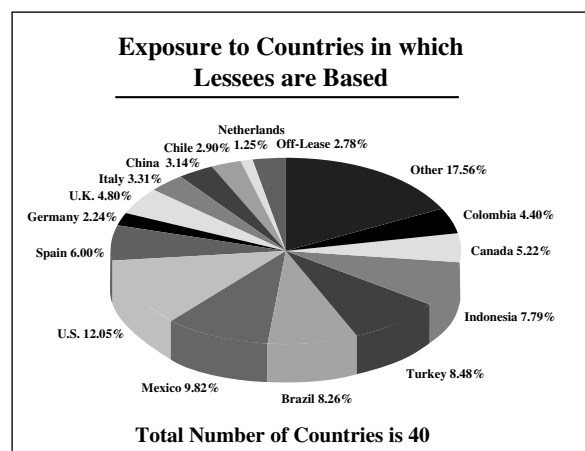
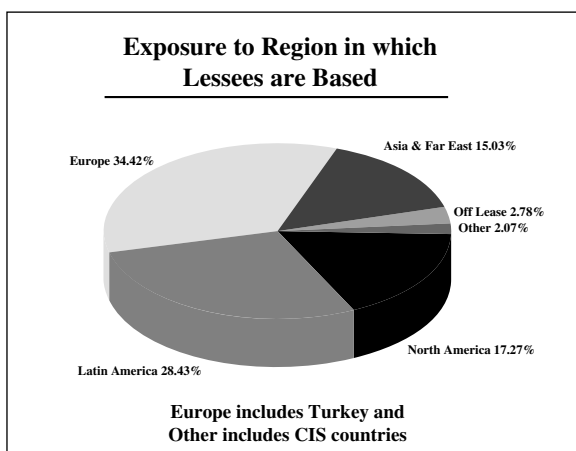
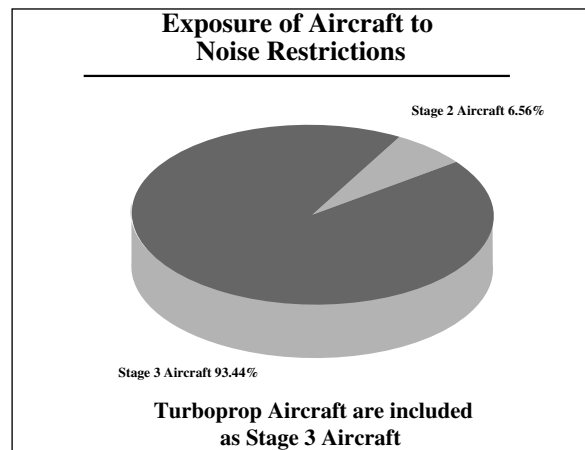
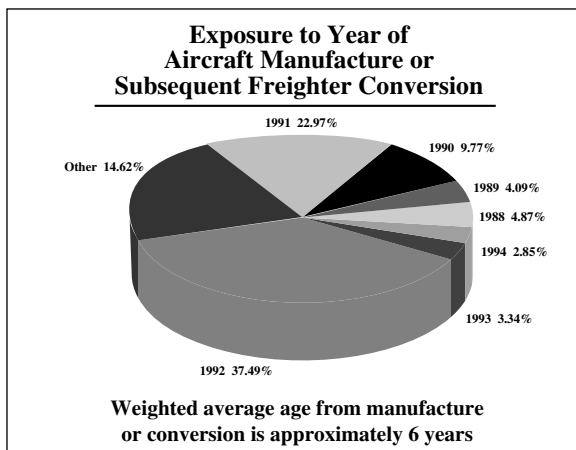
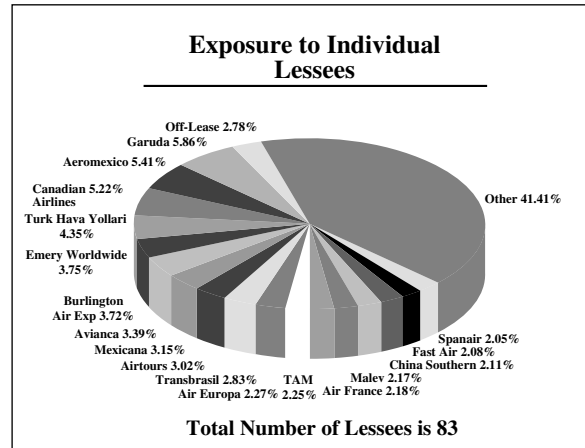
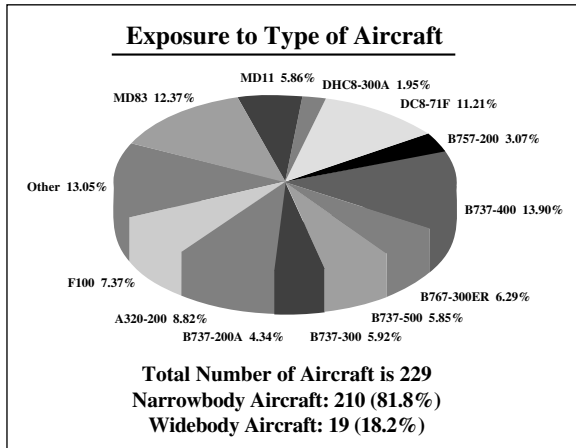
Ratings of the Certificates

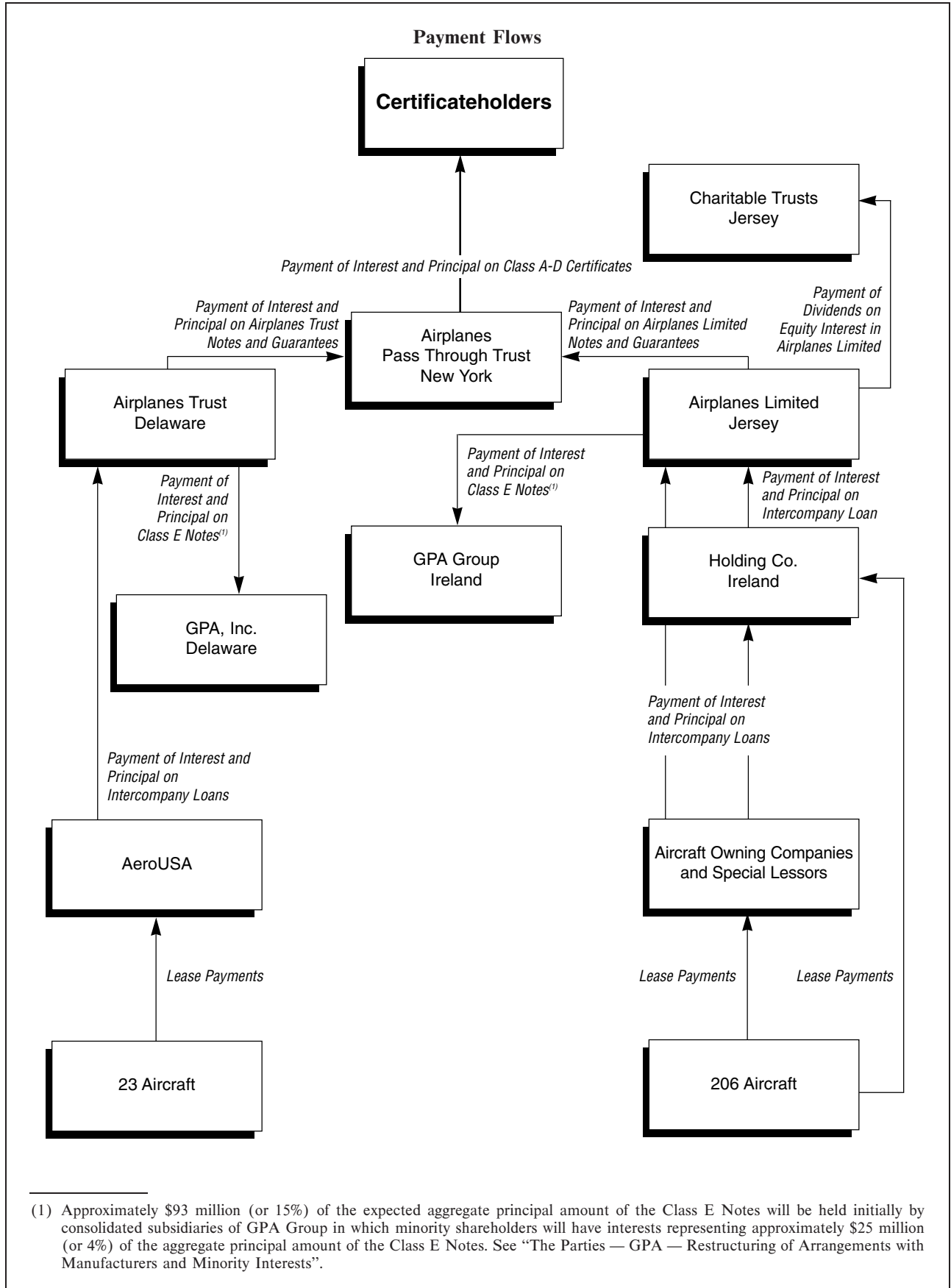
The ratings of the Certificates address the likelihood of the timely payment of interest and the ultimate payment of principal and premium, if any, on the Certificates. Payments of principal and interest on all classes or subclasses of the Notes will be payable only after any Expenses have been paid or provided for in full and only to the extent that Available Collections are sufficient therefor in accordance with the priority of payments established for the Notes. In addition, Airplanes Group's ability to pay Step-Up Interest or principal in full on any class or subclass of the Notes on the Expected Final Payment Date (as indicated in the table above for each class or subclass of Certificates, the "Expected Final Payment Date") for the corresponding class or subclass of Certificates (or on any other date prior to the Final Maturity Date (as indicated in the table above for each class or subclass of Certificates, the "Final Maturity Date")) has not been rated by any of the Rating Agencies. The ratings assigned to the Certificates do not address the effect of any imposition of any withholding tax on any payments under the Leases, the Notes, the Guarantees, the Certificates or otherwise. See "Risk Factors — Risks Relating to Tax" and "Tax Considerations".

A rating is not a recommendation to buy, sell or hold Certificates inasmuch as ratings do not comment as to market price or suitability for a particular investor and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. In the event that a rating initially assigned to any class or subclass of the Certificates is subsequently lowered, suspended or withdrawn for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Certificates.

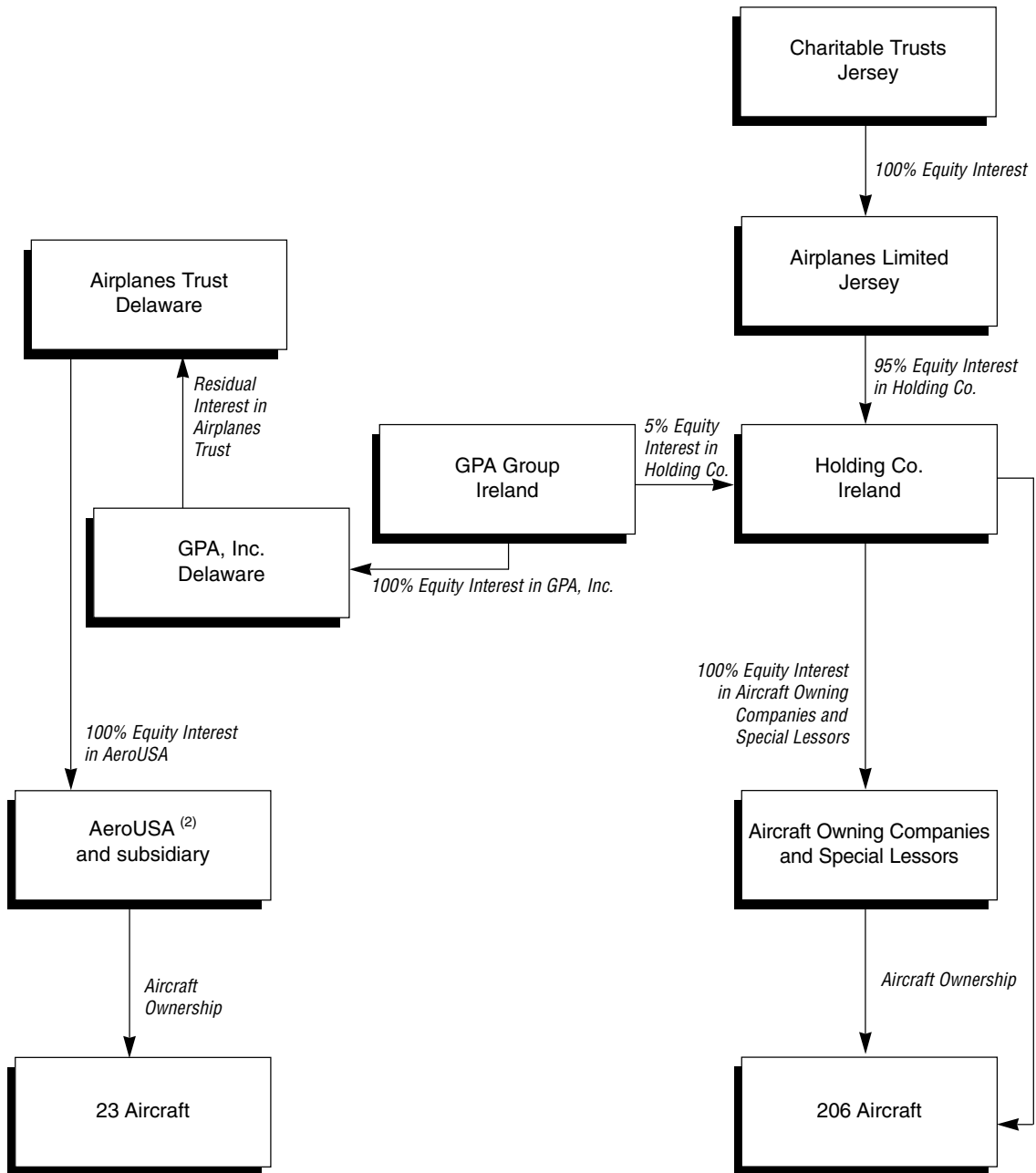
The Aircraft and Lessees

The following pie charts summarize Airplanes Group's exposure as of December 31, 1995 to various types of Aircraft, Lessees, ages of Aircraft, noise restrictions applying to Aircraft and the regions and countries in which Lessees are based. All percentages have been calculated by reference to the Initial Appraised Value (as of October 31, 1995) of the Aircraft.





Ownership Structure⁽¹⁾

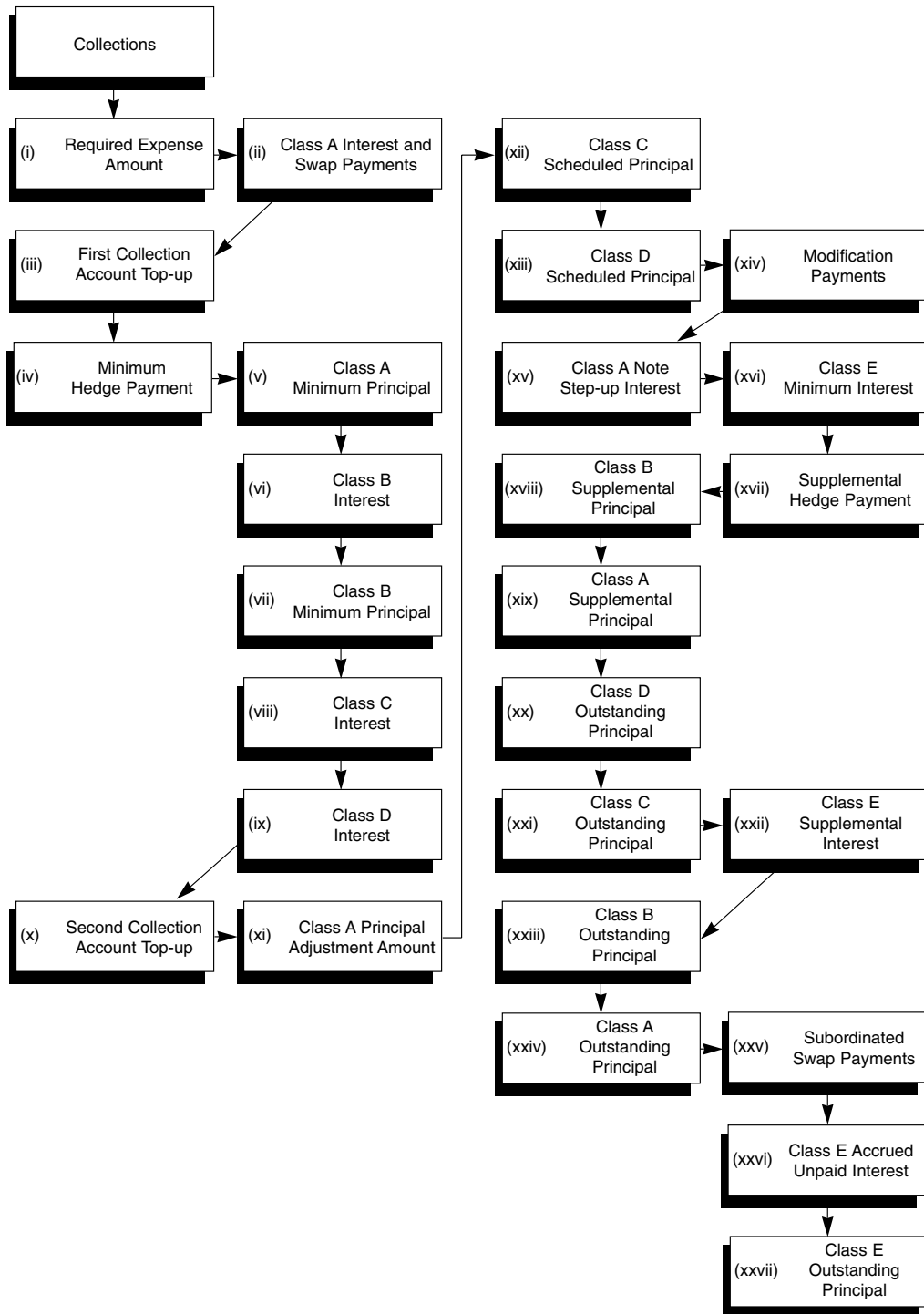


(1) Airplanes Group may establish additional subsidiaries from time to time for the purpose of directly or indirectly leasing Aircraft from the Aircraft Owning Companies or any other subsidiary of Holding Co. or AeroUSA and sub-leasing them to operators where commercial or other reasons make it desirable to do so. Any additional subsidiaries will be subject to restrictions set forth in the Trust Indentures.

(2) The shares of AeroUSA and its wholly-owned subsidiary will be held by voting trusts with First Security Bank of Utah, National Association acting as trustee in order to satisfy regulations of the U.S. Federal Aviation Administration regarding the U.S. citizenship of the owners of U.S.-registered aircraft. Airplanes Trust will hold voting trust certificates representing such respective shares.

Overview of Priority of Payments

The following chart summarizes the order of priority of payments on the Notes, the Class E Notes and other obligations of Airplanes Group as described in more detail in “Description of the Securities — The Notes and the Guarantees — Priority of Payments”.



THE OFFERING

The Trust	Airplanes Pass Through Trust will be formed under the laws of the State of New York pursuant to the Trust Agreement among Airplanes Limited, Airplanes Trust and Bankers Trust Company, as Trustee, to acquire the Notes and the Guarantees and to issue and sell the Certificates. The Trust's principal office is located in care of the Trustee at 4 Albany Street, New York, New York 10006. See "The Parties — The Trust and Trustee".
Trust Assets	The Notes and the Guarantees will represent substantially all of the assets of the Trust. Under the Trust Agreement, the Trustee may not transfer any of the Notes or the Guarantees except in connection with an exercise of remedies following a Note Event of Default. See "The Parties — The Trust and Trustee".
Payment Dates	Interest will be payable monthly in arrears on the fifteenth day of each month, commencing May 15, 1996 (each a " Payment Date "); <i>provided</i> that if any Payment Date would otherwise fall on a day which is not a Business Day, the relevant Payment Date will be the first following day which is a Business Day. For the purposes of the Certificates, " Business Day " means a day on which U.S. dollar deposits may be dealt in on the London inter-bank market and commercial banks and foreign exchange markets are open in New York, New York and London, England. See "Description of Securities — The Certificates — Payments and Distributions".
Record Date.....	The record date (the " Record Date ") with respect to each Payment Date will be the close of business on the day that is 15 days prior to such Payment Date, whether or not such day is a Business Day. See "Description of Securities — The Certificates — Payments and Distributions".
Reference Date	The reference date (the " Reference Date ") with respect to each Payment Date will be the day that is two Business Days prior to such Payment Date. See "Description of Securities — The Notes and the Guarantees — Reference Agency Agreement".
Calculation Date	The fourth Business Day immediately preceding each Payment Date.
Interest Accrual Period	The period beginning on (and including) March 28, 1996 (the " Closing Date ") and ending on (but excluding) the first Payment Date and each successive period beginning on (and including) a Payment Date and ending on (but excluding) the next succeeding Payment Date is called an " Interest Accrual Period "; <i>provided</i> that the final Interest Accrual Period will end on but exclude the Final Maturity Date (or, if earlier with respect to any class or subclass of Notes, the date such class or subclass of Notes is paid in full). Account balances with respect to each Interest Accrual Period shall be determined by reference to the balance of funds on deposit in Accounts on the Calculation Date immediately preceding each Payment Date. See "Description of Securities — The Certificates — Payments and Distributions".
Accrued Interest	Accrued and unpaid interest will bear interest at the then current stated rate of the Notes to which such accrued and unpaid interest relates.

Sources of Certificate and Note

- Payments The only source of payment for the Certificates, the Notes, the Guarantees and the other obligations of Airplanes Group will be the payments made by the Lessees under the Leases, proceeds from dispositions, if any, of the assets of Airplanes Group, net payments, if any, under the Swap Agreements and other hedging instruments, net cash proceeds received from the sale of Refinancing Certificates and proceeds, if any, received in connection with disposals of the Notes by the Indenture Trustees under certain circumstances. Payments on each class or subclass of Notes and the Guarantees and, correspondingly, on each class or subclass of Certificates, will be made only to the extent of amounts on deposit in the Collection Account on the Calculation Date relating to each Payment Date net of Expenses (other than Permitted Accruals in respect of Modification Payments) then due and payable or reasonably anticipated to become due and payable during the next Interest Accrual Period (the “**Required Expense Amount**”) and other amounts set forth in “Description of Securities — The Notes and the Guarantees — Priority of Payments” (the “**Available Collections**”). On each Payment Date, interest, principal and premium, if any, paid in respect of each class or subclass of Notes, to the extent received by the Trustee, will be passed through to holders of the corresponding class or subclass of Certificates on the Record Date for such Payment Date (the “**Certificateholders**”). It is expected, based on the Assumptions, that funds to be received by the Trustee in respect of each pair of Notes of any class or subclass will be sufficient to pay interest, principal and premium, if any, on the Certificates. See “Description of Securities — The Certificates” and “— The Notes and the Guarantees — Priority of Payments”, “Risk Factors — Risks Relating to Payments on the Certificates” and “— Risks Relating to the Capital Markets”.
- Guarantees Each of Airplanes Limited and Airplanes Trust shall unconditionally guarantee the obligations of the other under each class and subclass of Notes. Payments under the Guarantees of any Notes will be subordinated in priority of payment in accordance with the priority of payments on those Notes.
- Use of Proceeds The purpose of the Underwritten Offering is to repay substantially all of GPA’s secured indebtedness and to enhance GPA’s ability to meet its remaining obligations as they fall due. The net cash proceeds of the Underwritten Offering will be used by the Trust to purchase the Notes issued by Airplanes Limited and Airplanes Trust. Airplanes Limited and Airplanes Trust, in turn, will use such net cash proceeds to purchase the Transferring Companies from GPA, to repay certain secured obligations of GPA relating to the Aircraft and other assets owned by the Transferring Companies, to repay certain indebtedness of the Transferring Companies to GPA and to fund certain liabilities and contingent liabilities of the Transferring Companies, including aircraft maintenance obligations. See “Use of Proceeds”.
- Ratings of the Certificates It is a condition to the issuance of the Certificates that each class or subclass of Certificates will receive ratings from Duff & Phelps Credit Rating Co. (“**DCR**”), Moody’s Investors Service, Inc. (“**Moody’s**”) and Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poor’s**” or together with DCR and

	Moody's, the " Rating Agencies ") as set forth above. See "Description of the Securities — The Certificates — Ratings".
Listing	Application has been made to list the Certificates on the Luxembourg Stock Exchange. See "Additional Information".
Denominations	The Certificates of each class or subclass will be available for purchase in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof; <i>provided</i> that a single Certificate of each class or subclass may be issued in a denomination of less than \$100,000. See "Description of the Securities — The Certificates".
Form	It is expected that the Certificates will be issued in fully registered form only in the name of Cede as the nominee of DTC. No person acquiring an interest in the Certificates will be entitled to receive a Definitive Certificate representing such person's interest in the corresponding Trust, except in the event that Definitive Certificates are issued under the limited circumstances described herein. Certificateholders will hold their Certificates through DTC (in the United States) or Cedel Bank or Euroclear (in Europe), if they are participants in such systems, or indirectly through organizations which are participants in such systems. See "Book-Entry, Registration, Global Clearance and Settlement".
Airplanes Limited	Airplanes Limited is a special purpose limited liability company formed under the laws of Jersey with its registered and principal office located at 22 Grenville Street, St. Helier, Jersey, JE4 8PX, Channel Islands, telephone (011-44-1534-609-000). See "The Parties — Airplanes Limited" and "Management of Airplanes Group".
Airplanes Trust	Airplanes U.S. Trust, a Delaware business trust, is organized pursuant to the Airplanes Trust Agreement (the " Airplanes Trust Agreement ") among GPA, Inc., a wholly owned subsidiary of GPA Group (" GPA, Inc. "), as settlor (the " Settlor "), Wilmington Trust Company, as trustee (the " Delaware Trustee ") and the Controlling Trustees thereunder. Airplanes Trust's principal office is located in care of the Delaware Trustee at 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890-0001 (telephone: 1-302-651-1000). See "The Parties — Airplanes Trust" and "Management of Airplanes Group".
Airplanes Group	Airplanes Limited and Airplanes Trust and, unless the context otherwise requires, the subsidiaries of each of them on a combined basis. See "Prospectus Summary — Transaction Overview".
Airplanes Limited Notes	Airplanes Limited will issue the Notes (the " Airplanes Limited Notes ") pursuant to a trust indenture (the " Airplanes Limited Indenture "), among Airplanes Limited, Airplanes Trust and Bankers Trust Company, as Airplanes Limited Indenture Trustee (the " Airplanes Limited Indenture Trustee "). See "Description of Securities — The Notes and the Guarantees".
Airplanes Trust Notes	Airplanes Trust will issue the Notes (the " Airplanes Trust Notes ") pursuant to a trust indenture (the " Airplanes Trust Indenture " and, together with the Airplanes Limited Indenture, the " Trust Indentures "), among Airplanes Limited, Airplanes Trust and Bankers Trust Company, as Airplanes Trust Indenture Trustee (the " Airplanes Trust Indenture Trustee ", and together with the Airplanes Limited Indenture Trustee,

the “**Indenture Trustees**”). See “Description of Securities — The Notes and the Guarantees”.

Notes The Notes shall comprise the Airplanes Limited Notes and the Airplanes Trust Notes.

The Class A Notes are subdivided into five subclasses, the Subclass A-1, A-2, A-3, A-4 and A-5 Notes. The Class B, Class C and Class D Notes will not be subdivided into subclasses. Each subclass of Class A Notes and the Class B Notes will be entitled to receive interest from their date of delivery at a rate per annum equal to one month LIBOR on the applicable Reference Date plus the applicable margin set forth on the cover page of this Prospectus. The Class C and Class D Notes will be entitled to receive interest at the respective fixed rates per annum set forth on the cover page of this Prospectus. The interest rates on the Class A and Class B Notes will be determined for the initial Interest Accrual Period two Business Days prior to the scheduled delivery thereof.

The Class A and Class B Notes may be collectively referred to herein as the “**Floating Rate Notes**” and the Class A and Class B Certificates may be collectively referred to herein as the “**Floating Rate Certificates**”. The Class C Notes and the Class D Notes may be collectively referred to herein as the “**Fixed Rate Notes**” and the Class C and Class D Certificates may be collectively referred to herein as the “**Fixed Rate Certificates**”. See “Description of Securities — The Notes and the Guarantees”.

Status of Notes The Notes will constitute direct obligations of Airplanes Limited and Airplanes Trust, as the case may be. None of the Trustee, the Indenture Trustees or the Certificateholders has or will have any security interest, mortgage, charge or other similar interest in any of the Aircraft or the Leases. The Security Trustee has been granted a security interest in one-third of the ordinary share capital of Holding Co. and its subsidiaries and in Airplanes Group’s interests in the cash in the Accounts. In addition, the Accounts (except for certain Rental Accounts) are held in the name of the Security Trustee. See “Description of Securities — The Notes and the Guarantees”. Airplanes Group’s ability to incur indebtedness is significantly constrained. However, Airplanes Group will have the ability, in certain circumstances, to refinance certain classes or subclasses of Certificates. Such Refinancing Certificates will rank *pari passu* with the classes or subclasses of refinanced Certificates and will never rank higher in priority than the Class A Certificates. See “Description of Securities — The Notes and the Guarantees — Trust Indenture Covenants — Limitations on Indebtedness”.

Payments on the Notes Interest, principal and premium, if any, on each class of Notes will be paid only out of Available Collections with respect to any Interest Accrual Period received on or prior to the Calculation Date relating to such Interest Accrual Period.

On each Payment Date, principal will be payable in respect of each class or subclass of Notes to the extent of Available Collections, in an amount up to the Principal Distribution Amount, if any, for the Floating Rate Notes, and the Scheduled Principal Payment Amount, if any, with respect to the Fixed Rate Notes on such Payment Date but only to the

extent that funds are available for such purpose after having made the payments ranking in priority thereto. The expected principal payments of the Notes have been determined on the basis of certain assumptions (such assumptions, as set forth under “Description of Securities — The Certificates”, the “**Assumptions**”), including, *inter alia*, assumptions regarding the timing and amount of payments under the Existing Leases, assumptions regarding the terms of and payments under Future Leases and assumptions regarding the ability of the Trust to refinance maturing Subclass A-1, A-2, A-3 and A-4 Certificates through the issuance and sale by separate trusts of new certificates (the “**Refinancing Certificates**”). It is highly likely that the Assumptions will not correspond to actual experience and as a result the actual principal payments received are likely to vary from the expected principal payments in respect of such class or subclass of Certificates, and the actual maturity of any class or subclass of Certificates is likely to occur earlier or later than its Expected Final Payment Date. See “Description of Securities — The Notes and the Guarantees — Priority of Payments”, “Risk Factors — Risks Relating to Payments on the Certificates” and “Risk Factors — Risks Relating to the Capital Markets”.

Step-Up Interest If any of the Subclass A-1, A-2, A-3 or A-4 Notes is not repaid on or before the Expected Final Payment Date for such subclass, such subclass of Notes will accrue interest thereafter at a rate equal to the stated interest rate therefor, plus 0.50% per annum (the “**Step-Up Interest**”). For any period in which Step-Up Interest is accruing on any subclass of the Class A Notes, Step-Up Interest will also accrue on the Subclass A-5 Notes. Payments of Step-Up Interest will be subordinated to certain other obligations of Airplanes Group, including the payment of the Principal Adjustment Amount to the Class A Notes and the Minimum Principal Payment Amount of the Class B Notes and payment of the Scheduled Principal Payment Amount to the Class C Notes and Class D Notes and will not be rated by the Rating Agencies. See “Description of Securities — The Notes and the Guarantees — The Notes and Guarantees — Interest”.

Priority of Payments On each Payment Date, distributions from Available Collections will be made in accordance with the priority of payments set forth in “Description of Securities — The Notes and the Guarantees — Priority of Payments”. Payments on the Notes will be subordinated to all fees, costs, or expenses incurred by any Airplanes Group member in the course of the business activities permitted to be conducted by it under the Trust Indentures (the “**Expenses**”) and (other than interest payments on the Class A Notes with respect to which such amounts are ranked *pari passu*) certain amounts due to the parties providing interest rate swaps and other hedging instruments (the “**Swap Providers**”). Furthermore, payments on the Class D Notes and Class D Certificates will be effectively subordinated in priority of payment to payments on all other classes of Notes and Certificates, payments on the Class C Notes and Class C Certificates will be effectively subordinated in priority of payment to payments on the Class A and Class B Notes and Class A and Class B Certificates and payments on the Class B Notes and Class B Certificates will be effectively subordinated in priority of payment to payments on the Class A Notes and Class A Certificates.

Redemption of the Notes Subject to certain conditions described in “Description of Securities — The Notes and Guarantees — Redemption”, each class or subclass of the Notes may be redeemed on any Payment Date, in whole or in part, at the Redemption Price, plus accrued but unpaid interest. Within any class of Floating Rate Notes and Fixed Rate Notes being redeemed in part, the Redemption Price will be applied *pro rata* among all such Notes to the *pro rata* reduction of the remaining expected principal payments thereof.

The Redemption Price on the Subclass A-1, A-2, A-3 and A-4 Notes redeemed (i) prior to the applicable Premium Expiration Date (as indicated below for such subclass of Notes, the “**Premium Expiration Date**”) will equal 102% of the Outstanding Principal Balance of such subclass being redeemed and (ii) on or after the Premium Expiration Date, will equal the Outstanding Principal Balance of such subclass of Notes being redeemed, without premium (the “**Floating Rate Redemption Price**”). The Subclass A-5 and Class B Notes are redeemable at a price equal to the Outstanding Principal Balance of such class or subclass, without premium.

<u>Class or Subclass of Notes</u>	<u>Premium Expiration Date</u>
A-1	March 15, 1997
A-2	March 15, 1998
A-3	March 15, 1998
A-4	March 15, 1999

The Redemption Price on any Fixed Rate Notes will be (i) if such redemption occurs prior to March 15, 2001, the Make-Whole Price or (ii) if such redemption occurs on or after March 15, 2001, the product of the applicable Fixed Price Premium (as indicated below for each class of Notes, the “**Fixed Price Premium**”) and the Outstanding Principal Balance of such class of Notes or portion thereof being redeemed (the “**Fixed Rate Redemption Price**”, and together with the Floating Rate Redemption Price, the “**Redemption Price**”).

<u>Fixed Price Redemption Dates</u>	<u>Fixed Price Premium</u>	
	<u>Class C</u>	<u>Class D</u>
On or after March 15, 2001 but prior to March 15, 2002	105%	107%
On or after March 15, 2002 but prior to March 15, 2003	104%	106%
On or after March 15, 2003 but prior to March 15, 2004	103%	105%
On or after March 15, 2004 but prior to March 15, 2005	102%	104%
On or after March 15, 2005 but prior to March 15, 2006	101%	103%
On or after March 15, 2006 but prior to March 15, 2007	100%	102%
On or after March 15, 2007 but prior to March 15, 2008	100%	101%
On or after March 15, 2008	100%	100%

The Make-Whole Price (the “**Make-Whole Price**”) will equal the higher of (i) the discounted present value of Scheduled Principal

Payment Amounts and interest from the Redemption Date through, but not including, March 15, 2001, plus the Fixed Rate Redemption Price for the scheduled Outstanding Principal Balance on March 15, 2001 of the Notes being redeemed, discounted at a rate equal to the Treasury Yield plus a spread equal to, in the case of the Class C Notes, 0.50%, and in the case of the Class D Notes, 1.00% (the “**Make-Whole Spread**”) and (ii) the Outstanding Principal Balance of the Notes of such class being redeemed.

Each class or subclass of the Notes may also be redeemed on any Payment Date, in whole, at the Redemption Price, plus accrued but unpaid interest, in connection with any sale of all or substantially all of the assets of the Airplanes Group. Certain classes or subclasses of the Notes may be redeemed at such time as other classes or subclasses of Notes are being defeased. See “Description of the Securities — The Notes and the Guarantees — Defeasance”.

In addition, each class or subclass of the Notes may be redeemed on any Payment Date, in whole, but not in part, without premium, upon the occurrence of certain adverse tax events affecting Airplanes Group, at a Redemption Price equal to the Outstanding Principal Balance thereof, plus accrued and unpaid interest thereon. See “Description of the Securities — The Notes and the Guarantees — Redemption”.

Class E Notes

Simultaneously with the issuance of the Notes, Airplanes Limited and Airplanes Trust will issue the 20% (inflation adjusted) Class E Notes (respectively, the “**Airplanes Limited Class E Notes**” and the “**Airplanes Trust Class E Notes**”, and collectively, the “**Class E Notes**”) in a combined aggregate initial principal amount of approximately \$604 million. GPA and certain minority investors in subsidiaries of GPA Group will acquire interests in the Class E Notes in transactions exempt from the registration requirements of the Securities Act of 1933, as amended, (the “**Securities Act**”) as part of the consideration for transfer of the Transferring Companies. If GE Capital elects to acquire 90% or more of the ordinary share capital of GPA Group, GPA Group would have the right to purchase any Class E Notes held by such minority investors. GPA has agreed with GE Capital not to transfer the Class E Notes except under certain limited circumstances and only after giving GE Capital a right of first offer with respect to any proposed sale. GPA has also agreed with GE Capital to maintain ownership of not less than a majority of the aggregate outstanding principal amount of Class E Notes. If GE Capital acquires 90% or more of the ordinary share capital of GPA, subject to the satisfaction of certain conditions, the holder of a majority of the outstanding principal amount of the Class E Notes will have the right to determine the composition of the Board of Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust. At such time, the Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust will have the authority to cause the Airplanes Group to sell all or substantially all of the assets of the Airplanes Group for consideration sufficient to repay or defease the Notes and the Class E Notes. See “The Parties — GPA — Restructuring of Arrangements with Manufacturers and Minority Interests,” “Descriptions of Securities — The Class E Notes”, “— The Notes and the Guarantees — Redemption” and “— The Notes and the Guarantees — Defeasance”.

Capital Stock of Airplanes Limited

Airplanes Limited has an authorized share capital of 10,000 ordinary shares, \$1 par value per share (“**Capital Stock**”), of which 30 shares have been issued. The issued Capital Stock of Airplanes Limited is held

	by Juris Limited and Lively Limited, each a Jersey corporation, (together, the “ Nominees ”), for the benefit of certain charitable trusts established under the laws of Jersey (collectively, the “ Charitable Trusts ”). See “The Parties — Airplanes Limited”.
Airplanes Trust Residual Interest	GPA, Inc., a wholly owned subsidiary of GPA Group, will own all of the residual ownership interest in Airplanes Trust (the “ Airplanes Trust Residual Interest ”). Upon repayment in full of the Airplanes Trust Notes, the Airplanes Trust Class E Notes and the Airplanes Trust Refinancing Notes, if any, the AeroUSA Shares will revert to GPA through its ownership of the Airplanes Trust Residual Interest. See “The Parties — Airplanes Trust”.
GPA Group	GPA Group, a public limited company incorporated in Ireland, will be the direct or indirect seller of the Transferring Companies, pursuant to the stock purchase agreements effective as of the Closing Date, between (i) GPA Group, Skyscape Limited and Airplanes Limited and (ii) GPA Group, GPA, Inc. and Airplanes Trust (collectively, the “ Stock Purchase Agreements ”). Wholly owned subsidiaries of GPA Group will also be the Administrative Agent and Cash Manager. See “The Parties — GPA” and “Management of Airplanes Group — Corporate Management.”
Appraised Value	As described herein, Airplanes Group has obtained from Aircraft Information Services, Inc., BK Associates, Inc. and Airclaims Limited (the “ Appraisers ”) three desktop appraisals (the “ Appraisals ”) of the value of each of the Aircraft as of October 31, 1995. The Appraisers ascertained the value of each Aircraft on the basis of an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and with full consideration of the Aircraft’s “highest and best use”, presuming an arm’s-length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing, adjusted to account for the maintenance status of each Aircraft (with certain assumptions as to use since the last reported status), (each value so ascertained for the Aircraft, a “ Base Value ”). The average of the Base Values for each of the Aircraft (with the exception of 11 Aircraft subject to finance leases which are being sold at GPA Group’s net book value) is referred to herein as the “ Initial Appraised Value ”. None of the Appraisals attribute any value to the relevant Lease, the Maintenance Reserves, the Security Deposits or the Related Collateral, if any, related to the particular Aircraft. The aggregate Initial Appraised Value of the Portfolio is approximately \$4,527 million. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. The proceeds received upon a sale of any Aircraft are likely to be less than the Initial Appraised Value thereof. See “Risk Factors — Aircraft Values” and “The Aircraft, Related Leases and Collateral — Appraisers’ Report.”
Leases	At December 31, 1995, the average remaining term, weighted by Initial Appraised Value (without giving effect to Purchase Options, early termination options or extension options) of the Existing Leases was approximately 32 months. All of the Existing Leases will expire under their terms prior to December 31, 2002 and, therefore, Airplanes Group must re-lease substantially all of the Aircraft one or more times prior to the last Final Maturity Date except to the extent that Aircraft are sold prior to the Final Maturity Date. Each Existing Lease is either (a) an operating lease for a fixed term pursuant to which Airplanes Group will retain title to the Aircraft and substantially all of the risks and rewards

associated with ownership, including the residual value of the Aircraft (although, as of February 14, 1996, 132 of the Existing Leases contained, and a certain portion of the Future Leases may contain, Purchase Options, early termination options or extension options), or (b) a finance lease for a fixed term, pursuant to which Airplanes Group retains title to the Aircraft but substantially all of the risks and rewards associated with ownership, including the residual value of the Aircraft, are transferred to the Lessee. Only 11 of the Existing Leases (or 2.6% as a percentage of the Initial Appraised Value of the Portfolio) were classified as finance leases as of December 31, 1995. See "Risk Factors — Risks Relating to the Leases — Re-leasing" and "The Aircraft, Related Leases and Collateral — The Leases."

Related Collateral Upon acquisition of the Transferring Companies, Airplanes Group will acquire cash in respect of existing security deposits, including certain commitment fees that serve as security (collectively, the "**Security Deposits**") and certain letters of credit, third-party guarantees or bank guarantees or the cash equivalent thereof required under the relevant Leases (collectively, the "**Related Collateral**"). See "The Aircraft, Related Leases and Collateral — Airplanes Group's Acquisition of the Transferring Companies."

Lessees As of December 31, 1995, there were 83 lessees (together with the lessees in respect of Future Leases, the "**Lessees**") of the Aircraft pursuant to the Existing Leases in 40 different countries. Many of the Lessees are in a relatively weak financial condition and some face serious financial difficulties. As of December 31, 1995, six Lessees were being allowed deferrals of Rental Payments, maintenance and miscellaneous payments totalling approximately \$25 million. It is not a condition to the Acquisition that Lessees be current with respect to their payment obligations and, in fact, at December 31, 1995, 33 Lessees were in arrears with respect to Rental Payments for periods greater than 30 days. It is a condition of the closing of the Underwritten Offering that the amount of Receivables 30 days or more past due and owing from Lessees under the Leases not exceed 3% of the aggregate Initial Appraised Value of the Portfolio (excluding for purposes of this calculation the deferrals of rent, maintenance and miscellaneous payments referred to above and net of default interest and certain allocated cash in transit). As of December 31, 1995, \$35 million or 0.8% of the aggregate Initial Appraised Value of the Portfolio was 30 days past due and owing from the Lessees. See "Risk Factors — Risks Relating to the Lessees".

Rental Accounts The "**Rental Accounts**" are the accounts into which payments made by Lessees under the Leases will initially be paid. The balance on deposit in each Rental Account will be transferred within one Business Day of receipt thereof into the Collection Account, other than certain limited amounts required to be left on deposit for local legal or regulatory reasons. See "Description of Securities — The Accounts".

Lessee Funded Account The "**Lessee Funded Account**" is the account (or accounts) into which amounts received from Lessees in respect of Maintenance Reserves and Security Deposits that are required to be segregated from Airplanes Group's other funds ("**Segregated Funds**") will be deposited and held. Funds on deposit in the Lessee Funded Account will be used to make certain maintenance and security deposit related payments to Lessees or may be applied against maintenance related payments otherwise required to be made by the Lessee during the term of the related Lease or upon expiration thereof or repossession of the Aircraft. In certain circumstances, on expiration of a Lease, surplus funds may be credited from the Lessee Funded Account to the Collection Account. Amounts

on deposit in the Lessee Funded Account will not be available to pay interest, principal or premium, if any, on the Certificates. See "Description of Securities — The Accounts".

Collection Account The "**Collection Account**" is the account into which all Collections received by or on behalf of Airplanes Group in the course of conducting its business will be deposited. Except as noted below, the Collection Account will be maintained at a balance at least equal to the Liquidity Reserve Amount. The Liquidity Reserve Amount is expected to be approximately \$185 million and is intended to provide, to the extent that payments required in respect of the Leases are insufficient, for (i) Airplanes Group's maintenance obligations, (ii) Airplanes Group's obligation to repay Lessee Security Deposits and (iii) certain other contingencies in respect of the Aircraft (the "**Liquidity Reserve Amount**"). The balance of funds in the Collection Account may fall below the Liquidity Reserve Amount at any time and Airplanes Group may continue to make certain payments required on the Notes in the circumstances described under "Description of Securities — The Accounts — Liquidity Reserve Amount". See "Description of Securities — The Accounts".

Expense Account The "**Expense Account**" is the account into which the Cash Manager will deposit the Required Expense Amount (other than certain Expenses transferred directly to payees from the Collection Account) on each Payment Date. See "Description of Securities — The Accounts".

Servicer GECAS will provide certain services with respect to the aircraft owned at any time by Airplanes Group and the related Leases in accordance with the terms of the Servicing Agreement. Airplanes Limited, AeroUSA and Holding Co. are jointly and severally obligated to pay the Servicer an annual asset-based servicing fee equal to approximately 0.495%, adjusted annually for inflation, of the agreed book value of each Aircraft being serviced by the Servicer. Based on the Aircraft anticipated to be owned by Airplanes Group on the Closing Date, and assuming that there are no sales of Aircraft thereafter and without giving effect to any inflation adjustments, the annual asset-based servicing fee would be equal to approximately \$22 million per annum. The Servicer is also entitled to certain additional fees based, in part, on the annual cash flow generated by the Leases in excess of certain cash flow targets and on sales of Aircraft at the direction of the Airplanes Group, which fees are subject to an aggregate annual minimum in the amount of approximately \$1.5 million.

Pursuant to the Servicing Agreement, the Servicer will provide certain services to Airplanes Group, including, *inter alia*, collecting Rental Payments and other receivables due under the Leases, monitoring the performance of maintenance and insurance obligations of Lessees, enforcing payment by Lessees under the Leases and remarketing, including re-leasing Aircraft on lease expiration or repossession from Lessees.

The initial term of the Servicing Agreement expires on the earlier of (i) the eighteenth anniversary of the Closing Date (which is prior to the Final Maturity Date on certain Certificates) or (ii) payment in full of all amounts Outstanding to be paid under the Notes. Airplanes Group and the Servicer each have the ability to terminate the Servicing Agreement prior to the expiration of its initial term under certain circumstances described under "Management of Airplanes Group — The Servicer — Term and Termination" and "— Tax Status". The Servicer is not required pursuant to the terms of the Servicing Agreement to obtain rental rates designed to pay any amounts due and owing under the Notes

	<p>and no assurance can be given that the rental rates of Leases or Rental Payments with respect thereto will be sufficient to pay interest and principal on the Notes in accordance with their terms. See “Management of Airplanes Group — The Servicer.”</p>
	<p>Neither the Certificates nor the Notes are obligations of, or guaranteed by, or offered for sale by, GE Capital, GECAS or any of their affiliates.</p>
<p>Cash Manager</p>	<p>GPA Cash Manager Limited, a wholly owned subsidiary of GPA Group, (“GPA Cash Manager”) will act as Cash Manager (the “Cash Manager”) pursuant to a Cash Management Agreement dated as of the Closing Date, among Airplanes Limited, Airplanes Trust, the Cash Manager, GPA Group, the Indenture Trustees and the Security Trustee (the “Cash Management Agreement”). The Cash Management Agreement, the Trust Indentures and the Security Trust Agreement, taken together, establish the rights of the Noteholders as among themselves with respect to the Aircraft owned by Airplanes Group, the related Leases and all proceeds therefrom, and govern the distribution of Available Collections to pay amounts due and owing under the Notes. The Cash Management Agreement and Trust Indentures taken together further provide for the creation and operation of the Accounts. See “Management of Airplanes Group — Corporate Management”. Neither the Certificates nor the Notes are obligations of, guaranteed or offered for sale by, the Cash Manager.</p>
<p>Administrative Agent</p>	<p>GPA Financial Services (Ireland) Limited, a wholly owned subsidiary of GPA Group (“GPA Financial”), will act as Administrative Agent (the “Administrative Agent”) pursuant to an administrative agency agreement, dated as of the Closing Date (the “Administrative Agency Agreement”), among Airplanes Limited, Airplanes Trust, Holding Co., AeroUSA, the Administrative Agent and GPA Group. The Administrative Agent will provide certain liability management, interest rate risk management, corporate administrative and accounting services to Airplanes Group and will also provide certain financial modeling and computational services to Airplanes Group, including providing cash flow projections and forecasts to assist the Directors and the Controlling Trustees in making leasing, selling, refinancing, hedging and certain other decisions. See “Management of Airplanes Group — Corporate Management”. In addition, it will monitor the performance of the Servicer (including the Servicer’s compliance with the Servicing Agreement) and report on such performance to Airplanes Group. Neither the Certificates nor the Notes are obligations of, guaranteed by or offered for sale by the Administrative Agent.</p>
<p>Future Aircraft Dispositions</p>	<p>Airplanes Group may sell Aircraft (i) pursuant to the exercise of Purchase Options held by Lessees, (ii) within Airplanes Limited and its subsidiaries and within Airplanes Trust and its subsidiaries, without limitation, and within the Airplanes Group, <i>provided</i> that such sale does not materially adversely affect the Certificateholders and (iii) in other circumstances, <i>provided</i> that any such sale does not cause a Note Event of Default under the Trust Indentures and certain other conditions are met. In addition, Airplanes Group may sell Aircraft at prices below the specified target prices in certain limited circumstances which may, in turn, affect the amount and timing of principal payments to Certificateholders and, in turn, affect the average life of the Certificates. See “Description of Securities — The Notes and the Guarantees — Trust Indenture Covenants”, “— Redemption” and “— Defeasance”.</p>
<p>Operating Covenants</p>	<p>Airplanes Group may not enter into any Future Lease (other than a renewal, extension or restructuring of any Lease) unless after entering into such Future Lease, Airplanes Group is in compliance with certain</p>

criteria in respect of, *inter alia*, geographic and other concentration limits (the “**Re-Leasing Guidelines**”); *provided* that Airplanes Group may enter into a Future Lease not meeting such criteria if the Rating Agencies shall have confirmed in writing that entering into such Lease will not result in the lowering or withdrawal by them of their current ratings on any class of the Certificates then outstanding. See “Description of Securities— The Notes and the Guarantees— Operating Covenants”, “—Concentration Limits”, “—Compliance with Law, Maintenance of Permits”, “— Appraisal of Portfolio”, “— Maintenance of Assets”, “— Notification of Indenture Trustee, Cash Manager and Administrative Agent”, “— Leases”, “— Opinions”, “— Insurance” and “— Indemnity”.

Certain Taxation Matters

In the opinion of Davis Polk & Wardwell, special United States Federal Tax Counsel to Airplanes Limited and Airplanes Trust, the Trust will be classified as a “grantor trust” for United States Federal income tax purposes and not as an association (or publicly traded partnership) taxable as a corporation and accordingly, each Certificateholder will be treated as if it owned directly the portion of each class or subclass of the Airplanes Limited Notes and the Airplanes Trust Notes represented by such Certificate.

Airplanes Limited has received an opinion of Mourant du Feu & Jeune, Jersey Tax Counsel, that, *inter alia*, payments by Airplanes Limited on the Airplanes Limited Notes will not be subject to Jersey withholding tax. In addition, Airplanes Limited has received an opinion of McCann FitzGerald, Irish Tax Counsel, that, *inter alia*, payments by Airplanes Limited on the Airplanes Limited Notes will not be subject to Irish withholding tax on the basis described in “Tax Considerations — Irish Tax Considerations”.

Neither Airplanes Limited nor Airplanes Trust, nor any subsidiary of either of them, will be obliged to make any additional payments with respect to the Notes (or the Intercompany Loans), and thus no payments will be passed through to the Certificateholders, in respect of any withholding or deduction required to be made under applicable law from payments on the Notes or the Intercompany Loans. If any withholding or deduction is required with respect to the Notes and the Notes are not redeemed, the net amount of interest received by the Trustee and passed through to the Certificateholders and all entities acquiring a beneficial interest in the Certificates will be reduced by the amount of such withholding or deduction. See “Tax Considerations”.

Certain favorable Irish tax benefits currently existing in favor of the Airplanes Group could be lost if the Servicer does not maintain certain employment levels in Shannon, Ireland. The Servicer has not agreed to, and there can be no assurances that the Servicer will, maintain any such employment levels at any time in the future. See “Risk Factors — Risks Relating to Airplanes Group and Certain Third Parties — Delegation of Responsibilities”, “— Risks Relating to the Financial Condition of GPA — Financial Condition of GPA”, “— Risks Relating to Tax — Risks Relating to the Loss of Certain Tax Benefits” and “Management of Airplanes Group — The Servicer — Tax Status”.

ERISA Considerations

The Certificates are eligible for purchase under certain circumstances by an employee benefit plan or other plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), and/or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “**Code**”). See “ERISA Considerations”.

Any such plan should consider whether an investment in the Certificates could result in a prohibited transaction or cause the assets of the Trust to be plan assets.

Risk Factors

Prospective purchasers of the Certificates should consider carefully the information set forth under the caption "Risk Factors" and all other information set forth in this Prospectus before making any investment in the Certificates.

The Acquisition

The assets of Airplanes Group will be acquired from GPA and will consist primarily of the Aircraft, the Existing Leases and the Receivables. Airplanes Limited will acquire 206 Aircraft and related Existing Leases through the acquisition of 95% of the capital stock of Holding Co. The remaining 5% of the capital stock in Holding Co. will be held by GPA Group. Holding Co. will not pay any dividends on its capital stock while any of the Certificates are outstanding. GPA Group's 5% interest in Holding Co. is intended to retain, for the benefit of the Aircraft Owning Companies, certain Irish corporate tax benefits until December 31, 2005. See "Risk Factors — Risks Relating to Tax". Airplanes Trust will acquire 23 Aircraft and related Existing Leases through the acquisition of all of the capital stock (the "AeroUSA Shares") of AeroUSA. A wholly owned subsidiary of GPA Group will retain the Airplanes Trust Residual Interest. The acquisition of Holding Co. and AeroUSA, and the resulting indirect acquisition of the Aircraft, Existing Leases and Receivables, is referred to in this Prospectus as the "Acquisition".

Holding Co. will own (i) 33 Aircraft and a number of the related Existing Leases, (ii) 13 wholly owned subsidiaries of GPA Group which own 173 Aircraft and a number of the related Existing Leases, and (iii) 9 other wholly owned subsidiaries of GPA Group which own no aircraft and are special purpose, intermediate leasing subsidiaries.

Twenty-one Aircraft, representing approximately 14% of the Portfolio by Initial Appraised Value, are subject to sale agreements (the "IOM Sale Agreements") with companies organized in the Isle of Man ("IOMCos"). GPA holds a 9% equity interest and 91% of the voting power in, and controls the board of directors of, each IOMCo, with the remainder of the equity and voting power being held by various investors unrelated to GPA. GPA has agreed with each of such investors to purchase each of their entire interests in the relevant IOMCo. GPA has also agreed with Airplanes Group that it will not cause the IOMCos (in respect of which GPA owns or will own all the shares) to purchase and retain any Aircraft under the IOM Sale Agreements. However, in certain circumstances (subject always to obtaining the Lessee's consent), GPA may cause an IOMCo to purchase the relevant Aircraft at the end of the term of the relevant IOMCo Sale Agreement. In such event, it will immediately resell such Aircraft to Airplanes Group on the same terms (an "IOMCo Sale"). See "The Aircraft, Related Leases and Collateral — Acquisition of Existing Leases" and "— Purchase Options".

Purchase Price

Substantially all of the cash proceeds from the Underwritten Offering (after payment of underwriting discounts and commissions and certain transaction expenses) will be used to repay certain secured debt of GPA, to pay GPA the Purchase Price for the Transferring Companies, to repay indebtedness of the Transferring Companies to GPA and to fund certain accounts of Airplanes Group on the Closing Date.

Pursuant to the Acquisition, Airplanes Group will pay to GPA, in consideration for the transfer of ownership of the shares of the Transferring Companies, an amount equal to the sum of the following amounts (the "**Purchase Price**") calculated (with the exception of Receivables which are valued as of December 31, 1995) based on pro-forma balance sheets for each of the Transferring Companies as of October 31, 1995 (the "**Balance Sheet Date**"):

- (1) the aggregate Initial Appraised Value of the Aircraft as of October 31, 1995 (\$4,527 million); plus
- (2) the amount of the Receivables (approximately \$75 million) (the market value of which will not be appraised by any independent third party); plus
- (3) any cash and cash deposits in bank accounts held by any Transferring Company (approximately \$0.3 million);

less an amount equal to the sum of the following amounts:

- (1) commercial bank and other secured indebtedness of any of the Transferring Companies (plus interest accrued thereon and certain other amounts accrued until the Closing Date) (approximately \$2,308 million); plus
- (2) indebtedness of any Transferring Companies to GPA at the Balance Sheet Date (approximately \$1,460 million, approximately \$613 million of which is expected to be used by GPA to repay commercial banks and other secured indebtedness at closing); plus
- (3) (i) amounts paid by or on behalf of Lessees for the benefit of any relevant Transferring Company as security for the obligations of such Lessees, which amounts are not required to be segregated (the "**Security Deposit Reserve Amount**") (approximately \$65 million), (ii) an amount which, together with assumed future maintenance payments by Lessees under the Leases, GPA Group and Airplanes Group believe will be sufficient, based on an analysis of anticipated future maintenance expenses, to provide Airplanes Group with sufficient liquidity to meet its maintenance liabilities after the Closing Date (\$30 million) and (iii) an amount in respect of certain liabilities associated with the assets being transferred to Airplanes Group including accounts payable, amounts in respect of taxes (including deferred taxes) and an amount representing unearned revenue (the "**Miscellaneous Reserve Amount**") (\$40 million).

On this basis, the Purchase Price is equal to approximately \$699 million. See "The Aircraft, Related Leases and Collateral — Airplanes Group's Acquisition of the Transferring Companies".

An additional \$50 million will be retained by Airplanes Group from the cash proceeds of the Underwritten Offering (before underwriting discounts and commissions) to provide Airplanes Group with additional liquidity (together with the \$30 million referred to in clause (ii) of paragraph (3) above, the "**Maintenance Reserve Amount**").

On the Closing Date, the cash deductions from the Purchase Price in respect of the Security Deposit Reserve Amount, the Miscellaneous Reserve Amount and \$30 million in respect of the Maintenance Reserve Amount, together with the additional \$50 million of cash proceeds from the Underwritten Offering referred to above (before underwriting discounts and commissions), will be used to fund the Liquidity Reserve Amount and will be deposited in the Collection Account.

Certain adjustments to the Purchase Price, primarily in respect of Receivables, security deposits and certain contingent liabilities, will be made based on a post-closing audit of the balance sheets of the Transferring Companies at the Closing Date. As of the date of this Prospectus, such adjustments are not expected significantly to affect the Purchase Price.

Also, Airplanes Group will retain cash proceeds from the Underwritten Offering, in an amount not expected to exceed \$15 million, primarily representing the available amount of any letters of credit securing Lessee obligations which are to be, but have not yet been transferred to, or renewed, amended or reissued in the name of, a Transferring Company prior to the Closing Date. As these letters of credit are transferred to, received, amended or re-issued in the name of a Transferring Company, that portion of the retained amount representing the amount which was withheld in respect of the relevant letter of credit will be released to GPA.

The Purchase Price and contemporaneous refinancing of the Transferring Companies' indebtedness to third parties and GPA will be paid for with:

- (1) the net cash proceeds of the Underwritten Offering (after payment of underwriting discounts and commissions and certain transaction expenses),
- (2) all of the Class E Notes, and
- (3) all of the Airplanes Trust Residual Interest.

The Secured Debt Refinancing and GPA Options Restructuring

In addition to funding the Acquisition, the net cash proceeds of the Underwritten Offering will be used to refinance approximately \$2.9 billion of secured indebtedness (together with interest and other amounts accrued thereon) and other obligations of GPA owing under the Core Bank Facilities (the "**Bank Debt**"), certain other secured credit facilities with banks, financial institutions and other institutional lenders and the Secured Notes (the "**Secured Debt Refinancing**"). The refinancing of the Core Bank Facilities will consist of the repayment in cash to the lenders thereunder (the "**Banks**") of all of the Bank Debt owing under each of the Core Bank Facilities with a portion of the net cash proceeds of the Underwritten Offering. Certain other secured credit facilities representing \$206 million of indebtedness of GPA ("**Other Secured Debt**") will also be repaid in full in cash with a portion of the net cash proceeds from the Underwritten Offering. Substantially all of the Aircraft currently secure repayment of the Bank Debt and the Other Secured Debt. It is a condition to the completion of the Secured Debt Refinancing that the holders of the Bank Debt and the Other Secured Debt will have released their security interests in all of the capital stock of the Transferring Companies and their assets, including the Aircraft.

As part of the Secured Debt Refinancing, GPA Group has agreed in principle with the holders of its \$64 million aggregate principal amount of 8% Secured Convertible Notes due 2001 (the "**Convertible Notes**") and \$76 million aggregate principal amount (including interest paid in kind) of Floating Rate Secured Notes due 2001 (the "**Non-Convertible Notes**" and, together with the Convertible Notes, the "**Secured Notes**") that the holders of the Secured Notes (the "**Secured Noteholders**") would receive payment of the full principal amount and accrued interest on the Secured Notes at the closing, all of which would be paid for in cash with a portion of the net cash proceeds of the Underwritten Offering (the "**Secured Note Refinancing**").

Each of the Acquisition, the Underwritten Offering and the Secured Debt Refinancing are cross-conditional, in that the closing of each such transaction is conditioned upon the closing of the other transactions.

Pursuant to the foregoing proposed arrangements with the holders of the Convertible Notes, all or a portion of the Convertible Notes would be transferred to a special purpose trust (the "**Convertible Notes Trust**") and all collateral held in respect of the Convertible Notes would be released. The conversion rights attaching to the Convertible Notes would remain substantially unchanged except that the Convertible Notes would be convertible into 90% of the ordinary share capital of GPA, but GPA Group, the trustees of the Convertible Notes Trust (the "**Convertible Notes Trust Trustee**") and GE Capital would enter into certain

agreements to restructure (the “**GPA Options Restructuring**”) the (i) rights of Convertible Notes Trust and GE Capital with respect to those conversion rights, (ii) existing rights of GE Capital to subscribe for up to 67.1% of GPA Group’s ordinary share capital pursuant to the Subscription Option Agreement dated September 22, 1993 between GPA Group and GE Capital (the “**GE Capital Option**”) and (iii) existing rights of GE Capital, pursuant to a Shareholders’ Agreement dated as of September 22, 1993 among GE Capital and the holders of Convertible Notes (the “**GE Capital Call Rights**”), to purchase any ordinary share capital in GPA Group that would be held by the holders of Convertible Notes as a result of the exercise of their conversion rights under the Convertible Notes and any other ordinary share capital in GPA Group that such holders may own at that time. The completion of the GPA Options Restructuring is a condition to the Underwritten Offering.

As part of the GPA Options Restructuring, GE Capital will agree to terminate the GE Capital Option, the Convertible Notes Trust Trustee will agree that GE Capital may require them to sell the GPA securities held by them to GE Capital at any time up to and including October 29, 2001 (the final date for conversion of the Convertible Notes) such that GE Capital will be able to acquire at any time up to October 29, 2001, 90% of the ordinary share capital of GPA Group. If GE Capital were to acquire 90% of the ordinary share capital of GPA Group in the foregoing manner, GE Capital would pay approximately \$108 million if the GE Capital Call Rights were exercised on or prior to March 31, 1998 or approximately \$59 million if GE Capital exercises its rights after March 31, 1998.

If GE Capital were to acquire 90% or more of the ordinary share capital of GPA Group, the holder of a majority in aggregate principal amount of the Class E Notes would be entitled to dismiss the then-acting directors of Airplanes Limited (the “**Directors**”) and the Controlling Trustees of Airplanes Trust (the “**Controlling Trustees**”) and to appoint new Directors and Controlling Trustees; *provided* that (i) GE Capital then guarantees the performance by GECAS of GECAS’ obligations under the Servicing Agreement, if GECAS is then the Servicer, (ii) GE Capital shall then have a rating of at least Aa1 or AA+ on its long-term, senior, unsecured debt obligations from Moody’s or Standard & Poor’s, respectively, and (iii) each of Airplanes Limited and Airplanes Trust shall continue to have at least three Directors or Controlling Trustees, as applicable, who are “independent” of GE Capital and its affiliates and who will form a committee to review and, if thought fit, approve, by a vote of at least two of the three committee members, any transactions of Airplanes Group (other than as described in the next paragraph) in which GE Capital or any of its affiliates is an interested party. There can be no assurance that GE Capital will elect to exercise its rights to acquire any ordinary share capital of GPA Group.

At such time, if any, as the Directors and Controlling Trustees have been appointed by the holder of a majority in aggregate principal amount of the Class E Notes, then Airplanes Group shall have the authority, acting on a majority vote and without any independent committee veto rights, to sell, directly or indirectly, all of the assets of Airplanes Group, whether through a stock or an asset sale, to any person who provides, as consideration therefor, any combination of cash, obligations of the United States government or corporate issuers rated at least AA+ or its equivalent by the Rating Agencies and Class E Notes which, through the payment of interest, principal and premium, if any, in respect thereof, will be sufficient to repay or defease, as the case may be, the Notes in accordance with their terms, discharge any Class E Notes not so transferred and pay, to the trustees of the Charitable Trusts an amount (the “**Discounted Annual Dividend Amount**”) equal to the discounted present value of the annual fixed cumulative preferential dividend of \$4,500 (the “**Annual Dividend Amount**”) payable to the trustees of the Charitable Trusts through the Final Maturity Date of the Class E Notes, plus any arrears of the Annual Dividend Amount.

Neither the Certificates nor the Notes are obligations of, or guaranteed by, or offered for sale by GE Capital, GECAS or any of their affiliates.

GPA Group has agreed to sell to GE Capital and GE Capital has agreed to purchase, five narrowbody Stage 3 aircraft currently on lease to three lessees (the “**GECAS Aircraft**”). The purchase price to be paid for the GECAS Aircraft will be based on GPA’s book value for such aircraft.

SUMMARY COMBINED FINANCIAL DATA

The summary combined financial data set out below for each of the years in the three-year period ended March 31, 1995 have been extracted or derived from the audited Financial Statements of Airplanes Limited and Airplanes Trust included elsewhere in this Prospectus, which have been audited by KPMG — Dublin, Ireland, independent chartered accountants. See “Experts”. These financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). The selected financial data set forth below as of October 31, 1995 and for the seven month periods ended October 31, 1994 and October 31, 1995 have not been audited but in the opinion of management reflect all adjustments, consisting only of normal and recurring adjustments, necessary to present a fair statement of the information presented therein.

The summary combined financial data set forth below are presented on the basis that the Aircraft have been operated separately from GPA within the Airplanes Group for all periods presented or from the date of acquisition by GPA, as appropriate. Investors should note, however, that Airplanes Group has not conducted any such independent business operations in the periods under review and will not conduct any until the Closing Date. Accordingly, adjustments and allocations have been made of, among other items, historical indebtedness, net interest expense, selling, general and administrative expenses and tax amounts, as further described in Note 2 to the Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. While Airplanes Group believes that the summary combined financial data set forth below are an appropriate presentation, such data are not necessarily indicative of the financial results that might have occurred had Airplanes Group been an independently financed and managed group during the periods presented. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

The summary combined financial data set forth below combine the operating results, assets, liabilities and cash flows of each of Airplanes Limited and Airplanes Trust. The separate balance sheets, statements of operations and statements of cash flows of Airplanes Limited and Airplanes Trust are contained in the Financial Statements included elsewhere in this Prospectus, and investors should note that the Notes and the Guarantees comprise obligations of two different legal entities owning different assets. The Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust believe that a combined presentation is most appropriate because, *inter alia*, the assets of Airplanes Limited and Airplanes Trust are to be managed on the basis of one combined aircraft fleet, and each of Airplanes Limited and Airplanes Trust has fully and unconditionally guaranteed the performance of the other under their respective Notes. The Guarantees have been structured to ensure that no payments are made on a junior class of Notes of Airplanes Trust or Airplanes Limited, as the case may be, before any amounts due and payable on a more senior class of Notes of Airplanes Limited or Airplanes Trust, respectively, are paid pursuant to the Guarantees.

As GPA will continue to hold substantially all of the Class E Notes through which it will have access to certain of the benefits inherent in the Aircraft, aircraft assets are stated on the predecessor cost basis (*i.e.*, reflecting GPA’s historical cost less accumulated depreciation). The difference between such predecessor cost basis and the amount reflected as Airplanes Group’s indebtedness to GPA (which is based on the Initial Appraised Value of the Aircraft) is a significant component of Net Liabilities in the Combined Balance Sheet Data.

Combined Statement of Operations Data

	Year ended March 31(1)			Seven Months ended Oct. 31	
	1993	1994	1995	1994	1995
	\$millions				
Revenues(2)					
Aircraft leasing	413	526	608	356	364
Expenses					
Depreciation and amortization	(230)	(185)	(208)	(116)	(120)
Net interest expense(3)	(203)	(252)	(348)	(204)	(216)
Provision for maintenance	(83)	(71)	(88)	(57)	(53)
Bad and doubtful debts	(31)	(20)	(33)	(11)	9
Provision for loss making leases(4) and downtime, net	(33)	(27)	(5)	(2)	—
Other lease costs	(28)	(19)	(17)	(8)	(15)
Selling, general and administrative expenses	(22)	(26)	(34)	(19)	(20)
Income tax benefit	32	13	16	9	9
Net loss	<u>(185)</u>	<u>(61)</u>	<u>(109)</u>	<u>(52)</u>	<u>(42)</u>

Combined Balance Sheet Data

	March 31(1)		October 31, 1995
	1994	1995	
	\$millions		
Aircraft, net, and net investment in capital and sales type leases	4,332	4,181	4,056
Total assets	<u>4,561</u>	<u>4,386</u>	<u>4,251</u>
Indebtedness to GPA(3)	(4,583)	(4,602)	(4,602)
Provision for maintenance	(217)	(268)	(288)
Total liabilities	<u>(5,169)</u>	<u>(5,228)</u>	<u>(5,258)</u>
Net liabilities	<u>(608)</u>	<u>(842)</u>	<u>(1,007)</u>

Combined Statement of Cash Flows and Other Data

	Year ended March 31(1)			Seven Months ended October 31,	
	1993	1994	1995	1994	1995
	\$millions				
Cash paid in respect of interest(3)	178	222	303	176	191
EBITDA(5)	222	369	440	264	291
Net cash provided by operating activities (after payment of interest)	164	189	177	115	127
Net cash (used in)/provided by investing activities	(1,282)	(514)	(23)	3	7
Net cash (used in)/provided by financing activities	<u>1,118</u>	<u>325</u>	<u>(154)</u>	<u>(118)</u>	<u>(134)</u>
Net movements in cash	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>

Selected Ratios

	Year ended March 31,(1)			Seven Months ended October 31,	
	1993	1994	1995	1994	1995
	Deficiency of Combined Earnings to Combined Fixed Charges(6) (\$millions)	(217)	(74)	(125)	(61)	(51)
EBITDA(5) to cash paid in respect of interest(3)	1.25	1.66	1.45	1.50	1.52
Indebtedness to GPA, less the Class E Note Portion, to EBITDA(3)(5)(7) (interim period EBITDA amounts annualized)	15.10	10.51	8.85	8.57	7.81

- (1) The financial statements of Airplanes Group are stated in U.S. dollars which is the principal operating currency of Airplanes Group and the aviation industry.
- (2) Revenues include Maintenance Reserve receipts. See Note 13 to the Financial Statements.
- (3) It has been assumed that Airplanes Group was financed with indebtedness to GPA, as and when Airplanes Group acquired the Aircraft, in an amount equivalent to the expected aggregate amount of all classes of Notes to be issued by Airplanes Group of \$4,602 million. No repayments of principal are assumed. Net interest expense is calculated based on the assumption that all of the debt from GPA carried interest at assumed historic rates of 6.22%, 6.27% and 7.83% in the three years ended March 31, 1993, 1994 and 1995, respectively, and 7.83% and 8.25% for the seven months ended October 31, 1994 and October 31, 1995, respectively (the "Assumed Rates"). The portion of Airplanes Group's indebtedness to GPA which is expected to be refinanced by the Class E Notes (assumed for purposes of the Financial Statements to represent approximately 15% of the indebtedness to GPA) will accrue interest at a significantly higher rate than the Assumed Rates although the cash outflow associated with such debt is initially expected to be substantially lower than the Assumed Rates. It has been further assumed for purposes of the Statements of Cash Flows that in each period Airplanes Group paid cash interest of only 1% on the portion of indebtedness to GPA which is assumed to be refinanced by the Class E Notes. Net interest expense is stated after crediting interest income of \$6 million in 1993 and 1994 and \$9 million in 1995. A further \$50 million of Subclass A-1 Notes will also be issued by Airplanes Group, which Notes are not included in the assumed indebtedness in the Financial Statements. Assuming Airplanes Group was also financed with this additional indebtedness and cash deposits increased by an equivalent amount, the net interest expense for each of the three years ended March 31, 1993, 1994 and 1995 would have been greater by \$0.9 million, \$0.9 million, and \$0.6 million, respectively, and cash paid in respect of interest for each of these years would have been greater by \$3 million, \$3 million and \$4 million, respectively.
- (4) A lease agreement is deemed to be "loss making" in circumstances where the contracted rental payments are insufficient to cover the depreciation and allocated interest attributable to the aircraft plus certain direct costs, such as legal fees and registration costs, attributable to the lease over its term.
- (5) EBITDA represents operating results before provision for income taxes and before interest expense and depreciation and amortization. EBITDA is not presented as an alternative measure of operating income or cash flow provided by operating activities but rather to provide additional information related to Airplanes Group's ability to service the Notes. Airplanes Group believes that EBITDA provides significant information with respect to Airplanes Group's capacity to make payments on the Notes because it indicates the amount of non-cash charges against earnings, including depreciation and amortization expenses, which would have been available to pay Airplanes Group's obligations during the years indicated, which information is not indicated by the "Deficiency of earnings to fixed charges" ratio. Investors should consider carefully, however, that there are significant uses to which Airplanes Group's cash flows will need to be applied before any cash will be available to make payments on the Notes, including payment of Expenses (including payments of taxes, certain required financing costs and expenses, such as service provider fees, trustee fees and other charges and certain investing costs), which rank prior to the Notes in the Priority of Payments. The amount of Expenses which will be incurred by Airplanes Group cannot be estimated with certainty and there can be no assurance that Airplanes Group will not incur Expenses to such an extent as to jeopardize its ability to make future payments on the Notes.
- (6) Represents the amount by which Airplanes Group's loss before income taxes and fixed charges exceeded fixed charges. Fixed charges consists of interest expense. Because Airplanes Group's fixed charges exceeded earnings for all periods presented, a ratio of earnings to fixed charges is not presented.
- (7) The Class E Note Portion equals that amount of indebtedness to GPA which is expected to be refinanced by the Class E Notes (assumed for purposes of the Financial Statements to represent approximately 15% of the indebtedness to GPA).

RISK FACTORS

The following summarizes certain risks involved in an investment in the Certificates which may materially affect the ability of Airplanes Limited and Airplanes Trust to pay the interest, principal of, and premium, if any, on the Notes (and hence, the ability of the Trust to pay interest, principal and premium, if any, on the Certificates) in full at or before their respective Final Maturity Dates. Investors should read and carefully consider, among other things, the following factors in connection with the purchase of the Certificates.

There can be no assurance that rental payments under the Leases will be adequate to pay the interest, principal and premium, if any, on the Notes in accordance with their terms.

Risks Relating to Airplanes Group and Certain Third Parties

Limited Resources of the Trust

The Notes and the Guarantees are solely obligations of Airplanes Limited and Airplanes Trust. The Trust does not have, nor is it expected to have, any significant assets or sources of funds other than the Notes and the Guarantees. Neither the Certificates nor the Notes are obligations of, guaranteed by, or offered for sale by, the Trustee, the Indenture Trustees, GPA Group or any affiliate of the foregoing. Furthermore, neither the Certificates nor the Notes are obligations of, or guaranteed by, or offered for sale by, GE Capital, GECAS or any of their affiliates.

Holding Entity Risk

Substantially all of the assets of Airplanes Limited and Airplanes Trust are the shares of their direct subsidiaries and loans to their direct and indirect subsidiaries. None of the Trustee, the Indenture Trustees or the Certificateholders has or will have any security interest in the Aircraft, the Leases or any other assets of Airplanes Limited, Airplanes Trust, or any of their subsidiaries, other than a security interest in one-third of the ordinary capital stock of Holding Co., certain of its subsidiaries and the subsidiaries of Airplanes Trust and in Airplanes Group's interests in the cash in the Accounts. Accordingly, Airplanes Limited's and Airplanes Trust's ability to make payments on the Notes will be affected by, *inter alia*, the imposition of withholding or other taxes on payments within Airplanes Group, including payments by such subsidiaries to Airplanes Limited and Airplanes Trust and the payment by such subsidiaries of amounts due to other creditors, including lessees and tax authorities. To the extent that these obligations to Lessees and other creditors significantly exceed expectations, or to the extent that unforeseen and significant tax liabilities arise, there may be a significant adverse impact upon payments on the Notes. Airplanes Limited has guaranteed the obligations of many of its subsidiaries to Lessees and payments on these guarantees, which comprise part of the Expenses, rank senior in priority of payment to any payments on any class of Notes.

The ability of Airplanes Limited's and Airplanes Trust's subsidiaries to make payments on their intercompany obligations to Airplanes Limited and Airplanes Trust, and Airplanes Limited's and Airplanes Trust's ultimate ability to pay interest and premium, if any, on, and repay the principal of, the Notes, will be primarily dependent upon the receipt of payments under the Leases and, in the case of each of the Subclass A-1, A-2, A-3 and A-4 Notes, the ability of Airplanes Group to refinance the Outstanding Principal Balance of such Notes by issuing the Refinancing Notes. See "Risk Factors — Risks Relating to the Capital Markets — Refinancing of Certain Certificates". Receipt of sufficient payments under the Leases will depend upon a number of factors, including without limitation (i) the timing of receipt of Rental Payments and the ability of the Lessees to make such payments; (ii) the ability to re-lease any Aircraft upon expiration or termination of a Lease without excessive levels of downtime and at sufficient rental rates; (iii) the possible exercise by a Lessee of a Purchase Option or an early termination option and (iv) future maintenance costs associated with re-leasing Aircraft. There can be no assurance that the Rental Payments actually received during the term of the Leases will be sufficient to meet amounts due under the Notes. See "— Risks Relating to Payments on the Certificates".

Lack of Security Interest

As stated above, none of the Trustee, the Indenture Trustees or the Certificateholders has or will have any security interest, mortgage, charge or other similar interest in any of the Aircraft or the Leases. As a result, such parties do not have available to them certain rights upon a Note Event of Default which would have been available to them had their interests in the Aircraft and the Leases been directly secured by such assets. The Security Trustee has been granted a security interest in one-third of the ordinary share capital of Holding Co., certain of its subsidiaries and the subsidiaries of Airplanes Trust. In addition, the Accounts (other than certain Rental Accounts) are held in the name of the Security Trustee.

Possible Contingent Liabilities of Transferring Companies

The Aircraft and Existing Leases will be acquired through the purchase by Airplanes Limited of 95% of the issued and outstanding capital stock of Holding Co. and the purchase by Airplanes Trust of all the issued and outstanding capital stock of AeroUSA. Holding Co. and AeroUSA will in turn own, directly and indirectly, 100% of the ordinary share capital of the remaining Transferring Companies. Although GPA Group has taken steps to ensure that there are no material contingent liabilities related to any of the Transferring Companies, no assurances can be given that any such pre-transfer liabilities will not be identified after the Closing Date. GPA will indemnify Airplanes Group against certain losses suffered by Airplanes Group (including any Transferring Company or any of their directors) as a result of, *inter alia*, the breach of GPA's representations and warranties in the Stock Purchase Agreements that there are no liabilities, actual or contingent of a Transferring Company that exist at the time of transfer but are not disclosed in the financial statements of the relevant Transferring Company or otherwise disclosed to Airplanes Group. Many of the representations and warranties are qualified by standards relating to their materiality in relation to Airplanes Group. The maximum amount that may be recovered from GPA as a result of such indemnification or any breach of representation or warranty contained in the Stock Purchase Agreements shall be an amount approximately equal to the Purchase Price. In addition, the representations and warranties of GPA contained in the Stock Purchase Agreements shall survive until the third anniversary of the Closing Date.

AeroUSA and its wholly owned subsidiary, AeroUSA 3 Inc., a Connecticut corporation, ("AeroUSA 3"), will continue to file U.S. federal consolidated tax returns and certain state and local tax returns with GPA, Inc. and its subsidiaries (the "GPA U.S. Tax Group"). Currently, there are ongoing tax audits by the United States Internal Revenue Service and certain state and local tax authorities with respect to taxes previously reported by the GPA U.S. Tax Group. GPA Group believes that none of these audits will have a material adverse impact upon the financial condition or liquidity of AeroUSA. AeroUSA, Airplanes Trust, GPA, Inc. and GPA Group will enter into a Tax Sharing Agreement (the "Tax Sharing Agreement") dated as of the Closing Date pursuant to which GPA will indemnify AeroUSA against any U.S. federal, state or local tax liabilities ("Tax Liabilities") suffered by AeroUSA that are (i) related to any tax period or portion thereof prior to the Closing Date or (ii) related to any tax period or portion thereof following the Closing Date and are Tax Liabilities that AeroUSA or AeroUSA 3 would not have incurred if they were not and never had been members of the GPA U.S. Tax Group. Furthermore, under the Tax Sharing Agreement, with respect to GPA U.S. Tax Group returns, (i) AeroUSA shall be liable to GPA, Inc. for its share of Tax Liabilities based on the amount of Tax Liabilities that AeroUSA would have incurred if it and AeroUSA 3 were not and never had been members of the GPA U.S. Tax Group (the "Stand-alone Tax Liability") and (ii) to the extent that any amount payable by any member of the GPA U.S. Tax Group (other than AeroUSA or AeroUSA 3) in respect of Tax Liabilities for any tax period following the Closing Date is reduced to reflect a tax asset generated by AeroUSA or AeroUSA 3, then GPA Group will pay to AeroUSA, at the time such tax savings are realized, an amount equal to the difference between the actual taxes paid for such tax period and the amount of taxes that would have been payable in the absence of such tax asset. With respect to a liability of AeroUSA described in clause (i) of the preceding sentence, AeroUSA will pay such amounts to GPA, Inc. in cash only to the extent that payments due to taxing authorities are attributable to the Stand-alone Tax Liability of AeroUSA and AeroUSA 3; the remainder of any amounts payable to GPA, Inc. described in clause (i) will be paid in the form of subordinated, non-interest paying AeroUSA notes. Tax

warranties of GPA and the indemnity of GPA for Tax Liabilities related to any tax period or portion thereof prior to the Closing Date shall survive until the seventh anniversary of the Closing Date.

Investors should recognize that the ability of Airplanes Group to receive amounts from GPA pursuant to indemnities against tax and other liabilities of the Transferring Companies will depend upon the financial condition and liquidity of GPA at the time any claim is made. Furthermore, to the extent any tax or other claims are successfully made against the Transferring Companies and not indemnified by GPA or paid from Airplanes Group's available cash flow, investors should recognize that because the Notes are not secured directly or indirectly by the Aircraft or the Leases, substantially all of the assets of the Transferring Companies, including the Aircraft, would be available for attachment and satisfaction of any such claim. See "Risk Factors — Risks Relating to the Financial Condition of GPA".

Delegation of Responsibilities

Except to the limited extent described herein, neither the Trustee nor any Certificateholder has any right to participate in the management or affairs of Airplanes Group. In particular, such parties cannot supervise the functions relating to the Leases and the re-lease of the Aircraft, which functions have generally been delegated to the Servicer under the Servicing Agreement. See "Management of the Aircraft — Corporate Management", "Description of Securities — The Notes and the Guarantees — Trust Indenture Covenants" and "— Note Events of Default and Remedies".

Airplanes Group will have no executive management resources of its own (although Airplanes Limited will have a Board of Directors and Airplanes Trust will have a Board of Controlling Trustees) and, as such, Airplanes Group will rely upon the Servicer, the Administrative Agent, the Cash Manager and other service providers for all asset servicing, executive and administrative functions pursuant to the respective service provider agreements. While Airplanes Group has retained GECAS as the Servicer and wholly owned subsidiaries of GPA Group as the Cash Manager and Administrative Agent, there can be no assurance that Airplanes Group will continue its arrangements with these organizations until the Notes are paid in full or that such organizations will continue their relationship with Airplanes Group until such time. Failure of these foregoing organizations to perform their respective contractual obligations to Airplanes Group could have a material adverse effect upon Airplanes Group's operations, which could adversely affect Airplanes Group's ability to repay the Notes and consequently affect the amount of payments made in respect of the Certificates. In the event that the Servicer, the Administrative Agent or the Cash Manager were to resign or be terminated pursuant to their respective contractual arrangements with, or on behalf of, Airplanes Group, there can be no assurance that suitable replacement service providers could be found, or found in a timely manner, and engaged on terms acceptable to Airplanes Group or that would not cause a downgrading in the then current rating relating to the Certificates. The loss of the Servicer, the Administrative Agent or the Cash Manager under such circumstances could have a material adverse effect on Airplanes Group's ability to make payments on the Notes.

Accordingly, no investor should purchase Certificates unless such investor accepts the terms upon which the various services are to be provided by the Servicer, the Administrative Agent and the Cash Manager pursuant to the Servicing Agreement, the Administrative Agency Agreement and the Cash Management Agreement, respectively. See "Management of Airplanes Group — Corporate Management".

In addition, in the event that either GECAS or a GPA subsidiary no longer serves as Servicer or Administrative Agent and Cash Manager, respectively, on behalf of Airplanes Group or either such party fails to maintain, among other things, certain employment levels in Ireland, or GPA fails to hold 5% of the capital stock of Holding Co., certain corporate tax and withholding tax benefits currently afforded to Holding Co. and other Irish tax resident Transferring Companies may be lost. The loss of such tax benefits would have a material adverse effect on Airplanes Limited's ability to pay interest, principal and premium, if any, on the Airplanes Limited Notes. See "Risk Factors — Risks Relating to the Financial Condition of GPA" and "Risk Factors — Risks Relating to Tax" and "Management of Airplanes Group — The Servicer".

Conflicts of Interest of GECAS

In addition to acting as Servicer, GECAS also participates in the management of certain aircraft assets owned by Aircraft Lease Portfolio Securitisation 92-1 Limited (“**ALPS 92-1**”), Aircraft Lease Portfolio Securitization 94-1 Limited (“**ALPS 94-1**”), GE Capital and its affiliates and other third parties, including GPA and its affiliates. GECAS will from time to time have conflicts of interest in performing its obligations to Airplanes Group and the other entities to which it provides management services and with respect to the aircraft for which it provides such services. Such conflicts may be particularly acute in situations involving GE Capital or its affiliates or investment vehicles sponsored by GE Capital or its affiliates (collectively, “**GE Group**”). Under certain of GECAS’s aircraft servicing arrangements (including the ALPS 94-1 Servicing Agreement), such conflicts will not entitle the entities to whom GECAS provides services to replace GECAS as servicer except in certain limited circumstances.

As of December 31, 1995, the portfolio of aircraft managed by GECAS and its affiliates (the “**GECAS Managed Portfolio**”) comprised approximately 890 aircraft. At such date, the owned portfolio of GE Group was comprised of 420 aircraft or 47% of the GECAS Managed Portfolio. GECAS has recently announced that it has entered into a multi-year order for five Boeing 777’s and 102 Boeing 737 jet aircraft, and options for 76 Boeing 737 jet aircraft. Under the agreement with Boeing, GECAS also may purchase up to 76 additional Boeing 737 jet aircraft. From time to time, GE Group is likely to acquire additional new and used aircraft that are expected to be included in the GECAS Managed Portfolio and to be managed by GECAS and its affiliates and, in addition, GECAS may from time to time provide aircraft services to various third parties. GECAS also manages, and may in the future form and sponsor, additional aircraft or equipment leasing programs, some of which may have investment objectives that are the same as, or similar to, those of Airplanes Group. It is likely that, at various times, the aircraft in any such programs will compete with the Aircraft when the Aircraft are being marketed for re-lease or sale, and such programs may create additional conflicts of interest with respect to the marketing of the Aircraft for re-lease or sale. Conflicts of interest may also arise that involve the provision by GE Group of aircraft or engine financing to third parties, including the Lessees. Moreover, certain of GECAS’s marketing and servicing arrangements with its affiliates and other third parties include provisions that may have the effect, in certain circumstances, of requiring GECAS to give preference to such affiliates, other third parties or their respective aircraft over the Aircraft.

GECAS has agreed to continue to act as servicer of 97 Stage 3 and 10 Stage 2 aircraft (as of December 31, 1995) that will continue to be owned or leased-in by GPA or its affiliates after the Closing Date pursuant to an amended and restated management agreement dated as of the Closing Date (the “**GPA Management Agreement**”). In addition, in connection with ALPS 92-1 and ALPS 94-1, GECAS services 41 Stage 3 aircraft and provides certain other services, which primarily relate to the sale and lease of aircraft after the expiration of their initial lease terms. Finally, GECAS has agreed to act as servicer with respect to the new aircraft intended to be acquired from The Boeing Company (“**Boeing**”) by a special purpose company to be owned beneficially by GPA and Boeing (the “**Special Purpose Company**” or “**SPC**”) pursuant to a management agreement expected to be entered into contemporaneously with the Closing (the “**SPC Management Agreement**”). See “The Parties — GPA — Restructuring of Arrangements with Manufacturers and Minority Interests”.

Pursuant to the terms of the Servicing Agreement, GECAS has agreed to perform the services required thereby with reasonable care and diligence at all times (the “**GECAS Services Standard**”). If a conflict of interest arises regarding GECAS’s management of two particular Aircraft, or aircraft assets other than those owned by the Airplanes Group, on the one part, and Aircraft, on the other part, the Servicer is required to perform the services in good faith and to the extent that two particular Aircraft or the Aircraft and other aircraft then managed by GECAS are substantially similar in terms of objectively identifiable characteristics that are relevant for purposes of the particular services to be performed, the Servicer will not discriminate, (a) among the Aircraft or (b) between any of the Aircraft and any other aircraft then managed by GECAS on an unreasonable basis (the “**GECAS Conflicts Standard**”).

Under certain limited circumstances in which a conflict of interest arises with respect to a particular Aircraft or Lease that requires, in the good faith opinion of the Servicer, an arm’s-length negotiation between

the Servicer or any of its affiliates and Airplanes Group, the Servicing Agreement provides that the Servicer shall be entitled to withdraw from acting as Servicer with respect to such Aircraft or Lease in connection with the negotiation of the issue giving rise to such conflict of interest and Airplanes Group shall be entitled to appoint an independent representative to act on behalf of Airplanes Group with respect to such negotiation. The Servicer shall be entitled to act on behalf of itself or any of its affiliates with respect to such negotiation. In the event that the Servicer reasonably determines that certain services required to be carried out under the Servicing Agreement would place the Servicer in a conflict of interest such that the Servicer could not, in its good faith opinion, perform its obligations within the requirements of the Servicing Agreement, the Servicer may resign as Servicer for all Aircraft, or, at its election, for any affected Aircraft, such resignation to become effective upon the appointment of a replacement servicer.

Limitation of Liability on the Part of the Servicer

Pursuant to the Servicing Agreement, the Servicer and its affiliates will not be liable or accountable to any person, other than Airplanes Limited, AeroUSA and Holding Co. to the limited extent described below, under any circumstances, for any liabilities, obligations, losses, damages, penalties, taxes, suits, judgments, costs, fees, expenses and disbursements directly or indirectly arising out of, in connection with or related to, the management by the Servicer of the Aircraft or other aircraft assets (“Losses”), and Airplanes Limited, AeroUSA and Holding Co. shall jointly and severally indemnify the Servicer and its affiliates on an after-tax basis for any Losses, unless such Losses are finally adjudicated to have resulted directly from the Servicer’s gross negligence or wilful misconduct in respect of its obligation to apply the GECAS Services Standard or the GECAS Conflicts Standard in respect of its performance of the services under the Servicing Agreement. Airplanes Limited, AeroUSA and Holding Co. shall also jointly and severally indemnify the Servicer and its affiliates on an after-tax basis for any losses that may be imposed on, incurred by or asserted against, the Servicer and its affiliates, directly or indirectly, arising out of, in connection with or related to, the Servicer or any of its affiliates’ involvement (or alleged involvement) in connection with the structuring or implementation of any aspect of the transactions disclosed in this Prospectus. Airplanes Limited, AeroUSA and Holding Co. will be entitled to terminate the Servicing Agreement if the Servicer fails in any material respect to perform any material service thereunder to either the GECAS Services Standard or the GECAS Conflicts Standard and such failure has a material adverse effect on Airplanes Group taken as a whole. The Servicer does not assume any liability or accountability for (i) the direct or indirect transfer of the Aircraft, the Leases, the Receivables or any other assets to any person within the Airplanes Group, (ii) the adequacy of the terms of any Lease relating to any Aircraft to the extent any such Lease was novated, amended or modified in connection with the direct or indirect transfer of the Aircraft or the Leases to or among the Transferring Companies on or prior to the Closing Date, (iii) the reliability or creditworthiness of any Lessee with respect to its obligations under any Lease, (iv) the adequacy of the Rental Payments derived from the Leases to support the various obligations of the Airplanes Group, (v) the adequacy of the Maintenance Reserves or Security Deposits relating to the Aircraft, (vi) the terms and conditions of the Notes or any Notes issued in refinancings (“Refinancing Notes”) or additional Notes, (vii) the ability of Airplanes Limited and Airplanes Trust to comply with the terms and conditions of the Notes, the Guarantees or any Refinancing Notes or any additional Notes and (viii) the structuring or implementation of any aspect of the various transactions contemplated in this Prospectus.

The duties and obligations of the Servicer will be limited to those expressly set forth in the Servicing Agreement and the Servicer will not have any fiduciary or other implied duties or obligations to Airplanes Group or any other person, including any Certificateholder.

Conflicts of Interest of GPA

Initially, GPA Group or a GPA subsidiary will hold substantially all of the Class E Notes to be issued by Airplanes Limited, GPA Financial will act as Administrative Agent and GPA Cash Manager will act as Cash Manager for Airplanes Group. In addition, GPA holds all of the Class E Notes issued by ALPS 94-1 and, as a result, has certain access to potential benefits relating to the aircraft it sold to ALPS 94-1. Finally, GPA will continue to own and lease-in a significant fleet of 114 Stage 3 aircraft and 10 Stage 2 aircraft following the

closing and, through its investment in SPC, may have an interest in any aircraft purchased by SPC. Of the 114 Stage 3 aircraft, 53 aircraft are leased-in.

GPA Financial may from time to time have conflicts of interest in performing its obligations to Airplanes Group as Administrative Agent resulting from GPA's interests in its own aircraft and GPA's interests in ALPS 94-1 and SPC. These conflicts may arise, for instance, when GPA Financial as Administrative Agent advises Airplanes Group as to the annual budget to be adopted for Airplanes Group and with respect to decisions by Airplanes Group to sell Aircraft.

Pursuant to the Administrative Agency Agreement, GPA Financial will be obligated, in performing its services as Administrative Agent, to devote the same amount of time and attention and will be required to exercise the same level of skill, care and diligence in the performance of its services as it would if it were administering such services on its own behalf (the "**Administrative Agent's Services Standard**"). In addition, if any conflicts of interest arise with respect to GPA Financial's role as Administrative Agent and its other interests, the Administrative Agency Agreement requires GPA Financial to report such conflict promptly to Airplanes Group and to act in a manner that treats Airplanes Group equally with the entities giving rise to the conflict of interest, does not violate the Administrative Agent's Services Standard and would not be reasonably likely to have a material adverse effect on Airplanes Group (the "**Administrative Agent's Conflict Duties**").

Given the limited discretion that may be exercised by GPA Cash Manager in its role as Cash Manager, it is unlikely that conflicts of interest in connection with its services in such capacity will arise relative to GPA's other interests.

Lack of Separate Representation

Airplanes Group and GPA Group are represented by the same Jersey, English and United States legal counsel, and it is anticipated that such multiple representation will continue in the future. Airplanes Group does not have separate Irish legal counsel. The Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust (separately from Airplanes Limited and Airplanes Trust) are represented by separate United States legal counsel. Without independent legal representation, the terms of the agreements negotiated between Airplanes Group and GPA could disproportionately benefit one party over the other. Should a significant dispute arise in the future between Airplanes Group and GPA or any of their respective affiliates, Airplanes Group anticipates that it will retain separate counsel to represent it in such matter.

Risks Relating to the Aircraft

Competing Aircraft Available for Lease; Operational Restrictions

In connection with re-leasing of the Aircraft, Airplanes Group may encounter competition from, *inter alia*, other aircraft leasing companies (including GPA and International Lease Finance Corporation), airlines, aircraft manufacturers, aircraft owners, financial institutions (including GE Capital and its affiliates), aircraft brokers, special purpose vehicles (including ALPS 92-1 and ALPS 94-1) formed for the purpose of acquiring, leasing and selling aircraft and public and private limited partnerships and funds with investment objectives similar to those of Airplanes Group (including investment vehicles sponsored by GE Capital and its affiliates). Airplanes Group will be subject to restrictions in the Trust Indentures and the constituent documents of Airplanes Limited and Airplanes Trust that will impair Airplanes Group's operational flexibility. For instance, GPA has in the past granted concessionary rental rates to airlines in return for equity investments in order to place aircraft on lease and minimize the number of aircraft on the ground. GPA has also entered into similar arrangements with troubled lessees in order to restructure the obligations of those lessees while maximizing the number of aircraft remaining on viable leases to such lessees and minimizing the overall cost to GPA. Further, GPA has leased or offered lessees the ability to lease spare parts and engines, which ability will not be available to Airplanes Group. It can be expected that Airplanes Group will encounter similar commercial situations in the future but its ability to offer a flexible, market-driven, response will be limited by certain contractual constraints. In addition, certain competing aircraft lessors (including GE Capital and its affiliates) have, or have access to, financial resources substantially greater than those of Airplanes Group, may have a lower overall cost of capital and may provide financial services or other inducements to potential lessees that

Airplanes Group cannot provide. Airplanes Group will also be subject to certain limitations as to eligible Lessees and geographic diversification of the Lessees that must be satisfied in order to maintain the ratings of the Certificates. Airplanes Group's competitors may not be subject to such limitations.

Supply of and Demand for Aircraft

The aircraft leasing market is affected by such factors as manufacturer production levels; passenger demand; retirement and obsolescence of aircraft models; manufacturers exiting the industry or ceasing to produce aircraft types in the Portfolio; fuel costs; governmental regulation and air traffic control infrastructure constraints. The effects of deregulation of commercial aviation in the United States and the increasing trend toward deregulation in other significant jurisdictions where Lessees currently, or may in the future, operate aircraft, may contribute to further uncertainty in the commercial aviation industry. The availability of commercial jet aircraft for lease or sale has periodically experienced cycles of oversupply and undersupply, primarily as a result of the cyclical nature of the world economy. The condition of the aviation industry will vary at different points in the business cycle for lessors and sellers of aircraft at the times when the Aircraft are being marketed for re-lease or sale, and there can be no assurance such conditions will allow re-lease or, where applicable, sale, on satisfactory terms. An oversupply of certain types of used Stage 3 aircraft currently exists, including certain of the types of aircraft included in the Portfolio such as Boeing 747s (one Aircraft or 0.85% by Initial Appraised Value of the Portfolio), Airbus A300s (six Aircraft or 1.88% by Initial Appraised Value of the Portfolio) and DC-10s (four Aircraft or 1.96% by Initial Appraised Value of the Portfolio).

Risks Relating to the Exercise of Purchase Options

Eight Lessees with respect to 24 Aircraft, representing approximately 9% of the Portfolio by Initial Appraised Value, have options to purchase Aircraft at prices below either estimated fair market value or Airplanes Group's estimated net book value at the option exercise date. (For the purposes of this analysis, estimated fair market value has been arrived at by deducting the estimated depreciation (as calculated by Airplanes Group's existing depreciation policy) from October 31, 1995 to the option exercise date from the Initial Appraised Value of each Aircraft).

Of these options, four Lessees with respect to 11 Aircraft, representing approximately 1.5% of the Portfolio, have rights to purchase Aircraft at prices below Airplanes Group's estimated net book value at the option exercise date.

In the event that a significant number of options to purchase Aircraft are exercised at prices below estimated fair market value or Airplanes Group's estimated net book value at the option exercise date, the amount and timing of principal payments to certain Certificateholders and the average lives of the Certificates may be adversely affected.

Risks Relating to the Purchase Price and Decline in Aircraft Values

The Purchase Price has been calculated largely on the basis of the Initial Appraised Value of the Aircraft which assumes a "stable market environment with a reasonable balance of supply and demand" and certain other factors set out in the definition of Base Value above. The Initial Appraised Value is more than, and is likely to be substantially more than, the value of aircraft in the current market, given current overcapacity in the aviation industry. Aircraft values depend on a number of factors that are not within the control of Airplanes Group, such as market and economic conditions (including prevailing interest rates and the general availability of credit), the availability and cost of competing new and used aircraft, including any effects of the ability of manufacturers to build new aircraft at a lower cost or with less lead time, the condition of the aircraft, the particular maintenance and operating history, the number of operators using each type of aircraft and the supply of each type of aircraft, whether the aircraft is subject to a lease and, if so, the identity and creditworthiness of the Lessee, the jurisdiction of registration and the terms of and payment experience with respect to such Lease and any regulatory and legal requirements that must be satisfied before the aircraft can be sold. Values of the Aircraft may be adversely affected by changes in the competitive and financial position

of the relevant commercial aircraft manufacturer, by the withdrawal of such manufacturer from that market or by unexpected manufacturing defects that may surface.

Aircraft appraisers recently reduced their appraised values for aircraft reflecting a number of matters including recent manufacturers' price discounting and further deterioration in values with respect to older wide bodied aircraft. There can be no assurance that aircraft appraisers may not further reduce their appraised values for aircraft in the future or that aircraft values will not fall. In particular, if manufacturers prematurely cease to produce aircraft types contained in the Portfolio, this could significantly reduce the value of the aircraft type in question. In particular, the current uncertainty regarding the future of Fokker N.V. in the commercial aircraft manufacturing industry, following its recent filing for court protection from its creditors, may result in significant reductions of values for Fokker Aircraft. Approximately 7.4% of the Aircraft in the portfolio by Initial Appraised Value are Fokker 100s.

All of the major manufacturers are implementing programs to shorten the lead times and reduce the cost of manufacturing commercial aircraft, including reorganization of design and production systems and business arrangements with suppliers which have resulted in, *inter alia*, reductions in the price of aircraft and shifts in aircraft ordering patterns such that purchasers are able to acquire aircraft at shorter lead times than previously required. Some manufacturers are also considering the use of lower cost production locations than those they currently use. Depending on the extent to which cost savings are achieved and passed on to the manufacturers' customers, these factors could have an adverse impact on the ability of Airplanes Group to re-lease or sell the Aircraft and on the Rental Payments from Future Leases of the Aircraft.

Any reduction in Aircraft values may affect Airplanes Group's ability to maintain the current rental rates and may adversely affect its ability to make payments on the Notes.

Sales of Aircraft

Airplanes Group believes that, due to current overcapacity in the aviation industry, the value of the Aircraft in the current market (as compared with the "stable market environment with a reasonable balance of supply and demand" and the other factors assumed in the determination of Base Value) is less than, and is likely to be substantially less than, the Initial Appraised Value. Furthermore, neither the Initial Appraised Value nor the value of the Aircraft in the current market should be relied upon as a measure of the realizable value of the Aircraft. If it were necessary to dispose of Aircraft in a distress situation, and particularly if a large number of Aircraft were required to be sold, the proceeds from such a sale of Aircraft would be substantially less than the value in the current market. However, Airplanes Group does not expect to have to sell Aircraft to provide for payment of principal and interest on the Notes, and does not anticipate conducting any distress sales. Nevertheless, following a Note Event of Default, there can be no assurance that Aircraft, if sold, would not be sold at prices significantly less than the Initial Appraised Value of such Aircraft. In addition, prior to a Note Event of Default, each Trust Indenture permits Airplanes Group to sell Aircraft at prices below a specified target price in certain limited circumstances and in limited aggregate amounts, which may adversely affect the amount and timing of principal payments to certain Certificateholders and may, in turn, affect the average lives of the Certificates. See "Description of Securities — The Notes and the Guarantees — Trust Indenture Covenants".

Aircraft Liens

Liens which secure the payment of, *inter alia*, airport taxes, customs duties, air navigation charges (including charges imposed by Eurocontrol), landing charges, crew wages, repairer's charges or salvage ("Liens") are likely, depending on the jurisdiction in question, to attach to the Aircraft in the normal course of operation. The sums which such Liens secure may be substantial and may, with certain jurisdictions or limited types of Liens (particularly fleet liens) exceed the value of the Aircraft in respect of which the Lien is being asserted.

In some jurisdictions, aircraft Liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the Aircraft, and, until discharged, such Liens could adversely affect the ability of Airplanes Group to repossess, re-lease or sell the Aircraft. In particular, under the laws of the United

Kingdom, if a particular Lessee (whether or not it is a European operator) defaults in payments to Eurocontrol of air navigation charges (relating to navigation services provided within European airspace by Eurocontrol), the Civil Aviation Authority of the United Kingdom (the "CAA") has the right to detain, pending payment, any aircraft operated by the defaulting operator at the time of detention when a relevant Aircraft is located at any designated airport within the United Kingdom. Furthermore, if such charges are not paid within a specified period, the CAA has the power to sell the detained aircraft to satisfy the outstanding charges. These charges may also relate to a period when the detained aircraft was being operated by a prior operator. A similar form of "fleet lien" is granted to certain airport authorities under the laws of the United Kingdom and in Ireland in relation to unpaid airport landing fees.

Under each of the Existing Leases, the relevant Lessees will be responsible for, and required to discharge, all such Liens arising during the term of such Leases, with the exception of those arising by reason of, *inter alia*, Airplanes Group's or the Lessor's own acts or those created by, or arising by reason of, debts or liabilities of Airplanes Group's predecessors in title or any previous operator. However, there can be no assurance that Future Leases will contain such conditions or that the Lessees will comply with such obligations. Any failure to remove Liens could adversely affect Airplanes Group's ability to repossess, re-lease or sell an Aircraft if a Lessee defaults. The Servicer is not obligated under the terms of the Servicing Agreement to remove any Liens from Aircraft.

Under each of the Stock Purchase Agreements, it is a condition precedent to Airplanes Group's acquisition of the relevant Transferring Company that no Liens other than Permitted Liens exist with respect to Aircraft owned by that company at the time of the Acquisition. There can be no assurance that such Liens will not arise after the delivery of any related Aircraft.

"Permitted Liens" means:

- (a) any lien for taxes, assessments and governmental charges or levies not yet due and payable which are not in excess of \$1.5 million in aggregate or are being contested in good faith by appropriate proceedings;
- (b) any liens created by or through or arising from debt or liabilities or any act or omission of the relevant members of Airplanes Group existing on the date of the Stock Purchase Agreement or the Closing Date, as the case may be;
- (c) in respect of any Aircraft, any liens of a repairer, carrier, or hangar keeper arising in the ordinary course of business, by operation of law, any other similar lien or any engine or parts pooling arrangements in the ordinary course of business;
- (d) any "permitted lien" as defined under the relevant Lease (other than liens created by the relevant Lessor);
- (e) any liens created by or through or arising from debt or liabilities or any act or omission of any Lessee in each such case either in contravention of the relevant Lease (whether or not such Lease has been terminated) or without the consent of the relevant Lessor (provided that if such Lessor has become aware of any such lien, it will not be a Permitted Lien unless such Lessor is using commercially reasonable efforts to have any such Liens released);
- (f) any head lease, lease, conditional sale agreement or option permitted under the Leases or Purchase Options;
- (g) any liens for air navigation authority, airport tending, gate or handling (or similar) charges or levies;
- (h) any lien created to enhance or support owners' rights, created in favor of a member of Airplanes Group; and
- (i) any lien which would not adversely affect the owner's rights and does not exceed, on a per aircraft basis, the greater of 2% of the Initial Appraised Value of such Aircraft and \$250,000.

Certain of the Leases provide for the payment of Security Deposits that may be available, *inter alia*, to release Liens on the Aircraft to which such Security Deposits relate. No assurance can be given that such Security Deposits will be sufficient to discharge all such Liens or that Airplanes Group will have other funds, including funds in the Collection Account, sufficient to release such Liens.

Registration of Aircraft

All of the Aircraft which are being operated must be duly registered at all times with an appropriate aviation authority. Generally, failure to maintain the registration of any Aircraft which is on lease would be a default under the applicable Lease, entitling Airplanes Group to exercise its rights and remedies thereunder. If an Aircraft were to be operated without a valid registration, the Lessee operator or, in some cases, the owner or lessor, may be subject to penalties which could constitute or result in a Lien being placed on such Aircraft. Loss of registration could have other adverse effects, including inability to operate the Aircraft and loss of insurance, which in turn could have a material adverse effect on the ability of Airplanes Group to pay interest and principal on the Notes. However, there can be no assurance that Future Leases will contain such terms or that Lessees will comply with such terms.

Technological Risks

Airplanes Group's ability to lease or sell the Aircraft may be adversely affected to the extent that the availability for lease or sale of newer, more technologically advanced aircraft or the introduction of increasingly stringent noise or emissions regulations make the Aircraft less competitive. This risk, which is common to all aircraft lessors, is particularly significant for Airplanes Group given its need to repay principal and interest on the Notes over a relatively long period, which will require that many of the Aircraft be leased or sold close to the end of their useful economic life. Furthermore, the extent to which Airplanes Group is able to manage these technological risks through modifications to aircraft and sale of aircraft is expected to be limited and any sales of aircraft will depend on Airplanes Group's ability to satisfy the criteria set forth under "Description of Securities — The Notes and the Guarantees — Trust Indenture Covenants".

Aircraft Type Concentrations

At December 31, 1995, the Portfolio contained three aircraft types, each of which represented over 10% of the Portfolio by Initial Appraised Value: Boeing 737-400s constituted 13.9%, McDonnell Douglas MD83s constituted 12.4% and McDonnell Douglas DC8-71Fs constituted 11.2%. Also, at December 31, 1995, narrowbody Aircraft (excluding turboprops) constituted 76.9% of the Portfolio by Initial Appraised Value.

Government Regulation

In addition to the general requirements regarding maintenance of the Aircraft, aviation authorities from time to time issue Airworthiness Directives ("ADs") requiring the operators of aircraft to take particular maintenance actions or make particular modifications with respect to all aircraft of certain designated types. Certain manufacturer recommendations may also be issued. To the extent that a Lessee fails to perform ADs required to maintain its Certificate of Airworthiness or other manufacturer requirements in respect of an Aircraft (whether or not currently subject to a Lease), Airplanes Group may have to bear (or, to the extent required under the relevant Lease, share) the cost of compliance. Other governmental regulations relating to noise and emissions levels may be imposed not only by the jurisdictions in which the Aircraft are registered, possibly as part of the airworthiness requirements, but also in other jurisdictions where the Aircraft operate. A number of jurisdictions have adopted, or are in the process of adopting, noise regulations which ultimately will require all aircraft to comply with the most restrictive currently applicable standards. Such regulations restrict the future operation of aircraft that do not meet Stage 3 noise requirements and ultimately will prohibit the operation of such aircraft in the relevant jurisdictions early in the next century (December 31, 1999 in the case of the United States). As 6.6% of the Aircraft by Initial Appraised Value did not meet, at December 31, 1995, the Stage 3 requirements, these regulations may adversely affect Airplanes Group. Furthermore, there can be no assurance that no new ADs or noise or emissions reduction requirements will not be adopted in the future that could result in significant costs to Airplanes Group or adversely affect the value of, or its ability to

re-lease, Stage 2 or 3 Aircraft. Certain organizations and jurisdictions are now considering tightening noise and emissions certification requirements for newly manufactured aircraft.

Risks Relating to the Leases

Operating Leases

Most of the Existing Leases are operating leases, under which Airplanes Group retains substantially all of the risks and rewards associated with ownership of the Aircraft, including the Aircraft's residual value. A few of the Existing Leases are finance leases, which effectively transfer the benefits and risks of ownership of the Aircraft from Airplanes Group to the finance lessee. The Existing Leases are "net" leases pursuant to which the Lessees are obliged to make Rental Payments and generally assume responsibility for, *inter alia*, (i) maintaining the Aircraft, (ii) ensuring proper operation of the Aircraft, (iii) providing indemnification and insurance for losses resulting from operation of the Aircraft, (iv) paying all costs of operating the Aircraft and keeping the Aircraft free of liens (as defined in the relevant Lease) (other than permitted liens under the relevant Lease) resulting from such operation and (v) complying with all governmental licensing and other requirements, including ADs (except in certain cases where the terms of the relevant Lease require the Lessor to share the cost thereof).

Re-leasing

Upon termination of any Lease, the Servicer will be obligated pursuant to the terms of the Servicing Agreement to use commercially reasonable efforts on behalf of Airplanes Group to re-lease the related Aircraft. There can be no assurance, however, that Airplanes Group will be able to obtain Rental Payments and lease terms (including maintenance and redelivery condition agreements) in the future comparable to those contained in the Existing Leases. Airplanes Group's ability to re-lease Aircraft, as well as its ability to obtain such Rental Payments and such terms, may be adversely affected by, *inter alia*, restrictions imposed by the Trust Indentures, the economic condition of the airline industry, the supply of competing aircraft, other matters affecting the demand for particular aircraft types and competition from lessors offering leases on more favorable terms than Airplanes Group.

The expected number of Aircraft that Airplanes Group must place with Lessees through December 31, 2000 is made up of the sum of (i) Aircraft in Airplanes Group's existing Portfolio that are currently available for marketing, and (ii) Aircraft coming to the end of their Existing Lease terms before December 31, 2000, less the aggregate of (a) Aircraft which are currently the subject of a Lease extending through December 31, 2000, (b) Aircraft which are the subject of a non-binding letter of intent to sell or lease (see Note 2 of table below) and (c) any Aircraft sold prior to December 31, 2000. Additional Aircraft may need to be re-leased if such Aircraft become available through premature terminations of Leases or if letters of intent do not result in Leases or if Aircraft subject to lease agreements are not delivered. Airplanes Group's expected re-leasing requirements from December 31, 1995 through the year 2000 are shown in the following table:

Airplanes Group Lease Placement Requirement at December 31, 1995

	to December 31,				
	1996	1997	1998	1999	2000
Aircraft available for marketing(1)	9	—	—	—	—
Contracted lease expirations (including expirations of leases that are assumed to result from letters of intent)	57	43	58	22	25
Less Aircraft subject to contract or letter of intent(2)	(31)	—	(7)	—	(1)
Placement requirement(3) (4)	35	43	51	22	24

(1) Aircraft available for marketing consist of those Aircraft which were not in revenue service with Lessees as of December 31, 1995.

- (2) Airplanes Group's lease placement requirement assumes that letters of intent will in due course be reflected in binding contracts. Although letters of intent are not legally binding, most of GPA Group's letters of intent have, historically, resulted in lease agreements between the parties thereto.
- (3) Assumes that Aircraft coming to the end of currently contracted Lease terms which are not, as of December 31, 1995, the subject of an additional agreement or letter of intent need to be re-leased only once more before the year 2001. See "Risks Relating to the Lessees — Lessee Default" below.
- (4) Assumes that no Existing Lease entered into by Airplanes Group terminates prematurely and that there are no sales of Aircraft or purchases of additional aircraft. See "Risks Relating to the Lessees — Lease Termination and Aircraft Repossession" below.

There can be no assurance that, with significant numbers of Aircraft to re-lease in the future, Airplanes Group will be able continually to re-lease such Aircraft without significant periods of downtime or without any adverse effect on the rental rates it is able to obtain, especially during downturns in demand for aircraft on operating lease and that the ability of Airplanes Group to make payments of interest, principal and premium, if any, on the Notes will not be adversely affected thereby. See "Risk Factors — Risks Relating to Airplanes Group and Certain Third Parties."

Requirement for Certain Licenses and Approvals

A number of Leases require specific licenses, consents or approvals for different aspects of the Leases. These include consents from governmental or regulatory authorities to certain payments under the Leases and to the import, re-export or de-registration of the Aircraft. No assurance can be given that such requirements may not be increased by subsequent changes in applicable law or administrative practice or that a consent, once given, will not be withdrawn. Furthermore, consents needed in connection with future re-leasing or sale of an Aircraft may not be forthcoming. Any such event could have an adverse impact on Airplanes Group's ability to re-lease or sell aircraft.

Factors Affecting Rental Rates

Average rental rates for a given aircraft model in the aviation industry worldwide depend upon a number of factors that are not within the control of Airplanes Group, including market and economic conditions (including prevailing interest rates and the general availability of credit), the availability and price of competing new and used aircraft, including the degree of competition among manufacturers, the condition and maintenance history of the Aircraft, the number of operators using each type of aircraft and the supply of each type of aircraft, the jurisdiction of registration and any regulatory and legislative requirements that must be satisfied before the aircraft can be leased. Future rental rates and/or ability to re-lease aircraft may also be adversely affected by changes in the competitive and financial position of the relevant commercial aircraft manufacturer, by the withdrawal of such manufacturer from the commercial aviation market, or from the maintenance and spare parts markets, or by unexpected manufacturing defects that may arise. The uncertainty regarding the future of Fokker N.V., the manufacturer of 7.4% of the Aircraft by Initial Appraised Value, may adversely affect the rental rates that Airplanes Group is able to obtain on those Aircraft and may adversely affect its ability to make payments of interest and premium, if any, on, and principal of, the Notes.

Funding of Maintenance Reserves

The standards of maintenance observed by the various Lessees and the condition of the Aircraft at the time of sale or lease may affect the future values and rental rates for the Aircraft. Under the Leases, it is primarily the responsibility of the relevant Lessee to maintain the Aircraft and to comply with all governmental requirements applicable to the Lessee and the Aircraft, including, without limitation, operational, maintenance, and registration requirements and in most cases, manufacturer recommendations or ADs (although in certain cases the relevant Lessor has agreed to share the cost of complying with certain ADs or manufacturer recommendations). Failure of a Lessee to perform required or recommended maintenance with respect to an Aircraft during the term of the Lease could result in a grounding of such Aircraft and is likely to require Airplanes Group to incur costs, which could be substantial, to restore such Aircraft to an

acceptable maintenance condition prior to re-leasing. In most cases, the Leases bear an associated liability on the part of the Lessor to reimburse the Lessee for maintenance performed on the related Aircraft, generally to the extent of any maintenance reserve or "supplemental rent" payments made by the Lessees which serve as security for the Lessee's obligation to maintain the Aircraft. In some cases, Airplanes Group is obliged to contribute to the cost of maintenance work performed by the Lessee.

Immediately after the Closing Date, Airplanes Group is expected to have approximately \$278 million of liabilities for maintenance reserves (the "**Maintenance Reserves**"). Airplanes Group is expected to transfer approximately \$185 million of the net cash proceeds from the Underwritten Offering to the Collection Account, approximately \$135 million of which amount will be deducted in arriving at the Purchase Price for the Transferring Companies. Of this \$185 million, \$30 million, together with projected future maintenance payments under the Leases, is believed by Airplanes Group and GPA Group to be sufficient, based on an analysis of anticipated future maintenance expenses, to provide Airplanes Group with sufficient liquidity to meet its maintenance liabilities after the Closing Date. This amount of cash has been determined by Airplanes Group and GPA Group to be appropriate for the initial funding of Airplanes Group's maintenance reserve liabilities based on an analysis of GPA's and overall industry historical experience of the frequency and cost of maintenance checks performed by lessees relative to the projected maintenance payments to be made to Airplanes Group under the terms of the Leases. In conducting this analysis, GPA Group retained Simat, Helliesen & Eichner, Inc. ("**SH&E**") to review GPA's maintenance information with respect to the Aircraft and assess future maintenance obligations associated with ownership of the Aircraft.

There can be no assurance, however, that Airplanes Group's maintenance requirements will correspond to GPA's historical experience, or the industry's experience overall, particularly as the Aircraft age. Furthermore, there can be no assurance that actual maintenance payments by lessees and other cash received by Airplanes Group will not be significantly less than projected. Actual maintenance payments by Lessees will depend upon numerous factors including defaults and the ability of Airplanes Group to obtain satisfactory maintenance terms in Leases. An increasing number of Leases do not provide for any maintenance payments to be made by Lessees as security for their maintenance obligations. Any significant variations in such factors may materially adversely affect the ability of Airplanes Group to make payments of interest, principal and premium, if any, on the Notes.

Liability, Loss and Insurance

The Lessees are required under the Existing Leases to indemnify the related lessor (and generally, if different, the owner) for, and insure against, liabilities arising out of use and operation of the Aircraft, including third party claims for death or injury to persons and damage to property for which Airplanes Group may be deemed liable. Any insurance proceeds received by Airplanes Group in respect of such claims shall be paid first to the applicable lessor in the event of loss of the Aircraft, to effect repairs or in the case of liability insurance, for indemnification of third party liabilities, with the balance, after deduction for all amounts due and payable by the Lessee under the applicable lease, to be paid to the Lessee. The Lessees are also required to maintain public liability, property damage and hull all risks insurance on the Aircraft at agreed levels subject to hull deductibles which generally range from \$250,000 to \$1 million. Although Airplanes Group believes that the insurance required under the Leases will be adequate to cover all likely claims, there can be no assurance that one or more catastrophic events will not exceed coverage limits. The Lessees are required under the Leases to provide evidence of insurance, and the insurers must notify Airplanes Group if any Lessee insurance is to be cancelled or terminated. In such event, the Servicer is obligated pursuant to the terms of the Servicing Agreement to use commercially reasonable efforts to procure alternative insurance coverage to the extent commercially available in the relevant insurance market. However, any inadequate insurance coverage or default by the Lessees in fulfilling their indemnification or insurance obligations will affect the proceeds that would be received upon an event of loss under the respective Leases or claim under the relevant liability insurance.

With respect to certain Leases, the Lessor may arrange separate political risk repossession insurance for its own benefit, covering (a) confiscation, nationalization and requisition of title of the relevant aircraft by the government of the country of registry and denegation and deprivation of legal title and rights, and (b) the

failure of the authorities in that country to allow de-registration and export of the Aircraft, subject to the conditions of the policies. Only some of the relevant Leases require the Lessee to reimburse the Lessor for any political risk repossession insurance premiums.

Risks Relating to the Lessees

Lessee Defaults

The ability of each Lessee to perform its obligations under its Lease will depend primarily on such Lessee's financial condition. A Lessee's financial condition may be affected by various factors beyond the control of Airplanes Group, including competition, fare levels, passenger demand, operating costs (including the price and availability of jet fuel and labor costs), economic conditions in the countries in which the Lessees operate and environmental and other governmental regulation of or affecting the air transportation business. Many of Airplanes Group's existing Lessees are in a relatively weak financial position. There can be no assurance as to the extent to which Lessees will be able to perform their financial and other obligations under the Leases.

As of December 31, 1995, amounts outstanding for a period greater than 30 days in respect of Rental Payments, Maintenance Reserves, and other miscellaneous amounts due under the Leases (net of default interest and certain cash in transit) amounted to approximately \$35 million in respect of 33 Lessees who had a combined total of 100 Aircraft on lease at that date. Certain of these Lessees as well as certain other Lessees have consistently been significantly in arrears in their Rental Payments and/or are known to be currently experiencing financial difficulties. GPA, through the actions of GECAS, as manager under the existing GPA Management Agreement, is in restructuring negotiations with six of these Lessees accounting for \$30 million of the above amount. 27 Lessees account for the remaining \$5 million overdue and recovery of these amounts is being actively pursued. In addition to these amounts six further Lessees were being allowed formal deferrals of rent, maintenance and miscellaneous payments totalling \$25 million at December 31, 1995. There can be no assurance that any such amounts can be recovered. See "The Aircraft, Related Leases and Collateral — The Lessees".

There can be no assurance that additional defaults will not arise which cannot be cured or will not be cured prior to delivery of the Aircraft. In addition, there can be no assurance that more Lessees will not become in arrears or in default for any reason.

Latin American Concentration

The Lessees with respect to 28% of the Aircraft by Initial Appraised Value operate in Latin America, principally Mexico, Brazil, Colombia and Chile. The prospects for Lessee operations in these countries can be expected to be dependent in part on the general level of political stability and economic activity and policies in those countries. Although certain countries in Latin America have experienced substantial improvement in their economies in the past several years which has resulted in increased political stability, overall increased economic growth, lower inflation rates and revitalized economies, there can be no assurance that such progress can be maintained or that further progress will be made. Future developments in the political systems or economies of these countries or the implementation of future governmental policies in these countries may have a material adverse effect on Lessee operations in those countries.

The economy of the Latin American region as a whole and of particular Latin American countries may be materially affected by developments in other countries in Latin America. For example, in December 1994 a decrease in capital inflow to Mexico coupled with a large current account deficit led to diminishing foreign exchange reserves which ultimately forced Mexico to allow the peso to float freely. The subsequent devaluation of the peso led to a currency crisis in Mexico which dampened investor confidence and has resulted in lower levels of foreign investment in Latin America in general. The events that occurred during 1994 have produced a continuing economic recession in Mexico characterized by a strong contraction in consumer demand for many products and services, reduced availability of credit, high domestic interest rates, high inflation, instability of foreign exchange policies, high unemployment and a loss of international investor confidence in Mexico and consequently the region as a whole.

Mexico is a significant market for Airplanes Group's Aircraft and at December 31, 1995, 30 Aircraft were being operated by four Mexican aircraft operators. In the case of one operator, GPA has terminated the leases on the two Aircraft to be transferred to Airplanes Group. GPA experienced considerable delays in enforcing its legal rights to repossess these Aircraft. Difficult market conditions and substantial overcapacity continues to have an adverse effect on the Mexican air transport sector and restructuring negotiations with certain of Airplanes Group's Mexican Lessees are taking place, but there can be no assurance that they will be successful.

Airplanes Group's Brazilian Lessees also continue to experience significant difficulties due to overcapacity and adverse market conditions. As of December 31, 1995, 15 of Airplanes Group's Aircraft representing approximately 8% of the portfolio by Initial Appraised Value were being operated by five Brazilian Lessees. Restructuring negotiations have commenced with certain of the Brazilian Lessees. With respect to one such Lessee, GPA is in discussions regarding, and has taken legal action in an effort to secure, the redelivery of three Aircraft representing approximately 0.6% of the Portfolio by Initial Appraised Value.

North American Concentration

For the past several years, the North American air transport sector has been undergoing a sustained period of over-capacity and consolidation. During that period, certain North American airlines have been persistently unable to generate sufficient earnings to cover their operating costs. Over the last several years, nearly half of the major North American passenger airlines have filed Chapter 11 bankruptcy proceedings and several major U.S. airlines have ceased operations altogether. While air traffic in the region has recently increased, increasing competition from low-cost, low-fare air carriers, in conjunction with an inability to reduce labor and other costs to competitive levels, continues to put pressure on North American airline margins. Several North American carriers who are Lessees or who will continue to lease aircraft retained by GPA have recently emerged from bankruptcy and there can be no assurance that such Lessees will not re-enter, or that other Lessees in this region will not enter into, plans of reorganization or seek the protection of bankruptcy, insolvency or other similar proceedings. Such proceedings may adversely affect the ability of such Lessees to make timely and full Rental Payments under their respective Leases.

Lease Termination and Aircraft Repossession

Airplanes Group's rights and remedies in the event of a default under each Lease include the right of the relevant Lessor to terminate such Lease and to repossess the related Aircraft. If a defaulting Lessee contests such termination and repossession or is bankrupt or under court protection, however, it may be difficult, expensive and time-consuming for Airplanes Group to enforce its rights. With the large numbers of Aircraft in its Portfolio, it is likely that Airplanes Group will encounter enforcement delays or difficulties in various jurisdictions. In the case of Mexico, GPA Group has experienced considerable delays in enforcing its legal rights to repossess Aircraft from certain Lessees. In particular, the Leases with respect to two Aircraft to be sold to Airplanes Group and operated by one Mexican airline were terminated in May 1995 but the airline was refusing to return the Aircraft and GPA Group was not able to deregister the Aircraft from the Mexican register or to obtain an order from a Mexican court for the return of the Aircraft. Airplanes Group may incur direct costs associated with repossession of an Aircraft which include legal and similar costs, the direct costs of returning the Aircraft to an appropriate jurisdiction and any necessary maintenance to make the Aircraft available for re-leasing or sale. Maintenance costs with respect to repossessed aircraft may be significant. Repossession does not necessarily imply an ability to export or deregister and profitably redeploy the Aircraft. In cases where a Lessee or other operator flies only domestic routes, repossession may be more difficult, especially if the jurisdiction permits the Lessee to resist deregistration and the Aircraft is registered in such jurisdiction. In addition, in connection with the repossession of an aircraft, the aircraft owner may also find it necessary to pay debts secured by outstanding Liens as well as, in certain jurisdictions, taxes to the extent not paid by the Lessee. Significant costs may also be incurred in retrieving or recreating aircraft records in a repossession. Certain such records are required for reregistration of the Aircraft and obtaining a Certificate of Airworthiness for the Aircraft.

Although the Related Collateral provided by the particular Lessee and funds in the Collection Account with respect to that Lessee may be available to Airplanes Group to reduce its losses, Airplanes Group nonetheless may suffer adverse consequences as a result of a Lessee default and the related termination of the Lease and repossession of the related Aircraft. Airplanes Group's exercise of its rights and remedies (including repossession) upon a Lessee default also may be subject to the limitations and requirements of applicable law, including the need to obtain a court order for repossession of the Aircraft and/or to obtain consents or approvals for deregistration or re-export of the Aircraft. When a defaulting Lessee is the subject of a bankruptcy, protective administration, insolvency or similar event, additional limitations and requirements may apply. Certain jurisdictions will 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 will entitle the Lessee or another third party to retain possession of the Aircraft (without performing the obligations under the relevant Lease) for a period that cannot be determined in advance. Accordingly, in such circumstances, Airplanes Group may be delayed in, or prevented from, enforcing certain of its rights under a Lease and in re-leasing the affected Aircraft. Further, the premature termination of Leases may, in certain circumstances, lead Airplanes Group to incur substantial swap breakage costs under its agreements with Swap Providers.

Risks Relating to Payments on the Certificates

Factors Affecting the Amount and Timing of Payments under the Certificates

The ability of Airplanes Group to re-lease Aircraft upon expiration or termination of the related Leases, as well as other events outside of Airplanes Group's control, will affect payments on, and the Weighted Average Lives of, the Notes and, accordingly, the Certificates, and may therefore affect the yield on the Certificates. Early terminations, whether as a result of Lessee defaults or otherwise, may cause Aircraft to be re-leased earlier and more frequently and at lower rental rates than expected, and could adversely affect payments on the Certificates. The exercise of Purchase Options or the occurrence of termination events cannot be predicted and may be influenced by a variety of economic and other factors, including future interest rates and the availability and market value of aircraft at future dates. See "Description of the Securities — The Certificates".

Cash Flow from Aircraft and Leases Not Predictable; Failure of Actual Experience to Match the Assumptions

The expected repayment of the Notes described in this Prospectus were arrived at on the basis of the Assumptions. It is highly unlikely that the Assumptions will be consistent with Airplanes Group's experience for numerous reasons. Any inability of Airplanes Group to find financially able and willing Lessees of the Aircraft at acceptable rental rates will affect the timing and amount of proceeds realized from Leases of Aircraft. In addition, other economic and political factors, such as prevailing interest rates and the availability of credit and market demand for aircraft rentals cannot be assured. Rental Payments, insurance recoveries, maintenance reserve payments, expenses and liabilities will often be dependent upon the actions of third parties, which are difficult to predict and are generally not within Airplanes Group's control. Accordingly, collections and other realizations with respect to certain Leases and Aircraft could occur at substantially different times and levels than anticipated and may not occur at all. As a result, there can be no assurance that Airplanes Group will be able to repay the initial Outstanding Principal Balance on any class or subclass of the Notes.

Subordination Provisions

The Expenses and certain other payments will be senior in priority of payment to the Notes and will be paid out of funds on deposit in the Collection Account before any payments are made on the Notes as more fully described below. Under certain circumstances, the rights of the Trustee, as holder of each class or subclass of Notes, to receive payments of principal in respect of such class or subclass of Notes and to exercise remedies upon default will be subordinated to the rights of the Trustee with respect to the most senior class of Notes then outstanding. Upon the occurrence of a Note Event of Default, the security trustee (the "Security Trustee"), acting on behalf of the Noteholders and each other secured creditor under a Security Trust

Agreement dated as of the Closing Date among Bankers Trust, in its capacity as Security Trustee, the Indenture Trustees and the service providers described therein (the “**Security Trust Agreement**”), shall have the exclusive right to direct the Cash Manager in the exercise of remedies. The Security Trustee will have sole discretion as to the exercise and enforcement of any and all remedies with respect to the Notes and may take any permitted actions without regard to the interests of any other Noteholder. Accordingly, if an Event of Default occurs and is continuing, the holders of each class of Certificates will not be permitted to enforce certain rights with respect to such default until all amounts owing under any Certificates outstanding (“**Outstanding**”) ranking senior thereto and certain other amounts have been paid in full.

Early Redemption and Defeasance

Investors should note that the Notes, and the corresponding Certificates, may be redeemed from Available Collections available for such purpose or from other amounts on any Payment Date, in whole or in part, at the applicable Redemption Price, plus accrued but unpaid interest; *provided, however*, that there shall have been paid in full all accrued and unpaid interest and other amounts with respect to all subclasses and classes of Notes ranking *pari passu* or prior to the Notes to be redeemed on such Payment Date. In addition, each class or subclass of Notes may be redeemed in whole but not in part on any Payment Date, without premium, upon the occurrence of certain adverse tax events affecting Airplanes Group. Finally, all classes and subclasses of the Notes may be redeemed or defeased, in whole, at the applicable Redemption Price plus accrued and unpaid interest in the case of any subclass or class of Notes being redeemed, in connection with any sale of all or substantially all of the assets of Airplanes Group. Certain classes or subclasses of the Notes may be redeemed at such time as other classes or subclasses of the Notes are being defeased. See “Description of Securities — The Notes and the Guarantees — Redemption” and “Description of Securities — The Notes and the Guarantees — Defeasance”.

Risks Relating to the Capital Markets

Absence of Public Market

There is currently no market for the Certificates. The Underwriters have advised Airplanes Group that they currently intend to make a market in the Certificates but they are under no obligation to do so. Accordingly, there can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide Certificateholders with liquidity of investment or that it will continue.

Refinancing of Certain Certificates

The Subclass A-1, A-2, A-3 and A-4 Certificates and the corresponding subclasses of Notes are expected to reach their Expected Final Payment Dates before Airplanes Group has received sufficient Available Collections to pay all of the principal on such Notes and the corresponding Certificates. Airplanes Group will attempt to refinance each of the Subclass A-1, A-2, A-3 and A-4 Certificates with the net cash proceeds realized from public offerings and sales by a trust of Refinancing Certificates. The Refinancing Certificates will rank *pari passu* with the remaining outstanding subclasses of Class A Certificates but their interest rate, average life, principal payment provisions, redemption provisions and other economic terms will be determined by the Directors of Airplanes Limited and Controlling Trustees of Airplanes Trust at the time of issuance and may be substantially different from those applicable to the Certificates to be refinanced. No assurance can be given, however, as to Airplanes Group’s ability to refinance Certificates in this manner. Any attempt to issue Refinancing Certificates may be adversely affected by conditions in the capital markets generally or the market’s then current perception of the commercial aviation industry, the operating lease business or Airplanes Group in particular. Any failure to sell Refinancing Certificates on acceptable terms at the required times will result in failure to refinance the Subclass A-1, A-2, A-3 or A-4 Certificates. This may increase the overall cost of borrowing, may affect the liquidity and market prices of the Certificates generally and may affect the timing of repayment of principal on the Subclass A-5 Certificates as a result of the need to make principal payments on the Subclass A-1, A-2, A-3 and/or A-4 Certificates.

Risks Relating to the Financial Condition of GPA

Financial Condition of GPA

Airplanes Group will purchase the Transferring Companies from GPA pursuant to the Stock Purchase Agreements. Although GPA is not an obligor with respect to the payment of the Notes or the Certificates, it is a condition to the transfer of the shares of Holding Co. to Airplanes Limited and of the AeroUSA Shares to Airplanes Trust that GPA Group and GPA, Inc., respectively, certify at the time of transfer that, *inter alia*, it is able to pay its debts and would not be deemed to be unable to pay its debts as a result of the transaction or transactions contemplated. If GPA is not able to so certify, Airplanes Group will not purchase any of the Transferring Companies and the closing of the Underwritten Offering will not occur. In addition, if GPA were to become subject to a bankruptcy or insolvency proceeding after the Closing Date, a liquidator, examiner or creditor of GPA could challenge the validity of the sale of the Transferring Companies, as described below in “Risks Relating to the Financial Condition of GPA — Certain Bankruptcy Considerations”. Further, if GPA were to become subject to such a proceeding, its ability to make any payments on the indemnities contained in the Stock Purchase Agreement and the Tax Sharing Agreement would be materially adversely affected.

In addition, GPA Financial will act as Administrative Agent and GPA Cash Manager will act as Cash Manager to Airplanes Group. If either of them is unable to continue to so act in those capacities because of insolvency or similar proceedings or the financial condition of GPA, there can be no assurance that any alternative administrative agent or cash manager would replace such entities in a timely manner without disruption to, or adverse effect on, Airplanes Group.

Finally, if GPA Group was to be liquidated or to reduce or relocate its operations for any reason such that it failed to maintain, among other things, certain employment levels in Ireland, or GPA Financial was to resign or be terminated in accordance with the terms of the Administrative Agency Agreement, then Holding Co. (and other Irish tax resident Transferring Companies) may become subject to Irish corporate taxation at general Irish statutory rates (currently 38%) and may lose the ability to deduct interest payments to Airplanes Limited from their taxable income in Ireland. This would have a materially adverse effect on Airplanes Limited's ability to pay interest, principal and premium, if any, on the Airplanes Limited Notes and may lead to a downgrade in the then current rating on the Certificates. See “Risk Factors — Risks Relating to Tax”.

Certain Bankruptcy Considerations

Irish Bankruptcy Considerations

So far as is compatible with the transactions described in this Prospectus (including the rights arising by exercise by GE Capital of its option to acquire at least 90% of GPA Group's ordinary share capital), Airplanes Group has taken steps in structuring its acquisition of the Transferring Companies and the other transactions described herein that are intended to ensure that the assets and liabilities of Airplanes Group are not consolidated with those of GPA in the event that GPA were to become either voluntarily or involuntarily the subject of an application for relief under applicable bankruptcy or insolvency laws. These steps include (a) the creation of Airplanes Limited and Airplanes Trust as separate legal entities outside Ireland, (b) the requirement that GPA hold none of Airplanes Limited's issued equity or voting share capital other than 5% of the capital stock of Holding Co. and not control the composition of the Board of Directors of either of them (prior to any exercise by GE Capital of its option), and (c) the inclusion in various transaction documents of provisions requiring that the business and affairs of each member of Airplanes Group be at all times identifiable and separate from and managed and controlled apart from and independently of GPA.

Subject to certain qualifications and reservations and based on certain assumptions set forth in an opinion issued to Airplanes Group by McCann FitzGerald, Irish counsel have concluded that (a) in any examination of GPA Group or any of its affiliates prior to any exercise by GE Capital of its option to acquire at least 90% of GPA Group's ordinary share capital, an Irish examiner would not be able to contend successfully that an examiner should be appointed to any member of Airplanes Group on the grounds that, after the Closing Date, such member is a “related company” of GPA Group or such affiliate, and (b) an Irish court should not, prior to any exercise by GE Capital of such option, treat GPA or any of its affiliates, on the one hand, and any

member of Airplanes Group, on the other, as a single entity in any winding up of GPA Group or such affiliate and order (i) the pooling of any of the assets and liabilities of any member of Airplanes Group with those of GPA or (ii) the contribution of any of the assets of any member of Airplanes Group to the repayment of the debts of GPA.

In the context of liquidation, examination or receivership of GPA Group or any of its affiliates, a liquidator, receiver, examiner, creditor or shareholder of GPA Group or any of its affiliates could take the position that the disposal of the shares of any of the Transferring Companies pursuant to the Stock Purchase Agreements constituted improper transfers or fraudulent conveyances and could therefore seek the invalidation of such sales and the return to GPA of such shares or proceeds of subsequent sales thereof. With respect to these issues, Airplanes Group has received an opinion of Irish counsel, McCann FitzGerald, concluding that, on the basis of certain assumptions and subject to certain qualifications and reservations set forth in such opinion, an Irish court would not regard the completed sale of the shares of the Transferring Companies pursuant to the Stock Purchase Agreements as improper transfers or fraudulent conveyances and order any such assets to be returned to GPA on such grounds.

GPA and Airplanes Group will take appropriate steps to transfer the ownership of the shares in the Transferring Companies to Airplanes Group. A liquidator, receiver, examiner, creditor or shareholder of GPA Group or any relevant affiliate, however, could seek to recharacterize the transfer of the shares of the Transferring Companies as a pledge of collateral as security for a financing of GPA. A successful recharacterization of the share transfers as a pledge or granting of security could (i) in certain circumstances result in the complete forfeiture of the rights of Airplanes Group in the shares of the Transferring Companies, possibly resulting in Airplanes Group being considered a general unsecured creditor of GPA Group or the relevant affiliate with a claim in an amount equal to the Purchase Price paid for such shares, or (ii) in other circumstances result in Airplanes Group being a secured creditor of GPA Group or of the relevant affiliate, and subject to, *inter alia*, the restrictions on the rights of secured creditors which apply in an Irish examination, should GPA become subject thereto. Airplanes Group, however, has received an opinion of McCann FitzGerald concluding that, notwithstanding the uncertainty resulting from the fact that the courts have not expressed a clear view on the issue of recharacterization, and subject to the qualifications and reservations, including as to difference of treatment of the sales for accounting purposes, and based on the assumptions set forth in the opinion, including the assumptions that both GPA and Airplanes Group will, so far as permissible in accordance with current accounting standards, act in a manner consistent with the shares having been sold, the sales of the shares of the Transferring Companies once completed would not be recharacterized as a pledge of such assets to secure a loan from Airplanes Group to GPA.

There can be no assurance, however, that the circumstances and assumptions upon which counsel have based their opinion will not change, that a court of competent jurisdiction would not decide differently from the views expressed in such counsel's opinions or that such opinions will prove to be correct. Such opinions represent only the best judgment of counsel and are not binding on the courts. In particular, such opinions depend on certain factual assumptions and the occurrence of different facts could lead a court to reach a different conclusion.

U.S. Bankruptcy Considerations

GPA, Inc. and GPA Group have represented to Airplanes Trust in the relevant Stock Purchase Agreement that the sale of the AeroUSA Shares by it to Airplanes Trust is a valid sale of the AeroUSA Shares to Airplanes Trust. Notwithstanding that, if GPA, Inc. were to become a debtor in a proceeding under the U.S. Bankruptcy Code and a creditor or trustee-in-bankruptcy of such debtor or such debtor itself were to take the position that the sale of the AeroUSA Shares from GPA, Inc. to Airplanes Trust should be recharacterized as a pledge of the AeroUSA Shares to secure a borrowing from such debtor, then delays in payments of Rental Payments to Airplanes Trust (and the consequent payments on the Certificates) could occur or (should the court rule in favor of any such trustee, debtor in possession or creditor) reductions in the amount of such payments (and the consequent payments on the Certificates) could result.

In addition, if GPA, Inc. were to become a debtor in a proceeding under the U.S. Bankruptcy Code and a creditor or trustee-in-bankruptcy of such debtor or such debtor itself were to request a court to order that the assets and liabilities of GPA, Inc. should be substantively consolidated with those of Airplanes Trust, AeroUSA or AeroUSA 3, delays in payments on the Notes (and consequently on the Certificates) could result. Any such creditor, trustee-in-bankruptcy or the debtor could also argue in such a proceeding that GPA, Inc.'s transfer of AeroUSA Shares constituted a fraudulent conveyance or transfer by GPA, Inc. and that the transfer should be invalidated and such shares returned to GPA, Inc. Should the bankruptcy court rule in favor of any such creditor, trustee-in-bankruptcy or such debtor, such court could invalidate the transfer of the AeroUSA Shares to Airplanes Trust, substantively consolidate Airplanes Trust, AeroUSA and/or AeroUSA 3 with GPA, Inc. or otherwise consider the AeroUSA Shares to be part of GPA, Inc.'s estate or take other actions that would be adverse to the Certificateholders and that could result in reductions in payments on the Certificates.

Davis Polk & Wardwell has delivered a reasoned opinion to GPA Group and Airplanes Group to the effect that, based on various assumptions and qualifications set forth in the opinion, notwithstanding the fact that there is no case law directly on point and accordingly the issue is not free from doubt, in a proceeding under the U.S. Bankruptcy Code relating to GPA, Inc., a court properly presented with the facts and exercising reasonable discretion and applying New York law would (i) for purposes of Section 541 of the U.S. Bankruptcy Code, hold that the transfer of the AeroUSA Shares by GPA, Inc. to Airplanes Trust constitutes a sale of the AeroUSA Shares rather than a pledge or assignment to secure indebtedness of GPA, Inc. and (ii) not grant an order consolidating the assets and liabilities of Airplanes Trust, AeroUSA or AeroUSA 3 with those of GPA, Inc. The assumptions and qualifications contained in this opinion include (i) an assumption that the representations and warranties of Airplanes Trust, AeroUSA, GPA Group, and GPA, Inc. set forth in the relevant Stock Purchase Agreement, the Administrative Agency Agreement and the Cash Management Agreement are and will continue to be accurate and that the parties thereto will continue to be in compliance with their obligations thereunder, (ii) an assumption that the amount of the Purchase Price to be paid for the AeroUSA Shares, and the form of consideration tendered in satisfaction of that Purchase Price, represents a fair market value for the AeroUSA Shares and (iii) an assumption that the transfer of the AeroUSA Shares does not constitute a fraudulent conveyance or other voidable transfer under the U.S. Bankruptcy Code or other applicable state law.

There can be no assurance, however, that a court would not decide differently from the views expressed in counsel's opinions and such opinions represent only the best judgment of counsel and are not binding on the courts. In particular, such opinions depend on certain factual assumptions and the occurrence of different facts could lead a court to reach a different conclusion.

Risks Relating to Tax

Ownership of the Certificates will entail certain risks with respect to the application of Irish tax laws, United States federal tax laws, Jersey tax laws and the tax laws of the jurisdictions in which the Transferring Companies and the Lessees are organized, reside or operate. In addition, the tax consequences of the purchase of the Certificates will depend to some extent upon an investor's individual circumstances.

Airplanes Limited has received an opinion of Mourant du Feu & Jeune, Jersey tax counsel, that neither Airplanes Limited nor the Trust is subject to Jersey income tax and that payments with respect to both the Airplanes Limited Notes and the Certificates will not be subject to Jersey withholding tax.

Airplanes Limited has also received an opinion of McCann FitzGerald, Irish tax counsel, that based on certain assumptions and subject to certain restrictions, none of Airplanes Limited, Airplanes Trust, AeroUSA or the Trust is subject to Irish income tax on its income, and that payments, with respect to both the Notes and the Certificates, will not be subject to Irish withholding tax. See "Tax Considerations — Irish Tax Considerations — Irish Income and Withholding Taxes".

Each prospective investor should be aware, however, that such opinions represent only the best judgment of counsel and are not binding on the applicable taxing authorities or the courts. Such opinions depend upon certain factual assumptions and the occurrence of different facts could lead to circumstances not anticipated

by counsel. Moreover, investors should be aware that the laws and regulations upon which an investor's treatment is based are subject to change. In addition, there can be no assurance that the future management of the Aircraft by the Servicer in accordance with the terms of the Servicing Agreement will not expose Airplanes Limited, Holding Co. or the Irish tax resident Transferring Companies to tax liabilities outside Ireland.

Airplanes Limited, Holding Co. and the Transferring Companies do not expect to be subject to United States federal income tax. However, this conclusion is based in part on the manner in which the activities of the Servicer and Administrative Agent are performed for Airplanes Limited, Holding Co. and the Transferring Companies and the income tax treaty currently in force between the United States and Ireland (the "Treaty"). There can be no assurance that the activities of the Servicer or Administrative Agent will not expose Airplanes Limited, Holding Co. and the Transferring Companies to United States federal income tax on their income. Further, the Treaty is currently being renegotiated and there can be no assurance that Airplanes Limited, Holding Co. and the Transferring Companies would not be subject to United States federal income tax on some or all of their income under any new treaty.

Airplanes Limited, Airplanes Trust and AeroUSA do not intend to be (and have taken steps designed to ensure that they will not be) treated as doing business in Ireland and, therefore, do not expect to be subject to Irish income tax. However, if the operations of Airplanes Limited, Airplanes Trust or AeroUSA differ from those intended or expected, Airplanes Limited or Airplanes Trust could become subject to Irish taxes.

Neither the Trustee nor Airplanes Group will make any additional payments to Certificateholders in respect of any withholding or deduction required to be made by applicable law with respect to payments made on either the Notes or the Certificates. In the event that Airplanes Group is or will be required to make a withholding or deduction, it will use reasonable efforts to avoid the application of such withholding taxes and may in certain circumstances redeem the Notes (which would result in repayment of the Certificates) in the event such withholding taxes cannot be avoided. In the event any withholding taxes are imposed with respect to the Notes and Airplanes Group does not redeem the Notes, the net amount of interest received by the Trustee and passed through to the Certificateholders will be reduced by the amount of the withholding or deduction.

Risks Relating to Loss of Certain Tax Benefits

Airplanes Limited will own 95% of the capital stock of Holding Co. and the remaining 5% will be owned by GPA Group. The 5% shareholding by GPA Group is intended to ensure that Holding Co. and certain other Transferring Companies will continue to be entitled to certain corporate tax benefits for Shannon, Ireland certified companies. If GPA Group were to be liquidated or GPA Group or GECAS were to reduce or relocate their respective operations for any reason (and GECAS has not agreed or otherwise guaranteed that such a reduction or relocation of operations will not occur) such that either party failed to maintain, among other things, certain employment levels in Ireland or GPA Financial or GECAS were to resign or be terminated in accordance with the terms of the Administrative Agency Agreement and the Servicing Agreement, respectively, then Holding Co. (and the other Irish tax resident Transferring Companies) may become subject to Irish corporate taxation at general Irish statutory rates (currently 38%) and may lose the ability to deduct interest payments to Airplanes Limited from their income in computing their liability to Irish tax. Such a loss of tax benefits would likely lead to a downgrade in the then current rating on the Notes and would have a materially adverse effect on Airplanes Limited's ability to pay interest, principal and premium, if any, on the Notes issued by Airplanes Limited. In the event that the Servicer fails to maintain such employment levels and a material tax event occurs, Airplanes Group's sole remedy will be to terminate the Servicing Agreement and replace GECAS as the Servicer. In such circumstances, there is no assurance that the Airplanes Group would be able to find a servicer to replace GECAS. See "Risk Factors — Risks Relating to Tax" and "Management of Airplanes Group — The Servicer".

Upon the scheduled termination of the preferential tax rate on December 31, 2005, Holding Co. and the other Irish tax resident Transferring Companies may become subject to Irish corporate tax on their net income at a much higher rate than that which currently applies. However, assuming Holding Co. and the other Irish

tax resident Transferring Companies continue to be entitled to the benefit of the 10% corporate tax rate for Shannon, Ireland certified companies until December 31, 2005, they will continue to be able to deduct interest payments to Airplanes Limited in computing their Irish income tax liability and will continue to be in a position to make such interest payments without deduction for withholding beyond 2005.

Further, Airplanes Group believes that at the time of the Acquisition it will not become subject to any material taxes in any of the jurisdictions in which any of the Lessees are organized or operate under the present tax laws of such jurisdictions. In addition, Airplanes Group has endeavored to structure its acquisition of the Leases in such a way that either no withholding taxes will be applicable to payments by the Lessees under the Leases, or (in the event of such taxes being or becoming applicable) the Lessees will be obliged to pay such corresponding additional amounts. However, in some cases the Lessees' obligations to pay such additional amounts may be limited to the amounts which the Lessees would otherwise have been obliged to pay if the applicable Leases had not been transferred or assigned to Airplanes Group. In addition, there can be no assurance that other Leases to which Airplanes Group may become a party as a result of the re-leasing of the Aircraft will not result in the imposition of withholding or other taxes.

THE PARTIES

Airplanes Limited

Airplanes Limited is a special purpose limited liability company formed on November 3, 1995 under the laws of Jersey for an unlimited duration for certain limited purposes, including directly or indirectly acquiring, financing, re-financing, owning, leasing, re-leasing, maintaining and modifying the Aircraft. In addition, within the limits set forth in the Airplanes Limited Trust Indenture, Airplanes Limited may sell the Aircraft. Airplanes Limited may also guarantee the obligations of Airplanes Trust and the subsidiaries of Airplanes Trust, enter into certain hedging contracts as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Interest Rate Management", and establish and provide loans or guarantees to, or in respect of, its subsidiaries.

Airplanes Limited will have one direct subsidiary, Holding Co., in which it will hold 95% of the ordinary share capital. GPA Group will hold the remaining 5% of the ordinary share capital of Holding Co. The 5% shareholding by GPA Group is intended to ensure that Holding Co. and certain of the other Transferring Companies will continue to be entitled to certain corporate tax benefits for Shannon certified companies. Airplanes Limited will operate its business through its direct and indirect subsidiaries. Airplanes Limited and its subsidiaries will also be permitted to lease Aircraft to or from, or sell Aircraft to or buy Aircraft from, other members of Airplanes Group.

Airplanes Limited has an authorized share capital of 10,000 ordinary shares, \$1 par value per share, 30 of which have been issued. All of the issued Capital Stock of Airplanes Limited will be held by the Nominees for the benefit of the Charitable Trusts. The holders of the issued Capital Stock are entitled under the Articles of Association of Airplanes Limited to the Annual Dividend Amount. In connection with the issuance of the Notes, Airplanes Limited has agreed that annual dividends, if any, payable on the Capital Stock will not exceed \$4,500 in the aggregate (except where arrears of the Annual Dividend Amount have been accumulated). The Annual Dividend Amount will be paid only when Airplanes Limited has distributable profits which may lawfully be so paid as dividends and no Event of Default has occurred and is continuing.

Airplanes Limited has a Board of Directors but will have no employees or executive officers. Accordingly, the Board will rely upon the Servicer, the Administrative Agent, the Cash Manager and the other service providers for all asset servicing, executive and administrative functions pursuant to the respective service provider agreements. The Board will generally consist of five members, one of whom will be appointed by the holder or holders of a majority in aggregate principal amount of the Class E Notes and four of whom will be Independent Directors. Certain significant transactions or proceedings of Airplanes Limited may only be approved by a unanimous vote of all the Directors of Airplanes Limited. These transactions and proceedings principally relate to certain insolvency proceedings, amendments to Airplanes Limited's Memorandum or Articles of Association, mergers or, subject to certain exceptions, sale of all or substantially all of Airplanes Limited's assets. The initial Independent Directors were appointed by Messrs. Blaney and Tierney upon their resignation as Directors of Airplanes Limited and the succeeding Independent Directors generally will be appointed by a majority of the then standing Directors. "**Independent Directors**" will not be officers, directors or employees of GPA Group, GECAS, GE Capital, any holder of the Class E Notes or any affiliate of these persons. If GE Capital acquires 90% or more of the ordinary share capital of GPA Group, the holder of a majority in aggregate principal amount of the Class E Notes would be entitled to dismiss the then-acting Directors and Controlling Trustees and to appoint new Directors and Controlling Trustees; *provided that* (i) GE Capital guarantees the performance by GECAS of its obligations under the Servicing Agreement, if GECAS is then the Servicer, (ii) GE Capital shall then have a rating of at least Aa1 or AA+ on its long-term, senior unsecured debt obligations from Moody's or Standard & Poor's, respectively, and (iii) each of Airplanes Limited and Airplanes Trust shall continue to have at least three Independent Directors and Independent Trustees, as applicable, who will form a committee to review and, if thought fit, approve, by a vote of at least two of the three committee members, any transactions of Airplanes Group (other than as described in the next paragraph) in which GE Capital or any of its affiliates is an interested party. There can be no assurance that GE Capital will elect to exercise its rights to acquire any ordinary share capital of GPA Group.

At such time, if any, as the Directors and Controlling Trustees have been appointed by the holder of a majority in aggregate principal amount of the Class E Notes, then the Directors and Controlling Trustees shall have the authority, acting on a simple majority vote, without any independent committee veto rights, to cause Airplanes Group to sell, directly or indirectly, all of the assets of the Airplanes Group, whether through a stock or an asset sale, to any person who provides, as consideration therefor, any combination of cash, obligations of the United States government or of corporate issuers rated at least AA+ or its equivalent and Class E Notes which, through the payment of interest, principal and premium, if any, in respect thereof, will be sufficient to repay or defease, as the case may be, the Notes in accordance with their terms, discharge any Class E Notes not so transferred and pay, with respect to Airplanes Limited, the Discounted Annual Dividend Amount, plus any arrears of the Annual Dividend Amount. See "Description of Securities — The Notes and the Guarantees — Defeasance".

Neither Airplanes Limited nor any of its subsidiaries is involved in or subject to any legal or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Notes nor is Airplanes Limited aware that any such proceedings are pending or threatened.

Airplanes Limited's registered and principal office is located at 22 Grenville Street, St. Helier, Jersey and its telephone number is 011-44-1534-609000.

Airplanes Trust

Airplanes Trust is a business trust formed pursuant to the Airplanes Trust Agreement dated November 29, 1995 under the laws of Delaware for certain limited purposes, including acquiring, financing, re-financing and owning the AeroUSA Shares. In addition, Airplanes Trust may guarantee the obligations of Airplanes Limited, enter into certain hedging contracts and establish and provide loans or guarantees in respect of its subsidiaries.

Airplanes Trust will have one direct subsidiary, AeroUSA (currently an operating subsidiary of GPA Group), which it will acquire on the closing. AeroUSA itself has one direct subsidiary, AeroUSA 3. The shares of AeroUSA and AeroUSA 3 will be held by separate voting trusts with First Security Bank of Utah, National Association acting as trustee in order to satisfy regulations of the U.S. Federal Aviation Administration regarding the U.S. citizenship of the owners of U.S.-registered aircraft. Airplanes Trust will hold voting trust certificates representing shares of AeroUSA. Airplanes Trust will operate its business through AeroUSA. AeroUSA and its subsidiaries will also be permitted to lease Aircraft to or from or sell Aircraft to, or buy aircraft from, other members of Airplanes Group.

GPA, Inc. holds the Airplanes Trust Residual Interest in all of the property of Airplanes Trust, including the AeroUSA Shares. Upon repayment in full of the Airplanes Trust Notes, the Airplanes Trust Class E Notes and the Airplanes Trust Refinancing Notes, the AeroUSA Shares will be transferred back to GPA, Inc. pursuant to its ownership of the Airplanes Trust Residual Interest.

The trustees of Airplanes Trust will consist of Wilmington Trust Company, as Delaware Trustee, and as Controlling Trustees, the same individuals who will act as Directors of Airplanes Limited. Airplanes Trust has no employees or executive officers. Accordingly, the Controlling Trustees will rely upon the Servicer, the Administrative Agent, the Cash Manager and the other service providers for all asset servicing, executive and administrative functions pursuant to the respective service provider agreements. One member of the Board of Controlling Trustees will be appointed by the holder or holders of a majority in aggregate principal amount of the Class E Notes and four will be Independent Trustees who will be appointed by a majority of the then standing Controlling Trustees. "**Independent Trustees**" will not be officers, directors or employees of GPA Group, GECAS, GE Capital, any holder of the Class E Notes or any affiliate of these persons. Approval of certain significant transactions or proceedings with respect to Airplanes Trust or AeroUSA may only be obtained by a unanimous vote of all the Controlling Trustees of Airplanes Trust. These transactions and proceedings principally relate to certain insolvency proceedings, amendments to Airplanes Trust's or AeroUSA's constituent documents, mergers or, subject to certain exceptions, sale of all or substantially all of Airplanes Trust's or AeroUSA's assets. The composition of Airplanes Trust's Board of Controlling Trustees, and its composition if GE Capital acquires 90% or more of the ordinary share capital of GPA Group and elects

to dismiss the then-acting Controlling Trustees, will be determined in the same manner as the composition of the Board of Directors of Airplanes Limited is determined. See “— Airplanes Limited” above. There can be no assurance that GE Capital will elect to exercise its rights to acquire any ordinary share capital of GPA Group.

None of Airplanes Trust, AeroUSA or AeroUSA 3 is involved in or subject to any legal or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Notes nor is Airplanes Trust, AeroUSA or AeroUSA 3 aware that any such proceedings are pending or threatened.

Airplanes Trust's principal office is located at 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890-0001 care of Wilmington Trust Company and its telephone is 1-302-651-1000.

The Trust and Trustee

The Trust consists of eight separate trusts, each of which has been organized under the laws of the State of Delaware pursuant to the Trust Agreement among Airplanes Trust, Airplanes Limited and the Trustee on behalf of the holders of each class or subclass of Certificates, for the purpose of acquiring and holding the Notes and the Guarantees. The Trust will have no significant assets other than the Notes and the Guarantees. The Trust Agreement will not permit the Trustee to engage in any activities with respect to any class or subclass of Certificates other than holding the Notes and the Guarantees, issuing the Certificates, acting as paying agent with respect thereto and engaging in certain other activities related thereto.

The Trust Agreement provides that Airplanes Limited and Airplanes Trust will pay the Trustee's fees and expenses. The Trust Agreement further provides that the Trustee will be entitled to indemnification by Airplanes Limited and Airplanes Trust for, and will be held harmless against, any loss, liability or expenses incurred by it (other than through its own wilful misconduct, bad faith or negligence or by reason of a breach of any of its representations or warranties set forth in the Trust Agreement), except to the extent that such loss, liability or expense is for or in respect of taxes, in which case the Trustee may be entitled to be reimbursed by the Trust.

Bankers Trust Company is the Trustee for each of the Trusts. The Trustee and any of its affiliates may hold Certificates in their own names. With certain exceptions, the Trustee makes no representations as to the validity or sufficiency of the Trust Agreement, the Certificates, the Notes, the Guarantees or the Trust Indentures. The Trustee is also initially the Indenture Trustee under each of the Trust Indentures pursuant to which the Notes are issued. The Trustee and various affiliates of the Trustee have provided various services to GPA in the past and may continue to provide services in the future.

The Trustee may resign with respect to any or all of the Trusts at any time, in which event Airplanes Limited and Airplanes Trust will be obligated to appoint a successor pass through trustee and/or indenture trustee. If the Trustee ceases to be eligible to continue as a trustee with respect to the Trusts or any class or subclass of Certificates or becomes incapable of acting as trustee under the Trust Agreement or becomes insolvent, Airplanes Limited and Airplanes Trust may remove the Trustee, or any Certificateholder of the applicable class or subclass who has been a *bona fide* Certificateholder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Any resignation or removal of the Trustee with respect to a Trust and appointment of a successor trustee for such Trust does not become effective until acceptance of the appointment by the successor trustee. Pursuant to such resignation and successor trustee provisions, it is possible that a different trustee could be appointed to act as the successor trustee with respect to each Trust. All references in this Prospectus to the Trustee are to the trustee acting in such capacity under each of the Trusts and should be read to take into account the possibility that each of the Trusts could have a different successor trustee in the event of such a resignation or removal.

Pursuant to the Trust Indenture Act, if any class or subclass of Certificates is outstanding and an Event of Default should occur with respect to that class or subclass of Certificates, the existing Trustee would be required to resign as Trustee under the Trust Agreement within 90 days of such default unless such default were cured, duly waived or otherwise eliminated.

As described above, each Trust will issue a separate class or subclass of Certificates. Each class of Certificates will have different priorities of payment from Certificates of other classes. Each subclass of Certificates will rank *pari passu* with each other subclass of the same class of Certificates, but may bear different interest rates and may have different or potentially different principal repayment schedules. Accordingly, Certificateholders of each class or subclass of Certificates may have divergent or conflicting interests from the Certificateholders of other classes or subclasses.

GPA

Introduction

GPA Group is the seller of, or the parent of the seller of, each of the Transferring Companies and, through wholly owned subsidiaries, will provide administrative, accounting, liability management, financial consulting and cash management services to Airplanes Group in its capacity as Administrative Agent and Cash Manager. GPA Group and its subsidiaries will also hold substantially all of the Class E Notes and, as such, will be entitled to nominate one Director of Airplanes Limited and one Controlling Trustee of Airplanes Trust. The GPA Group nominated Director and Controlling Trustee will initially be Edward Hansom, who is also a director of ALPS 92-1 and ALPS 94-1.

GPA is a significant lessor of modern (post-1985) commercial aircraft and is a major participant in the global commercial aviation industry. GPA leases aircraft to a wide range of airlines throughout the world. After giving effect to the sale of the Aircraft to Airplanes Group and the sale of the GECAS Aircraft to GE Capital, GPA will have 124 aircraft on lease to 43 customers in 20 countries. Of these aircraft, (as at December 31, 1995) 121 are on operating leases. Of these 121 aircraft, 53 are leased in-leased out where GPA effectively assumes the credit risk of the airline by leasing the aircraft from investors to whom it has previously sold the aircraft. Three further aircraft are classified as being on finance leases. Approximately 3% of the aircraft by GPA's most recent appraised value are Stage 2 aircraft and approximately 97% are Stage 3 aircraft. At December 31, 1995, approximately 22% of the aircraft are Airbus A320s, approximately 17% are Boeing 737-400s and approximately 16% are Boeing 737-300s, in each case calculated on the basis of the Appraisals. At December 31, 1995, approximately 45% of the aircraft were on lease to five airlines with approximately 20% of the aircraft on lease to one U.S. airline, approximately 12% on lease to two Brazilian airlines, approximately 8% on lease to one Chinese airline and approximately 5% on lease to one South Korean airline, in each case by appraised value at October 31, 1995. In addition to its remaining, owned aircraft, GPA will own substantially all of the Class E Notes and will continue to have an interest in the aircraft owned by ALPS 92-1 and ALPS 94-1 by virtue of its deeply subordinated investments in those companies and will continue to have an interest in the 1993 GE Capital Aircraft as a result of its contingent interest in any proceeds received by GE Capital from certain resales of the 1993 GE Capital Aircraft. Also, because GPA will have certain access to certain potential benefits arising from the Aircraft through its ownership of the Class E Notes (although GPA no longer owns legal title to the Aircraft and has no rights of access to the Aircraft themselves), the Aircraft and the Notes will be consolidated with GPA's assets and liabilities on GPA's consolidated balance sheets.

A portion of the net cash proceeds of the Underwritten Offering will be paid to GPA in partial satisfaction of the Purchase Price for the Transferring Companies and in partial repayment of indebtedness of the Transferring Companies to GPA after deductions for (i) amounts required to fund approximately \$135 million of the Liquidity Reserve Amount in the Collection Account and (ii) any amounts in respect of Segregated Funds. In addition, GPA will pay various costs, fees and expenses associated with its refinancing and restructuring, together with the funding of the SPC and other restructuring related transactions. Accordingly, immediately following the closing and payment of the above costs, fees and expenses, GPA's cash balances (excluding balances of affiliated companies) are expected to be approximately \$985 million.

History and 1993 Restructuring

GPA was founded in 1975 to provide aircraft leasing and related services to the commercial aviation industry. In 1979, GPA began purchasing aircraft for its own account and in the period from 1984 to 1992,

GPA substantially expanded its aircraft portfolio. In June 1992, GPA sought to make an international public offering of its ordinary shares which was withdrawn due to inadequate market demand. In late 1992 and 1993, confidence in GPA in the financial markets deteriorated significantly. This, combined with recession in the commercial aviation industry resulted in, *inter alia*, restricted access for GPA to the financial markets and a significantly reduced ability to execute aircraft sales transactions, which historically had represented a major source of liquidity and profit for GPA. These conditions led to the need for a significant restructuring of GPA's aircraft order commitments and capital structure.

In October 1993, GPA adopted a restructuring plan (the "**1993 Restructuring**") that involved significant reductions in GPA's future obligations to take delivery of aircraft, the deferral of certain principal repayments on GPA's secured debt, an agreement to sell up to 44 aircraft (the "**1993 GE Capital Aircraft**") to GE Capital at prices less than GPA's net book value in the aircraft. The number of 1993 GE Capital Aircraft was subsequently reduced to 36, all of which have been sold. The 1993 Restructuring also involved the provision by GECAS of management services to GPA pursuant to the existing GPA Management Agreement, the grant to GE Capital of the GE Capital Option, and the raising of \$129 million of new capital in the form of the Secured Notes.

Current Operations

At January 31, 1996, GPA employed 38 people (excluding the five accounting and financial reporting personnel referred to below) who perform those functions for which GPA has not delegated responsibility to GECAS pursuant to the existing GPA Management Agreement. GPA continues to manage all matters that are not expressly delegated to GECAS pursuant to the existing GPA Management Agreement. Matters with respect to which GPA did not delegate responsibility to GECAS pursuant to the existing GPA Management Agreement, include, *inter alia*, (a) monitoring GECAS's performance under the existing GPA Management Agreement, (b) decisions with respect to GPA's orders and options for future aircraft deliveries, (c) management of GPA's assets not managed by GECAS pursuant to the existing GPA Management Agreement, (d) the management of all GPA's liabilities, (e) performance of all finance functions not specifically provided by GECAS pursuant to the existing GPA Management Agreement, including all matters relating to financings, relationships with creditors and rating agencies, (f) performance of all treasury functions not specifically provided by GECAS pursuant to the existing GPA Management Agreement, including cash management, and cash disbursements and currency and interest rate risk management, (g) performance of all corporate secretarial activities, (h) management of all shareholder matters, (i) management of all legal and regulatory matters not specifically provided by GECAS pursuant to the existing GPA Management Agreement, (j) arrangement and procurement of all insurance other than insurance relating to the assets managed pursuant to the existing GPA Management Agreement, (k) GPA employee matters and (l) preparation and adoption of annual budgets. GPA Group has assumed all accounting and financial reporting functions (together with five accounting and financial reporting personnel that performed such functions) that had previously been performed by GECAS for GPA pursuant to the existing GPA Management Agreement. Accordingly, GPA will perform all accounting and financial reporting functions for its own fleet and a wholly owned subsidiary of GPA will also perform such functions for Airplanes Group pursuant to the Administrative Agency Agreement.

Recent Financial Results

Reflecting the significant costs of the 1993 Restructuring, the difficult business environment in the commercial aviation industry generally and the financial difficulties of certain of its lessees, GPA has reported significant losses in each of its last three fiscal years. In accordance with generally accepted accounting principles in Ireland and the United Kingdom, GPA's net losses have been \$995 million, \$48 million and \$26 million for the fiscal years ended March 31, 1993, 1994 and 1995 and its shareholders' equity had fallen to \$111 million at March 31, 1995. As a result of both continued but reduced operating losses and the payment of costs, fees and expenses associated with its various restructuring and refinancing measures pursued in the fiscal year ending March 31, 1996, GPA is expected, for financial reporting purposes, to have significantly reduced, and possibly negative, shareholders' equity on a consolidated basis following the closing.

Remaining GPA Indebtedness

The purpose of the Underwritten Offering, the Acquisition and the Secured Debt Refinancing is to refinance substantially all of GPA's bank loans and other senior, secured debt and to enhance GPA's ability to meet remaining secured and unsecured debt obligations as they mature. Following the closing, GPA is expected to have approximately \$535 million in secured debt and approximately \$1,018 million in unsecured debt remaining outstanding. The following table indicates the maturities of GPA's expected remaining indebtedness as of December 31, 1995.

	Year ending March 31,				
	1996	1997	1998	1999	Thereafter
	(in millions)				
Principal Maturities.....	\$9	\$346	\$178	\$646(1)	\$374

(1) Of this amount, \$500 million consists of GPA Delaware Inc.'s 8¾% Guaranteed Notes due December 15, 1998.

Contingent Liabilities of GPA

Set forth below are certain contingent liabilities of GPA at December 31, 1995 in addition to those described below under "Restructuring of Arrangements with Manufacturers and Minority Interests".

GPA has in the normal course of business granted deficiency guarantees up to specified limits in the event of a subsequent sale of aircraft below stipulated values. The maximum total contingent liability under such guarantees was \$3.25 million at December 31, 1995. In addition, in certain circumstances GPA may become liable to pay lease rentals which are currently estimated at \$1.5 million per month for a period not exceeding 13 years. In most cases GPA has the right to purchase the relevant aircraft.

GPA has also guaranteed the obligations of certain affiliated companies under lease and financing arrangements on normal commercial terms. The obligations guaranteed are estimated at approximately \$2 million per annum and total \$16 million.

GPA is a defendant in several lawsuits and claims arising in the regular course of business. Based on the opinions of the GPA directors and its counsel for such matters, recoveries, if any, by any plaintiffs and claimants would not materially affect the operations or financial position of GPA.

Restructuring of Arrangements with Manufacturers and Minority Interests

In addition to the refinancing of substantially all of its secured liabilities, GPA has taken steps to restructure substantially all of its significant exposures and commitments to aircraft and engine manufacturers and certain of its minority interests.

MDC. GPA Group and certain of its consolidated subsidiaries have settled all their disputes and legal actions with McDonnell Douglas Corporation ("MDC"). The disputes involved various claims and counterclaims regarding certain MD-11 aircraft purchase agreements among the parties. Only five of the MD-11 aircraft in dispute were delivered to GPA, including the three MD-11 aircraft to be sold to Airplanes Group (the "Airplanes Group MD-11s").

The parties have released each other from all claims raised in the various legal actions. The legal actions have been dismissed in their entirety with each party bearing its own costs. The relevant purchase agreements have been terminated with respect to the undelivered aircraft with MDC retaining all but \$12 million of the approximately \$143 million in progress payments made under these agreements. The progress payments were provided against in full in GPA Group's consolidated balance sheet at March 31, 1995. In addition, MDC has granted GPA Group certain credits against the purchase of certain new MDC aircraft that GPA Group has been granted an option to purchase.

With respect to the Airplanes Group MD-11s, MDC has provided GPA Group with a limited rental and sales price deficiency guarantee, provided certain conditions are met, until September 2002, if it is not possible to re-lease them at rentals above an agreed minimum or, in certain limited circumstances, if they are sold at prices below an agreed minimum based on GPA's book value for the aircraft. The benefit of this agreement will be transferred to Airplanes Group with the transfer of the Airplanes Group MD-11s. MDC has granted GPA Group an absolute right of assignment of the deficiency guarantee to Airplanes Group. There can be no assurance, however, that the amounts to be paid by MDC, if any, will be sufficient to allow the rentals on the Airplanes Group MD-11s to be maintained at their current rate when the relevant Leases to P.T. Garuda Indonesia expire in the period between December 1996 and September 1997. The Airplanes Group MD-11s represent approximately 5.9% of the Portfolio by Initial Appraised Value.

Boeing. On May 31, 1995, GPA had firm orders with Boeing for eleven B737s, seven B757s and eight B767s to be delivered between 1997 and 1998. In addition, GPA has retained certain orders scheduled for delivery between 1997 and 2000 subject to cancellation (in certain circumstances, for a cancellation payment) or reconfirmation.

Boeing and GPA Group have agreed in principle to a restructuring of GPA's order position with Boeing, pursuant to which GPA's existing purchase obligations to Boeing in respect of undelivered aircraft (the "**GPA Purchase Obligations**") will be assumed by SPC. SPC will be capitalized with approximately \$100 million provided by GPA, in part, from the proceeds of the Underwritten Offering. SPC will engage in the leasing, and ultimate sale or other disposition, of commercial jet aircraft. It is currently anticipated that the leasing and other disposition of SPC's aircraft will be managed by GECAS, and that GPA Group will perform certain administrative services for SPC.

In connection with the assumption by SPC of the GPA Purchase Obligations, GPA will be released from any and all claims and liabilities arising by reason of the GPA Purchase Obligations under or in connection with related purchase agreements between GPA and Boeing (the "**GPA Purchase Agreements**"). In consideration of the release of GPA from its liability under the GPA Purchase Agreements, GPA will, among other things, transfer to Boeing a minority interest in SPC. GPA will retain and will place in trust additional minority interests in SPC. The extent and future value of GPA's investment in SPC are dependent upon a number of factors relating to GPA, SPC and the aircraft leasing market, including, without limitation, SPC's ability to place aircraft with creditworthy lessees, the availability of aircraft financing on commercially reasonable terms, and the overall market, from time to time, for new and used commercial jet aircraft.

GPA has taken steps to ensure that SPC's liabilities are without recourse to GPA and, other than with respect to the initial capitalization of SPC, GPA will have no material commitments to provide further capital to, or otherwise to finance the operations of, SPC.

The release of GPA from liability under the GPA Purchase Agreements and the consummation of the Underwritten Offering are each conditional upon the occurrence of the other.

United Technologies International, Inc. (Pratt & Whitney) ("Pratt & Whitney"). GPA is party to agreements with Pratt & Whitney under which it is entitled to certain credits against the price of Pratt & Whitney engines for certain Boeing, MDC and Airbus aircraft.

Under certain agreements entered into at the time of the 1993 Restructuring to reflect GPA's reduced aircraft purchase obligations (the "**Revised Pratt & Whitney Agreements**"), \$84.4 million of credits already made available to GPA may be repayable together with accrued interest (which amounted to \$44.6 million at December 31, 1995), as Pratt & Whitney contends that GPA failed to purchase the requisite number of aircraft within a certain period. GPA may retain the credits concerned, however, and pay no additional interest thereon, provided that two Pratt & Whitney powered Boeing 767 aircraft are delivered to GPA not later than the end of 1997. In addition, by January 31, 1999, GPA must earn or repay an additional \$41.8 million of engine credits previously received by GPA in respect of certain orders, together with accrued interest (which amounted to \$10.9 million at December 31, 1995). Furthermore, the parties discussed certain other claims Pratt & Whitney may have in connection with the rescheduling of GPA's aircraft order book.

GPA and Pratt & Whitney have agreed in principle to a restructuring of GPA's and Pratt & Whitney's obligations and rights under the Revised Pratt & Whitney Agreements pursuant to which (a) in consideration of the payment by GPA to Pratt & Whitney of \$55 million (derived in part from the proceeds of the Underwritten Offering), and without any necessity for, or obligation on the part of, GPA to acquire any aircraft, GPA will be released from any and all claims and obligations relating to the restructuring of its aircraft order book, including, without limitation, any and all claims and obligations relating to the repayment of the credits described above, (b) GPA will continue to be entitled to certain credits against the purchase price of Pratt & Whitney engines for certain Boeing, MDC and Airbus aircraft which may be acquired by GPA, and (c) if GPA purchases certain types of Boeing, MDC and Airbus aircraft, GPA Group will continue to be obligated to make certain payments to Pratt & Whitney in the event that the numbers of such aircraft with Pratt & Whitney engines do not meet certain specified numbers.

The restructuring of GPA's and Pratt & Whitney's obligations under the Revised Pratt & Whitney Agreements and the consummation of the Underwritten Offering are each conditioned upon the occurrence of the other.

Rolls Royce plc ("**Rolls-Royce**") and *CFM International* ("**CFMI**"). GPA is a party to separate agreements with each of Rolls-Royce and CFMI under which (a) GPA is entitled to certain credits against the price of Rolls-Royce and CFMI engines for certain new Boeing and Airbus aircraft (the overall amount of such credits depending on the number of relevant aircraft purchased by GPA) and (b) GPA has received credits based on the anticipated volume of Rolls-Royce and CFMI powered aircraft deliveries over specified periods of time, rather than on the numbers of aircraft deliveries which have occurred and which are now possible or expected to be achievable in such periods, resulting in the excesses of credits received over the amounts for which GPA now qualifies becoming repayable to each of Rolls-Royce and CFMI. GPA has entered into an agreement with Rolls Royce and an agreement with CFMI, each involving certain cash payments in respect of, *inter alia*, GPA's financial obligations to Rolls-Royce and CFMI resulting from GPA's reduced aircraft purchase expectations.

GPA Fokker Limited and GPA Aero Citra Limited. Of the Aircraft, 16 Fokker 100 Aircraft will be sold to Holding Co. by means of a transfer by GPA Fokker Limited ("**GPA Fokker**") of two wholly owned GPA Fokker subsidiaries, which currently own or lease such aircraft, GPA Fokker's ordinary share capital is beneficially owned 75% by GPA Group and 25% by NV Koninklijke Nederlandse Vliegtuigenfabriek Fokker ("**Fokker N.V.**").

In addition, 3 MD 11 Aircraft, which will be sold to Holding Co. by means of the transfer of a wholly owned subsidiary of GPA Aero Citra, are currently subject to purchase options in favor of GPA Aero Citra Limited ("**GPA Aero Citra**"). These options will be cancelled and a cancellation fee paid to GPA Aero Citra. GPA Aero Citra's ordinary share capital is owned approximately 67.5% by GPA Group, 30% beneficially by P.T. Garuda Indonesia and the balance by another investor.

It is expected that, as part of the above arrangements, cash and Class E Notes will be acquired by minority investors in GPA Fokker and GPA Aero Citra.

Restructuring of Arrangements With GECAS and GE Capital

Effective upon the Closing Date, GPA Group and GECAS will amend and restate the existing GPA Management Agreement pursuant to which GECAS will continue to provide various services with respect to the remaining fleet owned by GPA. The provisions of the amended and restated GPA Management Agreement, will reflect, *inter alia*, the refinancing of the Bank Debt (the "**Bank Refinancing**") and the transfer to GPA Group by GECAS of substantially all accounting and financial reporting functions previously performed by GECAS pursuant to the terms of the existing GPA Management Agreement.

In addition, in conjunction with the Secured Note Refinancing, GPA Group has proposed that GE Capital, GPA Group and the Convertible Notes Trust Trustee enter into certain agreements intended to effect the GPA Options Restructuring. As part of the GPA Options Restructuring, GE Capital will agree to terminate the GE Capital Option and the Convertible Notes Trust Trustee will agree that GE Capital may

require the Convertible Notes Trust to sell the GPA securities held by it to GE Capital at any time up to and including October 29, 2001 (the final date for conversion of the Convertible Notes) such that GE Capital will be able to acquire at any time up to October 29, 2001 90% of the ordinary share capital of GPA Group. If GE Capital were to acquire 90% or more of the ordinary share capital of GPA Group, the holder of a majority in aggregate principal amount of the Class E Notes would be entitled to dismiss the Directors and the Controlling Trustees and appoint new Directors and Controlling Trustees; *provided* that (i) GE Capital then guarantees the performance by GECAS of GECAS' obligations under the Servicing Agreement, if GECAS is then the Servicer, (ii) GE Capital shall then have a rating of at least Aa1 or AA+ on its long-term, senior, unsecured debt obligations from Moody's or Standard & Poor's, respectively, and (iii) each of Airplanes Limited and Airplanes Trust shall continue to have at least three Directors or Controlling Trustees, as applicable, who are "independent" of GE Capital and its affiliates and who will form a committee to review and, if thought fit, approve, by a vote of at least two of the three committee members, any transactions of Airplanes Group (other than as described in the next paragraph) in which GE Capital or any of its affiliates is an interested party. At such time, GPA would then have an option to purchase any Class E Notes held by Fokker N.V., the minority investors in GPA Aero Citra or any transferee thereof. There can be no assurance that GE Capital will elect to exercise its rights to acquire any ordinary share capital of GPA Group.

At such time, if any, as the Directors and Controlling Trustees have been appointed by the holder of a majority in aggregate principal amount of the Class E Notes, then the Directors and Controlling Trustees shall have the authority, acting on a simple majority vote, without any independent committee veto rights, to cause Airplanes Group to sell, directly or indirectly, all of the assets of the Airplanes Group, whether through a stock or an asset sale, to any person who provides, as consideration therefor, any combination of cash, obligations of the United States government or of corporate issuers rated at least AA+ or its equivalent and Class E Notes which, through the payment of interest, principal and premium, if any, in respect thereof, will be sufficient to repay or defease, as the case may be, the Notes in accordance with their terms, discharge any Class E Notes not so transferred and pay, with respect to Airplanes Limited, the Discounted Annual Dividend Amount, plus any arrears of the Annual Dividend Amount. See "Description of Securities — The Notes and the Guarantees — Defeasance".

Neither the Certificates nor the Notes are obligations of, or guaranteed by, or offered for sale by, GE Capital, GECAS or any of their affiliates.

Factors Affecting the Future Financial Condition of GPA

GPA's ability to meet its remaining obligations as they fall due after the Closing Date will depend upon various factors, including many of the same factors that will affect the financial condition and business of Airplanes Group. See "Risk Factors". In particular, GPA's cash flow from operations may continue to be adversely affected by difficult conditions in the commercial aviation industry generally and by the financial difficulties of certain of its more significant lessees specifically. Furthermore, GPA's ability to meet its obligations as they fall due will be adversely affected by any inability to sell or refinance its remaining owned aircraft. There can be no assurance that GPA Group will be able to meet its remaining obligations without further restructuring measures. If GPA were to become unable to meet its obligations as they fall due or if GPA Group or any of its affiliates were to become subject to a bankruptcy proceeding, a liquidator, examiner or creditor may be able to challenge the validity of the sale of the Transferring Companies. See "Risks Relating to the Financial Condition of GPA — Certain Bankruptcy Considerations". Furthermore, any inability of GPA, GPA Financial or GPA Cash Manager to continue operations may adversely affect the performance of the roles of the Administrative Agent and Cash Manager and may result in the loss by Holding Co. and other Irish tax resident Transferring Companies of certain corporate tax benefits for Shannon certified companies and the loss by Holding Co. and the other Irish tax resident Transferring Companies of their ability to deduct payments of interest on their indebtedness to Airplanes Limited for purposes of computing their Irish tax liability.

GECAS

GECAS will provide various services to Airplanes Group as Servicer under the Servicing Agreement.

GECAS and its affiliates are the world's largest managers of commercial aircraft. As of December 31, 1995, the GECAS Managed Portfolio consisted of approximately 890 aircraft, which are on lease to more than 157 lessees in 54 countries throughout the world. GECAS has recently announced that it has entered into a multi-year order for five Boeing 777's and 102 Boeing 737 jet aircraft, and options for 76 Boeing 737 jet aircraft. Under the agreement with Boeing, GECAS also may purchase up to 76 additional Boeing 737 jet aircraft. As a global commercial aviation financial services company, GECAS and its affiliates (i) offer a broad range of financial products to airlines and aircraft operators, aircraft owners, lenders and investors, including financing leases, operating leases, tax-advantaged and other incentive-based financing and debt and equity financing, and (ii) provide asset management, marketing and technical support services to aircraft owners, lenders and investors, including GE Capital, GPA and their respective affiliates, ALPS 92-1, ALPS 94-1 and certain third parties. GECAS, together with GECAS, Inc., has access to approximately 228 employees worldwide and has operations in Stamford, Connecticut; Shannon, Ireland; San Francisco, California, and a number of other locations, including Beijing, Dallas, Hong Kong, Miami and Singapore.

GECAS is headquartered in Shannon, Ireland and at December 31, 1995 had 130 employees.

One of GECAS's principal businesses is providing a broad range of financial products to airlines and aircraft operators and to aircraft owners, lenders and investors throughout the world. To meet the fleet financing needs of its airline customers, GECAS and its affiliates offer such financing options as financing leases (including both direct financing and leveraged leases), operating leases and other structured finance transactions, as well as general corporate financing, including direct debt (both senior and subordinated) and equity and debtor-in-possession financing. In conjunction with this business, GECAS and its affiliates are responsible for developing, negotiating and consummating aircraft-related investment opportunities in the aviation industry for its affiliate, GE Capital, including the acquisition of aircraft for GE Capital. On behalf of GE Capital or its affiliates, GECAS will likely offer aircraft or engine financing to customers of the GE Aircraft Engines Division, and will also likely offer, on behalf of GE Group, other financial products to such customers, including in connection with a restructuring or other modification of such customer's existing financing provided by the GE Aircraft Engines Division, or otherwise.

With respect to its owner, lender and investor customers, GECAS intends to continue to market a range of products that are intended to allow financial institutions and other investors to realize the benefits of aircraft ownership while the aircraft are managed by GECAS. GECAS expects to arrange and negotiate the sale of aircraft with operating leases in place, rental rates, tax benefits and related assets from the portfolio it manages, as well as structured pooled financings and other incentive-driven transactions.

GECAS offers a broad range of management services to aircraft owners, lenders and investors, including collection of rental payments, arranging and monitoring of aircraft maintenance performed by others, limited technical inspection of aircraft, arranging and monitoring insurance, arranging for aircraft valuations, registration and deregistration of aircraft, monitoring compliance with lease agreements and enforcement of lease provisions against lessees, confirming compliance with applicable ADs and facilitating delivery and redelivery of aircraft. GECAS devotes substantial resources to marketing for sale and re-lease the aircraft that it manages. Generally, to the extent an aircraft is on lease at the time it is being marketed for sale, it is generally a more attractive candidate to be sold to potential financial investors when compared to an aircraft that is not currently under lease. GECAS arranges for its customers, including GE Capital, GPA and their respective affiliates and certain third parties, the sale of both unencumbered aircraft and aircraft that are subject to operating leases to investors who seek a return on their investment from a combination of future rental payments, the aircraft's residual value and, in certain instances, tax benefits. GECAS identifies potential purchasers, determines which aircraft satisfy the specific needs of a particular airline or investor, negotiates commercial terms and executes the sale of such aircraft. GECAS's lease marketing activities serve both its airline customer base and its investor customer base. GECAS designs tax-advantaged transactions as well as operating lease structures, both to meet the varying needs of its customers and to facilitate the subsequent sale of the leased aircraft to financial investors. The aircraft and lease marketing services provided by GECAS include planning, negotiation and execution of leases and remarketing aircraft for re-lease prior to expiration of a lease term. See "Risk Factors — Risks Relating to Airplanes Group and Certain Third Parties."

The table below sets forth the different aircraft comprising the GECAS Managed Portfolio as of December 31, 1995 by manufacturer and by whether the aircraft are owned and managed by affiliates of GE Capital or simply managed for third parties.

<u>Aircraft Type and Class</u>	<u>GE Capital Fleet(1)</u>	<u>Other Managed Third Parties(2)</u>	<u>Airplanes Group</u>	<u>Total</u>
Airbus				
A300	19	4	6	29
A310	8			8
A320	12	26	12	50
Boeing				
B727	29	24	2	55
B737-200	63	34	32	129
B737-300/400/500(3)	121	48	44	213
B747	21	5	1	27
B757-200	25	4	3	32
B767-200ER	8		1	9
B767-300ER	26	5	4	35
McDonnell Douglas				
DC8	9	2	28	39
DC9	15	40	19	74
DC10	11	5	4	20
MD11		2	3	5
MD82	19	6	2	27
MD83	7	10	23	40
MD87			1	1
MD88	14			14
Fokker				
F100		15	16	31
Other Jets				
Other Jets	9	3		12
Turboprops				
Turboprops	<u>4</u>	<u>8</u>	<u>28</u>	<u>40</u>
Total	<u>420</u>	<u>241</u>	<u>229</u>	<u>890</u>
Body Type:				
Widebody	97	22	19	138
Narrowbody	323	219	210	752
Stage Compliance:(4)				
Stage 2	120	100	53	273
Stage 3	300	141	176	617

(1) Certain aircraft included in the GE Capital fleet are owned by joint ventures or pursuant to other arrangements in which unaffiliated parties have interests.

(2) The third parties comprise primarily GPA, ALPS 94-1 and ALPS 92-1.

(3) For purposes of this table, 11 B737 aircraft have been included in the GE Capital fleet but both GPA and GE Capital are included in the lease chain.

(4) Turboprop aircraft have been classified as Stage 3 compliant.

USE OF PROCEEDS

The purpose of the Underwritten Offering is to refinance substantially all of GPA's secured debt obligations and to enhance GPA's ability to meet its remaining obligations as they fall due.

The net cash proceeds to the Trust from the Underwritten Offering of approximately \$4 billion (after payment of underwriting discounts and commissions which are estimated to be approximately \$37 million) will be used to purchase the Notes from Airplanes Group. Airplanes Group will use such cash proceeds to simultaneously (i) pay the Purchase Price for the Transferring Companies and repay any indebtedness of the Transferring Companies to GPA (also using as consideration for this purpose, the Class E Notes and the Airplanes Trust Residual Interest), (ii) repay the Bank Debt, Other Secured Debt and the Secured Notes and (iii) deposit an amount equal to the Liquidity Reserve Amount in cash in the Collection Account (approximately \$185 million) that is intended to provide initial funding for future maintenance requirements, security deposits and other obligations associated with the Aircraft. The Bank Debt, Other Secured Debt and Secured Notes bear interest at both fixed and floating rates. At January 31, 1996, those rates ranged from 5.725% to 8.75%, with the exception of the Non-Convertible Notes, which bore interest at 9.25% plus payment in kind interest of 8% payable in the form of an increase in the principal amount of the Non-Convertible Notes. Most of GPA's secured debt obligations to be refinanced through the Underwritten Offering are currently due to mature in September 1997.

Upon the repayment in full of the Bank Debt, Other Secured Debt and Secured Notes, including interest and other amounts accrued thereon, the relevant lenders will release their security interests in various Aircraft and the related assets securing such indebtedness.

Each of the Acquisition, the Underwritten Offering and the Secured Debt Refinancing are cross-conditional, in that the closing of each such transaction is conditional upon the closing of the other transactions.

The following table sets forth the approximate estimated sources and uses of funds and other consideration in connection with the Acquisition and Secured Debt Refinancing:

Sources		(in millions)
Cash:		
Underwritten Offering (after underwriting discounts and commissions)		\$ 4,011
Non-Cash:		
Class E Notes and Airplanes Trust Residual Interest		<u>604</u>
Total		<u>\$ 4,615</u>

Uses

	(in millions)
Cash:	
Repayment of Bank Debt, Other Secured Debt and Secured Notes	\$ 2,893
Accrued but unpaid interest and other amounts	28
Funding of Liquidity Reserve Amount	185
Partial payment of purchase price/repayment of indebtedness of Transferring Companies to GPA (expected to be used by GPA for payment of its refinancing and restructuring costs, fees and expenses on closing)	45
Partial payment of purchase price/repayment of indebtedness of Transferring Companies to GPA (expected to be used by GPA for general corporate purposes) (1)	<u>860</u>
Total Cash:	4,011
Non-Cash:	
Sale of Class E Notes and Airplanes Trust Residual Interest to GPA as partial payment of Purchase Price for Transferring Companies	<u>604</u>
Total	<u>\$ 4,615</u>

(1) Airplanes Group will retain cash proceeds from the Underwritten Offering, which will not exceed \$15 million, primarily representing the available amount of any letters of credit securing Lessee obligations which are to be, but have not yet been, transferred to, renewed, amended or reissued in the name of, a Transferring Company prior to the Closing Date.

The Underwritten Offering is estimated to affect GPA's outstanding indebtedness based on outstanding debt as of October 31, 1995 as follows:

<u>Type of Debt</u>	<u>Total Amount</u>	<u>Amount to be repaid</u> (in millions)	<u>Amount Remaining</u>
Bank Debt (including letters of credit and guarantees drawn on the core facilities)	\$2,548	\$(2,548)	\$ —
Other Secured Debt (including finance leases)	829	(206)	623
Secured Notes	140	(139)	1
Unsecured Debt	<u>1,046</u>	<u>—</u>	<u>1,046</u>
Total	<u>\$4,563</u>	<u>\$(2,893)</u>	<u>\$1,670</u>

See "The Parties — GPA — Remaining GPA Indebtedness" for details of the maturities of GPA's remaining debt as of December 31, 1995.

In addition to the cash to be received by GPA in partial payment of the Purchase Price and partial repayment of indebtedness owed to GPA by the Transferring Companies, GPA will receive additional cash proceeds from the sale of the GECAS Aircraft. Also, GPA will use cash to contribute to the capital of SPC, to make certain payments under the terms of the restructuring agreement with Pratt & Whitney, to pay certain fees to the Secured Noteholders and to pay certain other costs, fees and expenses incurred in connection with the Refinancing. These other transactions will result in a net cash outflow of approximately \$181 million.

THE AIRCRAFT, RELATED LEASES AND COLLATERAL

The following summary is qualified in its entirety by reference to the Stock Purchase Agreements, forms of which are filed as exhibits to the Registration Statement of which this Prospectus is a part.

Airplanes Group's Acquisition of the Transferring Companies

Substantially all of the assets of Airplanes Limited and Airplanes Trust will consist of 95% of the issued and outstanding ordinary share capital of Holding Co. and 100% of the issued and outstanding AeroUSA Shares, respectively, and loans to certain of the Transferring Companies. The remaining 5% of the capital stock of Holding Co. will be held by GPA Group. The assets of Holding Co. will consist of certain Aircraft and 100% of the issued and outstanding shares of capital stock of the Transferring Companies (other than AeroUSA which owns directly, and indirectly through its wholly owned subsidiary, 23 Aircraft). Airplanes Limited and Airplanes Trust will indirectly own (i) the 229 Aircraft; (ii) the rights under the related Leases; (iii) the Receivables; and (iv) monies on deposit in the Collection Account. On October 31, 1995, the Aircraft had an Initial Appraised Value of \$4,527 million. The Initial Appraised Value is based on the average of the opinions of the Appraisers as to the Base Value of each Aircraft as of October 31, 1995, without taking into account the value of the Leases, Maintenance Reserves, Security Deposits or other Related Collateral and on the basis of the Assumptions described herein. Neither the Appraisers nor any other independent third party has expressed an opinion on the value of the Receivables.

Airplanes Group will pay to GPA the Purchase Price with respect to the Transferring Companies on the Closing Date, subject to the satisfaction of certain conditions including delivery of solvency certificates and the Appraisals. The Purchase Price will be equal to the sum of the following amounts calculated (except as stated below) (based on the pro-forma balance sheets of each of the Transferring Companies) as of October 31, 1995, with the exception of Receivables, which are valued as of December 31, 1995:

- (1) the aggregate Initial Appraised Value of the Aircraft as of October 31, 1995 (\$4,527 million); plus
- (2) the amount of the Receivables (approximately \$75 million) (the value of which will not be appraised by any independent third party); plus
- (3) any cash and cash deposits in bank accounts held by or for the benefit of any Transferring Company (approximately \$0.3 million);

less an amount equal to the sum of the following amounts, without duplication:

- (1) commercial bank and other secured indebtedness of any of the Transferring Companies (plus interest accrued thereon and certain other amounts accrued until the Closing Date) (approximately \$2,308 million); plus
- (2) indebtedness of any Transferring Companies to GPA at the Balance Sheet Date (approximately \$1,460 million, approximately \$613 million of which is expected to be used by GPA to repay commercial bank and other secured indebtedness at closing); plus
- (3) the Security Deposit Reserve Amount (approximately \$65 million), an amount which, together with assumed future maintenance payments by Lessees under the Leases, GPA Group and Airplanes Group believe will be sufficient, based on an analysis of anticipated future maintenance expenses, to provide Airplanes Group with liquidity to meet its maintenance liabilities after the Closing Date (\$30 million) and the Miscellaneous Reserve Amount (\$40 million).

On this basis, the Purchase Price is equal to approximately \$699 million.

An additional \$50 million (before underwriting discounts and commissions) will be retained by Airplanes Group from the cash proceeds of the Underwritten Offering and will comprise part of the Maintenance Reserve Amount.

At closing, the cash deductions from the Purchase Price in respect of the Security Deposit Reserve Amount, the Miscellaneous Reserve Amount and \$30 million in respect of the Maintenance Reserve Amount,

together with the additional \$50 million of cash proceeds from the Underwritten Offering referred to above (before underwriting discounts and commissions), will be used to fund the Liquidity Reserve Amount and will be deposited into the Collection Account.

Certain adjustments to the Purchase Price, primarily in respect of the Receivables, security deposits and certain contingent liabilities, will be made based on a post-closing audit of the balance sheets of the Transferring Companies at the Closing Date. As of the date of this Prospectus, such adjustments are not expected significantly to increase the Purchase Price.

Also, Airplanes Group will retain cash proceeds from the Underwritten Offering, in an amount not expected to exceed \$15 million, primarily representing the available amount of any letters of credit securing Lessee obligations which are to be, but have not yet been, transferred to, renewed, amended or reissued in the name of, a Transferring Company prior to the Closing Date. As these letters of credit are transferred to, renewed, amended or reissued in the name of a Transferring Company, that portion of the retained amount representing the amount which was withheld in respect of the relevant letter of credit will be released to GPA.

The Purchase Price and contemporaneous refinancing of the Transferring Companies' indebtedness to third parties and GPA will be paid for with:

- (1) the net cash proceeds of the Underwritten Offering (after payment of underwriting discounts and commissions and certain transaction expenses),
- (2) all of the Class E Notes, and
- (3) all of the Airplanes Trust Residual Interest.

Certain customary representations and warranties will be given by GPA in the Stock Purchase Agreements including, among other things, representations relating to solvency, no undisclosed contingent liabilities and insurance.

Acquisition of the Existing Leases

Where Aircraft are leased to a Lessee by GPA Group or a subsidiary of GPA Group that is not being sold to Airplanes Group, GPA has in most cases secured the relevant Lessees' consents to novations of the Leases in favor of Transferring Companies. As a result of such novations, the Transferring Companies will acquire and assume all of the rights and obligations of the existing lessors under the Leases and GPA Group and its non-transferring subsidiaries will no longer have any rights or obligations under the Leases.

191 Aircraft, representing approximately 81% of the Aircraft by Initial Appraised Value, are expected to be leased directly to the relevant Lessee by a Transferring Company. Of this amount, 50 Aircraft, representing approximately 26% of the Aircraft by Initial Appraised Value, are expected to be leased directly to the relevant Lessee through one Transferring Company, including Special Lessors, where title to the Aircraft is held by another Transferring Company. The Special Lessors are incorporated largely in European jurisdictions including Belgium, Denmark, France, Norway and England.

21 of the Aircraft, representing approximately 14% of the Aircraft by Initial Appraised Value, are expected to be owned by a Transferring Company but leased to existing Lessees by the IOMCos, which will hold the Aircraft from the Transferring Companies under the IOM Sale Agreements described under "Purchase Options" below. GPA holds a 9% equity interest and 91% of the voting power in each IOMCo, with the remainder of the equity and voting power being held by various investors unrelated to GPA. GPA has entered into binding arrangements with each of such investors to purchase each of their entire interest in the relevant IOMCo. GPA will agree with Airplanes Group not to cause the IOMCos (in respect of which GPA will then own all the shares) to purchase and retain any Aircraft under the IOM Sale Agreements. In certain circumstances (subject always to obtaining the Lessee's consent) GPA may cause an IOMCo to effect an IOMCo Sale, whereby it would purchase the relevant Aircraft at the end of the term of the relevant IOMCo Sale Agreement and immediately resell such Aircraft to Airplanes Group (for identical consideration).

With 16 of these 21 Aircraft, the benefit of the Leases between the IOMCos and the Lessees will be assigned to the relevant Transferring Company by way of security for the relevant IOMCo's obligations under the IOM Sale Agreement through which such IOMCo holds the Aircraft from the Transferring Company. On termination of the IOM Sale Agreements in May 1996, Airplanes Group will endeavor to restructure the Leases (subject to obtaining consent from the relevant Lessees), either by way of novation to the relevant Transferring Company, or by entering into a new lease between the relevant Transferring Company and the Lessee.

Of these 21 Aircraft, the remaining 5 Aircraft (the "Castle Aircraft") are leased to the relevant Lessee by Castle Management AS, a Norwegian Special Lessor ("Castle Management"). All of the common stock in Castle Management, and thus the indirect benefit of its Leases, will be acquired by Holding Co. prior to closing. Following closing, the Castle Aircraft will be owned by a Transferring Company, subject to an IOM Sale Agreement with Castle Aviation; Castle Aviation will lease the Aircraft to Castle Management (which will be a member of Airplanes Group); and Castle Management will lease the Aircraft to the Lessee.

On the Closing Date, Airplanes Limited will receive a legal opinion from Gough Kneale, counsel to GPA Group in the Isle of Man, confirming subject to the assumptions, reservations and qualifications set forth in such opinion, *inter alia*, that the lease assignments described above will be enforceable notwithstanding any insolvency of the IOMCos; and that in the event of an insolvency of GPA Group or of any relevant GPA subsidiary, that the assets of the IOMCos (including the Leases) will not be available to a liquidator or examiner of GPA or of any such subsidiary.

For certain Leases, it has been considered impractical to secure novations, for reasons including an inability to secure the relevant Lessee's consent. Nine Aircraft, representing approximately 2% of the Portfolio by Initial Appraised Value, are in this category. In these cases, GPA will assign absolutely all of its rights under the relevant Leases to Transferring Companies and the relevant Lessees have been or will be notified of the change in Lessor and given new payment instructions. With certain assigned Leases, GPA remains directly responsible to the Lessee for all obligations of the Lessor under the Lease and Airplanes Group will hold GPA harmless from and indemnify GPA against any claims made by the relevant Lessees. In all cases where Leases have been assigned, appropriate counsel will provide legal opinions as to the validity of the assignment under the Existing Lease and applicable law. The average remaining lease term weighted by Initial Appraised Value of the Aircraft where the applicable Lease is to be assigned is 12 months. Upon expiry of these Leases, the GPA head lease will terminate. Of the category of assigned Leases, the existing Leases with respect to 1.5% of the Aircraft by Initial Appraised Value are currently operated by one Mexican and one Indian Lessee and have been terminated. Pursuant to the existing GPA Management Agreement, GECAS is currently attempting to repossess certain of these Aircraft but has not yet been successful.

Eight Aircraft, representing approximately 3% of the Aircraft by Initial Appraised Value, are off-lease as of December 31, 1995. Subsequent to December 31, 1995, one B737-200C, which was classified as off-lease at that date, has been leased and delivered to Xiamen Airlines.

With respect to no more than 3% of the Portfolio by Initial Appraised Value, although title to such Aircraft will transfer to Airplanes Group, GPA may continue to lease the Aircraft to the operator and neither novate nor assign the Lease. This approach will be used where it has been considered impractical or impossible to secure a novation and GPA cannot validly or effectively assign its rights in the Lease. In this case, GPA and Airplanes Group will enter into a head lease and, where possible, GPA will assign the benefit of the Lease to Airplanes Group by way of security for the head lease obligations. Upon expiry of these Leases, the GPA head lease will terminate.

Purchase Options

Lessees with respect to 63 Aircraft have the benefit of options to purchase Aircraft (each a "Purchase Option") at various dates between 1996 and 2002 at prices generally at or above their estimated Appraised Value at the exercise date. Airplanes Group will acquire the benefit and assume the obligations of GPA to sell Aircraft subject to such options generally in a manner similar to the transfer to Airplanes Group of the related Lease. Eight Lessees with respect to 24 Aircraft, representing approximately 9% of the Portfolio by Initial

Appraised Value, have options to purchase Aircraft at prices below either estimated Appraised Value or Airplanes Group's estimated net book value at the option exercise date. (For the purposes of this analysis, estimated Appraised Value has been arrived at by deducting the estimated depreciation (as calculated by Airplanes Group's existing depreciation policy) from October 31, 1995 to the option exercise date from the Initial Appraised Value of each Aircraft).

Four Lessees with respect to 11 Aircraft, representing approximately 1.5% of the Portfolio, have rights to purchase Aircraft at prices below Airplanes Group's estimated net book value at the option exercise date. See Note 4(b) to the Financial Statements of Airplanes Group included elsewhere in this Prospectus.

Insurance

In certain jurisdictions, liabilities for risks for which the Lessees are required to provide insurance may also attach to the Lessors and Airplanes Group as direct and indirect owners of the Aircraft, irrespective of fault. Under the Leases, the Lessees are currently obliged to indemnify against such claims certain named parties and, in most cases, their respective successors, assigns, shareholders, employees, affiliates and agents. Prior to delivery of the Aircraft to Airplanes Group, GPA will seek to amend the Leases so that each Lessee will be obliged to indemnify Airplanes Limited or Airplanes Trust, as applicable, the Lessor, the relevant Aircraft Owning Company and the Indenture Trustee as named indemnitees under the applicable Lease. There can be no assurance that any such amendments will be forthcoming. Most of the Leases require the Lessee to maintain the liability insurance for a specified period between one and three years after termination of such Lease to cover liabilities that may have arisen prior to terminations but that became known thereafter.

Acquisition of the Receivables

As part of the Acquisition, Airplanes Group will acquire the Receivables. The gross value of the Receivables as of December 31, 1995 was approximately \$75 million. Of this amount, approximately \$48 million was secured with letters of credit, guarantees and other collateral, including aircraft. Airplanes Group will pay cash to GPA in an amount equal to \$48 million, which is the amount of the Receivables covered by security, and Class E Notes in an aggregate principal amount of \$27 million in consideration for the Receivables not covered by security. No independent third party has appraised the value of the Receivables or the Related Collateral to be transferred to Airplanes Group. The Receivables are owed by approximately 57 Lessees and include amounts of approximately \$57 million in aggregate that are owed by 12 Lessees pursuant to various restructuring arrangements or proposed restructuring arrangements, the benefit of which will be transferred to Airplanes Group. See "— The Lessees".

The amount of receivables reflected on Airplanes Group's consolidated balance sheet as of March 31, 1995, exceeds the amount of the Receivables to be sold to Airplanes Group in the Acquisition primarily because the Receivables relate to only those owed by Lessees and do not include any amounts owed with respect to the Aircraft by previous aircraft operators which will not be Lessees of such Aircraft from Airplanes Group upon closing.

Acquisition of the Related Collateral

Where a Lease provides for Related Collateral, such Related Collateral will be reissued, amended or transferred (to the extent transferable) in favor of an Airplanes Group member or affiliate, or an agreement will be entered into whereby any proceeds of the Related Collateral will be held in trust, in each case for the benefit of an Airplanes Group member or affiliate. Out of an aggregate value of Related Collateral of \$335 million, Airplanes Group will retain cash proceeds from the Underwritten Offering, which will not exceed \$15 million, primarily representing the available amount of any letters of credit securing Lessee obligations which are to be, but have not yet been, transferred to, or reissued in the name of, a Transferring Company on or prior to the Closing Date. As these letters of credit are transferred to, received, amended or reissued in the name of a Transferring Company, that portion of the retained amount representing the amount which was withheld in respect of the reissued letter of credit, will be released to GPA.

Acquisition of Maintenance Reserves

Many of the Leases require the Lessees to pay maintenance reserves or "supplemental rent" amounts in respect of their obligation to maintain the Aircraft. Generally, each such Lease in the Portfolio bears an associated liability on the part of the Lessor to reimburse the Lessee for maintenance performed on the Aircraft, engines or parts. The obligation of Airplanes Group to Lessees with respect to maintenance is included within Expenses and thus ranks in priority to any payments on the Notes. Based on pro forma balance sheets for each of the Transferring Companies and assuming no significant variation in the level of maintenance billings and collections between October 31, 1995 and the Closing Date, Airplanes Group is expected to have approximately \$278 million of maintenance reserve liabilities immediately after the Closing Date. On the Closing Date, Airplanes Group will transfer an amount of the net cash proceeds from the Underwritten Offering equal to the Liquidity Reserve Amount (approximately \$185 million) to the Collection Account, \$135 million of which amount will be deducted in arriving at the Purchase Price for the Transferring Companies. Of this \$185 million, \$30 million has been considered necessary as the initial cash balance which, together with projected future maintenance payments under the Leases, Airplanes Group and GPA Group believe to be sufficient, based on an analysis of anticipated future maintenance expenses, to provide Airplanes Group with sufficient liquidity to meet its maintenance liabilities after the Closing Date. This amount of cash has been determined by Airplanes Group and GPA Group to be appropriate for the initial funding of Airplanes Group's maintenance reserve liabilities based on an analysis of GPA's and overall industry historical experience of the frequency and cost of maintenance checks performed by lessees relative to the projected maintenance payments to be made to Airplanes Group under the terms of the Leases. In conducting this analysis, Airplanes Group and GPA Group retained SH&E to review GPA's maintenance records with respect to the Aircraft and assess future maintenance obligations associated with ownership of the Aircraft.

There can be no assurance, however, that Airplanes Group's maintenance requirements will correspond to GPA's historical experience, or the industry's experience overall, particularly as the Aircraft get older. Furthermore there can be no assurance that actual maintenance payments by Lessees and other cash received by Airplanes Group will not be significantly less than projected. Actual maintenance payments by Lessees will depend upon numerous factors including defaults and the ability of Airplanes Group to obtain satisfactory maintenance terms in Leases. An increasing number of Leases do not provide for any maintenance payments to be made by Lessees as security for their maintenance obligations. Any significant variations in such factors may materially adversely affect the ability of Airplanes Group to make payments of interest, principal and premium, if any on the Notes.

Appraisers' Reports

The following summary is qualified in its entirety by reference to the Appraisals, copies of which are filed as exhibits to the Registration Statement of which this Prospectus is a part.

The Appraisers have provided Appraisals (without physical inspection) of the value of each of the Aircraft at normal utilization rates in an open, unrestricted and stable market as of October 31, 1995, adjusted to account for the reported maintenance standard of the Aircraft. The Appraisals do not reflect the value of the Leases, Maintenance Reserves, Security Deposits or other Related Collateral, if any. The Appraisals explain the methodology used to determine the values for the Aircraft. Based on the Appraisals, the aggregate Base Values calculated by each of the three Appraisers for the Aircraft are \$4,591 million in the case of BK Associates, Inc., \$4,697 million in the case of Aircraft Information Services, Inc. and \$4,351 million in the case of Airclaims Limited. The aggregate Initial Appraised Value of the Aircraft is \$4,527 million, which is approximately \$19 million lower than the average of the aggregate Base Values calculated by the three Appraisers because Aircraft subject to finance leases have been included in the computation of the Initial Appraised Value of the Portfolio at GPA Group's net book value (which represents the value of amounts payable by the finance lessees) rather than the Aircraft's Base Value. The Initial Appraised Values for the Aircraft by type and class are set out below. Airplanes Group believes that, due to current excess supply of aircraft in the market, the value of the Aircraft in the current market (as compared with the "stable market environment with a reasonable balance of supply and demand" and the other factors assumed in the determination of Base Value) is less than, and is likely to be substantially less than, the Initial Appraised

Value. Furthermore, neither the Initial Appraised Value nor the value of the Aircraft in the current market should be relied upon as a measure of the realizable value of the Aircraft. If it were necessary to dispose of Aircraft in a distress situation, and particularly if a large number of Aircraft were required to be sold, the proceeds from such a sale would be substantially less than even the value in the current market. However, Airplanes Group does not expect to have to sell Aircraft to provide for payment of principal and interest on the Notes, and does not anticipate conducting any distress sales. Nevertheless, there can be no assurance that Airplanes Group would not have to sell one or more Aircraft in a distress sale situation at prices significantly less than their Initial Appraised Value.

Rental rates and aircraft values depend on a number of factors that are not within the control of Airplanes Group, including market and economic conditions (including prevailing interest rates and the general availability of credit), the availability and cost of competing new and used aircraft, including any effects of the ability of manufacturers to build new aircraft at a lower cost or with less lead time, the condition of the aircraft, the number of operators using each type of aircraft and the supply of each type of aircraft, whether the aircraft is subject to a lease and, if so, the identity and creditworthiness of the Lessee, the jurisdiction of registration and the terms of and payment experience with respect to such Lease and any regulatory and legal requirements that must be satisfied before the aircraft can be sold. The rental rates and values of the Aircraft may be adversely affected by changes in the competitive and financial position of the relevant commercial aircraft manufacturer, by the withdrawal of such manufacturer from that market or by unexpected manufacturing defects that may surface.

The standards of maintenance observed by the Lessees and the condition of the Aircraft at the time of sale may also affect the rental rates and values of the Aircraft. Under each Existing Lease, it is the responsibility of the Lessee to maintain the Aircraft and to comply with all governmental requirements applicable to such Lessee or the Aircraft, including, without limitation, operational, maintenance and registration requirements, and, in most cases, manufacturer recommendations, although in certain cases the Lessor has agreed to participate in the cost of certain required modifications to the Aircraft. For a description of general economic and industry specific factors affecting rental rates and aircraft values, as well as certain risks associated with a Lessee's failing to perform its obligations under a Lease, see "Risk Factors — Risks Relating to the Leases — Factors Affecting Rental Rates; Funding of Maintenance Reserves".

Portfolio Information

The Aircraft

Aircraft representing 93.4% of the Initial Appraised Value hold or are capable of holding a noise certificate issued under Chapter 3 of Volume 1, Part II of Annex 16 of the Chicago Convention (the “**Chicago Convention**”) or have been shown to comply with the Stage 3 noise levels set out in Section 36.5 of Appendix C of Part 36 of the United States Federal Aviation Regulations (“**Stage 3 aircraft**”) (assuming for this purpose that turboprop Aircraft are Stage 3 aircraft). The remaining 6.6% of the Aircraft by Initial Appraised Value are of an aircraft type that holds or is capable of holding a noise certificate issued under Chapter 2 of the Chicago Convention or has been shown to comply with the Stage 2 noise levels (“**Stage 2 aircraft**”) and does not comply with the requirements for a Stage 3 aircraft.

The following table sets forth the exposure of Airplanes Group’s portfolio of aircraft (the “**Portfolio**”) by type of aircraft calculated by reference to the number of Aircraft at December 31, 1995 and the Initial Appraised Value of the Aircraft as of October 31, 1995. For the purpose of the following table, turboprop Aircraft are assumed to be Stage 3 aircraft.

<u>Manufacturer</u>	<u>Type of Aircraft</u>	<u>Number of Aircraft</u>	<u>Body Type</u>	<u>Engine Stage</u>	<u>% of Portfolio by Initial Appraised Value</u>
Boeing (42.20%)	727-200A	2	Narrowbody	2	0.24
	737-200A	30	Narrowbody	2	4.34
	737-200C	2	Narrowbody	2	0.42
	737-300	11	Narrowbody	3	5.92
	737-400	22	Narrowbody	3	13.90
	737-500	11	Narrowbody	3	5.85
	747-200BC	1	Widebody	3	0.85
	757-200	3	Narrowbody	3	3.07
	767-200ER	1	Widebody	3	1.32
	767-300ER	4	Widebody	3	6.29
McDonnell Douglas (34.80%)	DC8-71F	27	Narrowbody	3	11.21
	DC8-73CF	1	Narrowbody	3	0.51
	DC9-14	2	Narrowbody	2	0.05
	DC9-15	6	Narrowbody	2	0.15
	DC9-32	7	Narrowbody	2	0.86
	DC9-51	4	Narrowbody	2	0.50
	DC10-30	2	Widebody	3	1.00
	DC10-30F	2	Widebody	3	0.96
	MD11	3	Widebody	3	5.86
	MD82	2	Narrowbody	3	0.94
	MD83	23	Narrowbody	3	12.36
	MD87	1	Narrowbody	3	0.40
	Airbus (10.70%)	A300-B4-100	3	Widebody	3	0.64
A300-B4-203		2	Widebody	3	0.79
A300-C4-203		1	Widebody	3	0.45
A320-200		12	Narrowbody	3	8.82
Fokker (7.37%)	F100	16	Narrowbody	3	7.37
Bombardier De Havilland (4.16%)	DHC8-100	5	Turboprop	3	0.77
	DHC8-102	1	Turboprop	3	0.13
	DHC8-300	6	Turboprop	3	1.31
	DHC8-300A	9	Turboprop	3	1.95
Other (0.77%)	METRO-III	3	Turboprop	3	0.12
	ATR42-300	3	Turboprop	3	0.46
	ATR42-320	1	Turboprop	3	0.19
		<u>229</u>			<u>100.00</u>

The following table sets forth the exposure of the Portfolio to certain individual Lessees calculated as of December 31, 1995 by reference to the Initial Appraised Value of the Aircraft at October 31, 1995.

<u>Lessee(1)</u>	<u>Number of Aircraft</u>	<u>% of Portfolio by Initial Appraised Value</u>
P.T. Garuda Indonesia	3	5.86%
Aerovias de Mexico S.A. de C.V. ("Aeromexico")	12	5.41
Canadian Airlines International Limited	13	5.22
Turk Hava Yollari A.O.	7	4.35
Emery Worldwide Airlines, Inc.	9	3.75
Burlington Air Express, Inc.	9	3.72
Aerovias Nacionales de Colombia S.A., ("Avianca")	5	3.39
Compania Mexicana de Aviacion S.A. de C.V.	8	3.15
Airtours International Airways Limited	5	3.02
Transbrasil	2	2.83
Air España S.A. ("Air Europa")	4	2.27
Transportes Aereos Regionais S.A. ("TAM")	5	2.25
Other (71 Lessees)	138	52.00
Off-Lease(2)	<u>9</u>	<u>2.78</u>
Total	229	100.00%

(1) Total number of Lessees = 83

(2) Of the 9 Aircraft off-lease, 6 were the subject of non-binding letters of intent to lease.

The following table sets forth the exposure of the Portfolio as of December 31, 1995 to countries in which Lessees are domiciled calculated by reference to the Initial Appraised Value of the Aircraft at October 31, 1995.

<u>Country(1)</u>	<u>Number of Aircraft</u>	<u>% of Portfolio by Initial Appraised Value</u>
United States	31	12.05%
Mexico	30	9.82
Turkey	14	8.48
Brazil	15	8.26
Indonesia	8	7.79
Spain	11	6.00
Canada	13	5.22
United Kingdom	9	4.80
Colombia	8	4.40
Italy	4	3.31
China	5	3.14
Chile	10	2.90
Germany	5	2.24
Other Countries (27 countries)	57	18.81
Off-Lease(2)	<u>9</u>	<u>2.78</u>
Total	229	100.00%

(1) Total number of countries = 40

(2) Of the 9 Aircraft off-lease, 6 were the subject of non-binding letters of intent to lease.

The following table sets forth the exposure of the Portfolio by regions in which Lessees are domiciled calculated as of December 31, 1995 by reference to number of Aircraft and the Initial Appraised Value of the Aircraft as of October 31, 1995.

<u>Region</u>	<u>Number of Aircraft</u>	<u>% of Portfolio by Initial Appraised Value</u>
Europe (excluding CIS Countries)	66	34.42%
Latin America	75	28.43
North America	44	17.27
Asia & Far East	24	15.03
Africa	3	0.73
Australia & New Zealand	4	0.28
Others (including CIS Countries)	4	1.06
Off-Lease*	9	2.78
Total	<u>229</u>	<u>100.00%</u>

* Of the 9 Aircraft off-lease, 6 were the subject of non-binding letters of intent to lease.

The following table sets forth the exposure of the Portfolio by year of aircraft manufacture or conversion to freighter calculated as of December 31, 1995 by reference to the Initial Appraised Value of the Aircraft as of October 31, 1995.

<u>Year of Manufacturer/Freighter Conversion</u>	<u>Number of Aircraft</u>	<u>% of Portfolio by Initial Appraised Value</u>
1988	15	4.87%
1989	9	4.09
1990	21	9.77
1991	45	22.97
1992	55	37.49
1993	7	3.34
1994	6	2.85
Other	71	14.62
Total	<u>229</u>	<u>100.00%</u>

The following table sets forth the exposure of the Portfolio by seat category calculated as of December 31, 1995 by reference to the Initial Appraised Value as of October 31, 1995. Passenger Aircraft are assumed to be configured with the typical number of seats as set forth in Appendix 2.

<u>Seat Category</u>	<u>Aircraft Types</u>	<u>Number of Aircraft</u>	<u>% of Portfolio by Initial Appraised Value</u>
less than 51	DHC8, Metro-III, ATR42	28	4.93%
51-90	DC9-14/15	8	0.19
91-120	B737-200, B737-500, DC9-30/50, MD87, F100	69	19.32
121-170	B727-200, B737-300/400, MD82/83, A320-200	72	42.19
171-240	B757-200, B767-200ER	4	4.38
241-350	B767-300ER, DC10-30, MD11, A300	15	15.04
351 and above	B747-200	1	0.85
Freighter	B737-200C, DC8-71F/73CF, DC10-30F	32	13.10
		<u>229</u>	<u>100.00%</u>

Further particulars of the Portfolio as of December 31, 1995 are contained in the table below.

Airplanes Group Portfolio Analysis

Region	Country	Lessee	Aircraft Type	Engine Configuration	Serial Number	Date of Manufacture/ Conversion	Initial Appraised Value (US\$000's)
Africa	Kenya	Kenya Airways	B737-200A	JT8D-17	21193	1-Jul-76	5,409
	Kenya	Kenya Airways	B737-200A	JT8D-17	21196	1-Jul-76	5,411
	Tunisia	Air Liberte Tunisie	MD83	JT8D-219	49624	1-Aug-88	22,169
Asia & Far East	China	China Southern	B737-500	CFM56-3C1	24897	26-Feb-91	23,082
	China	China Southern	B737-500	CFM56-3C1	25182	3-Feb-92	24,322
	China	China Southern	B737-500	CFM56-3C1	25183	14-Feb-92	24,133
	China	China Southern	B737-500	CFM56-3C1	25188	12-Mar-92	24,086
	China	China Southwest	B757-200	RB211-535E4-37	26156	25-Nov-92	46,325
	India	Archana Airways	DHC8-300A	PW123	230	1-Feb-91	9,691
	India	Archana Airways	DHC8-300A	PW123	242	1-Nov-90	9,606
	India	East West	B737-200A	JT8D-15	22396	1-Feb-81	7,014
	India	East West	B737-200A	JT8D-15	22633	1-Mar-81	6,979
	India	Jet Airways	B737-400	CFM56-3C1	24345	1-Jun-89	26,311
	Indonesia	Garuda	MD11	CF6-80C2-D1F	48499	31-Dec-91	85,461
	Indonesia	Garuda	MD11	CF6-80C2-D1F	48500	1-Mar-92	89,453
	Indonesia	Garuda	MD11	CF6-80C2-D1F	48501	1-Sep-92	90,442
	Indonesia	PT Mandala Airlines	B737-200A	JT8D-17A	23023	30-Mar-83	8,052
	Indonesia	Sempati(1)	F100	TAY650-15	11266	17-Aug-90	15,796
	Indonesia	Sempati	F100	TAY650-15	11336	5-Jun-91	21,157
	Indonesia	Sempati	F100	TAY650-15	11339	1-Jul-91	21,156
	Indonesia	Sempati	F100	TAY650-15	11347	1-Oct-91	20,960
	Pakistan	Pakistan Int. Airline	A300-B4-203	CF6-50C2	269	11-Aug-83	19,414
	Philippines	Grand International	A300-B4-100	CF6-50C2	9	26-Dec-74	9,647
Philippines	Philippine Airlines	A300-C4-203	CF6-50C2	83	1-May-79	20,517	
Philippines	Philippine Airlines	B737-300	CFM56-3B1	24770	1-Oct-90	24,398	
South Korea	Asiana Airlines	B737-400	CFM56-3C1	24493	14-Jul-89	25,915	
South Korea	Asiana Airlines	B737-400	CFM56-3C1	24520	21-Dec-89	26,569	
Australia & New Zealand	Australia	National Jet Systems	DHC8-100	PW121	229	1-Sep-90	7,477
	New Zealand	Air Nelson	METRO-III	TPE331-11	705	1-Aug-88	1,767
	New Zealand	Air Nelson	METRO-III	TPE331-11	711	1-Mar-88	1,767
	New Zealand	Air Nelson	METRO-III	TPE331-11	712	1-Jun-88	1,767
Europe	Austria	Rheintalflug	DHC8-300	PW123	307	1-Dec-91	10,031
	France	Air France	A320-200	CFM56-5A3	203	1-Sep-91	32,384
	France	Air France	A320-200	CFM56	220	1-Sep-91	32,020
	France	Air France	A320-200	CFM56	348	17-Jun-92	34,368
	Germany	Aero Lloyd	MD83	JT8D-219	49620	1-Jul-88	22,737
	Germany	Air Berlin	B737-400	CFM56-3C1	24687	25-May-90	27,123
	Germany	Air Berlin	B737-400	CFM56-3C1	26081	10-Mar-93	31,607
	Germany	Contact Air	DHC8-300A	PW123	296	1-Oct-91	9,647
	Germany	Contact Air	DHC8-300	PW123	334	8-Oct-92	10,226
	Greece	Venus Airlines	B757-200	RB2110-535E4-37	26151	23-Jul-92	46,125
	Hungary	Malev	B737-200A	JT8D-15	21735	1-Jun-79	6,246
	Hungary	Malev	B737-200A	JT8D-15	22090	1-May-80	6,570
	Hungary	Malev	B737-200A	JT8D-17A	22803	14-Feb-83	8,569
	Hungary	Malev	B737-200A	JT8D-17A	22804	1-Feb-83	8,274
	Hungary	Malev	B737-200A	JT8D-15	22979	1-Mar-83	7,335
	Hungary	Malev	B737-400	CFM56-3C1	26069	2-Nov-92	30,577
	Hungary	Malev	B737-400	CFM56-3C1	26071	13-Nov-92	30,590
	Iceland	Air Atlanta	B737-200A	JT8D-17	21192	1-Mar-76	5,529
	Ireland	Aer Lingus	B737-400	CFM56-3C1	24690	1-Jul-90	27,262
	Ireland	Transflit Airways	A300-B4-100	CF6-50C2	20	1-Oct-75	9,739
	Italy	Air Europe SpA	B767-300ER	PW4060	25411	15-Jan-92	70,847
	Italy	Aliadriatica	B737-300	CFM56-3C1	25187	14-Mar-92	27,605
	Italy	Aliadriatica	B737-300	CFM56-3C1	25179	12-Feb-92	27,841
	Italy	Eurofly	MD83	JT8D-219	49631	14-Jun-89	23,356
	Netherlands	Schreiner Airways	DHC8-300A	PW123	283	1-Sep-91	9,983
	Netherlands	Schreiner Airways	DHC8-300A	PW123	298	1-Apr-92	10,100
	Netherlands	Schreiner Airways	DHC8-300A	PW123	300	1-Apr-92	10,349

<u>Region</u>	<u>Country</u>	<u>Lessee</u>	<u>Aircraft Type</u>	<u>Engine Configuration</u>	<u>Serial Number</u>	<u>Date of Manufacture/ Conversion</u>	<u>Initial Appraised Value (US\$000's)</u>
	Netherlands	Transavia	B737-300	CFM56-3C1	24905	1-Feb-91	26,155
	Norway	Wideroe's Flyveselskap	DHC8-300	PW123	342	1-Dec-92	11,004
	Spain	Air Europa	B737-300	CFM56-3B2	23749	1-May-87	22,370
	Spain	Air Europa	B737-300	CFM56-3B2	23923	1-Apr-88	23,454
	Spain	Air Europa	B737-400	CFM56-3C1	24906	24-Feb-91	28,246
	Spain	Air Europa	B737-400	CFM56-3C1	24912	14-Jun-91	28,914
	Spain	Futura	B737-400	CFM56-3C1	24689	3-Jul-90	27,442
	Spain	Futura	B737-400	CFM56-3C1	25180	21-Jan-92	29,733
	Spain	IBERIA	DC8-71F	CFM56-2C1	45945	19-May-92	18,687
	Spain	Spanair	MD83	JT8D-219	49626	22-Oct-88	22,523
	Spain	Spanair	MD83	JT8D-219	49672	1-Jul-88	22,377
	Spain	Spanair	MD83	JT8D-219	49709	1-Dec-88	22,559
	Spain	Spanair	MD83	JT8D-219	49938	1-Dec-90	25,306
	Sweden	Nordic East Airways	B737-400	CFM56-3C1	24911	1-Apr-91	28,969
	Sweden	Transwede	F100	TAY650-15	11371	19-Dec-91	20,945
	Switzerland	Swissair	MD83	JT8D-219	49442	29-Apr-87	21,343
	Turkey	Istanbul	B737-400	CFM56-3C1	24683	7-Aug-90	27,420
	Turkey	Istanbul	B737-400	CFM56-3C1	24691	9-Aug-90	27,396
	Turkey	Pegasus	B737-400	CFM56-3C1	24684	1-Apr-90	27,201
	Turkey	Sun Express	B737-400	CFM56-3C1	25190	7-Apr-92	29,872
	Turkey	Sunways	MD83	JT8D-219	49792	1-Nov-89	24,028
	Turkey	Sunways	MD83	JT8D-219	49936	6-Oct-90	25,029
	Turkey	Sunways	MD83	JT8D-219	49943	1-Jul-91	26,403
	Turkey	Turk Hava Yollari	B737-400	CFM56-3C1	24917	24-Jun-91	28,612
	Turkey	Turk Hava Yollari	B737-400	CFM56-3C1	25181	3-Feb-92	29,676
	Turkey	Turk Hava Yollari	B737-400	CFM56-3C1	25184	2-Mar-92	29,831
	Turkey	Turk Hava Yollari	B737-400	CFM56-3C1	25261	9-Apr-92	29,939
	Turkey	Turk Hava Yollari	B737-500	CFM56-3C1	25288	16-Jun-92	24,380
	Turkey	Turk Hava Yollari	B737-500	CFM56-3C1	25289	12-Jun-92	24,279
	Turkey	Turk Hava Yollari	B737-400	CFM56-3C1	26065	1-May-92	30,002
	United Kingdom	Airtours	MD83	JT8D-219	49935	26-Sep-90	25,006
	United Kingdom	Airtours	MD83	JT8D-219	49941	1-Dec-90	25,022
	United Kingdom	Airtours	MD83	JT8D-219	49949	5-Aug-91	26,421
	United Kingdom	Airtours	MD83	JT8D-219	49951	25-Aug-91	26,405
	United Kingdom	Airtours	A320-200	CFM56	301	22-Apr-92	33,760
	United Kingdom	Excalibur	A320-200	CFM56	294	2-Apr-92	33,427
	United Kingdom	Excalibur	A320-200	CFM56-5A3	349	30-Oct-92	34,213
	United Kingdom	Titan Airways	ATR42-300	PW120	109	14-Oct-88	6,443
	United Kingdom	Titan Airways	ATR42-300	PW120	113	18-Nov-88	6,463
Latin America	Antigua	Liat	DHC8-102	PW120-A	113	1-Sep-88	5,782
	Antigua	Liat	DHC8-100	PW120-A	140	1-Mar-89	6,242
	Antigua	Liat	DHC8-100	PW120-A	144	1-Mar-89	6,433
	Antigua	Liat	DHC8-100	PW120-A	270	1-May-91	7,345
	Argentina	LAPA	B737-200A	JT8D-15	22278	19-Mar-80	7,082
	Argentina	LAPA	B737-200A	JT8D-15	22368	1-Sep-80	6,722
	Argentina	LAPA	B737-200A	JT8D-15	22369	1-Sep-80	6,795
	Aruba	Air Aruba	MD83	JT8D-219	49950	1-Nov-91	26,695
	Brazil	Rio Sul	B737-500	CFM56-3C1	25186	11-Mar-92	23,991
	Brazil	Rio Sul	B737-500	CFM56-3C1	26075	23-Oct-92	24,607
	Brazil	TABA	DHC8-300A	PW123	266	20-Mar-91	9,583
	Brazil	TABA	DHC8-300A	PW123	267	4-Apr-91	9,617
	Brazil	TABA	DHC8-300A	PW123	276	13-May-91	9,637
	Brazil	TAM	F100	TAY650-15	11284	31-Jul-90	19,648
	Brazil	TAM	F100	TAY650-15	11285	1-Aug-90	19,627
	Brazil	TAM	F100	TAY650-15	11304	27-Feb-91	20,887
	Brazil	TAM	F100	TAY650-15	11305	19-Apr-91	20,903
	Brazil	TAM	F100	TAY650-15	11348	6-Aug-91	20,806
	Brazil	Transbrasil	B767-300ER	PW4060	24948	19-Jul-91	68,304
	Brazil	Transbrasil	B767-200ER	PW4056	25421	14-Jan-92	59,697
	Brazil	VARIG(1)	B737-300	CFM56-3B2	26852	20-Apr-92	23,295
	Brazil	VARIG(1)	DC10-30F	CF6-50C2	47841	3-Jul-80	21,736
	Brazil	VARIG(1)	DC10-30F	CF6-50C2	47842	8-Apr-80	21,736

<u>Region</u>	<u>Country</u>	<u>Lessee</u>	<u>Aircraft Type</u>	<u>Engine Configuration</u>	<u>Serial Number</u>	<u>Date of Manufacture/ Conversion</u>	<u>Initial Appraised Value (US\$000's)</u>
	Chile	Fast Air	DC8-71F	CFM56-2C1	45810	9-Apr-92	19,053
	Chile	Fast Air	DC8-71F	CFM56-2C1	45970	15-Oct-92	18,793
	Chile	Fast Air	DC8-71F	CFM56-2C1	45976	10-Aug-91	18,933
	Chile	Fast Air	DC8-71F	CFM56-2C1	45996	29-Oct-92	18,797
	Chile	Fast Air	DC8-71F	CFM56-2C1	45997	7-Dec-93	18,787
	Chile	Ladeco	B737-200A	JT8D-15	21960	1-Mar-80	6,529
	Chile	Ladeco	B737-200A	JT8D-15	22632	1-Feb-82	7,531
	Chile	Lan Chile Airlines	B737-200A	JT8D-15	22397	1-Feb-81	7,556
	Chile	Lan Chile Airlines	B737-200A	JT8D-17A	22407	1-Sep-80	7,281
	Chile	Lan Chile Airlines	B737-200A	JT8D-17A	23024	1-May-83	7,850
	Colombia	ACES	ATR42-320	PW121-5A1	284	1-Jan-92	8,447
	Colombia	Avianca	B757-200	RB211-535E4-37	26154	22-Sep-92	46,327
	Colombia	Avianca	MD83	JT8D-219	49939	26-Oct-90	25,376
	Colombia	Avianca	MD83	JT8D-219	49946	18-Jul-91	26,329
	Colombia	Avianca	MD83	JT8D-219	53120	29-Jul-92	27,647
	Colombia	Avianca	MD83	JT8D-219	53125	2-Apr-92	27,968
	Colombia	Tampa	DC8-71F	CFM56-2C1	45849	9-Mar-91	18,307
	Colombia	Tampa	DC8-71F	CFM56-2C1	46066	24-Apr-91	18,680
	Jamaica	Air Jamaica	A300-B4-203	CF6-50C2	131	7-Feb-81	16,362
	Mexico	Aerocalifornia	DC9-14	JT8D-7B	45736	1-Aug-66	1,143
	Mexico	Aerocalifornia	DC9-14	JT8D-7B	45743	1-May-66	1,043
	Mexico	Aerocalifornia	DC9-15	JT8D-7A	45785	1-Nov-66	1,096
	Mexico	Aerocalifornia	DC9-15	JT8D-7B	45786	1-Mar-67	1,190
	Mexico	Aerocalifornia	DC9-15	JT8D-7A	47059	1-May-67	1,073
	Mexico	Aerocalifornia	DC9-15	JT8D-7A	47085	1-Jul-67	1,073
	Mexico	Aerocalifornia	DC9-15	JT8D-7A	47122	1-Dec-67	1,073
	Mexico	Aerocalifornia	DC9-15	JT8D-7A	47126	1-Oct-68	1,107
	Mexico	Aeromexico	B767-300ER	PW4060	26200	1-Sep-92	72,814
	Mexico	Aeromexico	B767-300ER	PW4060	26204	1-Oct-92	72,874
	Mexico	Aeromexico	DC9-32	JT8D-17	47594	1-Feb-74	4,043
	Mexico	Aeromexico	DC9-32	JT8D-17	48125	1-Apr-80	5,777
	Mexico	Aeromexico	DC9-32	JT8D-17	48126	1-Apr-80	5,763
	Mexico	Aeromexico	DC9-32	JT8D-17	48127	1-Jul-80	5,850
	Mexico	Aeromexico	DC9-32	JT8D-17	48128	1-Aug-80	5,874
	Mexico	Aeromexico	DC9-32	JT8D-17	48129	1-Nov-80	5,890
	Mexico	Aeromexico	DC9-32	JT8D-17	48130	1-Dec-80	5,547
	Mexico	Aeromexico	MD82	JT8D-217	49660	1-Mar-88	21,167
	Mexico	Aeromexico	MD82	JT8D-217A	49667	21-Jan-88	21,279
	Mexico	Aeromexico	MD87	JT8D-219	49673	1-Dec-88	18,155
	Mexico	Mexicana	F100	TAY650-15	11309	16-May-91	21,123
	Mexico	Mexicana	F100	TAY650-15	11319	5-Apr-91	21,243
	Mexico	Mexicana	F100	TAY650-15	11374	20-Jan-92	22,314
	Mexico	Mexicana	F100	TAY650-15	11375	1-Dec-92	22,356
	Mexico	Mexicana	F100	TAY650-15	11382	1-Jan-93	22,372
	Mexico	Mexicana	F100	TAY650-15	11384	1-Jan-93	22,379
	Mexico	Mexicana	B727-200A	JT8D-17R	21346	1-Oct-80	5,459
	Mexico	Mexicana	B727-200A	JT8D-17R	21600	1-Nov-80	5,483
	Mexico	TAESA(2)	B737-500	CFM56-3C1	25185	18-Feb-92	23,903
	Mexico	TAESA(2)	B737-500	CFM56-3C1	25192	14-Apr-92	24,051
	Peru	Aerosanta	B737-200A	JT8D-17	21206	26-Feb-76	4,961
	Trinidad & Tobago	BWIA International	MD83	JT8D-219	49390	1-Apr-86	19,999
	Trinidad & Tobago	BWIA International	MD83	JT8D-219	49789	23-Sep-89	23,626
North America	Canada	Canadian Airlines	A320-200	CFM56-5A1	174	1-Apr-91	31,688
	Canada	Canadian Airlines	A320-200	CFM56-5A1	175	1-Apr-91	32,146
	Canada	Canadian Airlines	A320-200	CFM56-5A1	232	1-Oct-91	32,232
	Canada	Canadian Airlines	A320-200	CFM56-5A1	284	9-Mar-92	33,507
	Canada	Canadian Airlines	A320-200	CFM56-5A1	309	13-May-92	33,486
	Canada	Canadian Airlines	A320-200	CFM56-5A1	404	1-Jan-94	35,951
	Canada	Canadian Airlines(1)	B737-200A	JT8D-9A	20922	1-Aug-74	3,226
	Canada	Canadian Airlines(1)	B737-200A	JT8D-9A	20958	1-Jan-75	4,176
	Canada	Canadian Airlines(1)	B737-200A	JT8D-9A	20959	1-Nov-74	4,177
	Canada	Canadian Airlines(1)	B737-200A	JT8D-9A	21115	1-Dec-75	4,176

<u>Region</u>	<u>Country</u>	<u>Lessee</u>	<u>Aircraft Type</u>	<u>Engine Configuration</u>	<u>Serial Number</u>	<u>Date of Manufacture/ Conversion</u>	<u>Initial Appraised Value (US\$000's)</u>
	Canada	Canadian Airlines(1)	B737-200A	JT8D-9A	21639	1-Nov-78	5,682
	Canada	Canadian Airlines(1)	B737-200A	JT8D-9A	21712	1-Feb-79	6,190
	Canada	Canadian Airlines(1)	B737-200A	JT8D-9A	22873	1-Jul-82	9,551
	United States of America	Aloha Airlines	B737-300	CFM56-3B1	23499	1-Jun-86	22,840
	United States of America	Aloha Airlines	B737-300	CFM56-3B1	23500	1-Jun-86	22,823
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	45811	30-May-91	18,460
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	45813	28-Apr-92	18,690
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	45946	23-Apr-92	18,680
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	45971	13-Feb-92	18,753
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	45978	23-Apr-93	18,550
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	45993	23-Jun-93	18,690
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	45994	1-Sep-94	19,000
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	45998	21-May-93	18,800
	United States of America	Burlington Air Express	DC8-71F	CFM56-2C1	46065	12-Jan-92	18,760
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	45812	14-Jul-94	18,537
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	45941	27-Aug-91	18,887
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	45947	11-Mar-94	18,667
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	45974	25-Jun-91	19,473
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	45975	21-Jul-92	19,167
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	45977	23-Nov-90	19,040
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	45983	24-Jan-94	18,197
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	45995	30-Dec-94	18,750
	United States of America	Emery Worldwide	DC8-71F	CFM56-2C1	46039	29-Oct-90	19,010
	United States of America	Frontier	B737-300	CFM56-3B1	23177	1-Apr-86	21,085
	United States of America	Hawaiian Airlines	DC9-51	JT8D-17	47742	1-Jun-77	5,129
	United States of America	Hawaiian Airlines	DC9-51	JT8D-17	47784	1-May-79	5,483
	United States of America	Hawaiian Airlines	DC9-51	JT8D-17	47796	1-Apr-79	5,679
	United States of America	Hawaiian Airlines	DC9-51	JT8D-17	48122	26-Jan-81	6,466
	United States of America	Idefix	ATR42-300	PW120	249	1-Jun-91	8,064
	United States of America	SAT	DC8-73CF	CFM56-2C1	46091	1-Dec-89	22,870
	United States of America	Tower Air	B747-200BC	JT9D-7Q	21730	7-Jun-79	38,447
	United States of America	TWA	MD83	JT8D-219	49575	1-Oct-87	21,786
	United States of America	United Parcels Service Co	DC8-71F	CFM56-2C1	45973	27-Feb-92	19,215
	United States of America	USAir Express	DHC8-100	PW121	258	1-Jan-91	7,527
Others	Cyprus	Fornax Aircraft Leasing	B737-200A	JT8D-17	21685	1-Jan-79	6,374
	Lithuania	Lithuanian Airlines	B737-200A	JT8D-15	22453	1-Mar-81	7,288
	Ukraine	Air Ukraine Int.	B737-200A	JT8D-17A	22802	1-Feb-83	8,113
	Ukraine	Air Ukraine Int.	B737-300	CFM56-3C1	24907	1-Mar-91	26,307
Off-Lease		Off-Lease	DHC8-300	PW123	232	20-Oct-90	8,973
		Off-Lease	DC10-30	CF6-50C2	46976	14-Dec-78	22,670
		Off-Lease	DC10-30	CF6-50C2	46978	29-Nov-78	22,747
		Off-Lease — LOI Translift(3)	A300-B4-100	CF6-50C2	12	20-May-75	9,548
		Off-Lease — LOI Bombardier(3)	DHC8-300	PW123	244	1-Dec-90	9,017
		Off-Lease — LOI Wideroe(3)	DHC8-300	PW123	293	1-Oct-91	10,057
		Off-Lease — LOI LAPA(3)	B737-200C	JT8D-17A	23065	15-Oct-83	9,316
		Off-Lease — LOI Xiamen(3)	B737-200C	JT8D-17A	23066	9-Dec-83	9,548
		Off-Lease — LOI CNAC(3)	B737-500	CFM56-3C1	25191	10-Apr-92	23,998
							4,527,040

Note:

- (1) Aircraft Lease Receivable Book Values are used for the Aircraft subject to Finance Leases (11 in total) rather than the Initial Appraised Values of these Aircraft.
- (2) The leases with respect to these two Aircraft have been terminated and an agreement in principle to re-deliver the Aircraft has been reached.
- (3) "LOI" denotes Aircraft subject to non-binding Letter of Intent with a particular lessee.

The Leases

General

All Leases will be managed by the Servicer pursuant to the Servicing Agreement. References in this Prospectus to “**Lessor**” will mean the relevant subsidiary of Airplanes Group which leases the Aircraft to the operator.

There is a reasonable degree of standardization in the Existing Lease documentation although variations do exist as a result of Lessee negotiation. Under the majority of the Existing Leases, the Lessee is responsible for all operating expenses, including routine maintenance, fuel, crews, airport and navigation charges, taxes, licenses, registration and insurance, including public liability insurance as described below.

Each Existing Lease requires the Lessee to make periodic Rental Payments during the Lease term. The majority of Leases have an original term in excess of five years and certain Existing Leases include options for the Lessee or the Lessor to extend the term of the Lease with Rental Payments either similar to the rent payable during the original term or at future market rates. Substantially all existing Lessees are required to make payments to the relevant Lessor without set-off or counterclaim, and most Existing Leases include an obligation of the relevant Lessee to gross-up payments under such Lease where payments are subject to withholding and other taxes.

Each Existing Lease specifies certain provisions regarding the rights and remedies of the Lessor in the event of a default by the relevant Lessee in the performance of its financial or other obligations under such Lease. These remedies include the right to terminate the Lease and/or to repossess the Aircraft. Depending on the jurisdiction, the rights of the Lessor may be significantly impaired if there is an event of default due to the relevant Lessee’s bankruptcy, as a result of, *inter alia*, extended mandatory waiting periods between default and repossession, or reductions in the amount of, or delays in the receipt of, payments under the Lease. See “Risk Factors — Risks relating to the Lessees”.

Maintenance

The Leases contain detailed provisions specifying maintenance standards and the required conditions of Aircraft upon redelivery and these conditions must generally be met at the Lessee’s expense. During the term of each Lease, Airplanes Group requires the Lessee to maintain the applicable Aircraft in accordance with a maintenance program approved by the state of registration. Certain of the Leases require the Lessee to pay Maintenance Reserves or to provide Security Deposits, maintenance letters of credit or guarantees. With respect to other Leases, there is a specific redelivery condition whereby the Lessor relies on the credit of the Lessee and the ability of the Lessee to comply with the maintenance requirements.

Certain Leases provide for the Aircraft to be redelivered in a specified condition upon expiration of the Lease and stipulate the payments to be made by the Lessee to the Lessor or, in certain cases, by the Lessor to the Lessee to reflect the extent to which the actual redelivery condition of the Aircraft falls below or exceeds the redelivery condition specified in the Lease.

Heavy maintenance on significant components of an aircraft, such as the airframe and the engines, is generally required to be performed on a cycle of several years and the cost of such maintenance may be material in relation to the value of the Aircraft, with the overhaul of a single such component often exceeding \$1 million. Pursuant to the Leases, if and when an Aircraft is transferred from one Lessee to another between maintenance overhauls, the transferring Lessee is generally required to pay for that portion of the succeeding overhaul that can be attributed to its use of the Aircraft under its Lease.

Indemnification and Insurance

Under the terms of each Lease, the Lessees are required to carry the types of insurance which are customary in the air transportation industry, including comprehensive liability insurance and aircraft hull insurance. The Lessor (and generally, if different, the owner) is named as an additional insured on hull and liability policies carried by the Lessees. The Lessees are responsible for insurance for any liabilities arising out

of the operation of the Aircraft, including any liabilities for death or injury to persons and damage to property that ordinarily would attach to the operator of the Aircraft, subject to customary exclusions. The coverage is usually worldwide, subject to limitations consistent with individual operators. Under the Servicing Agreement, the Servicer is required to monitor the Lessee's performance of their respective obligations with the insurance provisions of the applicable Leases.

In certain jurisdictions, liabilities for risks for which the Lessees are required to provide insurance may also attach to the Lessors and Airplanes Group as direct and indirect owners of the Aircraft, irrespective of fault. Under the Leases, the Lessees are currently obliged to indemnify against such claims certain named parties and, in most cases, their respective successors, assigns, shareholders, employees, affiliates and agents. Prior to delivery of the Aircraft to Airplanes Group, GPA will seek to amend the Leases so that each Lessee will be obliged to indemnify Airplanes Limited or Airplanes Trust, as applicable, the Lessor, the relevant Aircraft Owning Company and the Indenture Trustee as named indemnitees under the applicable Lease. There can be no assurance that any such amendments will be forthcoming. Most of the Leases require the Lessee to maintain the liability insurance for a specified period between one and three years after termination of such Lease to cover liabilities that may have arisen prior to terminations but that became known thereafter.

The insurance advisor will confirm to Airplanes Group, *inter alia*, that the insurance requirements currently detailed in the insurance certificates meet customary practices. While there can be no assurances, it is expected that (except as described above) the insurance requirements contained in the Leases will not be amended upon the consummation of the novations or assignments of the Leases to Airplanes Group.

With respect to certain Leases, the Lessor may arrange separate political risk repossession insurance for its own benefit, covering (a) confiscation, nationalization and requisition of title of the relevant aircraft by the government of the country of registry and denegation and deprivation of legal title and rights, and (b) the failure of the authorities in that country to allow de-registration and export of the aircraft, subject to the conditions of the policies. Only some of the relevant Leases require the Lessee to reimburse the Lessor for any political risk repossession insurance premiums.

The Lessees

As of December 31, 1995, there were 83 Lessees in 40 countries throughout the world.

Many of the Lessees are in a relatively weak financial position because of difficult economic conditions in the civil aviation industry as a whole and because, in general, weakly capitalized airlines are more likely to seek operating leases. It has been GPA's historical experience that the incidence of Lessee defaults has been significant over the last three financial years. In the financial years ending March 31, 1993, 1994 and 1995 Airplanes Group made provisions in respect of bad and doubtful debts of 8.9%, 4.4% and 6.3% of leasing revenue, respectively (excluding maintenance revenues). These amounted to \$31 million, \$20 million and \$33 million, respectively. The relatively high level of charges in 1993 reflected the exceptionally difficult trading conditions experienced in the industry in that year and in particular provisions required in respect of certain Brazilian, Mexican and North American aircraft operators. Lessee defaults continued to be significant in 1994 and 1995 although not on the same scale as in 1993. The provisions required in 1994 were primarily in respect of two North American carriers and one CIS carrier who were experiencing acute financial difficulties, whereas the most significant provisions made in 1995 were in respect of two significant Mexican carriers and one Brazilian carrier who continued to experience financial difficulties.

The incidence of loss-making Leases was also significant in 1993, 1994 and 1995 reflecting the difficult trading environment. There can be no assurance that the rate of Lessee defaults will not continue to be significant in the future.

As of December 31, 1995, amounts outstanding for a period greater than 30 days in respect of Rental Payments, Maintenance Reserves and other miscellaneous amounts due under the Leases (net of amounts in respect of default interest and certain cash in transit) amounted to \$35 million in respect of 33 Lessees who had a combined total of 100 Aircraft on lease as of such date. Certain of these Lessees, as well as certain other Lessees, have consistently been significantly in arrears in their respective Rental Payments and/or are known

to be currently experiencing financial difficulties. GPA, through the efforts of GECAS, acting in its capacity as manager under the existing GPA Management Agreement, has responded, and Airplanes Group is expected to respond, to the needs of Lessees in financial difficulty including, in certain instances, restructuring the applicable Leases. At December 31, 1995, GPA, through the actions of GECAS, acting in its capacity as manager under the existing GPA Management Agreement, was in active restructuring discussions with six of the above Lessees who owed combined balances of approximately \$30 million for periods greater than 30 days at that date. These restructurings have typically involved delaying rental payments for periods of up to 12 months. In certain circumstances, rescheduling arrangements for periods between 12 months and 60 months have been agreed. In addition, certain restructurings have involved voluntary terminations of Leases prior to Lease expiration, the replacement of Aircraft with less expensive aircraft and the arrangement of sub-leases from the Lessee to another aircraft operator. In other cases, GPA has repossessed Aircraft from Lessees which have defaulted and re-leased the Aircraft to other Lessees. The premature termination of Leases may, in certain circumstances, lead Airplanes Group to incur substantial swap breakage costs under its agreements with Swap Providers ("**Swap Agreements**"). See "Management Discussion and Analysis of Financial Condition and Results of Operations — Interest Rate Management". As of December 31, 1995, in addition to the above amounts, 6 further Lessees were being allowed deferrals of rent, maintenance and miscellaneous payments totalling \$25 million. One Brazilian Lessee accounted for approximately \$12 million of this amount which is included within the Receivables.

The most significant deferrals, rescheduled amounts and difficult accounts, as of December 31, 1995, are referred to below.

Latin America

Lessees with respect to approximately 28% of the Aircraft by Initial Appraised Value operate in Latin America, principally Mexico, Brazil, Colombia and Chile. The prospects for Lessee operations in these countries can be expected to be in part dependent on the general level of political stability and economic activity and policies in those countries. Although certain countries in Latin America have experienced substantial improvement in their economies in the past several years which has resulted in increased political stability, overall increased economic growth, lower inflation rates and revitalized economies, there can be no assurance that such progress can be maintained or that further progress will be made. Future developments in the political systems or economies of these countries or the implementation of future governmental policies in these countries may have a material effect on Lessee operations in those countries.

The economy of the Latin American region as a whole and particular Latin American countries may be materially affected by developments in other countries in Latin America. For example, in December 1994 a decrease in capital inflow to Mexico coupled with a large current account deficit led to diminishing foreign exchange reserves which ultimately forced Mexico to allow the peso to float freely. The subsequent devaluation of the peso led to a currency crisis in Mexico which dampened investor confidence and has resulted in lower levels of foreign investment in Latin America in general.

Mexico

The events that occurred during 1994 have produced a continuing economic recession in Mexico characterized by a strong contraction in consumer demand for many products and services, reduced availability of credit, high domestic interest rates, high inflation, instability of foreign exchange policies, high unemployment and a loss of international investor confidence in Mexico and consequently the region as a whole.

Mexico continues to be a significant market for aircraft, and at December 31, 1995, 30 Aircraft representing approximately 10% of the Portfolio by Initial Appraised Value, were being operated by four Mexican aircraft operators. The Mexican air transport sector continues to experience substantial over-capacity and yields remain depressed. The recent economic and currency instability in the country has exacerbated the difficult market conditions. Over the 12 months prior to the closing and through the efforts of GECAS, acting in its capacity as manager under the existing GPA Management Agreement, GPA adopted a strategy of

reducing exposure to the Mexican aviation sector. In certain cases, this strategy has involved use of the legal and regulatory process in Mexico and elsewhere.

GPA, acting through GECAS in its capacity as manager under the existing GPA Management Agreement, engaged in detailed restructuring negotiations regarding Aircraft with the four Mexican Lessees. In the case of one of these Lessees, the Leases of two Aircraft have expired and GPA is seeking, and Airplanes Group is expected to continue to seek, their immediate re-delivery. GPA experienced considerable delays in enforcing its legal rights to repossess these Aircraft as a result of, among other things, the extreme difficulty involved in deregistering aircraft in Mexico without Lessee cooperation. Recently, GPA and the lessee of the two Aircraft reached an agreement in principle for the re-delivery of such Aircraft but there can be no assurance that such re-delivery will occur and both Aircraft are unlikely to have been returned by the Closing Date.

It is expected that restructuring negotiations with these four Lessees, if successful, will lead to a combination of significant deferrals of, or reductions in, Rental Payments, return of certain Aircraft, variations in the Lease terms and certain other revisions to the existing contractual arrangements. There can be no assurance, however, that such Lessees will comply with the terms of any such restructuring arrangement once implemented. If the restructuring negotiations are not successful, Airplanes Group will have to repossess its Aircraft and/or pursue other restructuring arrangements and/or repayment of arrears, including through the legal and regulatory process. There can be no assurance that considerable delays will not be experienced in pursuing such actions.

As of October 31, 1995, provision for the excess of Rental Payments arrears over security held at such date had been made. However, there can be no assurance that further substantial costs and delays in recovering Aircraft will not be experienced, particularly if Airplanes Group is ultimately required to repossess Aircraft from any Mexican Lessees.

Brazil

At December 31, 1995, 15 Aircraft (or approximately 8% of Airplanes Group's Portfolio by Initial Appraised Value) were leased by Brazilian Lessees. In the early 1990s, the Brazilian market experienced overcapacity. In 1994, GPA entered into a rescheduling agreement with a Brazilian Lessee to reschedule the repayment of \$14 million in arrears over a 48 month period. Airplanes Group will assume part of GPA's rights and obligations under such agreement as part of the Acquisition. As of December 31, 1995, the remaining amounts due under this rescheduling agreement relating to the Aircraft amounted to \$12 million. With respect to one Lessee, GPA is in discussions regarding, and has taken legal action in an attempt to secure, the redelivery of three Aircraft representing approximately 0.6% of the Portfolio by Initial Appraised Value.

North America

North America is an important market for Airplanes Group's Aircraft with approximately 17% of the Portfolio by Initial Appraised Value being operated in this region. At December 31, 1995, Airplanes Group had 31 Aircraft (or approximately 12% of the Portfolio by Initial Appraised Value) on lease to 11 U.S.-based aircraft operators and 13 Aircraft (or approximately 5% of the Portfolio by Initial Appraised Value) on lease to one Canadian aircraft operator. For the past several years, the North American air transport sector has been undergoing a sustained period of over-capacity and consolidation. During that period, certain North American aircraft operators have been persistently unable to generate sufficient earnings to cover their operating costs. Over the last several years, nearly half of the major North American passenger airlines have filed Chapter 11 bankruptcy proceedings and several major U.S. airlines have ceased operations altogether. While air traffic in the region has recently increased, increasing competition from low-cost, low-fare air carriers, in conjunction with an inability to reduce labor and other costs to competitive levels, continue to put pressure on North American air carrier margins. Several North American carriers who are Lessees have recently emerged from bankruptcy and there can be no assurance that such Lessees will not re-enter, or that other Lessees in this region will not enter into, plans of reorganization or seek the protection of bankruptcy, insolvency or other

similar proceedings. Such proceedings may adversely affect the ability of such Lessees to make timely and full Rental Payments under their relevant Leases.

Commonwealth of Independent States

GPA currently has a deferral arrangement with one Lessee in the Commonwealth of Independent States ("CIS") for rent, maintenance and other miscellaneous payments. At December 31, 1995, the amount owing to GPA was approximately \$0.6 million and such Lessee was current on all required payments.

Asia and Far East

As of December 31, 1995, 24 Aircraft representing approximately 15% of the Portfolio by Initial Appraised Value were on lease to 12 aircraft operators in this region.

At that date, 8 Aircraft (or approximately 8% of the Portfolio by Initial Appraised Value) were on lease to 3 aircraft operators in Indonesia and Indonesian aircraft operators owed GPA \$12.4 million in respect of Aircraft to be transferred to Airplanes Group. GPA is involved in comprehensive restructuring negotiations with one of these Lessees who owed approximately \$11 million in respect of Aircraft to be transferred to Airplanes Group. These restructuring negotiations involve the early redelivery of Aircraft and rescheduling of debts. There can be no assurance as to the outcome of these negotiations or that such Lessee will ultimately repay all amounts owed to the Airplanes Group. Furthermore, the Aircraft to be redelivered by this airline are F100s and Airplanes Group's ability to release them at attractive rental rates may be adversely affected by the current uncertainty surrounding the future of Fokker N.V. in the commercial aircraft manufacturing industry following its recent filing for court protection from its creditors.

Additional Considerations

In addition, certain Lessees have experienced periodic difficulties in meeting their maintenance obligations under the related Leases. Such difficulties have arisen from, *inter alia*, the failure of the applicable Lessee to have in place a sufficiently well established maintenance program, adverse climate and other environmental conditions in the locations where such related Aircraft are operated or financial and labor difficulties experienced by the relevant Lessee. A continuous failure by a Lessee to meet its maintenance obligations under the relevant Lease: (a) could result in a grounding of the Aircraft; (b) in the event of a release of such Aircraft would likely cause Airplanes Group to incur costs, which may be substantial, in restoring such Aircraft to an acceptable maintenance condition; and (c) would be likely adversely to affect the value of the Aircraft.

It is not a condition to the closing of the Underwritten Offering that there be no events of default or payment or other defaults under the Leases relating to such Aircraft at the time of closing. There can be no assurance that any payment defaults described above will be cured or that any additional defaults will not arise which cannot be cured or will not be cured before the Closing Date. In addition, a certain amount of Lessees are likely to be in arrears or in default from time to time after the closing.

Downtime

The continuing difficult environment in the civil aviation industry, exacerbated frequently by specific difficulties in the aviation industry or economies of specific countries or regions such as those in Mexico, has resulted in a number of Aircraft being off-lease and also in a relatively high amount of receivables balances being outstanding. At December 31, 1995, 9 Aircraft were off-lease. Of these Aircraft, 6 Aircraft, reserved under letter of intent for lease, were the subject of contractual negotiations and the remaining 3 Aircraft were being actively marketed. In addition to those referred to above, two Aircraft are currently in the process of being repossessed from a Lessee due to such Lessee's failure to comply with the terms of the Lease.

THE COMMERCIAL AVIATION INDUSTRY

Commercial aviation is an important segment of the travel and tourism industry. There were, as of September 30, 1995, 10,936 commercial jet aircraft and approximately 4,787 turboprop aircraft of all types (excluding aircraft manufactured in the CIS) in passenger and freight service.

The level of worldwide demand for air travel has been cyclical, and the rate of growth is influenced by a number of factors, including global and regional political stability, general economic, business and credit conditions, the impact of the price and availability of jet fuel on airline costs and technological developments in the field of transport and communications such as high-speed rail travel and video-conferencing which provide partial substitutes for some air travel.

Demand for air travel as measured by the number of fare paying passengers carried multiplied by the distance flown in miles (revenue passenger miles, or "RPMs") has increased since 1970 in every year but one, 1991, in which there was a decline of 2.8% principally due to a worldwide economic slowdown exacerbated by the Gulf War. This decline in demand together with a sharp increase in surplus industry capacity led to widespread financial losses in the airline industry. As shown below on the table entitled "World Traffic Growth" (excluding domestic CIS), the average annual increase in RPMs from 1970 to 1994, taking into account the decline in 1991, was approximately 6.7%. Historical growth in RPMs has shown a correlation with growth in world GDP and the decrease in the cost of air travel on an inflation-adjusted basis.

Demand has varied in different regions of the world. In the period since 1990 the highest rates of annual increase in RPMs have been on certain routes in the Asia-Pacific region. The lowest rates of annual increase in RPMs have been on domestic routes within Europe and the United States.

Worldwide traffic grew by approximately 8.7% in 1992. This increase was not accompanied by a material improvement in airline profitability over 1991 due to the impact of low revenues arising from overcapacity; however, traffic grew by 5.1% in 1993 and 5.4% in 1994 accompanied by a gradual return to profitability. There can be no assurance that the worldwide demand for air travel will continue to increase or that such worldwide demand will not decline.

World Traffic Growth

<u>Year</u>	<u>World Traffic in RPMs (billions)</u>	<u>Annual Growth in World Traffic in RPMs</u>
1970	285.6	—
1975	430.6	8.6%
1980	654.4	8.7
1985	839.7	5.1
1990	1,165.6	6.8
1991	1,133.5	(2.8)
1992	1,232.2	8.7
1993	1,295.2	5.1
1994	1,365.2	5.4

Source: Third party industry sources.

Recent annual rates of growth in the commercial aviation industry may not be indicative of future rates of growth. Various industry participants have forecast average rates of growth ranging from 4.0% to 5.7% for the period from 1995 through 2015. There can be no assurance, however, that such rates of growth will be achieved or, even if achieved on average, that there will not be cyclical variations in certain years. Furthermore, there can be no assurance that growth in world traffic RPMs will lead to increases in the profitability of airline operations or demand for aircraft.

Operating Leasing

Until the mid-1970s, almost all commercial aircraft were either owned by their airline operators or leased under finance leases from financial institutions, except for short-term leases of surplus aircraft from one airline to another. In general, airlines enter into such transactions seeking an economical use for surplus capacity resulting from the replacement of older aircraft with new models and cyclical or seasonal declines in the markets they serve. Beginning in the mid-1970s, in contrast, leasing companies were willing to purchase aircraft and undertake the risk of finding a buyer or lessee for such aircraft.

Leasing companies acquire aircraft for lease through purchases of used aircraft, often through sale-leaseback arrangements with the operators of such aircraft. Also, in the mid-1980s a number of leasing companies, principally GPA Group and its affiliates and International Lease Finance Corporation, started to acquire new aircraft directly from manufacturers, with or without lease commitments for such aircraft. Leasing companies and other financial institutions have become significant purchasers of new aircraft and their jet aircraft orders and options constituted approximately 16% of outstanding jet orders as of September 30, 1995.

The number of airlines taking aircraft on operating and finance leases has increased from 139 out of a worldwide total of 305 in 1980 (approximately 46% of total airlines) to 484 out of a worldwide total of 642 in 1995 (approximately 75% of total airlines).

Many operating lessees are airlines that cannot independently finance the purchase of aircraft, that desire greater flexibility in fleet planning, or that choose to take advantage of demand from leasing companies to acquire assets through equipment sale-leaseback transactions.

Demand for Aircraft

Over time, an increase in RPMs will create a need for new aircraft capacity to service the incremental demand for air travel over and above the existing capacity provided by airlines. Growth in RPMs has been the principal long-term factor affecting demand for aircraft. Another factor contributing to the demand for aircraft is the need to replace aircraft that are retired at the end of their useful economic lives or are written off for other reasons, including casualties.

In addition to those factors which affect the demand for air travel, the overall level of demand for commercial aircraft depends on a number of factors, including changes in aircraft productivity; the supply of new and used or replacement aircraft, which is affected by manufacturer production levels and may be affected by bankruptcies of significant owners or operators of aircraft; the ability of air transport infrastructure to accommodate commercial air traffic levels; the cost and availability of jet fuel; and governmental regulations and restrictions affecting the costs and benefits of owning and operating aircraft.

The types of aircraft, jet or turboprop, required by an operator are dictated principally by its existing and anticipated structure of routes and traffic volume. An operator's specific choice of aircraft will also depend on a number of additional factors, including the size and composition of its current fleet, its ability to operate and maintain particular aircraft types based on the training of its personnel and the capacity of its ground facilities, seating capacity of the aircraft and operating costs. Approximately three-quarters of commercial jet aircraft manufactured outside the CIS are narrowbody aircraft with the balance being widebody aircraft. Increased airport congestion and limitations on air traffic control systems may lead to a relative increase in the number of widebody aircraft in the worldwide commercial jet fleet. As of September 30, 1995, of the 8,108 narrowbody aircraft in operation, approximately 17% were more than 25 years old while only approximately 0.5% of the 2,828 widebody aircraft in service on that date were more than 25 years old. It is difficult to predict whether any such increase in the number of widebody aircraft will have a material effect on the relative demand for either type of aircraft, as the demand for replacements for older narrowbody aircraft may equal or exceed the demand for widebody aircraft. Within the widebody sector, the availability of newer long-haul aircraft such as the A330, A340, MD-11, B767-300ER, B747-400 and the B777, are likely to result in a continued weak market for earlier models such as the A300-B4, A310, B747-100, B747-200 and DC-10. The newer models

have lower operating costs and allow airlines to develop new long-haul routes more efficiently as well as to increase service frequency on established routes.

Commercial Aircraft Types

There are two basic categories of passenger jet aircraft; narrowbody aircraft, which have a single aisle, and widebody aircraft, with twin aisles. Narrowbody aircraft currently have a seating capacity of approximately 100 to 250 and typically are used to service short and medium-haul routes. While such routes may extend up to 3,500 nautical miles, they average between 500 and 1,500 nautical miles. Widebody aircraft currently have a seating capacity of approximately 200 to 450 and are used typically to service long-haul routes of greater than 3,500 nautical miles, although some operators also use widebody aircraft to service short to medium-haul routes with high passenger densities relative to airport capacity.

Passenger turboprop aircraft typically have a seating capacity of up to 70 and are generally used on routes that are either too short or have insufficient passenger density to justify the use of jet aircraft.

Commercial freighter aircraft are almost all variants of passenger models, and many freighter aircraft are conversions of aircraft previously in passenger service. Of the 1,315 freighters in service as of September 30, 1995, 790 were delivered new in freighter configuration; the remaining 525 aircraft having been converted from passenger aircraft. Some aircraft delivered new with freighter capability include aircraft in a mixed passenger/freight configuration, known as "combi" aircraft. As of September 30, 1995, approximately 135 such "combi" aircraft were in service.

Commercial Aircraft Technology

Since the entry into airline service of commercial jet aircraft in the late 1950s, the developments in aircraft technology with the most economic impact on the air travel industry have included: reduction in aircraft fuel consumption, principally through the development of engines with higher bypass ratios and use of lighter construction materials, accompanied by a reduction in engine noise and emissions; improvements in airframe and engine reliability, allowing longer intervals between, and more flexible scheduling of, overhauls and allowing long-haul transoceanic routes to be served by twin-engined aircraft as well as three or four-engined aircraft; and improvements in avionics and other flight control systems, allowing aircraft on all routes to operate with only two cockpit crew. In addition to the cost efficiencies derived from such advances, the development of different types of aircraft and the overall increase in the operational range of newer models of all aircraft types have allowed airlines to address the capacity and frequency requirements of the routes they serve more efficiently.

Despite these developments, most commercial aircraft manufactured within the last 25 years remain in airline service, however a number of aircraft types no longer widely used in passenger service have experienced large levels of early withdrawal from service. Some of these, such as the MDC DC-8, have continued in widespread service as freighters (the DC-8s in the Portfolio have been converted to freighters and are Stage 3 compliant); others, such as the Boeing B720, the Convair 880 and 890, the Aerospatiale Caravelle, the De Havilland Comet, the Hawker Siddeley Trident and the BAC VC-10 are no longer a significant part of the commercial jet fleet. Factors that can result in an aircraft being retired before the end of its operating life include non-compliance with regulations limiting noise levels and other emissions, unreliability in service and/or increased cost of major structural repairs, changes in airline route structures and individual travel patterns and operating costs higher than those of newer competing new aircraft. Since the early 1990s new regulations relating to noise levels have been introduced in Europe and the United States. These regulations have had a significant adverse effect on the demand for non-complying Stage 2 aircraft, although a number of significant operators of such aircraft have announced programs to make these aircraft compliant by installing hush-kits at a cost of approximately \$1 million per engine. The Portfolio contains 6.6% of Stage 2 Aircraft by Initial Appraised Value. There can be no assurance that Portfolio Aircraft will not become economically obsolete before they are assumed to do so through such developments as reductions in the manufacturers' prices for current production aircraft, the development of new aircraft types, more stringent noise and emission regulations and increases in the cost of aviation fuel. Furthermore, there can be no assurance that

technological developments that have not yet had a major economic impact on the air travel industry, such as supersonic transport, will not do so in the future in such a way as adversely to impact the aircraft owned by Airplanes Group.

Supply of Aircraft

New passenger jet aircraft are ordered from manufacturers primarily by airlines, based on their projected operating requirements, and by leasing companies, based on the projected operating requirements of their actual and potential customers. Although all passenger aircraft added to the world commercial aircraft fleet are delivered new from manufacturers, a significant element of demand for freighter aircraft is satisfied by conversion of passenger aircraft, generally older and less technologically advanced models, as discussed above.

There are currently three major manufacturers of commercial jet aircraft outside of the CIS (Boeing, Airbus Industrie G.I.E. and MDC) and four smaller manufacturers (Fokker Aircraft B.V., British Aerospace plc, Bombardier and Embraer) currently producing a total of 21 different types of such aircraft, two of which have not yet entered service. The manufacturers of commercial jet aircraft in the CIS are currently not a material factor in supplying the requirements of operators outside the CIS and the former Eastern Bloc countries. There are three principal manufacturers which, together with their affiliates, produce substantially all commercial jet engines: General Electric Company, through the GE Aircraft Engines Division; United Technologies International, Inc., through Pratt & Whitney; and Rolls Royce. There are relatively more manufacturers of turboprop aircraft and engines than jet aircraft and engines.

There has been a long-term trend toward consolidation of the commercial aircraft manufacturing industry, evidenced by the creation of the Airbus Industrie consortium by four European manufacturers (Aerospatiale, British Aerospace, Daimler-Benz and CASA), the acquisition in 1993 of a majority interest in Fokker Aircraft B.V. by Daimler-Benz and the exit of former participants such as Lockheed and Convair. In addition, there exists considerable uncertainty regarding the future of Fokker Aircraft B.V. in the commercial aircraft manufacturing industry, following its recent filing for court protection from its creditors. The long lead time, high capital cost and technological sophistication required to bring a new aircraft model to the market create significant barriers to entry into the industry.

Although most new aircraft are ordered under long-term, multi-aircraft contracts, the volume of aircraft production has varied significantly over the years, reflecting the changing state of the commercial aviation industry and the economy in general. Manufacturers generally adjust production levels in response to their customers' desires and financial capacity to take delivery of ordered aircraft which in turn may be affected by the level of air traffic and the availability of competitive used aircraft.

The supply of used aircraft depends on the level of utilization of the existing worldwide fleet and the net change in this fleet based on manufacturers' production levels and aircraft retirements. Cyclical factors that affect air travel demand also may affect the supply of used aircraft. According to the Airclaims Limited CASE database, as of September 30, 1995 there were approximately 740 commercial jet aircraft in storage of which approximately 61% (451 aircraft) were Stage 2 aircraft and approximately 39% (289 aircraft) Stage 3 aircraft. The median ages of such aircraft in storage were approximately 24 and 15 years, respectively. According to third party industry sources, there was a total of 481 commercial jet aircraft available for sale or lease, of which 291 were Stage 2 aircraft and 190 were Stage 3 aircraft. Approximately 30% of such Stage 3 aircraft were narrowbodies and 70% widebodies. There are a number of aircraft in storage that are not available for sale or lease; conversely, a number of aircraft available for sale or lease are in service rather than in storage. In general older aircraft are significantly more likely to be stored than younger aircraft.

The weak growth of air travel between 1990 and 1994 combined with high levels of new deliveries from manufacturers in the early 1990s resulted in low levels of profitability or significant losses for many airlines and leasing companies, a significant increase in the supply of used aircraft and decrease in their value, especially for older Stage 2 aircraft. Although some manufacturers have implemented significant cuts in production, some oversupply still exists for a number of models, and there can be no assurance that such oversupply will diminish or that any future downturn in the commercial aviation industry or the worldwide demand for aircraft

will not result in the availability of a large number of used aircraft for lease or sale in the future, particularly at such times as aircraft are being marketed for lease by Airplanes Group.

All of the major manufacturers are implementing programs to shorten lead times and reduce the cost of manufacturing commercial aircraft, including the reorganization of design and production systems and business arrangements with suppliers which have resulted in, in some instances, *inter alia*, lower escalation of future prices and shifts in aircraft ordering patterns such that purchasers are able to acquire aircraft at shorter lead times than previously required. Some manufacturers are also discussing the use of lower-cost production locations. Depending on the extent to which cost savings are achieved and passed on to aircraft purchasers these factors could have an adverse impact on the ability of Airplanes Group to re-lease or sell the Aircraft and on the rental rates of Future Leases of the Aircraft.

Role of Government

National governments play a major role in the regulation of air transportation through the establishment of standards of aircraft certification, airworthiness and operation, the regulation of airspace and the provision of services, including navigational aids, air traffic control and search and rescue. There is a general worldwide uniformity of standards because all nations with any significant civil aviation industry are members of the International Civil Aviation Organization (a United Nations agency) and apply the technical standards developed by this agency as the basis of national aviation regulations. In many countries, the national government regulates both domestic routes and the pricing of air travel, although since the late 1980s there has been a trend in certain jurisdictions, such as the European Union, Australia, Mexico and Brazil, toward limited deregulation and the progressive opening up of routes to competition, which could lead to developments similar to those which have occurred in the United States since the enactment of the Airline Deregulation Act of 1978. In particular, the European Union introduced a package of liberalization measures in 1993 affecting the licensing of air carriers, access to air routes within the European Union and fares and rates for air transportation services.

National governments have also influenced the financial condition of the commercial aviation industry in other ways. These include the ownership or support of national and local airlines, often with direct subsidies although there is currently a worldwide trend toward the complete or partial privatization of many government-owned airlines. However, there have been recent initiatives within the European Union intended to make more stringent the conditions subject to which state aid may be given to airlines. Most governments limit the extent to which foreign interests may own domestic airlines (although this is no longer the case within the European Union with respect to the nationals of other member states). Certain national governments also have provided financial support of local commercial passenger jet manufacturing industries. Indirect financial support is also provided to aircraft and engine manufacturers through the issuance of credits and guarantees from national export credit agencies.

There can be no assurance, however, that the recent trends toward deregulation of routes and pricing of air travel and toward complete or partial privatization of government-owned airlines will continue or will occur in the manner announced by the relevant governments. Although such trends may result initially in an increase in the number of airlines worldwide, they also may result ultimately in a greater concentration of larger airlines due to the failure of smaller, more thinly capitalized airlines. In any event, deregulation and privatization may at times adversely affect the future market for aircraft, including the Aircraft.

Technical Regulation

In addition to general requirements regarding maintenance of aircraft, aviation authorities from time to time issue ADs requiring the operators of aircraft to take particular maintenance actions or make particular modifications with respect to a number of aircraft of one or more designated types. ADs normally specify a period of time in which to carry out the required action or modification and generally enough time is allowed to permit the implementation of the AD in connection with scheduled maintenance of the aircraft or engines. The Existing Leases typically require the Lessees to bear the cost of compliance with ADs issued by applicable aviation authorities and, in most cases, relevant manufacturers' recommendations. In some cases,

Airplanes Group may be required to contribute a portion of such costs over a specified threshold. However, to the extent that a Lessee fails to perform ADs required on an Aircraft, Airplanes Group would bear the cost of compliance necessary for the Aircraft to maintain its Certificate of Airworthiness. In such circumstances, funds in the Collection Account and Lessee Funded Account will be available to Airplanes Group to mitigate the costs of compliance, although such use would reduce the availability of such amounts to cover the cost of scheduled maintenance. There can be no assurance that such funds will be available at the time needed or that any funds available will be sufficient for such purposes.

In addition to the foregoing requirements relating to airworthiness, other governmental regulations may apply to the Aircraft, including requirements relating to noise and emissions levels. Such regulations may be imposed not only by the jurisdictions in which the Aircraft are registered, possibly in connection with airworthiness requirements, but also in jurisdictions where the Aircraft operate. Chapters 2 and 3 of Chicago Convention establish two progressively restrictive noise level standard that correspond to the requirements for Stage 2 and Stage 3 aircraft. A number of jurisdictions have adopted, or are in the process of adopting, noise regulations which ultimately will require all aircraft to comply with the most restrictive of these standards. Such regulations restrict the future operation of aircraft that are not Stage 3 aircraft and ultimately will prohibit the operation of such aircraft in the relevant jurisdictions early in the next century (1999, in the case of the United States). Since as of December 31, 1995, 6.6% of the Aircraft by Initial Appraised Value at October 31, 1995 were not Stage 3 aircraft, these regulations may affect Airplanes Group adversely. In addition, local municipalities may have more stringent noise regulations than those applicable to Stage 3 aircraft.

Volume 2 of Annex 16 of the Chicago Convention also contains standards and recommendations regarding limitations on vented fuel and smoke and gaseous emissions for aircraft. While a number of countries have adopted regulations implementing these recommendations, such regulations generally have been prospective in nature, requiring only that newly manufactured engines meet particular standards after a particular date. To the extent that any such regulations require modifications to the Engines owned by Airplanes Group, they would receive the same treatment under the Leases as do ADs.

There can be no assurance, however, that new noise or emissions reduction requirements will not be adopted in the future that would adversely affect the value of some or all Stage 3 aircraft. Some organizations and jurisdictions have already begun to discuss the tightening of noise and emissions certification requirements for newly manufactured aircraft. There can be no assurance that any such regulations, if adopted, would not adversely affect the value of the Aircraft.

MANAGEMENT OF AIRPLANES GROUP

The following description of the management of Airplanes Group is subject to and is qualified in its entirety by reference to the Servicing Agreement, the Administrative Agency Agreement, the Cash Management Agreement, Airplanes Limited's Articles of Association, the Airplanes Trust Agreement and the Secretarial Services Agreement, forms of which are filed as exhibits to the Registration Statement of which this Prospectus is a part.

Except to the limited extent described herein, particularly upon a Note Event of Default, neither the Trustee nor any of the Certificateholders has any right to participate in the management or affairs of Airplanes Group. In particular, such parties cannot supervise the functions relating to the Leases and the re-lease of the Aircraft, which functions have generally been delegated to the Servicer under the Servicing Agreement. See "Risk Factors — Risks Relating to Airplanes Group and Certain Third Parties — Delegation of Responsibilities", "Description of Securities — The Notes and the Guarantees — Trust Indenture Covenants" and "— Note Events of Default and Remedies".

Directors and Controlling Trustees

The Board will generally, as provided below, be composed of no more than five members. The holder or holders of a majority in aggregate principal amount of the Class E Notes issued by Airplanes Limited have the right to appoint one Director of Airplanes Limited while the Class E Notes are outstanding. The remaining Directors must be Independent Directors subject to GE Capital's right to appoint new Directors as set forth below. The initial Independent Directors have been appointed by Messrs. Patrick H. Blaney and John F. Tierney upon their resignation as the initial Directors of Airplanes Limited. The succeeding Independent Directors will be appointed by a majority of the then standing Directors. It is expected that on the Closing Date Edward Hansom will be appointed a Director by GPA as majority holder of the Class E Notes. If no Independent Directors are serving on the Board at any time, four new Independent Directors will be appointed in accordance with Airplanes Limited's Articles of Association. Certain significant transactions or proceedings of Airplanes Limited may be only approved by a unanimous vote of all Directors. These transactions and proceedings principally relate to certain insolvency proceedings, amendments to Airplanes Limited's Memorandum or Articles of Association, mergers or, subject to certain exceptions, the sale of all or substantially all of Airplanes Limited's assets.

Four Independent Trustees have been appointed who will be the same individuals as the Independent Directors of Airplanes Limited. The initial Independent Trustees have been appointed by the Settlor and their successors will be appointed by a majority of the then standing Controlling Trustees. The holders of a majority in aggregate principal amount of the Class E Notes issued by Airplanes Trust have the right to appoint one of the Controlling Trustees of Airplanes Trust, and it is expected that on the Closing Date Mr. Hansom will be appointed a Controlling Trustee by GPA, as majority holder of the Class E Notes. The five trustees other than the Delaware Trustee will be the Controlling Trustees with the right to manage Airplanes Trust. Approval of certain significant transactions or proceedings with respect to Airplanes Trust or AeroUSA may only be obtained by a unanimous vote of all Controlling Trustees. These transactions and proceedings principally relate to certain insolvency proceedings, amendments to Airplanes Trust's or AeroUSA's constituent documents, mergers or, subject to certain exceptions, sale of all or substantially all of Airplanes Trust's or AeroUSA's assets.

The Independent Directors and the Independent Trustees, their respective ages and principal activities are as follows:

<u>Name</u>	<u>Age</u>	<u>Offices Held with the Registrants</u>
Roy M. Dantzig	51	Director, Airplanes Limited Controlling Trustee, Airplanes Trust
William A. Franke	58	Director and Chairman, Airplanes Limited Controlling Trustee and Chairman, Airplanes Trust
Hugh R. Jenkins	62	Director, Airplanes Limited Controlling Trustee, Airplanes Trust
William M. McCann	51	Director, Airplanes Limited Controlling Trustee, Airplanes Trust

Roy Dantzig started his career with Coopers & Lybrand qualifying as a chartered accountant in 1968. He left in 1970 and spent the next 10 years in corporate advisory work, principally as a director of Samuel Montagu. In 1980, the British Government appointed Mr. Dantzig as Finance Director of British National Oil Corporation and he served in such capacity until 1984. Between 1985 and 1989 he was a director of the corporate broking division of Wood McKenzie. In 1989 he joined the board of Stanhope Properties and served as its Finance Director from 1992 until the company was acquired in 1995. In August 1995, Mr. Dantzig became a director of Smith New Court Corporate Finance Ltd. a subsidiary of Smith New Court plc. which was acquired by Merrill Lynch International Ltd. in September 1995. Mr. Dantzig is currently a director of the corporate broking division of Merrill Lynch International Ltd. He has also served on the boards of Central Electricity Generating Board, British Nuclear Fuels Limited and Saxon Oil Limited and is currently a non-executive director of Total Oil Holdings Ltd.

William Franke joined America West Airlines Inc. (“**America West**”) in September 1992 as Chairman of the Board and in December 1993 was also elected Chief Executive Officer. Mr. Franke was formerly chairman, president and chief executive officer of Southwest Forest Industries, Inc., a Fortune 500 integrated forest products company based in Phoenix. He was Chairman of the executive committee at Valley National Bank (now Bank One, Arizona, N.A.) during its management restructuring and served as Chairman of the Executive Committee, acting Chief Executive Officer and Chairman of the special committee of directors of The Circle K Corporation during its financial restructuring. Mr. Franke is owner and president of Franke & Company, Inc., a financial advisory firm. He is currently a director of Phelps Dodge Corporation, a major mining and manufacturing company; and Central Newspapers, Inc., publisher of the Phoenix and Indianapolis morning and evening newspapers. He is also a director of the Air Transport Association (ATA).

GPA has 19 aircraft and three spare engines under sublease to America West, three of which aircraft will be transferred to Airplanes Group and are subleased through another airline. In addition, GPA Group has the right, until June 30, 1999, to require America West to lease up to five new or used aircraft, of types consistent with America West’s fleet plan and requirements, on fair market terms. In connection with the emergence of America West from reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code, GPA Group received 900,000 shares of America West’s Class B Common Stock, which represented at such time 2% of the America West common stock, all of which shares have been sold. GPA Group also received, and continues to hold, warrants to purchase up to 1,384,615 shares of America West’s Class B Common Stock, representing between 2.5% and 3.5% of the common stock of America West on a fully diluted basis. GPA Group also has the right to designate one director of America West for so long as GPA Group owns at least 2% of the voting securities of America West on a fully diluted basis. The GPA Group designee is currently John F. Tierney.

Hugh Jenkins has spent over 20 years in senior investment management positions. Most recently with the Prudential Corporation Plc, a large life insurance company where from 1989 to December 1995 he was an Executive Director and Chairman/Chief Executive of its investment management subsidiary with overall responsibility for the Group’s investments worldwide. His previous appointments included: 1986-1989 Group Investment Director of Allied Dunbar Insurance Plc; 1985-1986 Director of Heron International, N.V. and

from 1973-1985 as Director-General of Investments for the pension plans of the National Coal Board. He is currently a non-executive Director of The Rank Organisation Plc, Thorn EMI Plc, Johnson Matthey Plc and Gartmore European Investment Trust Plc.

William McCann, a chartered accountant, became a partner in Craig Gardner/Price Waterhouse in 1972. From 1987 to 1995, he was the Managing Partner of Craig Gardner/Price Waterhouse in the Republic of Ireland. From 1991 to 1995 he was a member of the Price Waterhouse World Board. Mr. McCann currently is Chairman of the Electricity Supply Board, Ireland and a Director of the Central Bank of Ireland. He is also a Director of Canada Life Assurance (Ireland) Limited, Murray Global Accumulation Funds plc and is a Director of a number of other companies. He is a Board Member of the University College Dublin Graduate School of Business.

It is expected that on the Closing Date Edward Hansom will be appointed a Director of Airplanes Limited and a Controlling Trustee of Airplanes Trust by GPA Group as majority holder of the Class E Notes. Mr. Hansom is General Manager, Treasury of GPA Group. He joined GPA Group in 1988 from the treasury division of Schroders. Prior to taking up his current position in 1994, Mr. Hansom was a General Manager of GPA's capital division, working on sales of aircraft with leases in place to Asian investors and the ALPS 92-1 portfolio aircraft sale. Mr. Hansom is also a director of ALPS 92-1 and ALPS 94-1.

The Board of Directors and the Controlling Trustees of Airplanes Limited and Airplanes Trust, respectively, will be non-executive Directors and Controlling Trustees, as the case may be. Further, as is common with many other special purpose companies, neither Airplanes Limited nor Airplanes Trust will have any employees or executive officers. Accordingly, the Board of Directors and the Controlling Trustees will each rely upon the Servicer, the Administrative Agent, the Cash Manager and the other service providers for all asset servicing, executive and administrative functions pursuant to the respective service provider agreements. See "Risk Factors — Risks Relating to Airplanes Group and Certain Third Parties". Certain individuals other than the Directors and Controlling Trustees listed above serve as directors of various subsidiaries of Airplanes Group.

If GE Capital acquires 90% or more of the ordinary share capital of GPA Group, the holder of a majority in aggregate principal amount of the Class E Notes, would be entitled to dismiss the Directors and the Controlling Trustees and to appoint new Directors and Controlling Trustees, *provided* that (i) GE Capital guarantees the performance by GECAS of its obligations under the Servicing Agreement, if GECAS is then the Servicer, (ii) GE Capital shall then have a rating of at least Aa1 or AA+ on its long-term, senior unsecured debt obligations from Moody's or Standard & Poor's, respectively, and (iii) each of Airplanes Limited and Airplanes Trust shall continue to have at least three Independent Directors or Independent Controlling Trustees, as applicable, who will form a committee to review and, if thought fit, approve, by a vote of at least two of the three committee members, any transactions of Airplanes Group (other than as described in the next paragraph) in which GE Capital or any of its affiliates is an interested party. There can be no assurance that GE Capital will elect to exercise its right to acquire any ordinary share capital of GPA Group. Neither the Certificates nor the Notes are obligations of, or guaranteed by, or offered for sale by, GE Capital, GECAS or any of their affiliates.

At such time, if any, as the Directors and Controlling Trustees have been appointed by the holder of a majority in aggregate principal amount of the Class E Notes, then the Directors and Controlling Trustees shall have the authority, acting on a simple majority vote, without any independent committee veto rights to cause Airplanes Group to sell, directly or indirectly, all of the assets of the Airplanes Group, whether through a stock or an asset sale, to any person who provides, as consideration therefor, any combination of cash, obligations of the United States government or of corporate issuers rated at least AA+ or its equivalent and Class E Notes which, through the payment of interest, principal and premium, if any, in respect thereof, will be sufficient to repay or defease, as the case may be, the Notes in accordance with their terms, discharge any Class E Notes not so transferred and pay, with respect to Airplanes Limited, the Discounted Annual Dividend Amount, plus any arrears of the Annual Dividend Amount. See "Description of Securities — The Notes and the Guarantees — Defeasance".

All Directors and Controlling Trustees will be compensated for travel and other expenses incurred by them in the performance of their duties. Airplanes Limited and Airplanes Trust will pay each Independent Director and Independent Trustee, as the case may be, an aggregate fee of \$75,000 per annum for their services in both capacities. The Chairman of Airplanes Limited and Airplanes Trust will receive an additional \$50,000 per annum for his services in such capacity. Neither the Directors nor the Controlling Trustees appointed by the holder of a majority in aggregate principal amount of the Class E Notes will receive remuneration from Airplanes Limited or Airplanes Trust for their services.

The Directors and the Controlling Trustees will not receive any additional cash or non-cash compensation (either in the form of stock options, stock appreciation rights or pursuant to any long-term incentive plan, benefit or actuarial plan or any other similar arrangements of any kind) as salary or bonus for their services as Directors or Controlling Trustees. None of the Directors or Controlling Trustees currently has an employment contract with either Airplanes Limited or Airplanes Trust or serves as a member of a compensation committee of either Airplanes Limited or Airplanes Trust. The compensation of the Directors of Airplanes Limited is set forth in the Articles of Association of Airplanes Limited and that of the Controlling Trustees is set forth in the Airplanes Trust Agreement. None of the Directors or Controlling Trustees participated in the deliberations concerning Director and Controlling Trustee compensation. None of the Directors or Controlling Trustees has any beneficial ownership in any of the equity securities of Airplanes Limited, Airplanes Trust or any of the subsidiaries of Airplanes Limited or Airplanes Trust.

None of the Directors, Controlling Trustees or any member of their families, or any person owning more than five percent of Airplanes Limited's Capital Stock, has been a party to any transaction, or is party to any currently proposed transaction, with either of Airplanes Limited or Airplanes Trust or any of their respective subsidiaries. Nor has any Director or Controlling Trustee or any member of his family, or any corporation, organization or trust in which such Director or Controlling Trustee is an executive officer, partner, trustee or has a beneficial interest, been indebted in any amount to Airplanes Limited or Airplanes Trust.

Neither Airplanes Limited nor Airplanes Trust knows of any arrangement, other than GE Capital's right to elect to acquire at least 90% of the ordinary share capital of GPA Group, the exercise of which could result in a change in control of either Airplanes Limited or Airplanes Trust. There can be no assurance that GE Capital will elect to exercise its right to acquire any ordinary share capital of GPA Group.

Beneficial Ownership of Airplanes Limited

<u>Title of Class</u>	<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percent of Class</u>
Common Stock	Mourant & Co. Trustees Limited, as trustee of Holdings Trust I 22 Grenville Street St. Helier Jersey, Channel Islands	10 Shares	33⅓%
Common Stock	Mourant & Co. Trustees Limited, as trustee of Holdings Trust II 22 Grenville Street St. Helier Jersey, Channel Islands	10 Shares	33⅓%
Common Stock	Mourant & Co. Trustees Limited, as trustee of Holdings Trust III 22 Grenville Street St. Helier Jersey, Channel Islands	10 Shares	33⅓%

Pursuant to the Shareholders Agreement to be entered into by Mourant & Co. Trustees Limited as trustee of the Charitable Trusts (the "**Charitable Trust Trustees**"), Juris Limited and Lively Limited and the Airplanes Limited Indenture Trustee (the "**Shareholders Agreement**"), the Charitable Trust Trustees have agreed that, as long as the Airplanes Limited Notes are outstanding, they will not, without the prior written

approval of the Airplanes Limited Indenture Trustee and all the Directors, transfer any part of the Capital Stock or any interest therein unless the transferee (a) is a trustee of a trust formed for charitable purposes substantially identical to those for which the Charitable Trusts are established and (b) enters into an agreement substantially identical to the Shareholders Agreement in favor of the Airplanes Limited Indenture Trustee. Pursuant to the instruments of trust establishing Holdings Trust I, Holdings Trust II and Holdings Trust III, a certificate given by the Directors to the Charitable Trust Trustees that their voting of the Capital Stock in a specified manner is in the best commercial interests of Airplanes Limited shall, for the purposes of the exercise of the Charitable Trust Trustees' discretion, be conclusive that any such action is in the best commercial interests of Airplanes Limited.

The Servicer

The Servicer and its affiliates have not assumed and are not responsible for, or guarantors of, and shall not assume or be responsible for, or guarantors of, any liabilities of Airplanes Limited, Airplanes Trust, Holding Co. or any of their affiliates, including, without limitation, any payments due with respect to the Notes.

The Servicer will provide services pursuant to the terms of the Servicing Agreement on behalf of Airplanes Group (except in certain circumstances described below where a substitute servicer may perform such services). The Servicing Agreement (a) sets forth the various duties of the Servicer with respect to the management and administration of the Aircraft and the Leases, (b) sets forth certain aircraft marketing activities to be performed by the Servicer and (c) sets forth certain Aircraft management-related obligations of the Servicer in connection with offers and sales by Airplanes Group of Refinancing Certificates or Additional Certificates.

The Servicer will provide the services in accordance with the express terms of the Servicing Agreement, which, *inter alia*, provides that the Servicer will act in accordance with applicable law and with directions given by Holding Co., on behalf of Airplanes Limited, AeroUSA and Holding Co., from time to time in accordance with the Servicing Agreement. In addition, under the Servicing Agreement, the Servicer will agree to perform its services in accordance with the GECAS Services Standard and the GECAS Conflicts Standard.

The duties and obligations of the Servicer will be limited to those expressly set forth in the Servicing Agreement and the Servicer will not have any fiduciary or other implied duties or obligations to the Airplanes Group or any other person, including any Certificateholder.

In addition to managing the Aircraft, GECAS also manages aircraft assets owned by ALPS 92-1 and ALPS 94-1 and GE Group and other third parties, including GPA. In the course of conducting such activities, GECAS will from time to time have conflicts of interest in performing its obligations on behalf of Airplanes Group. Under certain circumstances, the Servicer may resign from the performance of its duties pursuant to the Servicing Agreement in relation to all the Aircraft generally or, in certain circumstances, one or more Aircraft individually, provided in either case that a replacement servicer has been appointed that complies with certain criteria. With respect to the negotiation of certain conflicts of interest, the Servicer may withdraw from representing Airplanes Group, which shall be required to appoint an independent representative to represent Airplanes Group as to such negotiation, and the Servicer shall be entitled to act on behalf of itself or any of its affiliates with respect to such negotiation. See "Risk Factors — Conflicts of Interest of GECAS".

Pursuant to the Servicing Agreement, the Servicer will not be liable or accountable to any person, other than Airplanes Limited, AeroUSA and Holding Co. to the limited extent described below, under any circumstances, for any Losses and Airplanes Limited, AeroUSA and Holding Co. shall jointly and severally indemnify the Servicer and its affiliates on an after-tax basis for any Losses, unless such Losses are finally adjudicated to have resulted directly from the Servicer's gross negligence or wilful misconduct in respect of its obligation to apply the GECAS Services Standard or the GECAS Conflicts Standard in respect of its performance of the services under the Servicing Agreement. Airplanes Limited, AeroUSA and Holding Co. shall also jointly and severally indemnify the Servicer and its affiliates on an after-tax basis for any losses that may be imposed on, incurred by or asserted against, the Servicer or any of its affiliates, directly or indirectly, arising out of, in connection with or related to, the Servicer or any of its affiliates' involvement (or alleged

involvement) in connection with the structuring or implementation of any aspect of the transactions disclosed in this Prospectus. Airplanes Limited, Holding Co. and AeroUSA will be entitled jointly to terminate the Servicing Agreement if the Servicer fails to perform in any material respect any material service thereunder to either the GECAS Services Standard or the GECAS Conflicts Standard and such failure has a material adverse effect on Airplanes Group taken as a whole. See “Risk Factors — Limitation of Liability on the Part of the Servicer”.

Notwithstanding anything to the contrary stated above, the Servicer will not be obligated to take or refrain from taking any action that it believes is reasonably likely to (i) violate any applicable law with respect to GECAS or its affiliates, (ii) violate any established written policies of GE, in effect from time to time, applicable to GE Group related to business practices with respect to legal, ethical and social matters (“**GE Policy**”) or (iii) lead to an investigation by any governmental authority.

Aircraft Services

Pursuant to the Servicing Agreement, the Servicer has, *inter alia*, undertaken:

- to grant Airplanes Group and its agents, including the Administrative Agent, access to certain information and personnel of the Servicer under specified circumstances to enable Airplanes Group to monitor the Servicer’s compliance with the Servicing Agreement and otherwise for the purposes of Airplanes Group’s business
- not to commingle with its own funds any funds of Airplanes Group.

The main categories of services being provided by the Servicer pursuant to the Servicing Agreement in respect of the Aircraft (the “**Services**”) are:

- Lease marketing services, including, subject to the terms of the Indentures and the Servicing Agreement, remarketing, Lease negotiation and execution (including, without limitation, negotiating final Lease terms)
- Aircraft assets management services, including Lease rent collection, Aircraft maintenance, insurance, contract compliance of, and enforcement against, Lessees, and accepting delivery and redelivery of Aircraft
- Aircraft sales services as, when and to the extent directed by Airplanes Group
- monitoring of maintenance and provision of records and information with respect to the Aircraft
- arranging for valuations and monitoring regulatory developments
- using commercially reasonable efforts to keep Airplanes Group in compliance with certain covenants under the Notes directly relating to the operation of the Aircraft
- providing to Airplanes Group certain data and information relating to the Aircraft
- certain limited Aircraft-related assistance in connection with the public or private offerings of Refinancing Certificates, including consenting to public disclosure relating to the Servicer and its affiliates contained in any prospectus, certain limited Aircraft-related participation in marketing activities solely with respect to the Aircraft and the Servicer and the Services, and providing Airplanes Group, underwriters, rating agencies and/or other advisors with the reasonable opportunity to conduct due diligence with respect to the Servicer as it relates to the Aircraft
- legal and other professional services in relation to the Aircraft (other than in relation to litigation not arising in the ordinary course of the operating lease business by or against Airplanes Group, or any of its affiliates)
- periodic reporting of operational information relating to the Aircraft

Operating Guidelines

Under the Servicing Agreement, the Servicer will be entitled to exercise such authority as is necessary to give it a practicable and working autonomy in performing the Services, while at the same time Holding Co., acting on behalf of Airplanes Group through the Administrative Agent and in its own capacity, will establish monitoring and control procedures which are expected to enable it properly to manage the business and assets of the Airplanes Group.

Pursuant to the terms of the Servicing Agreement, the Servicer is required to comply with the GECAS Services Standard and the GECAS Conflicts Standard in the performance of the Services. All transactions to be entered into by the Servicer on behalf of Airplanes Group (other than with other persons within Airplanes Group) are required to be at arm's length and on fair market value terms unless otherwise agreed or directed by Airplanes Group. Certain transactions or matters with respect to Aircraft require the specific approval of Airplanes Group, including:

- sales of Aircraft (other than as required by a Lease)
- the entering into of any Leases (including renewals or extensions, unless any such Lease had originally been approved) if the Lease does not comply with any applicable operating covenants set forth under "Description of Securities — The Notes and the Guarantees — Operating Covenants"
- terminating any Lease or Leases (without substitution of, or replacement by, another substantially similar lease) to any single Lessee with respect to Aircraft then having an aggregate depreciated net book value in excess of \$200 million
- unless provided for in the applicable budget, entering into any contract for the modification or maintenance of Aircraft where the costs to be incurred (A) exceed the greater of (i) the estimated aggregate cost of a heavy maintenance check for similar aircraft and (ii) available Maintenance Reserves or other collateral under the related Lease or (B) are outside the ordinary course of Airplanes Group's business
- issuing any guarantee on behalf of, or otherwise pledging the credit of, other than with respect to trade payables in the ordinary course of business, Airplanes Limited, Airplanes Trust, Holding Co. or any of their subsidiaries (other than in connection with entering into a Lease with respect to an Aircraft)
- any transaction with GE Capital or any of its affiliates not contemplated in the Servicing Agreement.

Budgets

Holding Co. will adopt an annual budget each year with respect to all Aircraft owned by Airplanes Group. Under the Servicing Agreement, the Servicer has undertaken to use reasonable commercial efforts to attempt to achieve the budget each year.

Management Fees

Airplanes Limited, AeroUSA and Holding Co. will be, jointly and severally, obligated to pay a fee (the "**Asset Based Servicing Fee**") to the Servicer, pursuant to the Servicing Agreement, in a per annum amount equal to approximately 0.495% of an agreed book value of each Aircraft payable monthly in arrears on a *pro rata* basis for the period such Aircraft is under management. Based on the Aircraft anticipated to be owned by Airplanes Group on the Closing Date, and assuming that there are no sales of Aircraft thereafter and without giving effect to any inflation adjustments, the annual asset-based servicing fee would be equal to approximately \$22 million per annum. The Servicer also will be reimbursed for certain expenses incurred in connection with the Servicer's performance of the Services. These expenses include, among other expenses, Aircraft maintenance costs and insurance, outside professional advisory fees (including legal fees) and other out of pocket expenses, all of which in the aggregate may constitute a significant additional component of Airplanes Group's total overhead costs. The Servicer will also be entitled to certain additional fees based on (i) the aggregate annual cash flow generated by the Leases in excess of certain cash flow targets and (ii) sales

of Aircraft at the direction of Airplanes Group. Such fees are subject to a mandatory aggregate annual minimum fee in the amount of U.S. \$1.5 million.

In addition, the Servicer will be entitled to certain additional fees in connection with various Aircraft management-related services required to be provided by the Servicer pursuant to the Servicing Agreement in connection (i) with any offerings and sales by the Airplanes Group of Refinancing Certificates or (ii) any resales of Notes by any other Persons pursuant to any rights such persons have to cause the Airplanes Group to assist in the resale of such Notes.

Term and Termination

The Servicing Agreement is for a non-cancellable initial term expiring on the earlier of (i) the eighteenth anniversary of the Closing Date (which is prior to the Final Maturity Date of certain Certificates) or (ii) payment in full of all amounts outstanding to be paid under the Notes. Each party will have the right to terminate the Servicing Agreement under certain circumstances. The Servicer has the right to terminate the Servicing Agreement if, among other things:

- Airplanes Limited, AeroUSA and/or Holding Co. fails to pay when due (i) any servicing fees if not paid within five days of notice of such failure, or (ii) any other amount payable by Airplanes Limited, AeroUSA or Holding Co. to the Servicer if not paid within ten days of notice of such failure
- Airplanes Limited, AeroUSA, Holding Co. or any of their subsidiaries fails to perform or observe or violates in any material respect any material term, covenant, condition or agreement to be performed or observed by it under the Servicing Agreement
- any material representation or warranty by any person within the Airplanes Group pursuant to the Servicing Agreement or any other related document shall be false or misleading in any material respect and such misrepresentation or breach of warranty is reasonably likely to have a material adverse effect on the Servicer or its rights and obligations under the Servicing Agreement
- an involuntary proceeding is commenced in respect of Airplanes Limited, Airplanes Trust, AeroUSA, Holding Co. or any Significant Subsidiary of any of such entities under applicable bankruptcy, insolvency, receivership or similar law, and such proceeding shall continue undismissed for 75 days or any such person shall go into liquidation, suffer a receiver or mortgagee to take possession of all or substantially all of its assets or a voluntary proceeding is commenced in respect of Airplanes Limited, Airplanes Trust, AeroUSA, Holding Co. or any Significant Subsidiary of any of such entities under bankruptcy, insolvency, receivership or similar law or any such person shall make a general assignment for the benefit of its creditors
- no person within Airplanes Group owns any aircraft
- the Trust Indentures shall cease to be in full force and effect
- any guarantee in favor of the Servicer by any person within Airplanes Group ceases to be legal, valid and binding.

Airplanes Limited, AeroUSA and Holding Co. have the right to terminate the Servicing Agreement upon:

- the Servicer ceasing to be at least 75% owned, directly or indirectly, by GE Capital or GE
- the Servicer failing in any material respect to perform any material services required pursuant to the Servicing Agreement in accordance with the GECAS Services Standard or the GECAS Conflicts Standard and such failure having a material adverse effect on Airplanes Group taken as a whole
- commencement of an involuntary proceeding in respect of GE, GE Capital or the Servicer under bankruptcy, insolvency, receivership or similar law, if such proceeding continues undismissed for 75 days or any such person shall go into liquidation, suffer a receiver or mortgagee to take possession of all or substantially all of its assets or commencement of a voluntary proceeding in respect of GE,

GE Capital or the Servicer under bankruptcy, insolvency, receivership or similar law or any such person shall make a general assignment for the benefit of its creditors.

The Servicer may resign from performing the services pursuant to the Servicing Agreement if it reasonably determines that directions given, or services required, would, if carried out (i) be unlawful under applicable law, (ii) be in violation of GE Policy, (iii) be likely to lead to an investigation by any governmental authority, (iv) expose the Servicer to liabilities for which adequate indemnity has not been provided or (v) place the Servicer in a conflict of interest with respect to which, in the Servicer's good faith opinion, the Servicer could not continue to perform its obligations under the Servicing Agreement in accordance with its terms.

The Servicer may not resign from its obligations under the Servicing Agreement nor may the Servicing Agreement be terminated, except upon expiration of the Servicing Agreement at the end of the term thereof, unless a replacement servicer has been appointed and accepted such appointment and the Rating Agencies have confirmed to Airplanes Group that no lowering or withdrawal of the then current ratings of any Certificates will result from such appointment. In the event that a replacement servicer has not been appointed within 90 days after any termination of the Servicing Agreement or resignation by the Servicer, the Servicer may petition any court of competent jurisdiction for the appointment of a replacement servicer. Notwithstanding any other term to the contrary, the Servicer may terminate the Servicing Agreement, whether or not a replacement servicer has been appointed and accepted such appointment, in the event that Airplanes Limited, AeroUSA or Holding Co. have failed, after the applicable cure periods, to pay amounts due to the Servicer.

Tax Status

By virtue of GPA Group's ownership of 5% of the issued and outstanding ordinary share capital of Holding Co. and the continued ability of GPA Group and GECAS to satisfy certain employment levels in Shannon, Ireland, it is intended that the Irish tax resident Transferring Companies will continue to benefit from their status as Shannon certified companies. As a result of this status, the Irish tax resident Transferring Companies are intended to enjoy reduced rates of corporation tax and advance corporation tax together with improved entitlements to capital allowances. In addition, the benefits include the right to pay interest, in certain circumstances, without paying Irish withholding tax and to deduct payments of interest in computing liability for corporate tax. There can be no assurance that the future management of the Aircraft by the Servicer in accordance with the terms of the Servicing Agreement will not expose Holding Co. or the Irish tax resident Transferring Companies to tax liabilities outside Ireland. The Servicing Agreement sets out certain tax-related undertakings with respect to the Servicer which are designed to maintain a favorable tax treatment in Ireland for Holding Co. and the Irish tax resident Transferring Companies.

These tax-related undertakings include the following:

- maintaining minimum levels of employment in Ireland, if required for Holding Co. or the Irish tax resident Transferring Companies to maintain their Shannon licences and tax certification
- holding meetings of the board of directors of the Servicer in Shannon no less frequently than quarterly and only occasionally outside Shannon
- the Servicer's transaction approval committee (meeting in Shannon not less frequently than monthly and meeting outside Ireland only occasionally) will be comprised of at least five persons, a majority of whom will be employees of the Servicer, and such committee will have and regularly exercise the power to approve contracts
- except in certain circumstances, contracts entered into by the Servicer with respect to the purchase, sale, lease or other disposition of Aircraft will either be signed in Ireland or signed outside of Ireland pursuant to a limited power of attorney
- the managing director (but not necessarily the chairman of the board of directors) of the Servicer will be an officer and employee of the Servicer based in Shannon

- the Servicer will not itself maintain an office outside Shannon
- the Servicer will compensate any of its affiliates for services provided outside Ireland to the Servicer to the extent services are provided by express agreement in respect of the Aircraft.

In the event that the Servicer breaches a tax-related undertaking as a result of its gross negligence or wilful misconduct and Airplanes Group experiences a material tax event (broadly defined as incurrence of aggregate liability for taxes of \$30 million in any one or more years during the term of the Servicing Agreement, *provided that*, if the aggregate liability for any one year does not exceed \$4 million, it will not be taken into account), Airplanes Group's sole remedy, upon six months' prior written notice, will be to terminate the Servicing Agreement. Subject to compliance with certain procedural guidelines set forth in the Servicing Agreement, the Servicer has the right for any good faith commercial reason, as determined in its sole discretion, to modify the tax-related undertakings. Any such modification could lead to a loss of any favorable tax treatment afforded to Holding Co. and other Irish tax resident Transferring Companies in Ireland. See "Risk Factors — Risks Relating to Tax".

Assignment of Servicing Agreement

The Servicing Agreement and the rights and obligations of the Servicer, on the one hand, and Airplanes Limited, Holding Co. and AeroUSA, jointly and severally, on the other hand, are not assignable by any of such parties other than with the prior consent of the other parties. However, the Servicer may delegate any portion, but not all, of its duties to GE Capital or GE or any 75% or more owned subsidiary of GE Capital or GE.

Priority Payment of Servicing Fees and Reimbursable Expenditures

The fees and expenses of the Servicer rank senior in priority of payment to all payments of interest, principal and premium, if any, on the Notes.

The joint and several obligations of Airplanes Limited, Holding Co. and AeroUSA under the Servicing Agreement have been guaranteed for the benefit of the Servicer by each entity within Airplanes Group.

Corporate Management

With regard to the corporate affairs of Airplanes Group, management services will be provided by four entities: the Administrative Agent, the Cash Manager, the Company Secretary and the Delaware Trustee.

Administrative Agent

GPA Financial will act as the Administrative Agent of Airplanes Group.

The Administrative Agent is responsible for providing administrative and accounting services to the Directors and Controlling Trustees. The Administrative Agent's duties will include:

- (a) monitoring the performance of the Servicer (including the Servicer's compliance with the Servicing Agreement) and reporting on such performance to Airplanes Group;
- (b) assisting Airplanes Group in establishing a program for compliance by the Servicer with the Servicing Agreement;
- (c) acting as liaison with the Rating Agencies to confirm the rating impact of certain decisions and coordinating responses to Rating Agency questions;
- (d) the maintenance on behalf of Airplanes Group of accounting ledgers and the provision on a quarterly and annual basis of draft accounts on a combined basis for Airplanes Group as well as, on a quarterly and annual basis, on an individual company basis for certain companies. However, Airplanes Group retains responsibility for the ledgers and accounts including all discretionary decisions and judgments relating to the preparation and maintenance thereof, and Airplanes Group retains responsibility for, and prepares, its financial statements;

- (e) preparing annual budgets and presenting them to Airplanes Group for approval;
- (f) authorizing payment of certain bills and expenses;
- (g) to the extent required by Airplanes Group or the parties thereto, coordinating any amendments to the transaction agreements, subject to the terms of such agreements and approval by Airplanes Group;
- (h) supervising outside counsel and coordinating legal advice received by Airplanes Group other than with respect to the Servicer's performance under the Servicing Agreement;
- (i) preparing and coordinating reports to investors (including preparing press releases and managing investor relations) and to the Commission with the assistance of outside counsel and auditors, if appropriate;
- (j) preparing for the approval of Airplanes Group and filing all required tax returns with the assistance of outside counsel and auditors, if appropriate;
- (k) maintaining, or monitoring the maintenance of, the books and records of Airplanes Group other than those maintained by the Company Secretary and the Delaware Trustee;
- (l) preparing an agenda and any required papers for meetings of the governing bodies of the entities within Airplanes Group;
- (m) assisting Airplanes Group in developing and implementing its interest rate management policy and developing financial models, cash flow projections and forecasts, to the extent required by Airplanes Group, and in making aircraft lease, sale and capital investment decisions;
- (n) advising Airplanes Group as to the appropriate levels of the Liquidity Reserve Amount; and
- (o) providing additional services upon the request of Airplanes Group upon terms to be agreed at the time of any such request.

The Administrative Agent will also provide other administrative services, including (a) assistance in arranging refinancings of all or a portion of the Subclass A-1, A-2, A-3 and A-4 Notes, (b) assistance in filing and making effective a shelf registration statement on behalf of Airplanes Group with the Commission relating to certain of the Certificates, and (c) undertaking an effort to avoid any adverse change in the tax status of the various members of Airplanes Group. In addition, upon a request by Airplanes Group, the Administrative Agent will take such other actions as may be appropriate to facilitate the transactions contemplated by this Prospectus. Airplanes Limited, AeroUSA and Holding Co. will be, jointly and severally, obligated to pay a fee (the "**Administrative Fee**") to the Administrative Agent in a per annum amount equal to \$6 million, payable monthly in arrears. The Administrative Agent will also be entitled to an additional fee (the "**Reducing Fee**") in an amount equal to \$2 million per annum, payable monthly in arrears, which will be reduced by certain agreed amounts in the event that Airplanes Group sells, retires or disposes of 76 or more of the Aircraft. Both the Administrative Fee and the Reducing Fee will, from time to time, be adjusted for inflation. The Administrative Agent will also be reimbursed for certain expenses incurred in connection with the performance of its services under the Administrative Agency Agreement. The Administrative Agent may resign on 60 days' written notice in certain circumstances. Airplanes Group may remove the Administrative Agent on 120 days' written notice with or without cause, as long as Airplanes Group has, with the consent of the Servicer, engaged another person or entity to perform the services that were being provided by the Administrative Agent.

Cash Manager

GPA Cash Manager will act as the Cash Manager. The Cash Manager will provide cash management and related services to Airplanes Group. In the ordinary course of Airplanes Group's business, the Cash Manager will inform the Servicer and the Administrative Agent of the aggregate deposits in the Accounts as required and provide such other information as shall be required in connection with the Accounts. Subject to certain limitations and at the direction of Airplanes Group, the Cash Manager is authorized to invest the funds

held by Airplanes Group in the Collection Account and the Lessee Funded Account in certain prescribed investments (the “**Permitted Account Investments**”) on permitted terms. At all times, the Accounts will be maintained in the name of the Security Trustee, except that certain Rental Accounts which, for certain legal or other regulatory reasons, cannot be established in the name of the Security Trustee, will be maintained in the names of such parties as are specified in the relevant Leases and maintained with another bank that has a rating of AA or the equivalent or higher or any other responsible or reputable bank.

In addition, the Cash Manager will receive certain data provided by the Servicer with respect to the Aircraft and Leases of Airplanes Group and calculate certain monthly payments and make all other calculations as required under the Cash Management Agreement. The Cash Manager will also provide the Trustee with such information as is required by the Trustee to provide its reports to the Certificateholders.

The Cash Manager will devote the same amount of time and attention to and will be required to exercise the same level of skill, care and diligence in the performance of its services as a prudent businessperson would in administering such services on its own behalf. The Cash Manager will receive a fee of \$1 million per annum from Airplanes Group in respect of its services to Airplanes Group. The Cash Manager will be entitled to indemnification by Airplanes Group for, and will be held harmless against, any loss or liability incurred by the Cash Manager (other than through its own deceit, fraud, wilful default or gross negligence (or simple negligence in the handling of funds) or that of its officers, directors, agents and employees).

The Cash Manager may resign on 30 days’ written notice as long as Airplanes Group has engaged another person or entity to perform the services that were being provided by the Cash Manager. Airplanes Group may remove the Cash Manager at any time with or without cause.

Company Secretary

The Company Secretary (with respect to any company, the entity which provides its secretarial services, the “**Company Secretary**”) will maintain company books and records, including minute books and stock transfer records. It will make available telephone, telecopy, telex and post office box facilities and will maintain a registered office in the relevant jurisdictions.

Mourant & Co. Secretaries Limited will act as Company Secretary for Airplanes Limited and any subsidiary of Airplanes Limited incorporated in Jersey.

Delaware Trustee

Wilmington Trust Company will maintain the books and records, including minute books and records and trust certificate records, of Airplanes Trust. It will make available telephone, telecopy, telex and post office box facilities and will maintain its principal place of business in Delaware.

SELECTED COMBINED FINANCIAL DATA

The selected combined financial data set out below for each of the years in the three-year period ended March 31, 1995 have been extracted or derived from the audited Financial Statements of Airplanes Limited and Airplanes Trust included elsewhere in this Prospectus, which have been audited by KPMG — Dublin, Ireland, independent chartered accountants. See “Experts”. These financial statements have been prepared in accordance with U.S. GAAP. The selected financial data set forth below as of October 31, 1995 and for the seven month periods ended October 31, 1994 and October 31, 1995 have not been audited but in the opinion of management reflect all adjustments, consisting only of normal and recurring adjustments, necessary to present a fair statement of the information presented therein.

The selected combined financial data set forth below are presented on the basis that the Aircraft have been operated separately from GPA within Airplanes Group for all periods presented or from the date of acquisition by GPA, as appropriate. Investors should note, however, that Airplanes Group has not conducted any such independent business operations in the periods under review and will not conduct any until the Closing Date. Accordingly, adjustments and allocations have been made of, among other items, historical indebtedness, net interest expense, selling, general and administrative expenses and tax amounts, as further described in Note 2 to the Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. While Airplanes Group believes that the selected combined financial data set forth below are an appropriate presentation, such data are not necessarily indicative of the financial results that might have occurred had Airplanes Group been an independently financed and managed group during the periods presented. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

The selected combined financial data set forth below combine the operating results, assets, liabilities and cash flows of each of Airplanes Limited and Airplanes Trust. The separate balance sheets, statements of operations and statements of cash flows of Airplanes Limited and Airplanes Trust are contained in the Combining Financial Statements included elsewhere in this Prospectus, and investors should note that the Notes and the Guarantees comprise obligations of two different legal entities owning different assets. The Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust believe that a combined presentation is most appropriate because, *inter alia*, the assets of Airplanes Limited and Airplanes Trust are to be managed on the basis of one combined aircraft fleet, and each of Airplanes Limited and Airplanes Trust has fully and unconditionally guaranteed the performance of the other under their respective Notes. The Guarantees have been structured to ensure that no payments are made on a junior class of Notes of Airplanes Trust or Airplanes Limited, as the case may be, before any amounts due and payable on a more senior class of Notes of Airplanes Limited or Airplanes Trust, respectively, are paid pursuant to the Guarantees.

The selected combined financial data should be read in conjunction with, and are qualified in their entirety by reference to, the Combining Financial Statements of Airplanes Group and the Notes thereto, which are included elsewhere in the Prospectus.

As GPA will continue to hold substantially all of the Class E Notes through which it will retain access to certain of the benefits inherent in the Aircraft, aircraft assets are stated on the predecessor cost basis (*i.e.*, reflecting GPA’s historical cost less accumulated depreciation). The difference between such predecessor cost basis and the amount reflected as Airplanes Group’s indebtedness to GPA (which is based on the Initial Appraised Value of the Aircraft) is a significant component of net liabilities in the Combined Balance Sheet Data.

Combined Statement of Operations Data

	Year ended March 31(1)			Seven Months ended Oct. 31,	
	1993	1994	1995	1994	1995
	\$millions				
Revenues(2)					
Aircraft leasing	413	526	608	356	364
Expenses					
Depreciation and amortization	(230)	(185)	(208)	(116)	(120)
Net interest expense(3)	(203)	(252)	(348)	(204)	(216)
Provision for maintenance	(83)	(71)	(88)	(57)	(53)
Bad and doubtful debts	(31)	(20)	(33)	(11)	9
Provision for loss making leases(4) and downtime, net	(33)	(27)	(5)	(2)	—
Other lease costs	(28)	(19)	(17)	(8)	(15)
Selling, general and administrative expenses	(22)	(26)	(34)	(19)	(20)
Income tax benefit	32	13	16	9	9
Net loss	<u>(185)</u>	<u>(61)</u>	<u>(109)</u>	<u>(52)</u>	<u>(42)</u>

Combined Balance Sheet Data

	March 31(1)		October 31,
	1994	1995	1995
	\$millions		
Aircraft, net, and net investment in capital and sales type leases	4,332	4,181	4,056
Total assets	<u>4,561</u>	<u>4,386</u>	<u>4,251</u>
Indebtedness to GPA(3)	(4,583)	(4,602)	(4,602)
Provision for maintenance	(217)	(268)	(288)
Total liabilities	<u>(5,169)</u>	<u>(5,228)</u>	<u>(5,258)</u>
Net liabilities	(608)	(842)	(1,007)

Combined Statement of Cash Flows and Other Data

	Year ended March 31(1)			Seven Months ended October 31,	
	1993	1994	1995	1994	1995
	\$millions				
Cash paid in respect of interest(3)	178	222	303	176	191
EBITDA(5)	222	369	440	264	291
Net cash provided by operating activities (after payment of interest)	164	189	177	115	127
Net cash (used in)/provided by investing activities	(1,282)	(514)	(23)	3	7
Net cash (used in)/provided by financing activities	<u>1,118</u>	<u>325</u>	<u>(154)</u>	<u>(118)</u>	<u>(134)</u>
Net Movements in cash	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>

Selected Ratios

	Year ended March 31,(1)			Seven Months ended October 31,	
	1993	1994	1995	1994	1995
Deficiency of Combined Earnings to Combined Fixed Charges(6) (\$ millions)	(217)	(74)	(125)	(61)	(51)
EBITDA(5) to cash paid in respect of interest(3)	1.25	1.66	1.45	1.50	1.52
Indebtedness to GPA, less the Class E Note Portion, to EBITDA(3)(5)(7) (interim period EBITDA amounts annualized)	15.10	10.51	8.85	8.57	7.81

- (1) The financial statements of Airplanes Group are stated in U.S. dollars which is the principal operating currency of Airplanes Group and the aviation industry.
- (2) Revenues include Maintenance Reserve receipts. See Note 13 to the Financial Statements.
- (3) It has been assumed that Airplanes Group was financed with indebtedness to GPA, as and when Airplanes Group acquired the Aircraft, in an amount equivalent to the expected aggregate amount of all classes of Notes to be issued by Airplanes Group of \$4,602 million. No repayments of principal are assumed. Net interest expense is calculated based on the assumption that all of the debt from GPA carried interest at the Assumed Rates. The portion of Airplanes Group's indebtedness to GPA which is expected to be refinanced by the Class E Notes (assumed for purposes of the Financial Statements to represent approximately 15% of the indebtedness to GPA) will accrue interest at a significantly higher rate than the Assumed Rates although the cash outflow associated with such debt is initially expected to be substantially lower than the Assumed Rates. It has been further assumed for purposes of the Statements of Cash Flows that in each period Airplanes Group paid cash interest of only 1% on the portion of indebtedness to GPA which is assumed to be refinanced by the Class E Notes. Net interest expense is stated after crediting interest income of \$6 million in 1993 and 1994 and \$9 million in 1995. A further \$50 million of Subclass A-1 Notes will also be issued by Airplanes Group, which Notes are not included in the assumed indebtedness in the Financial Statements. Assuming Airplanes Group was also financed with this additional indebtedness and cash deposits increased by an equivalent amount, the net interest expense for each of the three years ended March 31, 1993, 1994 and 1995 would have been greater by \$0.9 million, \$0.9 million, and \$0.6 million, respectively, and cash paid in respect of interest for each of these years would have been greater by \$3 million, \$3 million and \$4 million, respectively.
- (4) A lease agreement is deemed to be "loss making" in circumstances where the contracted rental payments are insufficient to cover the depreciation and allocated interest attributable to the aircraft plus certain direct costs, such as legal fees and registration costs, attributable to the lease over its term.
- (5) EBITDA represents operating results before provision for income taxes and before interest expense and depreciation and amortization. EBITDA is not presented as an alternative measure of operating income or cash flow provided by operating activities but rather to provide additional information related to Airplanes Group's ability to service the Notes. Airplanes Group believes that EBITDA provides significant information with respect to Airplanes Group's capacity to make payments on the Notes because it indicates the amount of non-cash charges against earnings, including depreciation and amortization expenses, which would have been available to pay Airplanes Group's obligations during the years indicated, which information is not indicated by the "Deficiency of earnings to fixed charges" ratio. Investors should consider carefully, however, that there are significant uses to which Airplanes Group's cash flows will need to be applied before any cash will be available to make payments on the Notes, including payment of Expenses (including payments of taxes, certain required financing costs and expenses, such as service provider fees, trustee fees and other charges and certain investing costs), which rank prior to the Notes in the Priority of Payments. The amount of Expenses which will be incurred by Airplanes Group cannot be estimated with certainty and there can be no assurance that Airplanes Group will not incur Expenses to such an extent as to jeopardize its ability to make future payments on the Notes.
- (6) Represents the amount by which Airplanes Group's loss before income taxes and fixed charges exceeded fixed charges. Fixed charges consists of interest expense. Because Airplanes Group's fixed charges exceeded earnings for all periods presented, a ratio of earnings to fixed charges is not presented.
- (7) The Class E Note Portion equals that amount of indebtedness to GPA which is expected to be refinanced by the Class E Notes (assumed for purposes of the Financial Statements to represent approximately 15% of the indebtedness to GPA).

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

Introduction

The following discussion and analysis of Airplanes Group's financial condition and results of operations is presented as though the Aircraft have been operated and financed separately from GPA within the Airplanes Group in all periods under review or from their date of acquisition by GPA, as appropriate. Investors should note, however, that Airplanes Group was only formed in 1995 and, therefore, has not conducted any business operations in the period under review and will not conduct any until the Closing Date. Accordingly, adjustments and allocations have been made with respect to, *inter alia*, historical indebtedness, net interest expense, selling, general and administrative expenses and tax amounts as further described below and in Note 2 to the Financial Statements. While Airplanes Group believes that the following discussion and analysis is an appropriate presentation, it is not necessarily indicative of the financial results that might have occurred had Airplanes Group been an independently financed and managed group during the relevant periods.

The following discussion and analysis is based primarily on the combined operating results of Airplanes Limited and Airplanes Trust and not on their results reported as individual entities. Investors should note, however, that the Notes and the Guarantees comprise obligations of two different legal entities owning different assets. The Directors and the Controlling Trustees believe that a combined discussion is the most appropriate basis of presentation because, *inter alia*, Airplanes Limited and Airplanes Trust are not intended to be regarded as separate businesses but rather on the basis of one combined aircraft fleet and each of Airplanes Limited and Airplanes Trust has fully and unconditionally guaranteed the performance of the other under their respective Notes. The Guarantees have been structured to ensure that no payments are made on a junior class of Notes of Airplanes Trust or Airplanes Limited, as the case may be, before any amounts due and payable on a more senior class of Notes of Airplanes Limited or Airplanes Trust, respectively, are paid pursuant to the Guarantees.

General

Substantially all of Airplanes Group's future business is expected to consist of aircraft operating lease activities. Airplanes Group may also engage in aircraft sales subject to certain limitations and guidelines. Airplanes Group's revenues and operating cash flows are determined by a number of significant factors including (i) trading conditions in the civil aviation industry and, in particular, the market for aircraft on operating leases, (ii) the mix, relative age and popularity of the various aircraft types in the Portfolio and (iii) Airplanes Group's financial resources and liquidity position relative to its competitors who may possess substantially greater financial resources. In the years 1993-1995, the increase in Airplanes Group's revenues has been driven by the acquisition of significant numbers of aircraft.

The rental rates on any lease depend on a number of factors including the age of the aircraft, the perceived credit risk of the lessee, demand for the particular aircraft type, competitive conditions, the market into which the aircraft is leased, the terms of the lease and general economic factors such as interest rates and inflation. Over the period under review, rental payments have suffered and the incidence of "loss making leases" increased as a result of the slowdown in the civil aviation industry during part of the 1990s and the resulting excess of supply over demand for certain aircraft types. These conditions have had an adverse effect on Airplanes Group's results in the years ended March 31, 1993, 1994 and 1995. A lease agreement is deemed to be "loss making" in circumstances where the contracted rental payments are insufficient to cover the depreciation and allocated interest attributable to the aircraft plus certain direct costs, such as legal fees and registration costs, attributable to the lease over its term. For these purposes, interest at the Assumed Rates is allocated to individual Aircraft based on the assumption that such aircraft were financed, from the date of acquisition by Airplanes Group, with indebtedness from GPA equivalent to the Initial Appraised Value of such Aircraft at October 31, 1995. This results in a significant number of leases being "loss making" in terms of profitability — while still being cash positive. It should be borne in mind, however, that the portion of the indebtedness to GPA which is expected to be refinanced by the Class E Notes to be sold by Airplanes Group (assumed for purposes of the Financial Statements to represent approximately 15% of the indebtedness to

GPA) (the “**Class E Note Portion**”) will accrue interest at a significantly higher rate than the Assumed Rates although the cash outflow associated with that debt is initially expected to be substantially lower than the Assumed Rates. See “Description of Securities — The Class E Notes”. It has been assumed for purposes of the Statements of Cash Flows that Airplanes Group paid cash interest of only 1% on this element of the indebtedness to GPA in each of the periods under review. See Note 14 to the Financial Statements.

Maintenance reserve receipts, which Airplanes Group receives from certain of its lessees to provide against the future cost of maintaining leased Aircraft, are included in revenues. See Note 13 to the Combining Financial Statements.

As of October 31, 1995, Leases with respect to approximately 27% of the Airplanes Group’s Portfolio by Initial Appraised Value, had fixed rates (the rentals thereunder having been fixed on a term basis for periods typically greater than six months) and approximately 64% had interest rate adjustment clauses which increase or decrease rental payments (typically on a semi-annual basis) in accordance with rises or falls in market interest rates. Interest expense on the indebtedness to GPA is reflected in the Financial Statements at the Assumed Rates. Airplanes Group did not have separate hedging instruments in place during the period. Airplanes Group’s future interest rate hedging policy will be designed to enhance the correlation between floating and fixed rate rental payments and floating and fixed rate interest obligations, respectively. The policy has been designed, through the use of interest rate swaps and Swaptions, to allow adjustment as Airplanes Group’s liabilities amortize, as the composition of its rental payments changes and as Lessees default. See “Financial Resources and Liquidity — Interest Rate Management”.

The effect of changes in currency rates on Airplanes Group is minimal because Airplanes Group conducts its business almost entirely in U.S. dollars. To the extent Lessees begin to make rental payments in currencies other than the U.S. dollar, Airplanes Group may, subject to guidelines and limitations set forth by the Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust, engage in certain currency risk hedging activities.

Results of Operations — Year Ended March 31, 1995 Compared with Year Ended March 31, 1994

While there were some signs of recovery in the civil aviation industry, especially toward the end of the year, conditions remained difficult in the twelve months to March 31, 1995. Airplanes Group’s results continued to be significantly affected by a high level of downtime costs and by provisions against receivables and “loss making” Leases entered into during the year. All of these reflected the poor business environment and the relatively weak financial condition of many of Airplanes Group’s Lessees.

Revenues for 1995 increased by 16% to \$608 million (Airplanes Limited: \$547 million; Airplanes Trust: \$61 million) from \$526 million (Airplanes Limited: \$481 million; Airplanes Trust: \$45 million) in 1994. The increase in revenues largely reflected increased average numbers of aircraft on lease in 1995 compared with 1994 due to the full effect of aircraft purchased in 1994 arriving on lease in 1995 and the effect of a rising interest rate environment, which resulted in higher rental payments on Airplanes Group’s floating rate leases. At March 31, 1995, Airplanes Group had 221 Aircraft on lease (Airplanes Limited: 199 Aircraft; Airplanes Trust: 22 Aircraft) compared with 210 Aircraft on lease (Airplanes Limited: 189 Aircraft; Airplanes Trust: 21 Aircraft) at March 31, 1994.

The charge for depreciation and amortization in 1995 amounted to \$208 million (Airplanes Limited: \$183 million; Airplanes Trust: \$25 million) compared with \$185 million (Airplanes Limited: \$161 million; Airplanes Trust: \$24 million) in 1994. This also reflected the increase in the average number of Aircraft in Airplanes Group’s Portfolio during 1995 compared with 1994.

Net interest expense has been determined on the basis set out in Note 2 to the Financial Statements. This essentially assumes that Airplanes Group’s debt to GPA (including the Class E Note Portion) is equal to the Initial Appraised Value of the Aircraft at October 31, 1995. Debt increases to match purchases of Aircraft by the Airplanes Group during the fiscal years ended March 31, 1993, 1994 and 1995. No repayments of principal are assumed but any excess cash generated in Airplanes Group’s business while part of GPA is deemed to be

distributed back to GPA. The interest charge is calculated based on the assumption that all of the debt bears interest at the Assumed Rates.

On the basis assumed, net interest expense recorded in Airplanes Group's Statements of Operations was \$348 million in 1995 (Airplanes Limited: \$317 million; Airplanes Trust: \$31 million) compared with \$252 million in 1994 (Airplanes Limited: \$227 million; Airplanes Trust: \$25 million). The increase in the interest charge is primarily due to higher market interest rates in 1995 combined with a higher average amount of debt outstanding. Average debt outstanding in 1995 was \$4.6 billion compared with \$4.1 billion in 1994 reflecting debt assumed to be incurred to fund the increase in the average number of Aircraft in the Airplanes Group's Portfolio. In 1995, Airplanes Group paid \$303 million in cash in respect of interest (Airplanes Limited: \$276 million; Airplanes Trust: \$27 million) compared with \$222 million in 1994 (Airplanes Limited: \$199 million; Airplanes Trust: \$23 million). The difference between Airplanes Group's net interest expense and cash paid in respect of interest is substantially accounted for by the assumption that Airplanes Group paid cash interest of only 1% on the face amount of the Class E Note Portion in each of the periods under review.

Following the Underwritten Offering, a large proportion of Airplanes Group's indebtedness will be represented by the Notes which will be issued on terms and conditions then prevailing in the market. To the extent that the weighted average interest cost on the Notes would have been higher or lower than the interest cost in the financial statements in the periods under review, then Airplanes Group's actual interest charge and cash paid in respect of interest would have been higher or lower, respectively, than that represented in the Combining Financial Statements. It should be borne in mind, however, that the Class E Note Portion of the indebtedness to GPA (assumed for purposes of the Combining Financial Statements to represent 15% of such indebtedness) will accrue interest at a significantly higher rate than the Assumed Rates although the cash outflow associated with that debt is initially expected to be substantially lower than the Assumed Rates. See "Description of Securities — The Class E Notes". It has been assumed for purposes of the Statements of Cash Flows that Airplanes Group paid cash interest of only 1% on the Class E Note Portion in each of the periods under review. See Note 14 to the Financial Statements. Furthermore, to the extent that the aggregate principal amount of the Class E Notes represents less than 15% of the Initial Appraised Value of the Aircraft at October 31, 1995, the cash paid in respect of interest would have been higher than that represented in Airplanes Group's Financial Statements.

A substantial amount of GPA's debt was borrowed, and most of the Airplanes Group's debt will be borrowed, under financing arrangements where interest costs are a function of predetermined margins over LIBOR. Given the floating rate nature of a substantial portion of its borrowings, Airplanes Group will employ certain hedging techniques to limit its exposure to both increases and decreases in market interest rates. See "Financial Resources and Liquidity — Interest Rate Management".

Substantially all of the balance of Airplanes Group's costs consists of allowances for bad and doubtful debts, and net provisions for downtime and "loss making" leases. Allowances for bad and doubtful debts in 1995 amounted to \$33 million (Airplanes Limited: \$34 million; Airplanes Trust: a credit of \$1 million) compared with \$20 million in 1994 (Airplanes Limited: \$17 million; Airplanes Trust: \$3 million). Net provisions for "loss making" leases and downtime amounted to \$5 million (Airplanes Limited: \$4 million; Airplanes Trust: \$1 million) compared with \$27 million in 1994 (Airplanes Limited: \$23 million; Airplanes Trust: \$4 million). It is Airplanes Group's practice to provide specifically for any amounts due but unpaid by Lessees based primarily on an assessment of the amount due in excess of security held. Airplanes Group provides for downtime costs based on an estimated re-lease date of the particular aircraft off-lease. Downtime costs include depreciation, allocated interest (determined on the basis set out in Note 2 to the Financial Statements) and any other directly attributable costs for the specific Aircraft for the estimated off-lease period. The level of bad and doubtful debts and the incidence of "loss making" Leases included in the Portfolio continued to be relatively high in 1995 reflecting the poor trading environment. Poor trading conditions, combined with the weak financial condition of a number of the Lessees (particularly in Mexico), resulted in provisions remaining at relatively high levels in the year ended March 31, 1995. Other expenses amounted to \$17 million in 1995 (Airplanes Limited: \$16 million; Airplanes Trust: \$1 million) which compared with a similar level in 1994.

Selling, general and administrative expenses have been determined on the basis set out in Note 2 to the Financial Statements. The most significant element of selling, general and administrative expenses is the aircraft management fees paid to GECAS under the existing GPA Management Agreement. Substantially all of these amounts represent asset based fees calculated as an annual percentage of agreed values of Aircraft under management. Aircraft management fees paid to GECAS with respect to the Portfolio amounted to \$23 million in 1995 (Airplanes Limited: \$21 million; Airplanes Trust: \$2 million) compared with \$9 million for only five months of 1994 (Airplanes Limited: \$8 million; Airplanes Trust: \$1 million). Going forward, Asset Based Management Fees will be paid by Airplanes Group to the Servicer under the Servicing Agreement. See "Management of Airplanes Group — Management Services — Management Fees". It should be noted that the Servicer may earn incentive fees under the Servicing Agreement if certain targets are met, subject to an annual minimum amount for such incentive fees of \$1.5 million. See "Management of Airplanes Group — Management Services — Management Fees".

The balance of Airplanes Group's selling, general and administrative expenses has been based on GPA's historic overhead (but not including any restructuring costs incurred by GPA in 1993, GPA's litigation costs or the cost to GPA of exploring and implementing various refinancing measures). This historic overhead was apportioned between GPA and Airplanes Group in the same proportion that lease rental revenues generated by the Aircraft in the period under review bears to lease rental revenues generated by GPA's aircraft that are not being sold to the Airplanes Group. On this basis, Airplanes Group's selling, general and administrative expenses excluding aircraft management fees paid to GECAS pursuant to the existing GPA Management Agreement decreased to \$11 million in 1995 (Airplanes Limited: \$10 million; Airplanes Trust: \$1 million) compared with \$17 million in 1994 (Airplanes Limited: \$16 million; Airplanes Trust: \$1 million). The primary reason for the decrease compared with 1994 is lower salary costs reflecting the transfer of GPA personnel to GECAS and redundancies. Going forward, Airplanes Group's selling, general and administrative expenses, excluding certain fees paid to GECAS pursuant to the Servicing Agreement, are expected to increase to reflect the transfer back to GPA Group of certain accounting and finance functions previously performed by GECAS pursuant to the existing GPA Management Agreement. In the future, these services will be provided to Airplanes Group by GPA Group in its capacity as Administrative Agent.

The operating loss for 1995 was \$125 million (Airplanes Limited: \$112 million; Airplanes Trust: \$13 million) compared with an operating loss of \$74 million in 1994 (Airplanes Limited: \$53 million; Airplanes Trust: \$21 million). Airplanes Limited and Airplanes Trust are expected to continue to report substantial losses in the future.

Tax provisions and deferred tax assets and liabilities have been calculated as if Airplanes Limited and Airplanes Trust were separate taxable entities. The statement of operations includes a tax benefit of \$16 million in 1995 (Airplanes Limited: \$11 million; Airplanes Trust: \$5 million) in respect of taxation on profits compared with \$13 million in 1994 (Airplanes Limited: \$5 million; Airplanes Trust: \$8 million). The tax benefit results from decreases in net deferred tax liabilities during the year as current operating losses create net operating loss carryforwards which can be used to reduce income taxes payable in future periods.

The net loss for the year after taxation was \$109 million (Airplanes Limited: \$101 million; Airplanes Trust: \$8 million) compared with a net loss of \$61 million in 1994 (Airplanes Limited: \$48 million; Airplanes Trust: \$13 million).

Results of Operations — Year Ended March 31, 1994 Compared with Year Ended March 31, 1993

Revenues increased by 27% in 1994 to \$526 million (Airplanes Limited: \$481 million; Airplanes Trust: \$45 million) from \$413 million in 1993 (Airplanes Limited: \$373 million; Airplanes Trust: \$40 million), primarily reflecting increased average numbers of aircraft on lease in 1994 compared with 1993 following the acquisition of 10 aircraft from March 19, 1993 and 21 aircraft from December 31, 1993. At March 31, 1994, Airplanes Group had 210 aircraft on lease (Airplanes Limited: 189 aircraft; Airplanes Trust: 21 aircraft) compared with 180 on lease at March 31, 1993 (Airplanes Limited: 166 aircraft; Airplanes Trust: 14 aircraft).

The charge for depreciation and amortization in 1994 amounted to \$185 million (Airplanes Limited: \$161 million; Airplanes Trust: \$24 million) compared with \$230 million (Airplanes Limited: \$205 million;

Airplanes Trust: \$25 million) in 1993. The decrease reflected the non-recurrence of the additional depreciation charge of \$80 million in 1993 (Airplanes Limited: \$72 million; Airplanes Trust: \$8 million), partially offset by additional depreciation on increased numbers of owned aircraft in the Portfolio. The depreciation charge arose primarily because of the difficult trading conditions experienced in the industry in 1993. During 1993, the downturn experienced by the industry was evidenced by a significant surplus of aircraft in the market, reductions in lease rates and in aircraft values and significant numbers of aircraft on the ground or "parked in the desert". The severity and duration of the downturn in the aviation industry was not foreseen by many industry participants.

Net interest expense recorded in Airplanes Group's Statements of Operations was \$252 million in 1994 (Airplanes Limited: \$227 million; Airplanes Trust: \$25 million) compared with \$203 million in 1993 (Airplanes Limited: \$178 million; Airplanes Trust: \$25 million). The increase in the interest charge is primarily due to higher average debt outstanding in 1994 of \$4.1 billion compared with \$3.3 billion in 1993. In 1994, Airplanes Group paid \$222 million in cash in respect of interest (Airplanes Limited: \$199 million; Airplanes Trust: \$23 million) compared with \$178 million in 1993 (Airplanes Limited: \$155 million; Airplanes Trust: \$23 million). The difference between Airplanes Group's net interest expense and cash paid in respect of interest is substantially accounted for by the assumption that Airplanes Group paid cash interest of only 1% on the Class E Note Portion, assumed for the purposes of the Financial Statements to represent 15% of total indebtedness to GPA in each of the periods under review.

The recession in the aviation industry continued in 1994 and this affected lease rates. Included in "other expenses" for 1994 are continued high levels of allowances for bad and doubtful debts, and net provisions for "loss making" leases and downtime. Allowances for bad and doubtful debts amounted to \$20 million (Airplanes Limited: \$17 million; Airplanes Trust: \$3 million) compared with \$31 million in 1993 (Airplanes Limited: \$26 million; Airplanes Trust: \$5 million). Net provisions for "loss making" leases and downtime amounted to \$27 million (Airplanes Limited: \$23 million; Airplanes Trust: \$4 million) compared with \$33 million in 1993 (Airplanes Limited: \$28 million; Airplanes Trust: \$5 million). Other expenses amounted to \$19 million in 1994 (Airplanes Limited: \$19 million; Airplanes Trust: \$nil) compared with \$28 million in 1993 (Airplanes Limited: \$24 million; Airplanes Trust: \$4 million). Included in the \$28 million charge for other expenses in 1993 was \$8 million relating to a provision for a potential maintenance related default by a certain Lessee.

Selling, general and administrative expenses were \$26 million in 1994 (Airplanes Limited: \$24 million; Airplanes Trust: \$2 million) compared with \$22 million in 1993 (Airplanes Limited: \$20 million; Airplanes Trust: \$2 million). Included in the \$26 million for 1994 is the GECAS management fee from October 29, 1993 to March 31, 1994 of \$9 million (Airplanes Limited: \$8 million; Airplanes Trust: \$1 million).

The operating loss for 1994 was \$74 million (Airplanes Limited: \$53 million; Airplanes Trust: \$21 million) compared with an operating loss of \$217 million in 1993 (Airplanes Limited: \$181 million; Airplanes Trust: \$36 million).

There was a tax benefit of \$13 million in 1994 (Airplanes Limited: \$5 million; Airplanes Trust: \$8 million) in respect of taxation compared with a benefit of \$32 million in 1993 (Airplanes Limited: \$18 million; Airplanes Trust: \$14 million).

The net loss for the year after taxation was \$61 million (Airplanes Limited: \$48 million; Airplanes Trust: \$13 million) compared with a net loss of \$185 million in 1993 (Airplanes Limited: \$163 million; Airplanes Trust: \$22 million). Airplanes Group's net loss of \$185 million in 1993 was significantly affected by exceptional depreciation charges of \$80 million.

Results of Operations — Seven Months Ended October 31, 1994 to Seven Months Ended October 31, 1995

Certain of Airplanes Group's Lessees continued to experience difficult trading conditions and these had an adverse effect on Airplanes Group's operations for the seven months to October 31, 1995. There were, however, some signs of improvement in the industry and certain other significant Lessees recorded generally

improved trading performance resulting in the reversal of some provisions previously made in respect of bad and doubtful debts.

Revenues for the seven months to October 31, 1995 remained relatively unchanged at \$364 million (Airplanes Limited: \$329 million; Airplanes Trust: \$35 million) compared with \$356 million (Airplanes Limited: \$321 million; Airplanes Trust: \$35 million) for the seven months to October 31, 1994, reflecting the relatively similar portfolio in the periods. At October 31, 1995 Airplanes Group had 222 aircraft on lease (Airplanes Limited: 202 aircraft, Airplanes Trust: 20 aircraft) compared with 215 aircraft at October 31, 1994 (Airplanes Limited: 194 aircraft; Airplanes Trust: 21 aircraft).

The charge for depreciation and amortization in the seven months to October 31, 1995 amounted to \$120 million (Airplanes Limited: \$106 million; Airplanes Trust: \$14 million) compared with \$116 million (Airplanes Limited: \$102 million; Airplanes Trust: \$14 million) for the comparative period in 1994. The marginally increased depreciation in 1995 reflects depreciation costs for the full seven month period to October 31, 1995 in respect of two Aircraft which were acquired by Airplanes Group in the five month period ending March 31, 1995 (and not therefore included for the seven months ending October 31, 1994).

Net interest expense was \$216 million in the seven months ended October 31, 1995 (Airplanes Limited: \$197 million; Airplanes Trust: \$19 million) compared with \$204 million for the same period ending October 31, 1994 (Airplanes Limited: \$186 million; Airplanes Trust: \$18 million). The increase in 1995 was primarily attributable to the increase in the assumed rates (based on GPA's assumed average cost of debt) from 7.83% in 1994 to 8.25% in 1995 and, to a lesser extent, the increase in outstanding debt in 1995 of \$19 million (Airplanes Limited: \$19 million; Airplanes Trust: \$nil). Average debt for the seven months ended October 31, 1995 amounted to \$4,602 million (Airplanes Limited: \$4,192 million; Airplanes Trust: \$410 million) compared to \$4,583 million for the seven months ended October 31, 1994 (Airplanes Limited: \$4,173 million; Airplanes Trust: \$410 million) — reflecting the Aircraft acquired in 1995. The difference in Airplanes Group's net interest expense and cash paid in respect of interest is substantially accounted for by the assumption that Airplanes Group paid cash interest of only 1% on the Class E Note Portion, assumed to represent approximately 15% of total indebtedness to GPA in each period under review.

While certain of Airplanes Group's Lessees continued to experience financial difficulties in the seven months to October 31, 1995, resulting in the requirement for additional provisions in respect of bad and doubtful debts in respect of these Lessees; the credit exposure with regard to certain other major carriers improved in the period. Overall, there was a net credit in respect of bad and doubtful debts of \$9 million (Airplanes Limited: \$9 million; Airplanes Trust: \$nil) in the seven months to October 31, 1995 primarily as a result of reversals of significant provisions previously made in respect of one Brazilian Lessee and one Mexican Lessee. This is compared with a net charge in respect of bad and doubtful debts for the seven months to October 31, 1994 of \$11 million (Airplanes Limited: \$10 million; Airplanes Trust: \$1 million). Other lease costs in the seven months to October 31, 1995 increased by \$7 million (Airplanes Limited: \$7 million; Airplanes Trust: \$nil) to \$15 million (Airplanes Limited: \$14 million; Airplanes Trust: \$1 million). This increase is substantially attributable to increased maintenance related costs arising from defaults by certain Lessees during the period.

Selling, general and administrative expenses of \$20 million in the period to October 31, 1995 (Airplanes Group: \$18 million; Airplanes Trust: \$2 million) include \$13 million (Airplanes Group: \$12 million; Airplanes Trust: \$1 million) relating to GECAS management fees. This is a similar charge to that incurred in the same period to October 31, 1994.

There was a tax benefit of \$9 million in the seven month period to October 31, 1995 (Airplanes Limited: \$4 million; Airplanes Trust: \$5 million) compared with a tax benefit of \$9 million in the same period to October 31, 1994 (Airplanes Limited: \$5 million; Airplanes Trust: \$4 million).

The net loss for the seven month period ended October 31, 1995 after taxation was \$42 million (Airplanes Limited: \$35 million; Airplanes Trust: \$7 million) compared with a net loss for the same period to October 31, 1994 of \$52 million (Airplanes Limited: \$46 million; Airplanes Trust: \$6 million). The reduction in the net

loss for the seven month period to October 31, 1995 was significantly affected by the reduction in provisions for bad and doubtful debts made during the period.

Current Business Environment

Airplanes Group's activities will continue to be adversely affected by the weak financial position of certain Lessees, by continuing difficult trading conditions in certain jurisdictions, most particularly in Mexico, and by the substantial numbers of Leases continue to be "loss making". Difficult trading conditions have also led to a decline in the market value of certain aircraft, especially certain widebody and older Stage 2 aircraft.

Airplanes Group, through the marketing efforts of the Servicer under the Servicing Agreement, will continue to focus on minimizing the number of Aircraft off-lease. Despite recent improvements in the level of downtime, there can be no certainty that an increase in non-revenue-earning Aircraft will not occur in the future. This will depend to a large extent on the number of Aircraft which may be redelivered to Airplanes Group from Mexican and other aircraft operators and Airplanes Group's ability to re-lease these Aircraft. A number of Lessees continue to face financial difficulties and while the receivables outstanding (net of provisions) have risen gradually over the twelve months ended March 31, 1995 from \$52 million at March 31, 1994 (Airplanes Limited: \$50 million; Airplanes Trust: \$2 million) to \$59 million at March 31, 1995 (Airplanes Limited: \$58 million; Airplanes Trust: \$1 million), in each case net of provisions for Lessee defaults of \$44 million at March 31, 1994 (Airplanes Limited: \$39 million; Airplanes Trust: \$5 million) and \$71 million at March 31, 1995 (Airplanes Limited: \$66 million; Airplanes Trust: \$5 million), as of October 31, 1995, lease receivables had fallen from the March 31, 1995 level of \$59 million to \$51 million (Airplanes Limited: \$50 million; Airplanes Trust: \$1 million) (net of provisions for lessee defaults of \$62 million (Airplanes Limited: \$57 million; Airplanes Trust: \$5 million)). This reduction reflects improvements in Airplanes Group's net exposure to certain Lessees, although the number of other Lessees who continue to experience financial difficulties remains significant. The net receivables stated above exceed the amount of receivables to be purchased by Airplanes Group in the Acquisition because Airplanes Group is not purchasing receivables owed by airlines that no longer lease the relevant Aircraft.

There is some evidence of improved demand for certain aircraft types and, as a consequence, rental rates have shown some signs of recovery, although they still remain at relatively low levels. Consequently, while Airplanes Group's operations continue to generate substantial amounts of cash, substantial numbers of Leases are and will continue to be "loss making" based on the assumptions regarding attributable interest cost discussed above and there can be no assurance that further significant provisions in respect of "loss making" Leases will not be required in the future or that cash flow will not be adversely affected as a result of continuing pressure on rental rates. Certain Aircraft have been leased on short term Leases generally at lower rates than those achievable for longer term Leases and under which Lessees make Rental Payments according to the number of hours for which the relevant Aircraft is actually flown. Although aircraft manufacturers have significantly reduced aircraft production, it is not possible to predict how long the period of aircraft over-supply will last. Airplanes Group's trading results and cash flow are likely to continue to be affected by leases written during the recent, and prolonged period of excess supply.

Financial Resources and Liquidity

Overview

Prior to the Acquisition and Refinancing, Airplanes Group has not operated as a separate business and, consequently, has not been financed as such. GPA managed its cash resources centrally and cash generated by the Transferring Companies was assumed to be transferred to GPA for the purpose of servicing GPA's indebtedness.

Liquidity

Airplanes Group's Statements of Cash Flows have been prepared on the assumption that Airplanes Group will deduct approximately \$135 million of the net cash proceeds received in the Underwritten Offering from the total Purchase Price to be paid to GPA in the Acquisition. This deduction reflects the estimated cash

amounts required initially in respect of certain liabilities to be assumed by Airplanes Group and has been reflected in Airplanes Group's constant cash balances at March 31, 1993, 1994 and 1995 (Airplanes Limited: \$123 million; Airplanes Trust: \$12 million). The balance of \$135 million represents a portion of the \$185 million Liquidity Reserve Amount which comprises the Miscellaneous Reserve Amount, the Maintenance Reserve Amount and the Security Deposit Reserve Amount. These amounts have been determined largely based on an analysis of GPA's historical experience, and estimates of Airplanes Group's future experience, of the frequency and cost of certain contingencies in respect of the Aircraft including, *inter alia*, costs incurred in removing any Lien imposed by Eurocontrol or other regulatory authorities, costs incurred in complying with ADs on an Aircraft or in repossessing or re-leasing Aircraft, the frequency and cost of maintenance checks performed by Lessees relative to the projected maintenance payments to be made to Airplanes Group under the terms of the Leases and the frequency and cost of repaying Lessee Security Deposits that are not required to be segregated from Airplanes Group's cash.

There can be no assurance, however, that GPA's historical experience will prove to be relevant to Airplanes Group or that actual cash received by Airplanes Group will not be significantly less than that projected. Any significant variation may materially adversely affect the ability of Airplanes Group to make payments of interest and principal on the Notes.

Operating Activities

Net cash provided by operating activities amounted to \$177 million in 1995 (Airplanes Limited: \$161 million; Airplanes Trust: \$16 million), \$189 million in 1994 (Airplanes Limited: \$174 million; Airplanes Trust: \$15 million) and \$164 million in 1993 (Airplanes Limited: \$161 million; Airplanes Trust: \$3 million). This reflects cash paid in respect of interest of \$303 million in 1995 (Airplanes Limited: \$276 million; Airplanes Trust: \$27 million), \$222 million in 1994 (Airplanes Limited: \$199 million; Airplanes Trust: \$23 million) and \$178 million in 1993 (Airplanes Limited: \$155 million; Airplanes Trust: \$23 million). See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Year Ended March 31, 1995 Compared With Year Ended March 31, 1994" above for a discussion of the basis upon which Airplanes Group's interest charge and cash paid in respect of interest has been calculated. In addition, depreciation and amortization amounted to \$208 million in 1995 (Airplanes Limited: \$183 million; Airplanes Trust: \$25 million), \$185 million in 1994 (Airplanes Limited: \$161 million; Airplanes Trust: \$24 million) and \$230 million in 1993 (Airplanes Limited: \$205 million; Airplanes Trust: \$25 million). The relatively high depreciation charge in 1993 reflects the additional depreciation charges taken that year.

Investing and Financing Activities

Cash flows from investing and financing activities in 1993 and 1994 reflect significant purchases of aircraft and increases in debt associated with those purchases. Airplanes Group will not make any purchases of Aircraft in the future. As described in Note 2 to the Financial Statements of Airplanes Group, no use of cash to repay indebtedness has been assumed. Instead, distributions and transfers back to GPA of cash in amounts required to restore Airplanes Group's cash balance to \$135 million have been assumed as Airplanes Group was not a separately financed entity in the periods under review. These distributions and transfers back have been treated as increases in Airplanes Group's net liabilities and amounted to \$173 million in 1995 (Airplanes Limited: \$158 million; Airplanes Trust: \$15 million).

Indebtedness

Following the Underwritten Offering, Airplanes Group's indebtedness will consist of the Notes and the Class E Notes. In order to repay the Outstanding Principal Balance on the Subclass A-1, A-2, A-3 and A-4 Notes, Airplanes Group will have to refinance such Notes through the sale of Refinancing Notes by the Trust which will, in turn, finance such Refinancing Notes through the issuance and sale of Refinancing Certificates in the capital markets. Based on the Assumptions, \$850 million of the Subclass A-1 Notes, \$750 million of Subclass A-2 Notes, \$500 million of Subclass A-3 Notes and \$200 million in Subclass A-4 Notes will have to be refinanced through the sale by the Trust of Refinancing Certificates in 1998, 1999, 2001 and 2003, respectively. There can be no assurance that the Trust will be able to sell Refinancing Certificates in the

amounts and at the times required.

Airplanes Group has not operated as an independently financed entity prior to the Underwritten Offering and, accordingly, investors should not rely on the Combining Statements of Cash Flows as necessarily indicative of the actual cash flows that would have been produced by Airplanes Group's operating and financing activities in the periods under review. In particular, actual cash flows will differ, and may differ significantly, depending on many factors including the performance of Lessees and Airplanes Group's ability to re-lease Aircraft, whether the aggregate principal amount of the Notes represents more or less than 85% of the Initial Appraised Value of the Aircraft, whether the average cost of the Notes is greater or less than the Assumed Rates, the efficacy of Airplanes Group's interest rate hedging policies, the ability of Airplanes Group's Swap Providers to perform under the terms of their swap and similar obligations and whether Airplanes Group will be able to refinance maturing Notes that have not been repaid with Lease cash flows.

Interest Rate Management

The leasing revenues of Airplanes Group are generated primarily from Rental Payments which are either fixed or floating. In the case of floating rate Leases, an element of the rental varies in line with changes in LIBOR, generally six-month LIBOR. Some Leases carry fixed and floating Rental Payments for different rental periods. At the Closing Date, it is expected that the majority of Leases will be floating rate Leases. The current interest rate environment is characterized by low, absolute rates and a relatively flat yield curve, and while these conditions continue it is expected that an increasing proportion of Future Leases will be contracted on a fixed rate basis.

In general an interest rate exposure arises to the extent that Airplanes Group's fixed and floating interest obligations in respect of the Notes do not correlate to the mix of fixed and floating Rental Payments for different rental periods in the Portfolio. This interest rate exposure can be managed through the use of interest rate swaps. The Class A and B Notes bear floating rates of interest and the Class C, D and E Notes bear fixed rates of interest. As of the Closing Date, the mix of fixed and floating Rental Payments in the Portfolio is expected to contain a significantly higher percentage of fixed rate payments than the percentage of fixed rate interest payments on the Notes. In order to correlate the contracted fixed and floating Rental Payments in the Portfolio to the fixed and floating interest payments on the Notes, Airplanes Group will initially enter into interest rate swaps with an aggregate notional principal amount of approximately \$2.6 billion (the "**Initial Swaps**"). Under these Initial Swaps, Airplanes Group will pay fixed amounts and receive floating amounts on a monthly basis. The Initial Swaps will amortize having regard to the Minimum Principal Payment Amounts of the Class A and Class B Notes, the expiry dates of the Leases under which Lessees make fixed rate Rental Payments and the LIBOR reset dates under the floating rate leases. The average life of the notional amount of the Initial Swaps is expected to be approximately one year. At least every three months the Administrative Agent will seek to enter into additional swaps or sell at market value or unwind part or all of the initial and any future swaps in order to rebalance the fixed and floating mix of interest obligations and the fixed and floating mix of Rental Payments.

Additional interest rate exposure will arise, to the extent that Lessees owing fixed rate Rental Payments default and interest rates have declined between the contract date of the Lease and the date of default. This exposure can be managed through the purchase of options on interest rate swaps ("**Swaptions**"). Airplanes Group will purchase Swaptions which, if exercised, will allow Airplanes Group to enter into interest rate swap transactions under which it will pay floating amounts and receive fixed amounts. These Swaptions can be exercised in the event of defaults by Lessees owing fixed rate Rental Payments in circumstances where interest rates have declined since the contract date of such leases. Because not all Lessees making fixed rate Rental Payments are expected to default and not all Lessee defaults are expected to occur following a decline in interest rates, Airplanes Group will purchase Swaptions in a notional amount less than the full extent of the exposure associated with the Lessees making fixed rate Rental Payments. This notional amount (the "**Target Hedge**") will be varied from time to time to reflect, *inter alia*, changes in the mix of payments bases under the Future Leases. The cost of this notional amount of Swaptions will also vary from time to time and is initially expected to cost approximately \$15 million. Airplanes Group will purchase Swaptions with an aggregate

notional amount equal to 50% of the Target Hedge in equal monthly installments over the 24 month period following the Closing Date. Each such installment for any month, together with any installment not previously paid, shall be a “**Minimum Hedge Payment**” and shall be paid in the order of priority of payments set forth under “Description of Securities — The Notes and the Guarantees — Priority of Payments”. To the extent that the Target Hedge is increased at any time during the initial 24 month period, the Minimum Hedge Payment will be increased so that all payments in the remaining months of such period are equal and sufficient to provide for 50% of the Target Hedge. If the Target Hedge is increased in any month following the initial 24 month period, the Minimum Hedge Payment for the next Payment Date will be an amount equal to the difference in cost between 50% of such increased Target Hedge and the notional amount of Swaptions purchased and outstanding at that time. Finally, to the extent there are amounts available for distribution therefor, Airplanes Group will purchase additional Swaptions at a cost (the “**Supplemental Hedge Payment**”) equal, in the initial 24 month period, to the Minimum Hedge Payment for such month and, following the initial 24 month period, equal to the difference in cost between the notional amount of Swaptions purchased and outstanding at that time and the Target Hedge. From time to time the Administrative Agent may also sell at market value or unwind part or all of the initial and any future Swaptions, for example, to reflect any decreases in the Target Hedge.

Through the use of interest rate swaps, Swaptions and other interest rate hedging products, it is Airplanes Group’s policy not to be adversely exposed to material movements in interest rates. There can be no assurance, however, that Airplanes Group’s interest rate risk management strategies will be effective in this regard. If interest rates decline subsequent to the Closing Date and remain significantly lower for a long period of time, and if Rental Payments under Future Leases decline accordingly, Airplanes Group’s ability to make interest payments on the Class C and D Notes may be adversely affected. Any change to Airplanes Group’s policy with respect to its dealings in interest rate swaps, Swaptions and other interest rate hedging products will be subject to periodic review by the Rating Agencies.

The Board of Directors of Airplanes Limited and the Board of Controlling Trustees of Airplanes Trust will review and approve the overall interest rate management policy and transaction authority limits. Specific hedging contracts will be approved by officers of the Administrative Agent acting within the Boards’ overall policies and limits. Airplanes Group, acting through the Administrative Agent, will deal in interest rate swaps and Swaptions and may deal in various other interest rate products including interest rate caps, floors and collars, forward rate agreements and repurchase agreements.

Counterparty risk will be monitored on an ongoing basis. Counterparties will be subject to the prior approval of the Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust. Airplanes Group’s counterparties will consist primarily of the affiliates of major U.S. and European financial institutions (including special purpose derivatives vehicles) whose senior, unsecured, long-term debt obligations carry ratings which are consistent with maintaining the ratings of the Class A Notes.

DESCRIPTION OF SECURITIES

*The following summary is qualified in its entirety by reference to the Trust Indentures, the Cash Management Agreement, the Reference Agency Agreement, the Administrative Agency Agreement, the Airplanes Trust Agreement, the Notes, the Secretarial Services Agreement, the Security Trust Agreement, the Servicing Agreement, the Stock Purchase Agreements, the Swap Agreements and the Trust Agreement (collectively, the “**Related Documents**”), forms of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part, and the provisions of the Trust Indenture Act of 1939, as amended (the “**Trust Indenture Act**”).*

General

In connection with the Offering, eight separate trusts (each, a “**Trust**” and collectively referred to herein as the “**Trust**”) will be formed under the laws of the State of New York and eight classes or subclasses, as the case may be, of Certificates will be issued pursuant to the related Trust Agreements (collectively referred to herein as the “**Trust Agreement**”), among Airplanes Limited and Airplanes Trust (each, a “**Relevant Issuer**”) and the Trustee.

The Trust will have no significant assets other than corresponding classes and subclasses of Airplanes Limited Notes and Airplanes Trust Notes (together, the “**Corresponding Notes**”), the corresponding Guarantees, and funds from time to time on deposit in the Certificate Accounts. Any Refinancing Notes and corresponding Guarantees will be held in separate additional trusts for each relevant class or subclass, as the case may be. All references in this Prospectus to “**Notes**” are, unless the context otherwise requires, deemed to refer also to Refinancing Notes.

The Trust Agreement provides that each Relevant Issuer will pay the fees and expenses of the Trustee in proportion to the initial aggregate principal amount of Notes issued by such Relevant Issuer and held by the Trustee, and further provides that the Trustee will be entitled to indemnification by such entity for, and will be held harmless against, any loss, liability or expenses incurred by the Trustee (other than through its own wilful misconduct, bad faith or negligence or by reason of a breach of any of its representations or warranties set forth in the Trust Agreement).

The Trustee may resign with respect to any Trust at any time upon at least 90 days’ prior written notice, in which event Airplanes Group will be obligated to appoint a successor trustee for such Trust or Trusts. Certificateholders of each class or subclass may have divergent or conflicting interests from both the Certificateholders of other classes or subclasses and the Trust, as holder of the Notes. As a result, the occurrence of certain circumstances, including the occurrence of an Event of Default under one or more of the Trust Agreements, may give rise to a potential conflict of interest on the part of the Trustee in its capacity as trustee of Trusts in respect of more than one class or subclass of Certificates, upon which event the Trustee may be compelled to resign as trustee of any Trust in respect of more than one class or subclass of Certificates. In addition, the occurrence of certain circumstances including a Note Event of Default under one or both of the Trust Indentures may give rise to a potential conflict of interest on the part of the Trustee in its capacity as trustee of more than one class or subclass of Certificates. If the Trustee ceases to be eligible to continue as trustee with respect to any Trust under the Trust Agreement, becomes incapable of acting as Trustee or becomes insolvent, Airplanes Group may remove such Trustee, or any Certificateholder of the applicable class or subclass who has been a *bona fide* Certificateholder for at least six months may, on behalf of itself and all other Certificateholders of the same class or subclass, petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor trustee. In addition, Certificateholders evidencing not less than a majority in aggregate Outstanding Principal Balance of the Certificates of any class or subclass may at any time remove the Trustee with respect to the applicable Trust without cause by delivering written notice of such removal in writing to Airplanes Group, the Cash Manager, the Trustee and the Indenture Trustees. Any resignation or removal of the Trustee and appointment of a successor trustee for the applicable Trust will not become effective until acceptance of the appointment by the successor trustee. Pursuant to such resignation, removal and successor trustee provisions, it is possible that a different trustee could be appointed to act as the successor trustee with respect to each Trust. All references in this Prospectus to the “**Trustee**”

should be read to include the Trustee and any successor trustee appointed in the event of such a resignation or removal. All references in this Prospectus to the Trustee are, unless the context otherwise requires, references to the “**applicable Trustee**”.

The Certificates

The Certificates of each class or subclass, as the case may be, represent undivided beneficial interests in each of two corresponding classes or subclasses of Notes and the corresponding Guarantees. The Certificates are not secured by the Aircraft or the Leases, do not represent an interest in, and, other than the Guarantees of Airplanes Limited and Airplanes Trust, are not guaranteed by, any Lessee, Airplanes Limited, Airplanes Trust, the Trustee, either Indenture Trustee, GPA, or any affiliate of any of the foregoing. In addition, the Certificates are not obligations of, or guaranteed by, or offered for sale by, GE Capital, GECAS or any of their affiliates.

Each subclass of the Class A Certificates and each class of Class B, Class C and Class D Certificates will be issued by a separate Trust. The terms and conditions governing each Trust will be substantially similar, except that the subordination provisions, principal amounts, interest rates, timing of payments of principal, Expected Final Payment Dates and Final Maturity Dates applicable to the Notes held by each Trust will differ.

The four classes of Certificates will be issued in fully registered form only and the Class A Notes will be further subdivided into a total of five subclasses (Subclasses A-1, A-2, A-3, A-4 and A-5). Each Certificate of any class or subclass will represent a fractional undivided interest in the two corresponding classes or subclasses of Notes, the corresponding Guarantees and all monies received thereon and funds from time to time deposited in the Certificate Accounts. All payments and distributions with respect to each Certificate shall be made only to the extent of the assets of the applicable Trust. The Certificates will be issued in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof; *provided* that a single Certificate of each class or subclass may be issued in a denomination of less than \$100,000.

Each class or subclass of Certificates will bear interest at the fixed or floating rate per annum, as applicable, borne by the corresponding class or subclass of Notes. Interest on the Fixed Rate Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months; interest on the Floating Rate Notes will be calculated on the basis of a 360-day year and the actual number of days elapsed in an Interest Accrual Period. Payments of interest, principal and premium, if any, on any class or subclass of Notes are required to be passed through by the corresponding Trust to holders of the corresponding class or subclass of Certificates at the times and in the manner described herein.

Ratings

It is a condition to issuance that each class or subclass of Certificates be rated as follows:

	Rating Agencies		
	DCR	Moody's	Standard & Poor's
Subclass A-1 Certificates	AA	Aa2	AA
Subclass A-2 Certificates	AA	Aa2	AA
Subclass A-3 Certificates	AA	Aa2	AA
Subclass A-4 Certificates	AA	Aa2	AA
Subclass A-5 Certificates	AA	Aa2	AA
Class B Certificates	A	A2	A
Class C Certificates	BBB	Baa2	BBB
Class D Certificates	BB	Ba2	BB

The ratings of the Certificates address the likelihood of the timely payment of interest and the ultimate payment of principal and premium, if any, on the Certificates. Payments of principal and interest on all classes or subclasses of the Notes will be payable only after any Expenses and certain other amounts have been paid in full or provided for and only to the extent that Available Collections are sufficient therefor in accordance with

the priority of payments established for the Notes. In addition, Airplanes Group's ability to pay Step-Up Interest or principal in full on any class or subclass of the Notes on the Expected Final Payment Date for the corresponding class or subclass of Certificates (or on any other date prior to the Final Maturity Date) has not been rated by any of the Rating Agencies. The ratings assigned to the Certificates do not address the imposition of any withholding tax on any payments under the Leases, the Notes, the Guarantees, the Certificates or otherwise. See "Tax Considerations".

A rating is not a recommendation to buy, sell or hold Certificates inasmuch as such ratings do not comment as to market price or suitability for a particular investor and may be subject to revision or withdrawal at any time by the assigning Rating Agency. In the event that the rating initially assigned to any class or subclass of the Certificates is subsequently lowered, suspended or withdrawn for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Certificates.

Payments and Distributions

The Trustee with respect to each Trust is scheduled to receive on each Payment Date, commencing May 15, 1996, payments of interest, principal and, in certain limited circumstances described herein, premium on, each corresponding class or subclass of Notes held by such Trust. The amounts paid with respect to each class or subclass of Notes will be determined from time to time in accordance with the provisions described below under "— The Notes and the Guarantees — Priority of Payments".

On each Payment Date, the applicable Trustee will distribute (or will instruct a paying agent appointed in Luxembourg to distribute) to the applicable Certificateholders all payments of interest, principal and premium, if any, on each of the pair of corresponding Notes of such class or subclass (other than payments received following a Note Event of Default in respect of any class or subclass of Notes), the receipt of which is confirmed by such Trustee or paying agent by 1:00 p.m. (New York time) on such Payment Date or, if such receipt is confirmed after 1:00 p.m. (New York time) on such Payment Date, then on the following Business Day. Each distribution on any Payment Date other than the Final Payment Date with respect to any Certificate will be made by the Trustee or paying agent to the Certificateholders as of the Record Date immediately preceding such Payment Date. If a payment of interest, principal or premium, if any, on any class or subclass of the Notes (other than a payment received following a payment default in respect of such class or subclass of Notes) is not received by the Trustee or paying agent on a Payment Date but is received within five Business Days thereafter, it will be distributed to such Certificateholders on the date receipt thereof is confirmed by such Trustee or paying agent, if such receipt is confirmed by such Trustee or paying agent before 1:00 p.m. (New York time) or, if such receipt is confirmed after 1:00 p.m. (New York time), then on the following Business Day. If such payment is received by such Trustee or paying agent after such five Business Day period, it will be treated as a payment received following a payment default in respect of such class or subclass of Notes and will be distributed as described below. The final distribution with respect to any Certificate, however, will be made only upon presentation and surrender of such Certificate by the Certificateholder or its agent (including any holder in streetname) at the office or agency of the applicable Trustee or paying agent specified in the notice given by such Trustee or paying agent with respect to such final payment. So long as the Certificates are listed on the Luxembourg Stock Exchange, Airplanes Group shall appoint and maintain a paying agent in Luxembourg.

The following table sets forth the Expected Final Payment Date and the Final Maturity Date corresponding to each class or subclass of Certificates. The Expected Final Payment Date for each class or subclass of Certificates represents the date on which the final payment of principal of and interest on such class or subclass of Certificates is expected to be made based on the Assumptions. The Final Maturity Date for each class or subclass of Certificates represents the date on which all principal not previously paid, if any, on the corresponding class or subclass of Notes is due and payable. The actual final payment date for each class or subclass of Certificates is likely to occur earlier or later than the Expected Final Payment Date as a result of numerous factors, including that the Assumptions are unlikely to correspond to actual experience. For a description of certain Redemption events and other factors which could cause the Notes to be paid prior to the Expected Final Payment Date applicable to each corresponding class or subclass of Certificates, see “— The Notes and the Guarantees — Redemption”. In addition, Certificates may be repaid later than the Expected Final Payment Date as a result of, among other things, increased levels of Aircraft downtime, reduced Rental Payments and early termination of Leases. See “Risk Factors — Risks Relating to Payments on the Certificates”. Holders of each of the Subclass A-1, A-2, A-3 and A-4 Certificates will receive payments of Step-Up Interest in respect of any amounts Outstanding on and after the Expected Final Payment Date for such subclass. Holders of the Subclass A-5 Certificates will be entitled to payments of Step-Up Interest for any period in which Step-Up Interest is accruing on any other subclass of Class A Notes.

**Expected Final Payment Dates
of the Certificates**

<u>Class or Subclass of Certificates</u>	<u>Weighted Average Life in Years</u>	<u>Expected Final Payment Date</u>	<u>Final Maturity Date</u>
Subclass A-1	2.0	March 15, 1998	March 15, 2006
Subclass A-2	3.0	March 15, 1999	March 15, 2009
Subclass A-3	5.0	March 15, 2001	March 15, 2015
Subclass A-4	7.0	March 15, 2003	March 15, 2019
Subclass A-5	1.6	April 15, 1999	March 15, 2019
Class B	7.5	March 15, 2009	March 15, 2019
Class C	10.2	March 15, 2011	March 15, 2019
Class D	12.0	March 15, 2012	March 15, 2019

Each Trust Agreement requires that each Trustee establish and maintain for the benefit of the Certificateholders of such class or subclass of Certificates, a separate non-interest bearing account (each a “**Certificate Account**”) for the deposit of payments on the Notes or the Guarantees held in such Trust. Pursuant to the terms of each Trust Agreement, each Trustee is required to deposit any payments received by it in respect of the applicable class or subclass of Notes in the corresponding Certificate Account. All amounts so deposited will be distributed by such Trustee to Certificateholders of the applicable class or subclass on each Payment Date unless a different date for distribution of such amount is specified in the corresponding Trust Agreement.

At such time, if any, as the Certificates of any class or subclass are issued in the form of Definitive Certificates, distributions by the applicable Trustee from the applicable Certificate Account on a Payment Date will be made by check mailed to each Certificateholder of a Definitive Certificate on the applicable Record Date at its address appearing on the register maintained with respect to such class or subclass. Alternatively, upon application in writing to the Trustee, not later than the applicable Record Date, by a Certificateholder of one or more Definitive Certificates of such class or subclass having an aggregate principal amount of not less than \$1,000,000, any such distribution will be made by wire transfer to an account designated by such Certificateholder at a financial institution in New York, New York; *provided* that the final distribution for each class or subclass of Certificates will be made only upon presentation and surrender of the Definitive Certificates of such class or subclass by the Certificateholder or its agent (including any holder in streetname) at the office or agency of the Trustee specified in the notice of such final distribution given by such Trustee. Such Trustee will mail such notice of the final distribution of such class or subclass to each of the Certificateholders of such class or subclass, specifying the date and amount of such final distribution.

If any Payment Date or other date specified herein for distribution of any payments to Certificateholders is not a Business Day, distributions scheduled to be made on such Payment Date or other date may be made on the next succeeding Business Day, and, in the case of the Fixed Rate Notes, no interest shall accrue upon such distribution during the intervening period. Interest on any class or subclass of Floating Rate Notes will be calculated on the basis of a 360-day year and the actual number of days elapsed in an Interest Accrual Period.

Events of Default

An event of default with respect to any class of Certificates (an “**Event of Default**”) is defined as the occurrence and continuance of a Note Event of Default under either Trust Indenture. Holders of a class of Notes (other than the Class A Notes) will not be permitted to deliver a default notice (“**Default Notice**”) with respect to any Note Event of Default or to exercise any remedy in respect of such Note Event of Default until all amounts with respect to Notes of each class ranking senior to such class of Notes have been paid in full. Similar restrictions will apply to Certificateholders.

The Trust Agreement provides that if an Event of Default shall have occurred and be continuing with respect to any class of Certificates, the Trustee, subject to the limitations described above, (i) may vote all of the corresponding class of Notes to declare due and payable the outstanding principal balance (the “**Outstanding Principal Balance**”) of, and any accrued but unpaid interest on, such corresponding class of Notes, and (ii) upon the direction of Certificateholders representing not less than 25% of the Outstanding Principal Balance of such class of Certificates, shall vote a corresponding amount of such corresponding class of Notes to direct the Indenture Trustees with respect to such class of Notes to declare the Outstanding Principal Balance of, and any accrued but unpaid interest on, such corresponding class of Notes to be due and payable; *provided* that the Trustee and any such Certificateholders will not be permitted to direct the Indenture Trustees until all amounts due and payable with respect to the Notes of each class ranking senior to such corresponding class of Notes have been paid in full.

As an additional remedy, if any Event of Default shall have occurred and be continuing, the applicable Trust Agreement provides that the Trustee may, and upon the direction of the Certificateholders representing not less than 25% of the Outstanding Principal Balance of such class of Certificates shall, sell all or part of each of the two corresponding classes of Notes and Guarantees held in such Trust for cash to any person. Any proceeds received by such Trustee upon any such sale will be deposited in the Certificate Account for such class (allocated, in the case of the Class A Notes, among subclasses on a *pari passu* basis and *pro rata* in relation to the Outstanding Principal Balances, if any, on each subclass) and will be distributed to the applicable Certificateholders on the next Payment Date. The market for any class of Notes and the related Guarantees in default would necessarily be very limited; therefore, there can be no assurance that such Notes and Guarantees could be sold for an amount sufficient to pay the Outstanding Principal Balance, interest and premium, if any, on the Notes. If the Trustee sells any class of Notes and Guarantees for less than the Notes’ respective aggregate Outstanding Principal Balances, the Certificateholders of the corresponding class will receive a smaller amount of principal distributions than anticipated and will have no claim for the shortfall against the Relevant Issuer or the applicable Trustee.

Any funds representing payments with respect to the corresponding class of Notes in default received by the Trustee (including any payment under the applicable Guarantee) and any proceeds from the sale by the Trustee of such corresponding class of Notes shall, to the extent practicable, be invested and reinvested by such Trustee, at the direction of the Senior Trustee pursuant to the terms of the Cash Management Agreement, in Permitted Account Investments, pending distribution of such funds to Certificateholders.

The Trust Agreement provides that, within 30 days of the occurrence of an Event of Default in respect of any class of Certificates, the Trustee will give to the Certificateholders of such class notice, transmitted by mail, of all uncured or unwaived defaults under the Trust Agreement known to it on such date. For the purposes of the Trust Agreement and each Trust Indenture, the term “**default**” shall mean the occurrence of any event which is, or after notice or lapse of time, or both, would constitute an Event of Default or a Note Event of Default, as the case may be.

The Trust Agreement contains a provision entitling the Trustee, subject to the duty of such Trustee during a default to act with the required standard of care, to be indemnified by the holders of the applicable class or subclass of Certificates before proceeding to exercise any right or power under the Trust Agreement at the request or direction of such Certificateholders.

In certain cases, Certificateholders representing not less than a majority of the Outstanding Principal Balance of such class or subclass of Certificates may, on behalf of all of the Certificateholders of such class or subclass, waive any past default or Event of Default under the applicable Trust Agreement with respect to such class or subclass of Certificates and thereby annul any previous direction given by the applicable Trustee with respect thereto, except (i) a default in the deposit or distribution of any payment required to be made on the Certificates of such class or subclass, (ii) a payment default on any of the corresponding class or subclass of Notes and (iii) a default in respect of any covenant or provision of the applicable Trust Agreement that cannot by the terms thereof be modified or amended without the consent of each Certificateholder affected thereby. Each Trust Indenture provides that, with exceptions corresponding to those in the Trust Agreement, holders representing not less than a majority of the Outstanding Principal Balance of the senior class of Notes issued thereunder or the Senior Trustee may waive, on behalf of all holders of such class of Notes, any default or Note Event of Default thereunder. In the event of a waiver under the Trust Agreement as described in the first sentence of this paragraph, a corresponding majority of the Outstanding Principal Balance of Notes held by the related Trust will be counted as having voted for a waiver of such past default or a Note Event of Default.

Voting of the Notes

The Trustee, as sole initial holder of the applicable class or subclass of Notes in each Trust, has the right to vote and give consents and waivers in respect of such class or subclass and to certain provisions of the Related Documents. The Trust Agreement sets forth the circumstances in which the Trustee shall direct any action or cast any vote as the holder of the related class or subclass of Notes held in the applicable Trust on instructions from the Certificateholders of such class or subclass. In circumstances in which the Trustee is required to seek instructions from Certificateholders of the related Trust with respect to any action or vote, the Trustee shall take such action or vote for or against such proposal in proportion to the principal amount of Certificates of such class or subclass, as applicable, held by Certificateholders taking the corresponding position.

Termination of the Trust

The respective obligations of Airplanes Limited, Airplanes Trust and the applicable Trustee with respect to each class or subclass of Certificates will terminate upon (i) the distribution to Certificateholders of such class or subclass of the property of the related Trust created by the applicable Trust Agreement and the disposition of all property held in such Trust and (ii) final payments having been made in respect of the Notes. The applicable Trustee will mail to each Certificateholder of such Trust notice of the termination of such Trust, the amount of the proposed final payment and the proposed date for the distribution of such final payment for such Trust. The final distribution to any Certificateholder of such Trust will be made only upon surrender of such Certificateholder's Certificates at the office or agency of the applicable Trustee specified in such notice of termination.

Modification of Agreements

In the event that any Trustee, as holder of the Notes of any class or subclass held in the related Trust, receives a request for its consent to an amendment, modification or waiver under the related Trust Indenture, such Notes or any Related Document relating to such Notes, such Trustee shall mail a notice of such proposed amendment, modification or waiver to each Certificateholder of such class or subclass as to whether or not to consent to such amendment, modification or waiver. The applicable Trustee shall vote or consent with respect to such Notes in such Trust in the same proportion as the Certificates of such class or subclass were actually voted by the holders thereof by a certain date.

Governing Law

The Certificates are to be governed by and construed in accordance with the laws of the State of New York. Each of Airplanes Limited, Airplanes Trust and each applicable Trustee has submitted to the jurisdiction of the United States Federal and New York State courts located in The City of New York for all purposes of, or in connection with, the Certificates and the applicable Trust Agreement, and each has designated a person in The City of New York to accept service of any process on its behalf.

Notices to Certificateholders

- (a) Save as provided below, any notice to the Certificateholders shall be validly given (i) by publication in the *Luxemburger Wort* or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Europe, (ii) by either of (a) the information contained in such notice appearing on the relevant page of the Reuters Screen or such other medium for the electronic display of data as may be approved by the Trustee and notified to Certificateholders or (b) publication in the *Financial Times* and *The Wall Street Journal* (National Edition) or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Europe and the United States and (iii) until such time as any Definitive Certificates are issued and, so long as the Certificates are registered with Euroclear and/or Cedel Bank, delivery of the relevant notice to DTC, Euroclear and/or Cedel Bank for communication by them to Certificateholders.
- (b) The Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders if, in its opinion, such other method is reasonable, having regard to the number and identity of the Certificateholders and/or to market practice then prevailing, is in the best interests of the Certificateholders and will comply with the rules of the Luxembourg Stock Exchange or such other stock exchange (if any) on which the Certificates are then listed, and any such notice shall be deemed to have been given on such date as the Trustee may approve; *provided* that notice of such method is given to the Certificateholders in such manner as the Trustee shall require.

Notwithstanding the above, any notice specifying the rate, amount or Payment Date in respect of any Floating Rate Certificates or in respect of any repayment of principal on any Notes or Certificates shall, for so long as the Certificates are listed on the Luxembourg Stock Exchange and so long as the rules of the Luxembourg Stock Exchange so require, be given to the Luxembourg Stock Exchange; *provided* that such requirement shall be satisfied until such time as any Definitive Certificates are issued and so long as the Notes and Certificates are held by Cedel Bank and Euroclear by delivery of the relevant notice to Cedel Bank and Euroclear for communication by them to the Noteholders and Certificateholders without the need for publication in the *Luxemburger Wort*. Any such notice shall be deemed to have been given on the first day on which any of such conditions shall have been met.

Assumptions

The Assumptions and tables set forth below represent possible revenue scenarios designed to illustrate certain payment characteristics of the Certificates and are not intended to be projections, estimates, forecasts or forward-looking statements. The tables have been developed by fixing certain of the Assumptions and by varying other Assumptions and certain other factors which affect Airplanes Group's revenues and costs and expenses. The Assumptions do not represent a complete list of factors which may affect the revenues and costs and expenses of Airplanes Group, but rather indicate those factors which are likely to significantly affect the performance of Airplanes Group in future years. In addition, the range of possible outcomes with respect to each Assumption and the combinations of Assumptions set forth above do not indicate a comprehensive set of possible results for Airplanes Group. In particular, more severe stresses may lead to payments of principal on the Notes being delayed or decreased, or in certain cases, an Event of Default.

Accordingly, investors should understand that the following tables are intended merely to illustrate certain, but not all, payment sensitivities of the Certificates to certain, but not all, market and economic stresses. Airplanes Group does not intend to update or revise the information presented to reflect changes occurring after October 31, 1995. As of the date of this Prospectus, however, Airplanes Group is not aware of events or circumstances since October 31, 1995 that would cause the Assumptions to be unreliable. It is highly likely that actual experience will vary from the Assumptions and the possible revenue scenarios represented by the tables. The principal factors that could cause Airplanes Group's actual revenues to differ materially from such scenarios are the Stresses and certain "Risk Factors" as set out herein.

The Expected Final Payment Date, Expected Maturity, Weighted Average Life and yield of each class and subclass of Certificates have been based on the Assumptions.

Revenue Assumptions

- (i) One month LIBOR remains constant at 5.25% per annum;
- (ii) Six month LIBOR (the most common reference rate for the floating rate Leases) remains constant at 5.25% per annum;
- (iii) Funds on deposit in the Collection Account earn interest at a rate of one month LIBOR;
- (iv) Aircraft coming off-lease in the future are assumed to be re-leased at a monthly rate that is a function of the current contracted monthly lease rate as of March 1, 1996 for, and age of, such Aircraft. Lease rates are assumed to remain constant at the monthly lease rate for the first 60% of an Aircraft's expected useful life, thereafter declining on a straight-line basis to 40% of such lease rate over the remainder of its expected useful life (the "Future Lease Rate"). Aircraft which are not currently on-lease are assumed to be leased at a rate based upon lease rates currently being received for Aircraft of a similar age and type. The table below sets forth the expected useful life assumed for each aircraft type in the Portfolio.

	<u>Aircraft Type</u>	<u>Expected Useful Life (Years)</u>
Jet Aircraft	A300	25
	A320-200	25
	B727-200A	22.5
	B737-200A/C	20-25
	B737-300/400/500	25
	B747-200BC	25
	B757-200	25
	B767-200ER/300ER	25
	DC8-71F/73CF	20(1)
	DC9-14/15	22.5-25
	DC9-32/51	22.5-25
	DC10-30/F	25
	F100	25
	MD11	25
	MD82/3/7	25
	Turboprops	ATR42-300	22.5
DHC8-100/300		22.5
METRO-III		22.5

Note: (1) Years from the date of conversion to freighter service

- (v) Aircraft are assumed to have no scrap value at the end of their expected useful life.
- (vi) All contracted and assumed future payments in respect of the Leases are timely received by Airplanes Group on the due date therefor but the Receivables remain unpaid and outstanding.
- (vii) Future Lease terms are assumed to be 5 years.

- (viii) No new Purchase Options with respect to the Aircraft are granted to Lessees by Airplanes Group and the only existing Purchase Options exercised are those associated with finance leases or their equivalent.
- (ix) No new Lease termination or extension options are granted to Lessees by Airplanes Group and no existing termination or extension options are exercised.
- (x) With the exception of any Aircraft sales assumed pursuant to a Purchase Option as detailed in paragraph (viii) above, Airplanes Group sells no Aircraft.

The above Assumptions (i) to (x) are used to determine the assumed gross monthly revenue to Airplanes Group before interest payments, principal payments, Swap Payments, selling, general and administrative expenses and before lost rental payments and expenditures required due to Aircraft downtime, Lessee defaults, aircraft repossession costs, bad debts and operating costs incurred in the ordinary course of the operating lease business (“**Gross Revenue**”). See Appendix 3 for further data regarding Gross Revenue.

Interest, Expense and Operating Cost Assumptions:

- (xi) The Notes are issued in amounts and with coupons as set forth in the following table and payments are made in accordance with the order of priorities set forth under “Description of Securities — The Notes and the Guarantees — Priority of Payments”.

<u>Class or Subclass</u>	<u>Amount</u> (\$ millions)	<u>Coupon</u>
A-1	\$ 850	1 Month LIBOR + .25%
A-2	750	1 Month LIBOR + .32%
A-3	500	1 Month LIBOR + .47%
A-4	200	1 Month LIBOR + .62%
A-5	598	1 Month LIBOR + .35%
B	375	1 Month LIBOR + 1.10%
C	375	8.15%
D	400	10.875%
E	<u>604</u>	*
	<u>\$4,652</u>	

*Stated Interest Rate of 20% (adjustable for inflation); The “**Class E Note Minimum Interest Amount**” is 1%; The “**Class E Note Supplemental Interest Amount**” is 10%. The Class E Note Minimum Interest Amount and the Class E Note Supplemental Interest Amount are payable on the initial Outstanding Principal Balance of each Class E Note.

- (xii) Refinancing Notes are assumed to be issued and sold on the respective Expected Final Payment Dates of the Subclass A-1, A-2, A-3 and A-4 Notes (and on each subsequent expected final payment dates of any Refinancing Notes) on the same terms with respect to priority, coupon, issuance expenses and redemption as the Notes being refinanced and with maturities and amortization schedules paid with the application of the Minimum and Supplemental Principal Payment Amounts.
- (xiii) Airplanes Group realizes no actual liabilities in respect of contingent liabilities of the Transferring Companies.
- (xiv) Selling, general and administrative expenses in the amount of \$36 million per annum are deducted from Gross Revenue and include fees to the Servicer, Administrative Agent and Cash Manager and other general and administrative expenses of Airplanes Group.
- (xv) Gross Revenues are reduced each year by 2% to account for certain operating costs incurred in the ordinary course of the operating lease business including insurance expenses, Aircraft related costs and leasing transaction expenses.

Assumed Case Stress Scenario:

(xvi) Gross Revenues are assumed to be reduced by 6% per annum in respect of lost rental payments and expenditures required due to Aircraft downtime (known in the industry as “aircraft on ground”) (“AOG”), Lessee defaults, aircraft repossession costs and bad debts (“Stresses”). The following set of Stresses are presented for illustrative purposes and only represent an example of a combination of Stresses which result in approximately a 6% reduction in Gross Revenues. Other Stress combinations could result in Gross Revenue reductions which exceed 6%.

A:	Weighted Average Portfolio Turnover:	20% per annum (Assumption (vii))
B:	Average Re-marketing Time:	6 weeks (.115 years)
C:	Weighted Average Default Rate:	4% per annum
D:	Average Repossession Time:	18 weeks (.346 years)
E:	Average Repossession Cost:	\$500,000 per Aircraft
F:	Weighted Average Bad Debt Expense:	1% per annum

$$\text{AOG} = (A \times B) + (C \times (B + D))$$

$$\text{Annual Repossession Expense ("ARE")} = (C \times (E / \text{Average Annual Gross Revenue per Aircraft})) \text{ (See Appendix 3)}$$

AOG = (20% × .115 yrs) + (4% × (.115 yrs + .346 yrs))	4.2%
ARE = (4% × 21%)	.8
Bad Debt Expense	+ 1.0
Stress Related Gross Revenue Reduction	6.0%
Operating costs (see Assumption (xv))	+ 2.0
Gross Revenue Reduction in the Assumed Case	<u>8.0%</u>

Increasing the above Stresses would result in a greater reduction in annual Gross Revenues. The following table shows the effect upon Gross Revenues of doubling the severity of each Stress (other than Average Repossession Cost) outlined in the above example (in each case holding other Stresses unchanged).

<u>Stress</u>	<u>Severity</u>	<u>Gross Revenue Reduction</u>
Portfolio Turnover	40% per annum	10.3%
Re-marketing Time	12 weeks	10.8%
Default Rate	8% per annum	10.7%
Repossession Time	36 weeks	9.4%
Bad Debt Expense	2% per annum	9.0%

It is highly likely that actual experience will differ from the Assumptions and the Stresses and, therefore, principal payments on certain Notes will likely occur earlier or later, and may occur significantly earlier or later, than assumed.

Principal Repayments Under the Assumed Case

The table below shows, for each Payment Date presented, the percentage of the initial Outstanding Principal Balance of each subclass of Class A Certificates, the aggregate Class A Certificates, including Refinancing Certificates, and the Class B, Class C and Class D Certificates expected to be Outstanding on such Payment Date based on the Assumptions. It is highly unlikely that the Assumptions will correspond to actual experience. Therefore, principal payments on the Notes and the corresponding Certificates may occur earlier or later than as set forth in the table. The failure of Airplanes Group to pay principal of any class or subclass of the Notes prior to the Final Maturity Date of such class or subclass because funds are not available therefor in accordance with the priorities described under “The Notes and the Guarantees — Priority of Payments” will not of itself constitute an Event of Default or a Note Event of Default.

**Percent of Initial Outstanding Principal Balance of the
Certificates Based on the Assumed Case**

<u>Payment Date Occurring in March</u>						<u>Aggregate Class A Certificates, including Refinancing Certificates</u>			
	<u>A-1</u>	<u>A-2</u>	<u>A-3</u>	<u>A-4</u>	<u>A-5</u>		<u>B</u>	<u>C</u>	<u>D</u>
1996 (Closing Date) . . .	100%	100%	100%	100%	100%	100%	100%	100%	100%
1997	100%	100%	100%	100%	69%	94%	96%	100%	100%
1998	0%	100%	100%	100%	35%	87%	92%	100%	100%
1999	0%	0%	100%	100%	1%	80%	87%	97%	100%
2000	0%	0%	100%	100%	0%	74%	79%	94%	99%
2001	0%	0%	0%	100%	0%	67%	73%	89%	97%
2002	0%	0%	0%	100%	0%	61%	67%	85%	94%
2003	0%	0%	0%	0%	0%	55%	58%	79%	91%
2004	0%	0%	0%	0%	0%	49%	49%	73%	87%
2005	0%	0%	0%	0%	0%	43%	39%	66%	81%
2006	0%	0%	0%	0%	0%	37%	30%	58%	75%
2007	0%	0%	0%	0%	0%	32%	20%	49%	67%
2008	0%	0%	0%	0%	0%	26%	10%	38%	57%
2009	0%	0%	0%	0%	0%	21%	0%	27%	46%
2010	0%	0%	0%	0%	0%	15%	0%	15%	34%
2011	0%	0%	0%	0%	0%	9%	0%	0%	19%
2012	0%	0%	0%	0%	0%	2%	0%	0%	0%
Weighted Average Life (years) (1)	2.0	3.0	5.0	7.0	1.6	8.0	7.5	10.2	12.0

(1) The Weighted Average Life (“**Weighted Average Life**”) of a Certificate equals (i) the sum of the products on each Payment Date of (A) the Principal Distribution Amount or Scheduled Principal Payment Amount on such Payment Date and (B) the number of years from the date of issuance of such Certificate to such Payment Date (ii) divided by the initial Outstanding Principal Balance of such Certificate.

*Declining Balances of the Certificates and Expected Portfolio Value
Based on the Assumed Case*

[Camera Ready Copy]

In each of the following tables, “**Expected Maturity**” means the period (expressed in years) from the Closing Date through the expected final payment of principal of the relevant Certificates.

Effect of Inability to Refinance Subclass A-1 through A-4 Certificates

The table below is based on the Assumptions, except that no Refinancing Notes are assumed to be issued and sold and the Subclass A-1, A-2, A-3 and A-4 Certificates are assumed to amortize according to the Priority of Payments. If such Refinancings do not occur, the Expected Maturities (“**Exp**”) and Weighted Average Lives (“**Avg**”) of the respective classes and subclasses of Certificates would be as set forth below.

**Expected Maturities and Weighted Average Lives of Certificates
Assuming No Refinancings Occur**

	Expected Maturity/ Weighted Average Life			
	Assumed Case		No Refinancings	
	Exp	Avg	Exp	Avg
	(Years)		(Years)	
Subclass A-1 Certificates	2.0	2.0	6.9	4.4
Subclass A-2 Certificates	3.0	3.0	11.6	9.2
Subclass A-3 Certificates	5.0	5.0	14.8	13.3
Subclass A-4 Certificates	7.0	7.0	15.8	15.3
Subclass A-5 Certificates	3.0	1.6	16.7	6.4
Class B Certificates	13.0	7.5	13.0	7.5
Class C Certificates	15.0	10.2	15.0	10.2
Class D Certificates	16.0	12.0	16.0	12.0

Minimum Revenue Percentage Required to Retire Certificates

The table below indicates the minimum percentage of Gross Revenue that will be necessary to repay all interest and principal on each class of Certificates by their respective Final Maturity Dates. If the actual revenue received by Airplanes Group were to fall below the percentages of Gross Revenue indicated below and all of the other Assumptions were to occur as assumed, Airplanes Group would be unable to meet its required payment obligations for the classes of Notes and corresponding classes of Certificates, which would constitute an Event of Default with respect to the Certificates.

Percentage of Gross Revenue Necessary to Repay the Certificates by the Applicable Final Maturity Date Assuming Actual Experience Corresponds to the Assumed Case until the Beginning of the Year Stated

	<u>Closing Date</u>	<u>Year 3</u>	<u>Year 6</u>	<u>Year 10</u>
Aggregate Class A Certificates*	59.7%	58.8%	56.1%	50.4%
Class B Certificates	67.1	65.9	62.6	55.0
Class C Certificates	84.8	83.2	79.8	71.3
Class D Certificates	86.2	84.9	81.9	74.4

* Including all Refinancing Certificates

Effect of a Permanent Change in Gross Revenue

The tables below have been prepared based on the Assumptions, except that the revenue received by Airplanes Group varies from Gross Revenues by the indicated percentages, beginning in years 3 and 6. If the actual revenues received by Airplanes Group were to vary as indicated below and all of the other Assumptions were to occur as assumed, then the Expected Maturities and Weighted Average Lives of the respective classes and subclasses of Certificates would be as set forth below.

Expected Maturity and Weighted Average Life of Certificates Assuming a Permanent Change in Gross Revenue, Beginning in Year 3

	<u>Permanent Change in Gross Revenue</u>									
	<u>+10%</u>		<u>0%</u>		<u>-8%*</u>		<u>-15%</u>		<u>-20%</u>	
	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>
	<u>(Years)</u>		<u>(Years)</u>		<u>(Years)</u>		<u>(Years)</u>		<u>(Years)</u>	
Subclass A-1 Certificates	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Subclass A-2 Certificates	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Subclass A-3 Certificates	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Subclass A-4 Certificates	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Subclass A-5 Certificates	2.7	1.5	2.9	1.5	3.0	1.6	3.3	1.6	3.8	1.7
Class B Certificates	11.8	7.4	13.0	7.5	13.0	7.5	21.8	9.6	22.0	9.7
Class C Certificates	11.5	9.2	13.9	10.1	15.0	10.2	16.5	11.9	(1)	
Class D Certificates	10.5	8.4	13.6	11.4	16.0	12.0	21.8	18.5	(2)	

*Assumed case

(1) Not all principal repaid prior to the Final Maturity Date. (Yield = 6.24%)

(2) Not all principal repaid prior to the Final Maturity Date. (Yield = 8.54%)

**Expected Maturity and Weighted Average Life of Certificates
Assuming Permanent Change in Gross Revenue, Beginning in Year 6**

	Permanent Change in Gross Revenue									
	+10%		0%		-8%*		-15%		-20%	
	Exp	Avg	Exp	Avg	Exp	Avg	Exp	Avg	Exp	Avg
	(Years)		(Years)		(Years)		(Years)		(Years)	
Subclass A-1 Certificates	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Subclass A-2 Certificates	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Subclass A-3 Certificates	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Subclass A-4 Certificates	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Subclass A-5 Certificates	3.0	1.6	3.0	1.6	3.0	1.6	3.0	1.6	3.0	1.6
Class B Certificates	13.0	7.5	13.0	7.5	13.0	7.5	17.8	9.2	22.0	9.4
Class C Certificates	13.0	9.9	14.5	10.2	15.0	10.2	15.0	10.2	20.7	14.3
Class D Certificates	12.8	11.0	14.5	11.7	16.0	12.0	17.5	13.5	(1)	

*Assumed case

(1) Not all principal repaid prior to Final Maturity Date (Yield = 10.19%)

Effect of Permanent Decline in Portfolio Value

To the extent that the Adjusted Portfolio Value is less than the Expected Portfolio Value, the Principal Adjustment Amount may be paid from time to time to holders of Class A Certificates. Such payments may shorten the Weighted Average Lives of the Class A Certificates and lengthen the Weighted Average Lives of the Class B, Class C and Class D Certificates. The following tables show the Expected Maturity and Weighted Average Life of each class or subclass of Notes if the Adjusted Portfolio Value were to permanently decline to a given percentage of the Expected Portfolio Value, beginning in years 1 and 5, respectively.

	Adjusted Portfolio Value as Percentage of Expected Portfolio Value Beginning in Year 1							
	100%*		90%		80%		70%	
	Exp	Avg	Exp	Avg	Exp	Avg	Exp	Avg
	(Years)		(Years)		(Years)		(Years)	
Subclass A-1 Certificates	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Subclass A-2 Certificates	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Subclass A-3 Certificates	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Subclass A-4 Certificates	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Subclass A-5 Certificates	3.0	1.6	2.9	1.5	2.9	1.5	2.9	1.5
Class B Certificates	13.0	7.5	13.0	7.6	13.0	8.2	13.5	8.7
Class C Certificates	15.0	10.2	15.0	10.3	15.0	10.8	15.0	11.4
Class D Certificates	16.0	12.0	16.0	12.0	15.9	12.4	15.9	12.9

*Assumed case

Adjusted Portfolio Value as Percentage of Expected Portfolio Value Beginning in Year 5

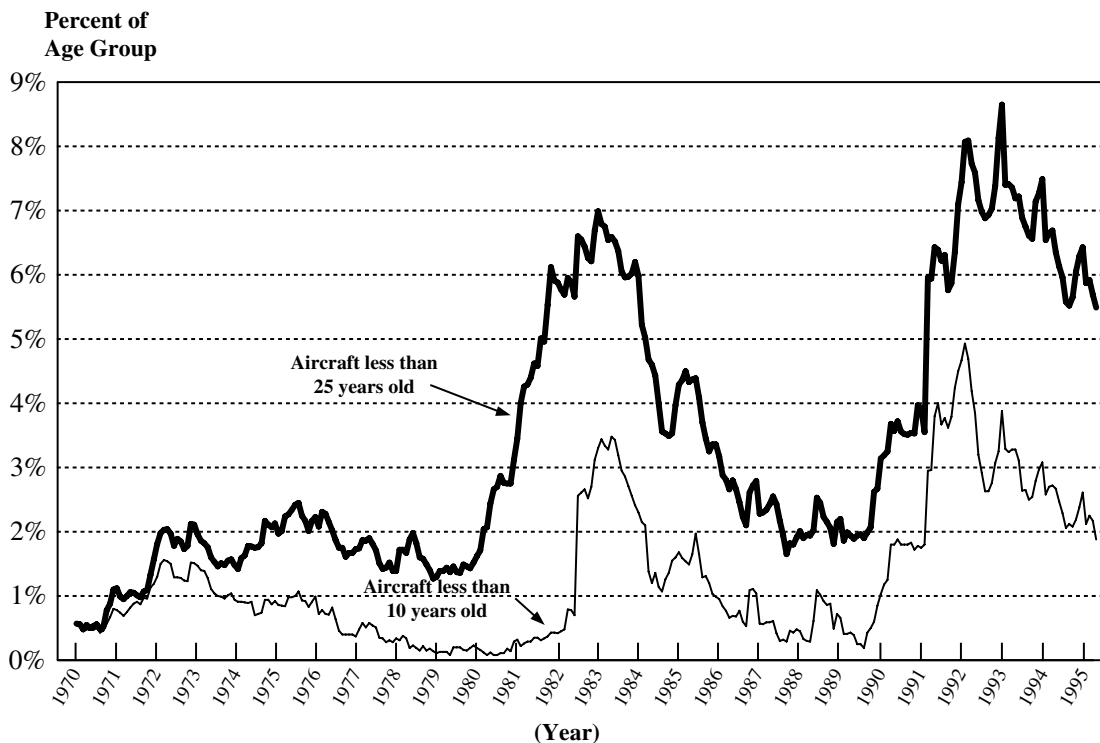
	100%*		90%		80%		70%	
	Exp	Avg	Exp	Avg	Exp	Avg	Exp	Avg
	(Years)		(Years)		(Years)		(Years)	
Subclass A-1 Certificates	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Subclass A-2 Certificates	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Subclass A-3 Certificates	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Subclass A-4 Certificates	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Subclass A-5 Certificates	3.0	1.6	3.0	1.6	3.0	1.6	3.0	1.6
Class B Certificates	13.0	7.5	13.0	7.6	13.0	8.3	14.0	8.8
Class C Certificates	15.0	10.2	15.0	10.2	15.0	10.7	15.0	11.1
Class D Certificates	16.0	12.0	16.0	12.0	16.0	12.5	16.0	13.0

*Assumed case

Effect of Cyclical Variations in Gross Revenue and Portfolio Value — “Recession Scenarios”

Historically, the aviation industry has experienced cyclical swings in the supply and demand for aircraft as illustrated in the following graph. Operating lease companies, such as Airplanes Group, would be negatively affected by a decline in the demand for aircraft. Such a decline or “recession” (as used in this discussion) is assumed to result in a decline in Aircraft values and an increase in defaults and downtime, as well as a decline in operating lease rates. These effects would result in a decline in Gross Revenues.

Percentage of World Fleet Aircraft Available on Ground (Western-Built Aircraft)



The following tables have been prepared on the basis of a number of assumptions to show the effect on Expected Maturities and Weighted Average Lives of Class B, Class C and Class D Certificates if recessions having given durations were to occur at certain given times in the future. Actual experience will likely differ from that which is assumed and, therefore, Expected Maturities and Weighted Average Lives of the Certificates actually experienced will likely differ from those shown in the tables below. In preparing the following tables it has been assumed that a recession would have the following effect on Airplanes Group's operations: *First*, Aircraft values would fall on the first day of the recession to a given percentage of the Expected Portfolio Value which, in turn, may trigger Principal Adjustment Amounts being paid on the Class A Certificates, if amounts are available to do so. *Second*, after a period of two years following the first day of the recession, Gross Revenues fall by a given percentage as Aircraft are re-leased or Lessees default which would result in less cash flow being available to make payments of interest and principal on the Certificates. *Third*, the recession lasts a given period of time followed by the Adjusted Portfolio Value returning to the then Expected Portfolio Value on the first day after the recession and, two years following the end of the recession, Gross Revenues returning to the Assumed Case. However, Airplanes Group can give no assurance that periods of weak traffic growth and lower demand for aircraft will be followed by periods of strong growth and high demand for aircraft nor can it be assured that following a recession Aircraft values and Gross Revenues will return to Assumed Case levels.

**Expected Maturities and Weighted Average Lives of Class B
Certificates Assuming a Recession Lasting Three Years**

Decline in Gross Revenues	0%		8%*		10%		20%			
	100%		100%*		90%		80%			
	Exp	Avg	Exp	Avg	Exp	Avg	Exp	Avg		
Adjusted Portfolio Value as a Percentage of Expected Portfolio Value	(Years)		(Years)		(Years)		(Years)			
Recession begins at start of Year	1 (Closing Date)		13.0	7.5	13.0	7.5	13.0	7.5	16.0	9.3
	3		13.0	7.5	13.0	7.5	13.0	7.6	15.9	9.2
	5		13.0	7.5	13.0	7.5	13.0	7.6	15.5	8.8
	10		13.0	7.5	13.0	7.5	13.0	7.5	13.0	8.1

*Assumed case

**Expected Maturities and Weighted Average Lives of Class B
Certificates Assuming a Recession Lasting Five Years**

Decline in Gross Revenues	0%		8%*		10%		20%			
	100%		100%*		90%		80%			
	Exp	Avg	Exp	Avg	Exp	Avg	Exp	Avg		
Adjusted Portfolio Value as a Percentage of Expected Portfolio Value	(Years)		(Years)		(Years)		(Years)			
Recession begins at start of Year	1 (Closing Date)		13.0	7.5	13.0	7.5	13.0	7.6	18.5	9.7
	3		13.0	7.5	13.0	7.5	13.0	7.7	17.6	9.6
	5		13.0	7.5	13.0	7.5	13.0	7.7	17.0	9.5
	10		13.0	7.5	13.0	7.5	13.0	7.5	15.1	8.6

*Assumed case

**Expected Maturities and Weighted Average Lives of Class C
Certificates Assuming a Recession Lasting Three Years**

Decline in Gross Revenues	Adjusted Portfolio Value as a Percentage of Expected Portfolio Value	0%		8%*		10%		20%	
		100%		100%*		90%		80%	
		<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>
		(Years)		(Years)		(Years)		(Years)	
Recession begins at start of Year	1 (Closing Date)	15.0	10.2	15.0	10.2	15.0	10.2	15.0	10.2
	3	15.0	10.2	15.0	10.2	15.0	10.3	15.0	10.4
	5	15.0	10.2	15.0	10.2	15.0	10.2	15.0	10.4
	10	15.0	10.2	15.0	10.2	15.0	10.2	15.0	10.3

*Assumed case

**Expected Maturities and Weighted Average Lives of Class C
Certificates Assuming a Recession Lasting Five Years**

Decline in Gross Revenues	Adjusted Portfolio Value as a Percentage of Expected Portfolio Value	0%		8%*		10%		20%	
		100%		100%*		90%		80%	
		<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>
		(Years)		(Years)		(Years)		(Years)	
Recession begins at start of Year	1 (Closing Date)	14.9	10.2	15.0	10.2	15.0	10.3	15.0	11.3
	3	15.0	10.2	15.0	10.2	15.0	10.3	15.0	11.0
	5	15.0	10.2	15.0	10.2	15.0	10.2	15.0	11.0
	10	15.0	10.2	15.0	10.2	15.0	10.2	15.0	10.3

*Assumed case

**Expected Maturities and Weighted Average Lives of Class D
Certificates Assuming a Recession Lasting Three Years**

Decline in Gross Revenues	Adjusted Portfolio Value as a Percentage of Expected Portfolio Value	0%		8%*		10%		20%	
		100%		100%*		90%		80%	
		<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>
		(Years)		(Years)		(Years)		(Years)	
Recession begins at start of Year	1 (Closing Date)	15.3	11.9	16.0	12.0	16.0	12.0	16.0	12.4
	3	15.4	11.9	16.0	12.0	16.0	12.0	16.0	12.1
	5	15.5	12.0	16.0	12.0	16.0	12.0	16.0	12.2
	10	15.7	12.0	16.0	12.0	16.0	12.0	16.0	12.1

*Assumed case

**Expected Maturities and Weighted Average Lives of Class D
Certificates Assuming a Recession Lasting Five Years**

Decline in Gross Revenues	Adjusted Portfolio Value as a Percentage of Expected Portfolio Value	0%		8%*		10%		20%	
		100%		100%*		90%		80%	
		<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>	<u>Exp</u>	<u>Avg</u>
		(Years)		(Years)		(Years)		(Years)	
Recession begins at start of Year	1 (Closing Date)	14.8	11.8	16.0	12.0	16.0	12.0	18.2	16.0
	3	15.0	11.9	16.0	12.0	16.0	12.0	17.4	15.0
	5	15.2	11.9	16.0	12.0	16.0	12.0	16.7	14.1
	10	15.5	12.0	16.0	12.0	16.0	12.0	16.0	12.1

*Assumed case

Effect of Changes in Gross Revenues on Yields of Fixed Rate Certificates

The tables below have been prepared based on the Assumptions, except that the revenue received by Airplanes Group varies from Gross Revenues by the indicated percentages, beginning in certain years, for a period of three years in one case and permanently in the other. If the actual revenues received by Airplanes Group were to vary as indicated below and all of the other Assumptions were to occur as assumed, then the yield to maturity for the Class C and Class D Certificates would be as set forth below. If significant declines in Gross Revenues were to occur, there may not be sufficient revenues available to meet interest payments (as well as principal payments) on the Certificates. In such cases, interest on the Certificates would be deferred.

Yield, Date of First Deferral and Number of Months in which Interest is Deferred on the Class C Certificates, given the Assumptions but with a Three Year Change in Gross Revenue of the Magnitude Shown

	Change in Gross Revenues Beginning in Year:								
	3			6			9		
	Yield	Date of Deferral	Months of Deferrals	Yield	Date of Deferral	Months of Deferrals	Yield	Date of Deferral	Months of Deferrals
Increase of 10%	8.30%	none	none	8.30%	none	none	8.30%	none	none
Decrease of 8%*	8.30%	none	none	8.30%	none	none	8.30%	none	none
Decrease of 20%	8.30%	none	none	8.30%	none	none	8.30%	none	none
Decrease of 30%	8.30%	May-00	18	8.30%	Nov-03	8	8.30%	none	none

*Assumed case

Yield, Date of First Deferral and Number of Months in which Interest is Deferred on the Class C Certificates, given the Assumptions but with a Permanent Change in Gross Revenue of the Magnitude Shown

	Change in Gross Revenues Beginning in Year:								
	3			6			9		
	Yield	Date of Deferral	Months of Deferrals	Yield	Date of Deferral	Months of Deferrals	Yield	Date of Deferral	Months of Deferrals
Increase of 10%	8.30%	none	none	8.30%	none	none	8.30%	none	none
Decrease of 8%*	8.30%	none	none	8.30%	none	none	8.30%	none	none
Decrease of 20%	6.24%	Feb-03	15	8.30%	none	none	8.30%	none	none
Decrease of 30%	3.53%	May-00	227	6.54%	Nov-03	153	6.71%	Aug-18	8

*Assumed case

Yield, Date of First Deferral and Number of Months in which Interest is Deferred on the Class D Certificates, given the Assumptions but with a Three Year Change in Gross Revenue of the Magnitude Shown

	Change in Gross Revenues Beginning in Year:								
	3			6			9		
	Yield	Date of Deferral	Months of Deferrals	Yield	Date of Deferral	Months of Deferrals	Yield	Date of Deferral	Months of Deferrals
Increase of 10%	11.12%	none	none	11.12%	none	none	11.12%	none	none
Decrease of 8%*	11.12%	none	none	11.12%	none	none	11.12%	none	none
Decrease of 20%	11.12%	none	none	11.12%	none	none	11.12%	none	none
Decrease of 30%	11.12%	Apr-00	69	11.12%	Oct-03	20	11.12%	none	none

*Assumed case

**Yield, Date of First Deferral and Number of Months in which Interest is Deferred on the Class D Certificates,
given the Assumptions but with a Permanent Change in Gross Revenue of the Magnitude Shown**

	Change in Gross Revenues Beginning in Year:								
	3			6			9		
	Yield	Date of Deferral	Months of Deferrals	Yield	Date of Deferral	Months of Deferrals	Yield	Date of Deferral	Months of Deferrals
Increase of 10%	11.43%	none	none	11.12%	none	none	11.12%	none	none
Decrease of 8%*	11.12%	none	none	11.12%	none	none	11.12%	none	none
Decrease of 20%	8.54%	Jan-03	195	10.19%	none	none	11.12%	none	none
Decrease of 30%	-33.63%	Apr-00	228	1.74%	Oct-03	186	9.69%	Jun-09	118

*Assumed case

The table below sets forth the actual number of Airplanes Group's Aircraft on lease, the actual number of AOG, the actual total number of Aircraft owned by Airplanes Group and the Initial Appraised Value at October 31, 1995 of such owned Aircraft, in each case at the end of each month presented. In addition, the Initial Appraised Value at October 31, 1995 of Aircraft on lease at each month end is expressed as a percentage of the aggregate Initial Appraised Value at October 31, 1995 of all Aircraft owned at such month end. Finally, the table sets forth an approximation of average revenues for each month presented. This approximate average is obtained by (i) dividing the Initial Appraised Value at October 31, 1995 of all Aircraft on lease at the end of the relevant month ("IAV On-Lease") by the sum of the IAV On-Lease at each month end in the year ended March 31, 1995 or the seven months ended October 31, 1995, as applicable and (ii) multiplying Airplanes Group's reported revenues for year ended March 31, 1995 or seven months ended October 31, 1995, as applicable (and in each case excluding revenues in respect of maintenance reserves), by the quotient obtained pursuant to clause (i) of this sentence.

Investors should note that Airplanes Group's reported revenues for the periods presented are not necessarily indicative of those that might have been recognized had Airplanes Group been an independently financed and managed group during the periods presented. Furthermore, actual cash generated from Lease rental invoices, which form the basis of Airplanes Group's reported revenues, will differ from revenues depending on, *inter alia*, Lessee defaults and timing differences. For further information regarding cash flow from operating activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Statements of Cash Flows contained in the Financial Statements.

Airplanes Group
Average Revenues by each Month in the Year ended March 31, 1995 and Seven Months ended
October 31, 1995, based on Initial Appraised Values of the Aircraft

	<u>Month end</u>	<u>No. of Aircraft on lease</u>	<u>AOG</u>	<u>Total no. of Aircraft in portfolio</u>	<u>IAV of Aircraft on lease</u> \$million	<u>IAV of Aircraft on lease as a % of total Portfolio</u>	<u>Approximate monthly lease revenue excluding maintenance payments allocated on the basis of IAV</u> \$million
Year Ended March 31, 1995	April 94	210	16	226	4,254	95%	43
	May 94	213	14	227	4,309	96%	43
	June 94	214	13	227	4,340	96%	43
	July 94	214	13	227	4,340	96%	43
	August 94	214	13	227	4,340	96%	43
	September 94	214	13	227	4,340	96%	43
	October 94	215	12	227	4,330	96%	43
	November 94	216	11	227	4,338	96%	43
	December 94	217	11	228	4,351	96%	44
	January 95	219	10	229	4,370	97%	44
	February 95	220	9	229	4,391	97%	44
	March 95	221	8	229	4,383	97%	44
					<u>52,086</u>			520
Seven Months Ended October 31, 1995	April 95	218	11	229	4,274	94%	44
	May 95	215	14	229	4,257	94%	44
	June 95	216	13	229	4,326	96%	44
	July 95	217	12	229	4,333	96%	44
	August 95	220	9	229	4,325	96%	44
	September 95	221	8	229	4,345	96%	45
	October 95	222	7	229	4,436	98%	46
				<u>30,296</u>			<u>311</u>

Aggregate Monthly Contracted Lease Payments

	<u>Aggregated Monthly Contracted Lease Payments(1)</u> (\$ millions)	<u>Aircraft Subject to Lease (as of March 1996)</u>	
		<u>Number of Aircraft on Lease</u>	<u>By Initial Appraised Value</u> (\$ millions)
March 1996	43	222	4,435
April 1996	42	214	4,289
May 1996	41	204	4,056
June 1996	40	202	3,991
July 1996	40	201	3,923
August 1996	40	201	3,923
September 1996	39	201	3,923
October 1996	38	196	3,813
November 1996	38	190	3,681
December 1996	37	188	3,643
January 1997	38	178	3,542
February 1997	36	176	3,533

(1) Six month LIBOR assumed to equal 5.25%.

The Notes and the Guarantees

The Notes and the Guarantees are solely the obligations of Airplanes Limited and Airplanes Trust and are not obligations of, or guaranteed by, any Lessee, any Trustee, either Indenture Trustee, GPA Group or any affiliate of any of the foregoing. In addition, the Notes and the Guarantees are not obligations of, or guaranteed by, or offered for sale by, GE Capital, GECAS or any of their affiliates.

General

Each of Airplanes Limited and Airplanes Trust will issue the Airplanes Limited Notes and the Airplanes Trust Notes, respectively, and together, the Notes. Pursuant to the Trust Indentures, Airplanes Limited has fully and unconditionally guaranteed (the “**Airplanes Limited Guarantee**”) the payment of principal, interest and premium, if any, on the Airplanes Trust Notes issued by Airplanes Trust and Airplanes Trust has fully and unconditionally guaranteed (the “**Airplanes Trust Guarantee**” and, together with the Airplanes Limited Guarantee, the “**Guarantees**”) the payment of interest, principal of and premium, if any, on the Airplanes Limited Notes.

Pursuant to the terms of the Leases, the Lessees are obliged to make rental payments and certain other payments (collectively, the “**Rental Payments**”) to certain subsidiaries of Airplanes Limited or Airplanes Trust. Pursuant to the terms of the Leases, all Rental Payments and Related Collateral amounts will be made directly to the Rental Accounts held in the names of the Security Trustee on behalf of the Secured Parties and then transferred, within one Business Day of receipt thereof, to the Collection Account, except for certain limited amounts, required to be left on deposit for local legal reasons. Unsegregated amounts received by Airplanes Group in respect of the assets of Airplanes Group will be transferred directly to the Collection Account pursuant to the Trust Indentures and the Cash Management Agreement. Amounts received by Airplanes Group which are required to be segregated will be transferred to the Lessee Funded Account. On the basis of the Assumptions, such Rental Payments, together with such other amounts, are expected to be sufficient to pay the principal, interest and premium, if any, on the Notes and all other amounts payable by Airplanes Group to the creditors referred to in the Cash Management Agreement, including the Servicer, holders of the Class E Notes, the Trustees, the Indenture Trustees, the Cash Manager, the Administrative Agent, the Company Secretary and each Swap Provider in each case when and as due.

The Notes will constitute direct, unsecured obligations of Airplanes Limited and Airplanes Trust and will be subordinated to the Expenses and certain obligations and *pari passu* or senior to certain other obligations specified in the Trust Indentures. The only source of payment for the Notes, the Guarantees and the obligations of Airplanes Group to its creditors will be (i) the payments made by the Lessees under the Leases, (ii) proceeds from dispositions, if any, of the assets of Airplanes Group, (iii) net payments, if any, under the Swap Agreements or disposals of the Notes by the Indenture Trustees under certain circumstances and, (iv) net cash proceeds received from the sale of Refinancing Certificates.

Each class and subclass of the Notes and the corresponding Guarantees will have the priority set forth in the respective Trust Indentures, the Notes and the Guarantees. Payment in full of the Expenses and certain other amounts will rank in priority to payments due on the Notes, in each case, as set forth under “— Priority of Payments”; *provided that*, upon the occurrence of a Note Event of Default, the priority of Airplanes Group’s payment obligations will be as set forth under “— Priority of Payments following a Default Notice”.

Pursuant to the subordination provisions of the Trust Indentures and the various classes and subclasses of Notes and the Guarantees, no payment of principal, interest and premium, if any, on any class or subclass of Notes may be made on any Payment Date unless certain required payments have been made in respect of the Notes of each class ranking prior to such class or subclass of Notes on such Payment Date. In addition, any amendment to or modification of the subordination provisions in each Trust Indenture with respect to any class or subclass of Notes issued thereunder will require the consent of each holder of the class or subclass of Notes affected thereby and each holder of any class or subclass of Notes ranking senior to such Notes if such amendment or modification would affect the rights of such holders or any Swap Provider; *provided that* in no event will the provisions relating to the priority of the Expenses and certain payments to Swap Providers in each Trust Indenture be amended or modified.

Each Indenture Trustee may resign as to all or any of the classes or subclasses of the Notes at any time without cause by giving at least 30 days' prior written notice to the Relevant Issuer, the Cash Manager and the holders of such class or subclass of Notes. Holders of a majority of the Outstanding Principal Balance of any class or subclass of the Notes may at any time remove the Indenture Trustee as to such class or subclass without cause by an instrument in writing delivered to the Relevant Issuer, the Cash Manager, the Security Trustee, the Senior Trustee and such Indenture Trustee. Upon the giving of notice by the Indenture Trustee, Airplanes Group will be obligated to appoint a successor Indenture Trustee. In addition, the occurrence of certain circumstances, including a Note Event of Default under one or both of the Trust Indentures, may give rise to a potential conflict of interest on the part of one or both Indenture Trustees in their respective capacities as trustees in respect of the Notes of the Relevant Issuers.

In addition, the Administrative Agent, on behalf of the Issuer, may replace the operating bank (1) if it fails to maintain either a short-term unsecured debt rating of A1+ (or the equivalent) or better by each Rating Agency (or A1 (or the equivalent) or better if the amount on deposit at anytime in any Accounts held with the operating bank does not exceed 20% of the Outstanding Principal Balance of the Notes for any period in excess of 30 days), (2) if the operating bank is adjudged a bankrupt or an insolvent, (3) if a receiver or public officer takes charge of the operating bank or its property or (4) if the operating bank becomes incapable of acting.

Holders of each class of Notes (other than Class A Notes) will not be permitted to give a Default Notice with respect to any Note Event of Default or to exercise any remedy in respect of such Note Event of Default until all amounts with respect to Notes of each class ranking senior to such class of Notes have been paid in full.

The Guarantees

Each of the Issuers has fully and unconditionally guaranteed the obligations of the other under each class or subclass of Notes. Pursuant to the terms of the Guarantees, the obligations of Airplanes Trust under the Airplanes Trust Guarantee with respect to each Airplanes Limited Note will rank *pari passu* with Airplanes Trust's obligation under the corresponding class or subclass of Airplanes Trust Notes, and the obligation of Airplanes Limited under the Airplanes Limited Guarantee with respect to each Airplanes Trust Note will rank *pari passu* with Airplanes Limited's obligation under the corresponding Airplanes Limited Notes. In addition, the obligations of Airplanes Trust and Airplanes Limited under their respective Guarantees will be limited under the terms of the Trust Indentures so as not to constitute a fraudulent conveyance under applicable laws.

Interest

Each Note will bear interest on the Outstanding Principal Balance thereof from the Closing Date, payable monthly in arrears on each Payment Date. The initial Interest Accrual Period is the period commencing on and including the Closing Date and ending on but excluding the first Payment Date. Each subsequent Interest Accrual Period will include each period from and including the last preceding Payment Date and to but excluding the next succeeding Payment Date. The final Interest Accrual Period with respect to each class or subclass of Notes will end on but exclude the Final Maturity Date, or, if earlier, the date upon which all principal, interest and premium, if any, on such class or subclass of Notes is paid in full. Each class or subclass of Notes will bear interest for each Interest Accrual Period at the rate per annum set forth on the cover page of this Prospectus.

Interest on any class or subclass of Floating Rate Notes will be calculated on the basis of a 360-day year and the actual number of days elapsed in an Interest Accrual Period. Interest on any class of Fixed Rate Notes will be calculated on the basis of one-twelfth of an annual interest payment on the Outstanding Principal Balance and in the case of an incomplete Interest Accrual Period on the basis of a 360-day year consisting of twelve 30-day months.

The interest rate borne by the Subclass A-1, A-2, A-3 and A-4 Notes will increase after the Expected Final Payment Date for the corresponding subclass of Certificates, to the extent such Notes are then

Outstanding, by the amount of Step-Up Interest. The interest rate borne by the Subclass A-5 Notes will increase with respect to any period in which Step-Up Interest is payable on any other subclass of Class A Notes.

Reference Agency Agreement

For the purpose of calculating the rate of interest payable on the Floating Rate Notes, Airplanes Group has entered into the Reference Agency Agreement with the Indenture Trustees, Bankers Trust Company as reference agent (the “**Reference Agent**”) and the Cash Manager. The Reference Agent will determine LIBOR for the Initial Interest Accrual Period two Business Days prior to Closing Date and, for each Interest Accrual Period following the Initial Interest Accrual Period, on a Reference Date. The Reference Agent will determine LIBOR in accordance with the following provisions of the Reference Agency Agreement:

- (a) On each Reference Date, the Reference Agent will determine LIBOR as the per annum offered rate for deposits in U.S. dollars for a period of one month that appears on the display designated as page “3750” on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying LIBOR of major banks for U.S. dollar deposits) at approximately 11:00 a.m. (London time).
- (b) If the offered LIBOR rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (a) above shall be applied, with any necessary consequential changes, to the arithmetic mean of the rates (being at least two) which so appear, as determined by the Reference Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Reference Agent will request that each of the banks whose offered rates would have been used for the purposes of the relevant page if the event leading to the application of this sentence had not happened or any duly appointed substitute reference bank acting in each case through its principal London office (the “**Reference Banks**”), to provide the Reference Agent with its offered quotation to prime banks for dollar deposits in London for the next Interest Accrual Period concerned as at 11:00 a.m. (London time) on the applicable Reference Date. The floating rates of interest for such Interest Accrual Period for each class or subclass of Floating Rate Notes shall be the aggregate of the arithmetic mean of such quotations (or of such of them, being at least two, as are so provided), as determined by the Reference Agent, plus the applicable interest rate spread over LIBOR set forth opposite such class or subclass on the cover page of this Prospectus, plus the Step-Up Interest, if any, on any subclass of the Class A Notes.
- (c) If, on any Reference Date, one only or none of the Reference Banks provides such quotation, the floating rate of interest for the next Interest Accrual Period shall be the rate per annum which the Reference Agent determines to be the aggregate of the arithmetic mean of the U.S. dollar lending rates which New York City banks selected by the Reference Agent are quoting on the relevant Reference Date to leading European banks for the next Interest Accrual Period, plus the applicable interest rate spread over LIBOR set forth opposite such class or subclass on the cover page of this Prospectus, plus, if applicable, any Step-up Interest on any subclass of the Class A Notes, except that, if the banks so selected by the Reference Agent are not quoting as mentioned above, the floating rate of interest shall be the floating rate of interest in effect for the last preceding Interest Accrual Period.

Once having obtained LIBOR or its substitute, the Reference Agent will calculate the interest rate for each class or subclass of Floating Rate Notes and the amount of interest payable on the relevant Payment Date in respect of each class or subclass of Floating Rate Notes. The interest amount for each such class or subclass of Floating Rate Notes will be calculated by the Reference Agent by multiplying the rate of interest for such class or subclass for the relevant Interest Accrual Period by the estimated Outstanding Principal Balance of such class or subclass of Floating Rate Notes on the first day of such Interest Accrual Period and by multiplying the product by the actual number of days in such Interest Accrual Period divided by 360 and rounding the resulting amount to the nearest cent (with half a cent being rounded upwards). The Reference Agent’s determination of LIBOR, the interest rate and the interest amount for each such class or subclass of

Floating Rate Notes (in the absence of negligence, wilful default, bad faith or manifest error) will be conclusive and binding upon all parties, including the holders of the Floating Rate Certificates.

As promptly as is practicable after the determination thereof, the Reference Agent will give notice of applicable LIBOR, the Payment Date, the interest rate for each class or subclass of Floating Rate Notes for the relevant Interest Accrual Period and the amount of interest on each class or subclass of Floating Rate Notes to Airplanes Limited, Airplanes Trust, the listing agent for the Luxembourg Stock Exchange and the Cash Manager.

If the Reference Agent does not determine the interest rate for each class or subclass of Floating Rate Notes or calculate the amount of interest on each class or subclass of Floating Rate Notes for the relevant Interest Accrual Period in accordance with the provisions described above, the Cash Manager will determine such rate of interest or calculate such interest amount in accordance with the provisions described above, and each such determination or calculation will be deemed to have been made by the Reference Agent.

Each of Airplanes Limited and Airplanes Trust reserves the right to terminate the appointment of the Reference Agent at any time on 30 days' notice and to appoint a replacement reference agent in its place. Notice of any such termination will be given to the holders of Floating Rate Certificates. The Reference Agent may not be removed or resign its duties without a successor having been appointed.

Principal

The principal repayment provisions of the Notes are intended to produce increasing levels of "collateralization" with respect to each class of Notes as the Portfolio ages and the value of the Aircraft declines and to ensure that the principal amount of each class or subclass of Notes is repaid in full prior to the Final Maturity Date thereof. There can be no assurance, however, that Airplanes Group will receive sufficient revenues from leasing or selling the Aircraft for the principal repayment provisions to achieve increasing levels of "collateralization" or will be able to repay the initial Outstanding Principal Balance on any class or subclass of the Notes. As used in this "Description of Securities", the term "**collateralization**" refers to the difference between the Outstanding Principal Balance of the various classes of Notes relative to the Initial Appraised Value of the Aircraft, the Expected Portfolio Value and the Adjusted Portfolio Value, as applicable, and as described further below. The obligations of Airplanes Group to pay interest, principal and premium, if any, will not, in fact, be secured by the Aircraft or the Leases of Airplanes Group.

The Subclass A-1, A-2, A-3 and A-4 Notes. The terms of the Subclass A-1, A-2, A-3 and A-4 Notes (the "**Soft Bullet Notes**") will not require repayment of principal on any Payment Date prior to the date (the "**Amortization Commencement Date**") that is the earlier of (i) their respective Expected Final Payment Dates and (ii) in the case of the Subclass A-1 Notes, the date of repayment in full of the Subclass A-5 Notes, in the case of the Subclass A-2 Notes, the date of repayment in full of the Subclass A-1 Notes (other than through an issue of Refinancing Notes), in the case of the Subclass A-3 Notes, the date of repayment in full of the Subclass A-2 Notes (other than through an issue of Refinancing Notes) and in the case of the Subclass A-4 Notes, the date of repayment in full of the Subclass A-3 Notes (other than through an issue of Refinancing Notes). On the Expected Final Payment Date of the Soft Bullet Notes, Airplanes Group intends to refinance 100% of the Outstanding Principal Balance of each such subclass by issuing Refinancing Notes to a new trust. Such trust will finance the purchase of these Refinancing Notes through the issuance and sale of a corresponding amount and subclass of Refinancing Certificates. Issuance and sale of such Refinancing Certificates will be subject to market conditions. Failure to repay any Soft Bullet Note in full at its Expected Final Payment Date will not result in a Note Event of Default under the Trust Indentures. If any subclass of the Soft Bullet Notes is not repaid in full on its Amortization Commencement Date, such subclass of Notes will convert automatically into a subclass of amortizing Notes having a principal repayment schedule intended to ensure that the remaining Outstanding Principal Balance of such subclass will be repaid in full on or before its Final Maturity Date. In addition, after its Expected Final Payment Date, each Soft Bullet Note which remains Outstanding will accrue interest at a rate equal to its stated interest rate, plus Step-up Interest.

The Subclass A-5 and the Class B Notes. The terms of the Subclass A-5 and the Class B Notes (together, the "**Amortizing Notes**") will require amortization of the Outstanding Principal Balance thereof, to

the extent there are funds available therefor in accordance with “— Priority of Payments”, on each Payment Date.

Principal Amortization of Floating Rate Notes

With respect to each class and subclass of the Amortizing Notes and, following their respective Amortization Commencement Dates, if applicable, each subclass of the Soft Bullet Notes, there may be distributed on any Payment Date, to the extent there are sufficient funds in the Collection Account, the sum of the Minimum Principal Payment Amount, if any, the Supplemental Principal Payment Amount, if any, and with respect to the Class A Notes only, the Principal Adjustment Amount, if any (the sum of those amounts, if applicable and to the extent paid in respect of any class or subclass, the “**Principal Distribution Amount**”).

To the extent that any Minimum Principal Payment Amount, Principal Adjustment Amount or Supplemental Principal Payment Amount is required to be made with respect to the Class A Notes, and sufficient funds are available therefor, such amounts will be applied to repay first, any amount Outstanding under the Subclass A-1 Notes, then the Subclass A-2 Notes, then the Subclass A-3 Notes, then the Subclass A-4 Notes, but in each such case only following their respective Amortization Commencement Dates, and then such amounts will be applied to repay any amount Outstanding under the Subclass A-5 Notes. Any subclass of Refinancing Notes issued to refinance a subclass of Class A Notes will not receive any payments of principal before there has been repaid in full the Outstanding Principal Balance of each subclass of Class A Notes then Outstanding which (i) was issued prior to the issuance of such subclass of Refinancing Notes and (ii) has passed its Amortization Commencement Date.

Minimum Principal Payment Amount. With respect to (i) the Amortizing Notes and (ii) following their respective Amortization Commencement Dates, if applicable, each subclass of the Soft Bullet Notes to the extent that any amount remains Outstanding thereon, the “**Minimum Principal Payment Amount**” for each class of Notes with respect to any Payment Date will equal the difference, if positive, between the Outstanding Principal Balance of such class and the Target Principal Balance on such Payment Date; *provided*, that, with respect to the Class A Notes only, if on any Payment Date the Outstanding Principal Balance of the Class A Notes is greater than the Adjusted Portfolio Value, then the Class A Minimum Principal Payment Amount shall be equal to the difference between the Outstanding Principal Balance of the Class A Notes and the Adjusted Balance of the Class A Notes.

On each Payment Date, the “**Target Principal Balance**” for each class of Notes will equal the product of (i) the applicable “**Target Loan to Value Ratio**” (as set forth in Appendix 5 to this Prospectus) and (ii) the Expected Portfolio Value (as set forth in Appendix 4 to this Prospectus), on such Payment Date.

On each Payment Date, the “**Expected Portfolio Value**” will equal the sum of the products of (A) the Initial Appraised Value of each Aircraft then in the Portfolio and (B) the quotient obtained by dividing the applicable Depreciation Factor for such Aircraft (as set forth below) on such Payment Date by the Depreciation Factor for such Aircraft on the Closing Date. The Depreciation Factors produce a “depreciation curve” that assumes an accelerating decline in the value of Aircraft of increasing age. The accelerating annual decline in aircraft values that is assumed by the depreciation curve has been expressed as an equation below:

$$\text{Depreciation Factor} = [1 - (kn)] * (1 + g)^n$$

Where:

n = age of the aircraft expressed in years

k = $\frac{1}{25 \text{ years for commercial passenger Aircraft and 15 years for Aircraft converted to freighters}}$

g = 0.03

The applicable depreciation factor (each, a “**Depreciation Factor**”), and consequently the assumed decline in aircraft value, for any Aircraft on any Payment Date will be determined by reference to (i) for

purposes of calculating a Minimum Principal Payment Amount or a Supplemental Principal Payment Amount (as discussed below), the period of time between the Closing Date and the relevant Payment Date and (ii) for purposes of calculating a Principal Adjustment Amount (as discussed below), the period of time between the most recent appraisal of the Aircraft and the relevant Payment Date.

Principal Adjustment Amount. With respect to the Subclass A-5 Notes only and, following their Amortization Commencement Date, if applicable, the Soft Bullet Notes, there may also be paid on any Payment Date a Principal Adjustment Amount. This amount is intended to adjust the principal amortization schedule established on the Closing Date by the Depreciation Factors for declines in the value of the Aircraft which, at the time of any subsequent appraisal of the Aircraft, are in excess of the decline in value assumed by the Depreciation Factors. The Principal Adjustment Amount for the Subclass A-5 Notes, or following their respective Amortization Commencement Dates, any subclass of Soft Bullet Notes, with respect to any Payment Date will equal the difference, if positive, between the Outstanding Principal Balance of the Class A Notes (after giving effect to payment of the Minimum Principal Payment Amount, if any, for such Payment Date) and the Adjusted Balance of the Class A Notes (the “**Principal Adjustment Amount**”).

The “**Adjusted Balance**” of the Class A Notes on each Payment Date will equal the product of: (i) the Target Loan to Value Ratio for the Class A Notes and (ii) the Adjusted Portfolio Value. On any Payment Date, the “**Adjusted Portfolio Value**” will equal the sum of the products of (A) the Adjusted Base Value of each Aircraft then in the Portfolio and (B) the quotient obtained by dividing the applicable Depreciation Factor for such Aircraft on such Payment Date by the Depreciation Factor for such Aircraft as of the Relevant Appraisal. The “**Adjusted Base Value**” of each Aircraft will be the Base Value of such Aircraft as determined in the most recent Appraisal (the “**Relevant Appraisal**”) preceding such Payment Date.

Supplemental Principal Payment Amount. With respect to (i) the Amortizing Notes and (ii) following their respective Amortization Commencement Dates, if applicable, each subclass of the Soft-Bullet Notes to the extent that any amount remains Outstanding, the “**Supplemental Principal Payment Amount**” for each class of Notes with respect to any Payment Date will equal the difference, if positive, between the Outstanding Principal Balance of such class (after giving effect to the payment of the Minimum Principal Payment Amount and, with respect to the Class A Notes only, any Principal Adjustment Amount to be made on such Payment Date) and the Supplemental Principal Balance on such Payment Date.

On each Payment Date, the “**Supplemental Principal Balance**”, for each class of Notes will equal the product of (i) the applicable “**Supplemental Loan to Value Ratio**” (as set forth in Appendix 6 to this Prospectus) and (ii) the Expected Portfolio Value on such Payment Date.

Scheduled Principal Repayment of Fixed Rate Notes

With respect to each class of Fixed Rate Notes, there may be distributed on any Payment Date to the extent there are sufficient funds available therefor, the Scheduled Principal Payment Amount, if any, for such class.

Scheduled Principal Payment Amount. For any Payment Date, the “**Scheduled Principal Payment Amount**” on the Fixed Rate Notes will equal the difference, if positive, between the Outstanding Principal Balance of each such class of Notes immediately prior to such Payment Date and the product of (i) the initial aggregate Outstanding Principal Balance of each such class of Notes and (ii) the “**Target Pool Factor**” for each such class of Notes on such date (as set forth in Appendix 7 and subject to recomputation to reflect any redemption of principal as set forth below).

The “**Actual Pool Factor**” of each class of Notes on any Payment Date (as reported monthly in the Report to Certificateholders) is computed by dividing (i) the Outstanding Principal Balance after giving effect to any payment of principal on the Notes of such class on such Payment Date by (ii) the initial aggregate Outstanding Principal Balance of the Notes of such class (and rounded to the seventh decimal place). The Pool Factor for the Class C and Class D Notes will be 1.0000000 on the Closing Date before repayments of principal on each such class of Notes. The amount of a Noteholder’s *pro rata* interest of a class of Notes can be determined by multiplying the original denomination of such Holder’s Notes of such class by the Actual

Pool Factor for such class as of the applicable Payment Date. The Actual Pool Factor for each class of Fixed Rate Notes will be mailed to Certificateholders of such class on each Payment Date. In the event of a partial redemption of such class of Notes, the applicable Target Pool Factor and the Outstanding Principal Balance of each such class will be recomputed and notice thereof will be mailed to the Certificateholders of such Notes. Each class of Fixed Rate Notes will have a separate Target Pool Factor.

Redemption

Airplanes Group may redeem any class or subclass of the Notes out of amounts available for such purpose, if any, on any Payment Date (any such date, a “**Redemption Date**”), in whole or in part, at the Redemption Price plus accrued but unpaid interest thereon. It is a condition of any such redemption that on the Redemption Date, all payments of interest and other amounts due on or prior to the Redemption Date in respect of all Notes ranking *pari passu* with or prior to the Notes to be redeemed shall have been paid or will be paid on the Redemption Date. In addition, Airplanes Group will be required on each Payment Date to redeem Notes to the extent of any Available Collections in excess of the Principal Distribution Amount, with respect to the Floating Rate Notes, and the Scheduled Principal Payment Amounts, with respect to the Fixed Rate Notes, in the manner described in “Principal Amortization” above and “Priority of Payments” below at the Redemption Price plus accrued but unpaid interest thereon. Within each class of Fixed Rate Notes being redeemed in part, the amount of the Outstanding Principal Balance being prepaid will be applied in each case *pro rata* among all Fixed Rate Notes of such class to the *pro rata* reduction of the remaining expected principal payments thereof.

Without limiting the foregoing, each class or subclass of the Notes may also be redeemed on any Payment Date, in whole, at the Redemption Price, plus accrued but unpaid interest, in connection with any sale of all or substantially all of the assets of the Airplanes Group. Certain classes or subclasses of Notes may be redeemed at such time as other classes or subclasses of Notes are being defeased. See “Management of Airplanes Group” and “— Defeasance”.

The Redemption Price on the Subclass A-1, A-2, A-3 and A-4 Notes redeemed (i) prior to the applicable Premium Expiration Date will equal 102% of the Outstanding Principal Balance of the amount of such subclass being redeemed and (ii) on or after the applicable Premium Expiration Date, will equal the Outstanding Principal Balance of such subclass being redeemed, without premium. The Subclass A-5 and Class B Notes are redeemable at a price equal to the Outstanding Principal Balance of such class or subclass, without premium. The Redemption Price on any Fixed Rate Notes will be (i) if such redemption occurs prior to March 15, 2001, the Make-Whole Price or (ii) if such redemption occurs on or after March 15, 2001, the product of the applicable Fixed Price Premium and the Outstanding Principal Balance of such class being redeemed.

No premium will be payable on Notes redeemed on or after the Premium Expiration Date therefor.

The following table sets forth the Premium Expiration Date for the Subclass A-1 to A-4 of Notes.

<u>Class or Subclass of Notes</u>	<u>Premium Expiration Date</u>
A-1	March 15, 1997
A-2	March 15, 1998
A-3	March 15, 1998
A-4	March 15, 1999

The following table sets forth the applicable Fixed Price Premium for the Class C and Class D Notes.

<u>Fixed Price Redemption Date</u>	<u>Fixed Price Premium</u>	
	<u>Class C</u>	<u>Class D</u>
On or after March 15, 2001 but prior to March 15, 2002	105%	107%
On or after March 15, 2002 but prior to March 15, 2003	104%	106%
On or after March 15, 2003 but prior to March 15, 2004	103%	105%
On or after March 15, 2004 but prior to March 15, 2005	102%	104%
On or after March 15, 2005 but prior to March 15, 2006	101%	103%
On or after March 15, 2006 but prior to March 15, 2007	100%	102%
On or after March 15, 2007 but prior to March 15, 2008	100%	101%
On or after March 15, 2008	100%	100%

The Make-Whole Price will equal the higher of (i) the discounted present value of Scheduled Principal Payment Amounts and interest from the Redemption Date through, but not including, March 15, 2001, plus the Fixed Rate Redemption Price for the scheduled Outstanding Principal Balance on March 15, 2001 of the Notes being redeemed, discounted at a rate equal to the Treasury Yield plus a spread equal to, in the case of the Class C Notes, 0.50% and, in the case of the Class D Notes, 1.00% and (ii) the Outstanding Principal Balance of the Notes being redeemed.

“**Treasury Yield**” means a per annum rate (expressed as a monthly equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity of the 7¾% United States Treasury Notes maturing on February 15, 2001.

The “**Remaining Weighted Average Life**” of each class of Certificates will be determined by (i) multiplying each scheduled future payment of principal of such class of Certificates (including the final principal payment to be made on the Expected Final Payment Date) by the number of months remaining until such payment date, (ii) calculating the sum of the resulting products and (iii) dividing such sum by the aggregate amount of principal Outstanding on such Fixed Price Redemption Date.

Redemption for Taxation Purposes. All payments of principal, interest and premium, if any, made by Airplanes Limited and Airplanes Trust in respect of the Notes or the Guarantees or any inter-company payments supporting the obligations under the Notes or the Guarantees will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature unless required by law. Should such withholding or deduction be required by law, neither Airplanes Limited nor Airplanes Trust will be obliged to pay any additional amounts in respect of such withholding or deduction. If at any time:

- (a) Airplanes Limited or Airplanes Trust is, or on the next Payment Date will be, required to make any withholding or deduction under the laws or regulations of any applicable tax authority with respect to any payment in respect of any class or subclass of Notes; or
- (b) Airplanes Limited or Airplanes Trust is or will be subject to any circumstance (whether by reason of any law, regulation, regulatory requirement or double-taxation convention, or the interpretation or application thereof, or otherwise) leading to the imposition of a tax (whether by direct assessment or by withholding at source) or other similar imposition by any jurisdiction which would (i) materially increase the cost to Airplanes Limited or Airplanes Trust of making payments in respect of any class or subclass of Notes or of complying with its obligations under or in connection with the Notes; (ii) materially increase the operating or administrative expenses of Airplanes Limited or Airplanes Trust, as the case may be, or the Charitable Trusts under which the ordinary share capital of Airplanes Limited is held; or (iii) otherwise obligate Airplanes Limited or Airplanes Trust or any subsidiary of either of them to make any material payment on, or calculated by reference to, the amount of any sum received or receivable by Airplanes Limited or Airplanes Trust, as the case may be, or by the Cash Manager on behalf of Airplanes Group as contemplated by the Cash Management Agreement;

then Airplanes Limited or Airplanes Trust, or both, will inform the Trustee at such time of any such requirement or imposition and shall use its or their best efforts to avoid the effect of the same; *provided* that no actions shall be taken by either Airplanes Limited or Airplanes Trust to avoid such effects unless each Rating Agency has confirmed that such action will not cause an impairment in the rating of Certificates of any class or subclass. If, after using its best efforts to avoid the adverse effects described above, Airplanes Limited or Airplanes Trust, or both, or any subsidiary of either of them has not avoided such effects, each of Airplanes Limited and Airplanes Trust may, at its election, redeem the Notes of any or all classes or subclasses to which such withholding or deduction applies in whole with accrued and unpaid interest but without premium on any Payment Date. However, any such redemptions may not occur more than 30 days prior to such time as the requirement or imposition described in (a) or (b) above is to become effective.

Method of Redemption. In respect of any redemption of any class or subclass of Notes to be made out of amounts available for such purposes, if any, other than Collections on any Payment Date, at least 20 days but not more than 60 days before such Redemption Date, the Indenture Trustees will give notice of such redemption (a “**Notice of Redemption**”) to each holder of such class or subclass of Notes; *provided* that such Indenture Trustee shall have determined in advance of giving any such notice that funds are or will, on the Redemption Date, be available therefor. If a redemption is of less than all of the Notes of any class or subclass, Notes of such class or subclass to be redeemed will be repaid principal *pro rata*, to the extent moneys are available therefor. In the case of any redemption in whole (other than a redemption resulting from taxation reasons), Airplanes Limited and Airplanes Trust will deposit, or will cause to be deposited, in the Defeasance/Redemption Account an amount equal to the Redemption Price, together with an amount sufficient to pay or provide for all of the accrued and unpaid interest as of the Redemption Date. In the case of any required redemption by Airplanes Group from Collections on any Payment Date pursuant to the Priority of Payments, such redemptions will be made only in conformance with the order of payments set forth under “Priority of Payments”, and no Notice of Redemption will be sent. Each Notice of Redemption will state (i) the applicable Redemption Date, (ii) the Indenture Trustee’s arrangements for making payments due, (iii) the redemption price of the Notes to be redeemed, (iv) in the case of redemptions in whole, that Notes of the class or subclass to be redeemed must be surrendered (which action may be taken by any holder of the Notes or its authorized agent) to the applicable Indenture Trustee to collect the Redemption Price and accrued and unpaid interest on such Notes, and (v) in the case of redemptions in whole, that, unless Airplanes Limited or Airplanes Trust defaults in the payment of the Redemption Price and any accrued and unpaid interest thereon, interest on the class of Notes called for redemption will cease to accrue on and after the Redemption Date. Once a Notice of Redemption in respect of a redemption in whole is mailed, each class or subclass of Notes to which such Notice of Redemption applies will become due and payable on the Redemption Date stated in such Notice of Redemption at their Redemption Price, together with accrued and unpaid interest thereon.

Defeasance

Airplanes Limited and Airplanes Trust at any time may terminate all of their respective obligations under the Notes and the Trust Indentures (“**legal defeasance**”), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar in respect of the Notes. Airplanes Limited and Airplanes Trust at any time may terminate their respective obligations under the covenants described under “Trust Indenture Covenants” and “Operating Covenants” and the events of default described under “Note Events of Default and Remedies” other than clauses (a), (b), (c), (f) (solely with respect to Airplanes Limited and Airplanes Trust) and (g) (solely with respect to Airplanes Limited and Airplanes Trust) set forth under “— Note Events of Default and Remedies” (“**covenant defeasance**”).

Airplanes Limited and Airplanes Trust may exercise their respective legal defeasance options notwithstanding their prior exercise of the covenant defeasance option. If Airplanes Limited and Airplanes Trust exercise their respective legal defeasance options, payment of the Notes may not be accelerated because of a Note Event of Default with respect thereto. If Airplanes Limited and Airplanes Trust exercise their respective covenant defeasance options, payment of the Notes may not be accelerated because of the events of

default described under “Note Events of Default and Remedies” other than clauses (a), (b), (c), (f) (solely with respect to Airplanes Limited and Airplanes Trust) and (g) (solely with respect to Airplanes Limited and Airplanes Trust) set forth under “— Note Events of Default and Remedies”.

In order to exercise either defeasance option, Airplanes Limited and Airplanes Trust must irrevocably deposit in trust (the “**defeasance trust**”) with the Indenture Trustee any combination of money, obligations of the U.S. Government or obligations of corporate issuers (which corporate obligations shall be rated AA+ or its equivalent or higher and shall not have a maturity of longer than three years from the date of defeasance) for the payment of principal, premium (if any), and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivering to the Indenture Trustee an opinion of counsel to the effect that holders of the Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and defeasance and will be subject to Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or other change in applicable Federal income tax law).

Priority of Payments

Pursuant to the terms of each Trust Indenture and the Cash Management Agreement, on each Payment Date, the Cash Manager will withdraw all amounts on deposit in the Collection Account and distribute such amounts in the order of priority set forth below but, in each case, only to the extent that all amounts ranking prior thereto have been paid in full.

- (i) *First*, to the Expense Account, or in certain cases directly to the relevant Expense payees, an amount equal to the Required Expense Amount and then to the relevant Expense payees;
- (ii) *Second*, in no order of priority *inter se*, but *pro rata*, (A) *pro rata*, to the holders of the Class A Notes, all accrued and unpaid interest excluding the Step-Up Interest, if applicable, on such subclass of Class A Notes; and (B) *pro rata*, to any Swap Provider, an amount equal to any payment due from Airplanes Limited or Airplanes Trust pursuant to any Swap Agreement;
- (iii) *Third*, retain in the Collection Account, an amount (the “**First Collection Account Top-up**”), if positive, equal to (A) the sum of the Maintenance Reserve Amount and the Miscellaneous Reserve Amount less (B) the amount then on deposit in the Collection Account;
- (iv) *Fourth*, to any Swap Provider an amount not in excess of the Minimum Hedge Payment;
- (v) *Fifth*, to the holders of the Class A Notes, in the order of priority by subclass set forth under “Description of the Notes and the Guarantees — Principal”, an amount equal to the aggregate Minimum Principal Payment Amount with respect to each subclass of such Class A Notes;
- (vi) *Sixth*, to the holders of the Class B Notes, all accrued and unpaid interest on the Class B Notes;
- (vii) *Seventh*, to the holders of the Class B Notes, an amount equal to the aggregate Minimum Principal Payment Amount with respect to such Class B Notes;
- (viii) *Eighth*, to the holders of the Class C Notes, all accrued and unpaid interest on the Class C Notes;
- (ix) *Ninth*, to the holders of the Class D Notes, all accrued and unpaid interest on the Class D Notes;
- (x) *Tenth*, retain in the Collection Account, an amount (the “**Second Collection Account Top-up**”), if positive, equal to (A) the Liquidity Reserve Amount less (B) the amount then on deposit in the Collection Account;
- (xi) *Eleventh*, in the order of priority by subclass set forth under “Description of the Notes and the Guarantees — Principal”, to the holders of the Class A Notes, an amount, if any, equal to the Class A Principal Adjustment Amount with respect to each such subclass;

- (xii) *Twelfth*, to the holders of the Class C Notes, an amount equal to the Class C Scheduled Principal Payment Amount;
- (xiii) *Thirteenth*, to the holders of the Class D Notes, an amount equal to the Class D Scheduled Principal Payment Amount;
- (xiv) *Fourteenth*, to the Permitted Accruals balance in the Expense Account, an amount equal to any Modification Payments (or any part thereof);
- (xv) *Fifteenth*, to the holders of each subclass of the Class A Notes entitled thereto *pro rata*, an amount equal to all accrued and unpaid Step-Up Interest on such subclasses, if any;
- (xvi) *Sixteenth*, to the holders of Class E Notes, an amount equal to the Class E Note Minimum Interest Amount for the current Interest Accrual Period, without accruals from prior Interest Accrual Periods;
- (xvii) *Seventeenth*, to any Swap Provider an amount not in excess of the Supplemental Hedge Payment;
- (xviii) *Eighteenth*, to the holders of Class B Notes, an amount equal to the Class B Supplemental Principal Payment Amount;
- (xix) *Nineteenth*, in the order of priority by subclass set forth under “Description of the Notes and the Guarantees — Principal”, to the holders of the Class A Notes, an amount equal to the Class A Supplemental Principal Payment Amount with respect to each subclass;
- (xx) *Twentieth*, to the holders of Class D Notes, an amount equal to the Redemption Price of the Outstanding Principal Balance, if any, on, the Class D Notes;
- (xxi) *Twenty-first*, to the holders of Class C Notes, an amount equal to the Redemption Price of the Outstanding Principal Balance, if any, on, the Class C Notes;
- (xxii) *Twenty-second*, to the holders of the Class E Notes, an amount equal to the Class E Note Supplemental Interest Amount for the current Interest Accrual Period, without accruals from prior Interest Accrual Periods;
- (xxiii) *Twenty-third*, to the holders of Class B Notes, an amount equal to the Redemption Price of the Outstanding Principal Balance, if any, on, the Class B Notes;
- (xxiv) *Twenty-fourth*, in the order of priority by subclass set forth under “Description of the Notes and the Guarantees — Principal”, to the holders of the Class A Notes, an amount equal to the Redemption Price of the Outstanding Principal Balance, if any, on, each such subclass;
- (xxv) *Twenty-fifth*, payments to Swap Providers which are subordinated in accordance with the relevant Swap Agreement (“**Subordinated Swap Payments**”);
- (xxvi) *Twenty-sixth*, to the holders of the Class E Notes, an amount equal to all accrued and unpaid interest on the Class E Notes and any amount equal to the Liquidity Reserve Amount then on deposit in the Collection Account; and
- (xxvii) *Twenty-seventh*, on a *pari passu* basis to the holders of the Class E Notes, an amount equal to the Outstanding Principal Balance of the Class E Notes and to the trustees of the Charitable Trusts, an amount equal to any arrears of the Annual Dividend Amount not previously paid.

Any purchase price adjustment payable to GPA in cash pursuant to the terms of the Stock Purchase Agreements shall be payable on the Payment Date following final determination thereof and, up to \$10 million, shall be payable as an Expense, provided there are amounts available therefor, and, to the extent the cash purchase price adjustment exceeds \$10 million, shall be payable following payment of all accrued and unpaid interest on the Class D Notes provided there are amounts available therefor.

In addition to the above payments, Airplanes Limited will pay annually to the trustees of the Charitable Trusts, to the extent that there are distributable profits in any fiscal year, the Annual Dividend Amount and any arrears of the Annual Dividend Amount to the extent not paid in respect of previous fiscal years.

Priority of Payments following a Default Notice

Following delivery to Airplanes Limited, Airplanes Trust or the Cash Manager of a Default Notice, the allocation of payments described above will not apply and all amounts on deposit in the Collection Account will be applied in the following order of priority:

- (i) *First*, to the Expense Account, or in certain cases directly to the relevant Expense payees, an amount equal to the Required Expense Amount and then to the relevant Expense payees;
- (ii) *Second*, in no order of priority *inter se*, but *pro rata* in respect of amounts payable on such date, (A) *pro rata* to the holders of each subclass of the Class A Notes, all accrued and unpaid interest (including Step-Up Interest) on, and all Outstanding principal of, the Class A Notes and (B) *pro rata* to any Swap Provider, such amounts as are required to make any payments due to such Swap Provider pursuant to any Swap Agreement;
- (iii) *Third*, to the holders of the Class B Notes, all accrued and unpaid interest on and all Outstanding principal of the Class B Notes;
- (iv) *Fourth*, to the holders of the Class C Notes, all accrued and unpaid interest on and all Outstanding principal of the Class C Notes;
- (v) *Fifth*, to the holders of the Class D Notes, all accrued and unpaid interest on and all Outstanding principal of the Class D Notes;
- (vi) *Sixth*, to the holders of the Class E Notes all accrued and unpaid interest on and all Outstanding principal of the Class E Notes; and
- (vii) *Seventh*, with respect to Airplanes Limited only, to the Charitable Trusts, all accrued and unpaid dividends payable to the Charitable Trusts.

Trust Indenture Covenants

Each of Airplanes Limited and Airplanes Trust will give substantially identical covenants under each Trust Indenture.

No Release of Obligations. The Relevant Issuer will not take, or knowingly permit any subsidiary to take, any action which would amend, terminate (other than any termination in connection with the replacement of such agreement with an agreement having substantially similar terms) or discharge or prejudice the validity or effectiveness of the Trust Indentures (other than as permitted therein), the Security Trust Agreement, the Cash Management Agreement, the Administrative Agency Agreement or the Servicing Agreement or permit any party to any such document to be released from such obligations, except, in each case, as permitted or contemplated by the terms of such document, and *provided* that such actions may be taken or permitted, and such releases may be permitted, if such Relevant Issuer shall have first obtained an authorizing resolution of the Directors, in the case of Airplanes Limited, or a resolution of the Controlling Trustees, in the case of Airplanes Trust, determining that such action, permitted action or release does not materially adversely affect the interests of the Noteholders, and *provided further*, that in any case (i) the Relevant Issuer will not take any action which would result in any amendment or modification to the conflicts standard or duty of care in such agreements and (ii) there must be at all times an administrative agent, a cash manager and, unless the Servicer resigns prior to the appointment of a replacement servicer as a result of Airplanes Group's failure to pay amounts due and owing to it, a servicer.

Limitation on Encumbrances. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any subsidiary to, create, incur, assume or suffer to exist any mortgage, pledge, lien, encumbrance, charge or security interest (in each case, an "Encumbrance"), including, without limitation,

any conditional sale, any sale with recourse against the seller or any affiliate of the seller, or any agreement to give any security interest over or with respect to any of such Relevant Issuer's or subsidiary's assets (excluding Segregated Funds) including, without limitation, all ordinary shares and preferred shares, any options, warrants and other rights to acquire such shares of capital stock ("**Stock**") and any Indebtedness of any subsidiary held by such Relevant Issuer or a subsidiary thereof.

Notwithstanding the foregoing, the Relevant Issuer may create, incur, assume or suffer to exist (i) any Permitted Encumbrance, (ii) any security interest created or required to be created under the Security Trust Agreement, (iii) Encumbrances over rights in or derived from leases, upon confirmation from the Rating Agencies in advance that such action or event will not result in the lowering or withdrawal of any rating assigned by any Rating Agency to any of the Certificates, *provided* that any transaction or series of transactions resulting in such Encumbrance, taken as a whole, does not materially adversely affect the amount of Collections that would have been received by the Relevant Issuer from such Lease had such Encumbrance not been created or (iv) any other Encumbrance the validity or applicability of which is being contested in good faith in appropriate proceedings by the Relevant Issuer or any of its subsidiaries; *provided* that if such proceedings continue for a period exceeding 12 months, such continuing proceedings, together with continuing proceedings related to Aircraft under the Trust Indenture relating to the Guarantor of the Relevant Issuer, do not relate to claims exceeding 2% of the Initial Appraised Value of the Portfolio.

As used in this Prospectus, "**affiliate**" means, with respect to any person, any other person that, directly or indirectly, controls, is controlled by or is under common control with, such person or is a director or officer of such person; "**control**" of a person means the possession, direct or indirect, of the power to vote 5% or more of the voting Stock of such person or to direct or cause the direction of the management and policies of such person, whether through the ownership of voting Stock, by contract or otherwise; and "**Permitted Encumbrance**" means (i) any lien for taxes, assessments and governmental charges or levies not yet due and payable or which are being contested in good faith by appropriate proceedings; (ii) in respect of any Aircraft, any liens of a repairer, carrier or hanger keeper arising in the ordinary course of business by operation of law or any engine or parts-pooling arrangements or other similar lien; (iii) any permitted lien or encumbrance on any Aircraft, Engines or Parts as defined under any Lease thereof (other than liens or encumbrances created by the relevant lessor); (iv) any liens created by or through or arising from debt or liabilities or any act or omission of any Lessee in each case either in contravention of the relevant Lease (whether or not such Lease has been terminated) or without the consent of the relevant Lessor (*provided* that if such Lessor becomes aware of any such lien, such Lessor shall use commercially reasonable efforts to have any such liens lifted); (v) any head lease, lease, conditional sale agreement or Purchase Option existing on the Closing Date or Aircraft Agreement meeting the requirements of (iii) (B) of the second paragraph under the "Limitation on Aircraft Sales" covenant; (vi) any lien for air navigation authority, airport tending, gate or handling (or similar) charges or levies; (vii) any lien created in favor of the Relevant Issuer, or any of its subsidiaries or the Security Trustee; and (viii) any lien not referred to in (i) through (vii) above which would not adversely affect the owner's rights and does not exceed the greater of \$2,000,000 in the aggregate for the Portfolio or \$250,000 per Aircraft.

Limitation on Restricted Payments. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any of its subsidiaries to (i) declare or pay any dividend or make any distribution on its Stock held by persons other than the Relevant Issuer or any of its subsidiaries; *provided* that as long as no Note Event of Default shall have occurred and be continuing and Airplanes Limited has distributable profits which may lawfully be paid as dividends, Airplanes Limited may, subject to the provisions set forth under "Description of the Securities — The Notes and the Guarantees", pay the Annual Dividend Amount; (ii) purchase, redeem, retire or otherwise acquire for value any shares of Stock of such Relevant Issuer or any of its subsidiaries held by and on behalf of persons other than such Relevant Issuer, any of its subsidiaries or to other Persons permitted under the requirements of (ii) (B) under the "*Limitation on the Issuance, Delivery and Sale of Capital Stock*" covenant; (iii) make any interest, principal or premium payment on the Notes or make any voluntary or optional repurchase, defeasance or other acquisition or retirement for value of Indebtedness of such Relevant Issuer or any of its subsidiaries that is not owed to such Relevant Issuer or any of its subsidiaries other than in accordance with "Description of the Securities — The Notes and the

Guarantees” or (iv) make any investments (other than Permitted Account Investments, investments permitted under the “*Limitation on Engaging in Business Activities*” covenant and Allowed Restructurings), *provided*, that no investment by any Airplanes Limited Member in any Airplanes Trust Member or by any Airplanes Trust Member in any Airplanes Limited Member shall be made if such investment would materially adversely affect the Noteholders. “**Airplanes Limited Member**” means Airplanes Limited and any of its subsidiaries. “**Airplanes Trust Member**” means Airplanes Trust and any of its subsidiaries.

The term “**investment**” for purposes of the above restriction shall mean any loan or advance to a person or entity, any purchase or other acquisition of any capital stock, warrants, rights, options, obligations or other securities of such person or entity, any capital contribution to such person or entity or any other investment in such person or entity.

Limitation on Dividends and Other Payment Restrictions. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any of its subsidiaries to, create or otherwise suffer to exist any consensual encumbrance or restriction of any kind on the ability of any subsidiary to (i) declare or pay dividends or make any other distributions permitted by applicable law, or purchase, redeem or otherwise acquire for value, the Stock of such Relevant Issuer or such subsidiary, as the case may be, (ii) pay any Indebtedness owed to such Relevant Issuer or such subsidiary, (iii) make loans or advances to such Relevant Issuer or such subsidiary or (iv) transfer any of its property or assets to such Relevant Issuer or any other subsidiary thereof.

The foregoing provisions shall not restrict any consensual encumbrances or other restrictions: (i) existing on the Closing Date under any Related Document, and any amendments, extensions, refinancings, renewals or replacements of such documents; *provided* that such consensual encumbrances and restrictions in any such amendments, extensions, refinancings, renewals or replacements are no less favorable in any material respect to the holders of the Notes than those previously in effect and being amended, extended, refinanced, renewed or replaced; or (ii) in the case of clause (iv) in the preceding paragraph, (A) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset or (B) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or consensual encumbrance on, any property or assets of the Relevant Issuer or any subsidiary not otherwise prohibited by the Trust Indenture. Nothing contained in this covenant shall prevent such Relevant Issuer or any subsidiary from creating, incurring, assuming or suffering to exist any Encumbrances not otherwise prohibited under the Trust Indenture.

Limitation on Engaging in Business Activities. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any subsidiary to, engage in any business or activity other than:

- (i) (A) purchasing or otherwise acquiring directly or indirectly from GPA Group and its affiliates the Stock of the Transferring Companies (including purchases of Stock of affiliates of the Isle of Man Companies), and (B) owning, holding, converting, maintaining, modifying, managing, operating, leasing, re-leasing and, subject to the limitations set forth in the “*Limitations on Aircraft Sales*” covenant, selling or otherwise disposing of the Aircraft and entering into all contracts and engaging in all related activities incidental thereto, including from time to time accepting, exchanging, holding or permitting any of its subsidiaries to accept, exchange or hold (an “**Allowed Restructuring**”) promissory notes, contingent payment obligations or equity interests, of Lessees or their affiliates issued in connection with the bankruptcy, reorganization or other similar process, or in settlement of delinquent obligations or obligations anticipated to be delinquent, of such Lessees or their respective affiliates in the ordinary course of business and (C) acquiring, directly or indirectly, from an IOMCo any Aircraft that is subject on the Closing Date to an existing IOMCo Sale Agreement;
- (ii) providing loans to, and guaranteeing or otherwise supporting the obligations and liabilities of, any Airplanes Group member, in each case on such terms and in such manner as the Directors or Controlling Trustees, as the case may be, see fit and (whether or not the Relevant Issuer or such subsidiaries derive a benefit therefrom) so long as such loans, guarantees or other supports are provided in connection with the purposes set forth in clause (i) of this covenant; *provided*, that no

such loan, guarantee or other support of the obligations or liabilities of any Airplanes Limited Member by any Airplanes Trust Member or of any Airplanes Trust Member by any Airplanes Limited Member shall be made if it would materially adversely affect the Noteholders;

- (iii) financing or refinancing the business activities described in clause (i) of this covenant through the offer, sale and issuance of any securities of Airplanes Limited or Airplanes Trust, upon such terms and conditions as the Directors or Controlling Trustees, as the case may be, see fit, for cash or in payment or in partial payment for any property purchased or otherwise acquired by the Relevant Issuer;
- (iv) engaging in currency and interest rate exchange transactions for the purposes of avoiding, reducing, minimizing, hedging against or otherwise managing the risk of any loss, cost, expense or liability arising, or which may arise, directly or indirectly, from any change or changes in any interest rate or currency exchange rate or in the price or value of any of the property or assets of such Relevant Issuer or any of its subsidiaries within limits determined by the Directors or the Controlling Trustees from time to time and submitted to the Rating Agencies, including but not limited to dealings, whether involving purchases, sales or otherwise, in foreign currency, spot and forward interest rate exchange contracts, forward interest rate agreements, caps, floors and collars, futures, options, swaps, and any other currency, interest rate and other similar hedging arrangements and such other instruments as are similar to, or derivatives of, any of the foregoing;
- (v) (A) establishing, promoting and aiding in promoting, constituting, forming or organizing companies, syndicates or partnerships of all kinds in any part of the world for the purposes set forth in clause (i) above, (B) acquiring, holding and disposing of shares, securities and other interests in any such company, syndicate or partnership and (C) disposing of shares, securities and other interests in, or causing the dissolution of, any existing subsidiary other than Holding Co. or AeroUSA, *provided* that any such disposition which results in the disposition of an Aircraft meets the requirements set forth under the "*Limitation on Aircraft Sales*" covenant; and
- (vi) taking out, acquiring, surrendering and assigning policies of insurance and assurances with any insurance company or companies which the Relevant Issuer or any of its subsidiaries may think fit and to pay the premiums thereon.

Limitation on Indebtedness. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any of its subsidiaries to, incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, whether present or future (in any such case, to "**incur**"), Indebtedness.

For the purposes of the Trust Indenture, "**Indebtedness**" means, with respect to any person at any date of determination (without duplication), (i) all indebtedness of such person for borrowed money, (ii) all obligations of such person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto), (iv) all the obligations of such person to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than six months after the date of purchasing such property or service or taking delivery and title thereto or the completion of such services, and payment deferrals arranged primarily as a method of raising finance or financing the acquisition of such property or service, (v) all obligations of such person under a lease of (or other agreement conveying the right to use) any property, whether real, personal or mixed, that is required to be classified and accounted for as a capital lease obligation under U.S. GAAP, (vi) all Indebtedness (as defined in clauses (i) through (v) of this paragraph) of other persons secured by a lien on any asset of such person, whether or not such Indebtedness is assumed by such person, and (vii) all Indebtedness (as defined in clauses (i) through (v) of this paragraph) of other persons guaranteed by such person.

Notwithstanding the foregoing, the Relevant Issuer and any subsidiary may incur each and all of the following: (i) Indebtedness in respect of any Note, Class E Note or Guarantee, (ii) Indebtedness in respect of any Refinancing Notes; *provided* that (A) the Refinancing Certificates corresponding to such Refinancing

Notes receive ratings from the Rating Agencies at the close of such refinancing equal to or higher than those of the class or subclass being refinanced (determined at the date of incurrence), (B) taking into account such refinancing, the Relevant Issuer receives confirmation prior to such refinancing from the Rating Agencies that such refinancing will not result in the lowering or withdrawal of any rating assigned by any Rating Agency to any of the Certificates corresponding to each class or subclass of Notes Outstanding at such time, (C) such refinancing does not extend the Remaining Weighted Average Life of any other class or subclass of Notes then Outstanding by more than three months and (D) the net proceeds of any such refinancing shall be used only to repay the Outstanding Principal Balance of the class or subclass of the Notes being so refinanced; and *provided, further*, that, in the case of any refinancing of Notes other than the Soft Bullet Notes, the Remaining Weighted Average Life and Expected Final Payment Date of such Refinancing Notes, determined as of the date of incurrence, does not exceed by more than three months (x) with respect to the Fixed Rate Notes, the Remaining Weighted Average Life or Expected Final Payment Date, as the case may be, of such class or subclass of Notes to be so refinanced, and (y) with respect to the Floating Rate Notes, the Expected Final Payment Date of such class or subclass of Notes to be so refinanced; (iii) Indebtedness in respect of guarantees by the Relevant Issuer or any subsidiary of any other member of Airplanes Group, *provided* that no such Indebtedness in respect of any member of Airplanes Group other than of the Relevant Issuer or any subsidiary of the Relevant Issuer shall be incurred if it would materially adversely affect the Noteholders; (iv) obligations to each seller under any Stock Purchase Agreement and the related lease assignment and assumption agreements and the documents related thereto, (v) indebtedness in respect of any issuance of Class E Notes payable in connection with any purchase price adjustment under the Stock Purchase Agreements, (vi) Indebtedness to GPA under intercompany loans or any agreement between the Relevant Issuer or any of its subsidiaries and any other members of Airplanes Group (each an “**Intercompany Loan**”); *provided* that no such Indebtedness incurred by an Airplanes Limited Member in favor of an Airplanes Trust Member or incurred by an Airplanes Trust Member in favor of an Airplanes Limited Member shall be incurred if it would materially adversely affect the Noteholders and (vii) any subordinated, non-interest paying indebtedness issued in accordance with the terms of the Tax Sharing Agreement.

As used in this Prospectus, “**guarantee**” means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Indebtedness or other obligation of any other person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other person or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term “guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” when used as a verb has a corresponding meaning.

Limitation on Aircraft Sales. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any of its subsidiaries to, sell, transfer or otherwise dispose of any Aircraft or any interest therein.

Notwithstanding the foregoing, the Relevant Issuer and any of its subsidiaries will be permitted to sell, transfer or otherwise dispose of, directly or indirectly, (a) any engines being sold pursuant to the Stock Purchase Agreements on the Closing Date or any replacements thereof (“**Engines**”) or parts installed in or attached to any Aircraft other than Engines (“**Parts**”), or (b) one or more Aircraft or an interest therein (i) pursuant to a Purchase Option or other agreements of a similar character existing on the Closing Date, (ii) within or among the Relevant Issuer and its subsidiaries without limitation, and among the Relevant Issuer or any of its subsidiaries and any other member of Airplanes Group if such sale, transfer or disposition, as the case may be, would not materially adversely affect the Noteholders, (iii) pursuant to any Aircraft Agreement; *provided* that such sale does not result in an Event of Default under “*Operating Covenants — Concentration Limits*”, and the net present value of the cash Net Sale Proceeds is not less than the Note Target Price, (iv) pursuant to receipt of insurance proceeds in connection with an event of loss or (v) having an aggregate Initial Appraised Value of no more than \$50 million per annum and no more than \$500 million in aggregate, in each case for Airplanes Group taken as a whole, from the Closing Date until the termination of

the Trust Indenture by its terms, *provided* that (x) the Directors of Airplanes Limited or the Controlling Trustees of Airplanes Trust, as applicable, unanimously confirm that each such sale is in the best interests of such Relevant Issuer and the Noteholders, (y) all of the consideration received in respect of such sale shall be in cash and (z) such sale does not result in a Note Event of Default under “Operating Covenants — Concentration Limits”; *provided, however*, that this covenant will not apply to any sale, transfer or other disposition of any Aircraft or any interest therein effected as part of a single transaction providing for the redemption or defeasance of the Notes and the Class E Notes in accordance with the terms thereof as described under “— Redemption” or “— Defeasance”, respectively.

For the purpose of this covenant, the net present value of the cash Net Sale Proceeds of any sale, transfer or other disposition of any aircraft shall mean the present value of all payments received or to be received by the Relevant Issuer or one of its subsidiaries from the date of execution or option granting date, as the case may be, of the relevant Aircraft Agreement through and including the date of transfer of title to such Aircraft, discounted back to the date of execution or option granting date, as the case may be, of such Aircraft Agreement at the weighted average cost of funds of Airplanes Group (based on the cost of funds on the Payment Date immediately preceding such date (excluding for such purpose any interest paid or accrued on the Class E Notes other than Class E Note Permitted Interest, but taking into account any Swap Agreements)).

The “**Note Target Price**” means, in respect of any Aircraft, an amount equal to 105% of the aggregate Outstanding Principal Balance of the Notes allocable to such Aircraft on the date of the sale agreement or purchase option granting date, as the case may be. On any date, the Outstanding Principal Balance of Notes allocable to an Aircraft will equal the product of (i) (A) the Adjusted Base Value of such aircraft divided by (B) the Adjusted Portfolio Value and (ii) the aggregate Outstanding Principal Balance of the Notes, in each case on the most recent Payment Date.

“**Aircraft Agreement**” means any lease, sub-lease, conditional sale agreement, hire purchase agreement or other agreement (other than an agreement for sale not providing for possession by the purchaser, or an agreement relating to maintenance, modification or repairs) or any purchase option granted to a person other than the Relevant Issuer or its subsidiaries to purchase an Aircraft pursuant to a purchase option agreement, in each case pursuant to which any person acquires or is entitled to acquire legal title, or the economic benefits of ownership of, such aircraft.

“**Net Sale Proceeds**” means, with respect to any sale or other disposition of any assets, the aggregate amount of cash received from time to time (whether as initial or deferred consideration) by or on behalf of the seller in connection with such transaction after deducting therefrom (without duplication) (a) reasonable and customary brokerage commissions and other similar fees and commissions and (b) the amount of taxes payable in connection with or as a result of such transaction, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid to a person that is not an affiliate of the seller and are properly attributable to such transaction or to the asset that is the subject thereof.

Limitation on Modification Payments and Capital Expenditures. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any of its subsidiaries to, make any capital expenditures for the purpose of effecting any optional improvement or modification of any Aircraft, for the optional conversion of any Aircraft from a passenger aircraft to a freighter or mixed-use aircraft, or for the purpose of purchasing or otherwise acquiring any Engines or Parts outside of the ordinary course of business (each such expenditure, a “**Modification Payment**”). Notwithstanding the foregoing, the Relevant Issuer may, and may permit any of its subsidiaries to, make Modification Payments; *provided* that (i) each Modification Payment, together with all other Modification Payments made after the Closing Date pursuant to the covenant with respect to any single Aircraft, do not exceed the aggregate amount of funds that would be necessary to perform heavy maintenance (as described in the Servicing Agreement) on such Aircraft, including the airframe and the related Engines thereof; (ii) any improvements made as a result of such Modification Payment do not detract from the value of the affected Aircraft; (iii) such Modification Payment is included in the annual operating budget of Airplanes Group and approved by the Directors or Controlling Trustees, as the case may be; (iv) the amount of funds necessary to make such Modification Payment shall

have been accrued in advance as a Permitted Accrual in the Expense Account through transfers into the Expense Account pursuant to the Trust Indentures or otherwise allowed to be paid under Permitted Indebtedness; and (v) the aggregate amount of all Modification Payments made by members of Airplanes Group, taken as a whole, pursuant to this covenant after the Closing Date, including such Modification Payment, shall not exceed \$200,000,000.

Limitation on Consolidation, Merger and Transfer of Assets. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any subsidiary to, consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of its property and assets (as an entirety or substantially an entirety in one transaction or in a series of related transactions) to, any other person, or permit any other person to merge with or into the Relevant Issuer or any subsidiary, unless (i) the resulting entity is a special purpose corporation, the charter of which is substantially similar to the Memorandum of Association of Airplanes Limited, the Trust Agreement pursuant to which Airplanes Trust is organized, or the equivalent charter document of such subsidiary, as the case may be, and, after such consolidation, merger, sale, conveyance, transfer, lease or other disposition, payments from such resulting entity to the Noteholders do not give rise to any withholding tax payments less favorable to the Noteholders than the amount of any withholding tax payments which would have been required had such event not occurred, (ii) in the case of consolidation, merger or transfer by the Relevant Issuer, the surviving successor or transferee entity shall expressly assume all of the obligations of the Relevant Issuer in the relevant Trust Indenture, the Notes and each other Related Document to which such Relevant Issuer is then a party, (iii) the Directors or the Controlling Trustees, as the case may be, shall have obtained confirmation in advance that such action or event will not result in the lowering or withdrawal of any rating assigned by any Rating Agency to any of the Certificates, (iv) immediately after giving effect to such transaction, no Note Event of Default shall have occurred and be continuing, and (v) the Relevant Issuer delivers to the applicable Indenture Trustee an officers' certificate or trustee's certificates as the case may be, and an opinion of counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture comply with the above criteria and, if applicable, the "*Limitation on Aircraft Sales*" covenant and that all conditions precedent provided for in the related Trust Indenture relating to such transaction have been complied with; *provided* that this covenant shall not apply to any such consolidation, merger, sale, conveyance, transfer, lease or disposition (a) within and among the Relevant Issuer and any of its subsidiaries and among Airplanes Group if such consolidation, merger, sale, conveyance, transfer, lease or disposition, as the case may be, would not materially adversely affect the Noteholders, (b) complying with the terms of the "*Limitation on Aircraft Sales*" covenant or (c) effected as part of a single transaction providing for the redemption or defeasance of the Notes and the Class E Notes in accordance with the terms thereof as described under "*— Redemption*" or "*— Defeasance*", respectively.

Limitation on Transactions with Affiliates. Under the terms of each Trust Indenture, the Relevant Issuer will not, and will not permit any subsidiary to, directly or indirectly, enter into, renew or extend any transaction (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with any affiliate of such Relevant Issuer or any subsidiary, except upon fair and reasonable terms no less favorable to such Relevant Issuer or such subsidiary than could be obtained, at the time of such transaction or at the time of the execution of the agreement providing therefor, in a comparable arm's-length transaction with a person that is not such an affiliate.

The foregoing limitation does not limit, and shall not apply to, (i) any transaction pursuant to the terms of the Related Documents; (ii) any transaction within and among the Relevant Issuer or any of its subsidiaries and any other member of Airplanes Group, *provided*, that no such transaction, other than between the Relevant Issuer and any of its subsidiaries, shall be consummated if it would materially adversely affect the Noteholders; (iii) the payment of reasonable and customary regular fees to, and the provision of reasonable and customary liability insurance in respect of, Directors of Airplanes Limited or Controlling Trustees of Airplanes Trust; (iv) any payments or other transactions pursuant to the Tax-Sharing Agreement; (v) any contracts between the Relevant Issuer and any employee of Airplanes Group pursuant to which the aggregate value of payments does not exceed \$200,000 per year; (vi) any payments of the types referred to in clauses (i) or (ii) of the "*Limitation on Restricted Payments*" covenant and not prohibited thereunder; (vii) payments

under any contract for the re-acquisition of an Aircraft from an IOM Co. of a price not exceeding the amount paid therefor by such IOM Co. under a conditional sale agreement existing on the date hereof or (viii) entering into any transaction effected as part of a single transaction providing for the redemption or defeasance of the Notes and the Class E Notes in accordance with the terms thereof as described under “— Redemption” or “— Defeasance”, respectively.

Limitation on the Issuance, Delivery and Sale of Capital Stock. Under the terms of each Trust Indenture, the Relevant Issuer will not (i) issue, deliver or sell any shares, interests, participations or other equivalents (however designated, whether voting or non-voting, other than such shares, interests, participations or other equivalents existing on the Closing Date) in equity, including, without limitation, all ordinary shares of Airplanes Limited and the Airplanes Trust Residual Interest, as the case may be, or (ii) sell, or permit any subsidiary, directly or indirectly, to issue, deliver or sell, any shares, interests, participations or other equivalents (however designated, whether voting or non-voting, other than such shares, interests, participations or other equivalents existing on the Closing Date) in equity, except (A) to the Charitable Trust Trustees, (B) issuances or sales of shares of Stock of foreign subsidiaries of the Relevant Issuer to nationals in the jurisdiction of incorporation or organization of such subsidiary, as the case may be, to the extent required by applicable law or necessary in the determination of the Board of Directors or the Controlling Trustees, as the case may be, to avoid an adverse tax consequence in any such jurisdiction, (C) the pledge of the shares pursuant to the Security Trust Agreement, (D) the sale, delivery or transfer of any Stock of any member of Airplanes Group in connection with the redemption or defeasance of the Notes and the Class E Notes in accordance with the terms set forth under “— Redemption” or “— Defeasance”, respectively and (E) the sale of any Stock in connection with any sale of Aircraft in compliance with the terms of the “*Limitation on Aircraft Sales*” covenant.

In addition, under the terms of the Shareholders Agreement, the Charitable Trust Trustees will agree that while the Airplanes Limited Notes are outstanding they will not, without prior written approval of the Airplane Limited Indenture Trustee and all of the Directors, take any action in their capacity as shareholders of Airplanes Limited to alter the share capital or issue any additional shares of Airplanes Limited.

Bankruptcy and Insolvency. Under the terms of each Trust Indenture, the Relevant Issuer (i) will promptly provide the Indenture Trustee and the Rating Agencies with notice of the institution of any proceeding by or against such Relevant Issuer or any of its subsidiaries, as the case may be, seeking to adjudicate any of them a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of their debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for either or for any substantial part of their property and (ii) each Relevant Issuer will not, without an affirmative unanimous written resolution of the Directors or the Controlling Trustees, as applicable, and confirmation from the Rating Agencies in advance that such action or event will not result in the lowering or withdrawal of any rating assigned by any Rating Agency to any of the Certificates, take any action to waive, repeal, amend, vary, supplement or otherwise modify its charter documents.

In addition, under the terms of the Shareholders Agreement, the Charitable Trust Trustees will agree that while the Airplanes Limited Notes are outstanding they will not, without prior written approval of the Airplanes Limited Indenture Trustee and all of the Directors, take any action in their capacity as shareholders of Airplanes Limited (i) to cause Airplanes Limited to institute any proceeding seeking liquidation or insolvency (or similar proceeding), (ii) in the case of any such proceeding instituted against Airplanes Limited, to authorize or consent to such proceedings, (iii) to terminate Airplanes Limited’s corporate existence, (iv) to waive or amend the Memorandum and Articles of Association of Airplanes Limited or (v) to transfer any part of the capital stock of Airplanes Limited or any interest therein unless the transferee (a) is a trustee of a trust formed for charitable purposes substantially identical to those for which the Charitable Trusts are established and (b) enters into an agreement substantially identical to the Shareholders Agreement in favor of the Airplanes Limited Indenture Trustee.

Maintenance of Taxation Status. Under the terms of each Trust Indenture, the Relevant Issuer shall not, and shall not permit any of its subsidiaries to, take any action or omit to take any action which is inconsistent with the preservation of the certification with respect to taxation of Airplanes Group issued by the Irish Department of Finance (or any similar treatment in other jurisdictions) in connection with business operations in Shannon, Ireland or similar certification for other tax-advantaged zones in Ireland or such other jurisdictions and the taxation treatment awarded to the subsidiaries of Airplanes Group as a consequence thereof.

Operating Covenants

Concentration Limits. Unless the Directors or Controlling Trustees obtain prior written confirmation from each of the Rating Agencies that no lowering or withdrawal of the then current rating of any class or subclass of Certificates will result, the Relevant Issuer will not permit any of its subsidiaries to lease or re-lease any Aircraft if entering into such proposed lease would cause the Portfolio to exceed any of the concentration limits set forth below (the “**Concentration Limits**”); *provided* that each Trust Indenture will permit breaches of such Concentration Limits upon any renewal, extension or restructuring of any Lease.

Lessee Covenants

	<u>Percentage of Most Recent Appraised Value of Portfolio</u>
Single Lessee	10%
Five largest Lessees	35%

Country Covenants

<u>Country Rating</u>	<u>Percentage of Most Recent Appraised Value of Portfolio(2)</u>
A- (or the equivalent) or better(1)	20%
Other	15%

Region Covenants

	<u>Percentage of Most Recent Appraised Value of Portfolio(3)</u>
Africa	5%
Asia	45%
Australia	10%
Europe (including Turkey, but excluding the CIS and Eastern Europe)	45%
Middle East	15%
North America	45%
Latin America (including South America, the Caribbean and Mexico)	35%
Other (including CIS and Eastern Europe)	10%

- (1) Based on the sovereign foreign currency debt rating assigned by the Rating Agencies to the country in which a Lessee is habitually based at the time the relevant Lease is executed.
- (2) Percentage to be obtained by dividing the aggregate most recent Appraised Values of all Aircraft operated or to be operated by Lessees habitually based in the applicable country by the aggregate most recent Appraised Values of all Aircraft then owned by Airplanes Group.
- (3) Percentage to be obtained by dividing the aggregate most recent Appraised Values of all Aircraft operated or to be operated by Lessees habitually based in the applicable region by the aggregate most recent Appraised Values of all Aircraft then owned by Airplanes Group.

In addition, each Trust Indenture will not permit the Relevant Issuer or any subsidiary to lease Aircraft operated or to be operated by Lessees domiciled in (i) certain countries and (ii) certain other countries

without procuring political risk insurance. The list of prohibited countries and countries with respect to which political risk insurance must be procured may be modified from time to time upon the approval of the Directors of Airplanes Limited or the Controlling Trustees of Airplanes Trust, as the case may be, after consultation with the Administrative Agent.

The Trust Indentures contain no limitations with respect to the country or region where any sublessees of Aircraft operated or to be operated are domiciled if (i) such sublease is permitted under the relevant Lease (including by reason of consent or waiver, if applicable) or renewed Lease (including by reason of consent or waiver, if applicable) and (ii) the relevant Lessee is either a signatory to a Lease or a renewed Lease.

Compliance with Law, Maintenance of Permits. Under the terms of each Trust Indenture, the Relevant Issuer will (i) comply, and cause each of its subsidiaries to comply, in all material respects with all applicable laws, (ii) obtain, and cause each of its subsidiaries to obtain, all material governmental (including regulatory) registrations, certificates, licenses, permits and authorizations required for such person's use and operation of the Aircraft, including, without limitation, a current certificate of airworthiness for each Aircraft (issued by the applicable aviation authority and in the appropriate category for the nature of the operations of such Aircraft), except that (A) no certificate of airworthiness shall be required for any Aircraft (x) during any period when such Aircraft is undergoing maintenance, modification or repair, (y) following the withdrawal or suspension by such applicable aviation authority of certificates of airworthiness in respect of all aircraft of the same model or period of manufacture as such Aircraft (in which case the Relevant Issuer shall comply, and cause each of its subsidiaries to comply, with all directions of such applicable aviation authority in connection with such withdrawal or suspension), (B) no registrations, certificates, licenses, permits or authorizations required for the use or operation of any Aircraft need be obtained with respect to any period when such Aircraft is not being operated and (C) no such registrations, certificates, licenses, permits or authorizations shall be required to be maintained for any Aircraft that is not the subject of a Lease, except to the extent required under applicable laws, (iii) not cause or knowingly permit, directly or indirectly, through any of its subsidiaries, any Lessee to operate any Aircraft under any Lease in any material respect contrary to any applicable law and (iv) not knowingly permit, directly or indirectly, through any of its subsidiaries, any Lessee not to obtain all material governmental (including regulatory) registrations, certificates, licenses, permits and authorizations required for such Lessee's use and operation of any Aircraft under any operating Lease except as provided, *mutatis mutandis*, in clauses (ii) (A) and (ii) (B) above.

The foregoing covenant shall not be deemed to have been breached by virtue of any act or omission of a Lessee or sub-lessee, or of any person which has possession of the Aircraft or any Engine for the purpose of repairs, maintenance, modification or storage, or by virtue of any requisition, seizure, or confiscation of the Aircraft (other than seizure or confiscation arising from a breach by the Relevant Issuer or a subsidiary of such covenant) (each, a "**Third Party Event**"); *provided* that (i) no member of Airplanes Group consents or has consented to such Third Party Event; and (ii) the member of Airplanes Group which is the lessor or owner of such Aircraft promptly and diligently takes such commercially reasonable actions as a leading international aircraft operating lessor or owner would reasonably take in respect of such Third Party Event, including, as deemed appropriate (taking into account, *inter alia*, the laws of the jurisdictions in which the Aircraft are located), seeking to compel such Lessee or other relevant person to remedy such Third Party Event or seeking to repossess the relevant Aircraft or Engine.

Appraisal of Portfolio. Under the terms of each Trust Indenture, the Relevant Issuer will, no earlier than 90 nor later than 30 days prior to March 31 of each year, deliver to the Trustee appraisals of the Base Value of each of the Aircraft, from at least three independent appraisers that are members of the International Society of Transport Aircraft Trading or any similar organization, each such appraisal to be dated within 30 days prior to its delivery to the Trustee.

Maintenance of Assets. Under the terms of each Trust Indenture, the Relevant Issuer will (i) with respect to each Aircraft and Engine that is subject to a Lease, cause directly or indirectly, through any of its subsidiaries, such Aircraft and Engine to be maintained in a state of repair and condition consistent with the reasonable commercial practice of leading international aircraft operating lessors with respect to similar aircraft under lease, taking into consideration, among other things, the identity of the relevant Lessee

(including the credit standing and operating experience thereof), the age and condition of the Aircraft and the jurisdiction in which such Aircraft will be operated or registered under such Lease, and (ii) with respect to each Aircraft that is not subject to a Lease, maintain, and cause each of its subsidiaries to maintain, such Aircraft in a state of repair and condition consistent with the reasonable commercial practice of leading international aircraft operating lessors with respect to aircraft not under lease. No breach of this covenant, however, shall be deemed to have occurred by virtue of any Third Party Event; *provided* that (i) no member of Airplanes Group consents or has consented to such Third Party Event; and (ii) the member of Airplanes Group which is the lessor or owner of such Aircraft promptly and diligently takes such commercially reasonable actions as a leading international aircraft operating lessor would reasonably take in respect of such Third Party Event, including as deemed appropriate, seeking to compel such Lessee or other relevant person to remedy such Third Party Event or seeking to repossess the relevant Aircraft or Engine.

Notification of Indenture Trustee, Cash Manager and Administrative Agent. Under the terms of each Trust Indenture, the Relevant Issuer will notify the Indenture Trustee, Cash Manager and Administrative Agent as soon as such Relevant Issuer or any of its subsidiaries becomes aware of any loss, theft, damage or destruction to any Aircraft or Engine if the potential cost of repair or replacement of such asset (without regard to any insurance claim related thereto) may exceed \$2,000,000.

Leases. Under the terms of each Trust Indenture, the Relevant Issuer shall adopt and has agreed to cause the Servicer to utilize the pro forma lease agreement or agreements then used by the Servicer in connection with its aircraft operating leasing services business generally, as such pro forma lease agreement or agreements may be revised from time to time by the Servicer (the “**Servicer’s Pro Forma Lease**”), for use by the Servicer on behalf of each member of Airplanes Group as a starting point in the negotiation of Future Leases with persons who are not members of Airplanes Group; *provided*, that with respect to any Future Lease entered into in connection with (x) the renewal or extension of an Existing Lease, (y) the leasing of an Aircraft to a person that is or was a Lessee under an Existing Lease or (z) the leasing of an Aircraft to a person that is or was a lessee under an operating lease of an aircraft that is being managed or serviced by the Servicer (such Future Lease, a “**Renewal Lease**”), a form of lease substantially similar to such Existing Lease or operating lease (a “**Precedent Lease**”), as the case may be, may, in lieu of the Servicer’s Pro Forma Lease, be used by the Servicer on behalf of any member of Airplanes Group as a starting point in the negotiation of such Future Lease with persons who are not members of Airplanes Group; and *provided further, however*, that if the Directors or Controlling Trustees, as the case may be, determine, in an annual review of the Servicer’s Pro Forma Lease on or before each anniversary of the Closing Date, that any revision to the Servicer’s Pro Forma Lease made from time to time since the preceding review by such Directors or Controlling Trustees (or, with respect to the first anniversary of the Closing Date, since the Closing Date) is substantially inconsistent with the core lease provisions of the Relevant Issuer set forth in the Administrative Agency Agreement (as such provisions may be amended from time to time, the “**Core Lease Provisions**”) in a manner and to such a degree as to have a material adverse effect on the Noteholders, taking into consideration, *inter alia*, such revision and any risk that the Aircraft might not be able to be leased on terms inconsistent with the relevant provisions in the Servicer’s Pro Forma Lease, then such Directors or Controlling Trustees shall direct the Servicer not to include such revision in the Servicer’s Pro Forma Lease to be used thereafter as the starting point in the negotiation of any Future Lease with respect to the Aircraft. With respect to any such revisions as to which such Directors or Controlling Trustees have not made such determination, such Directors or Controlling Trustees, as the case may be, shall, to the extent relevant, amend the applicable Core Lease Provisions. It shall not be deemed a violation of this covenant if the terms of any Future Lease deviate from the terms of the Servicer’s Pro Forma Lease or a Precedent Lease, as applicable, so long as the Servicer’s Pro Forma Lease or the applicable Precedent Lease was the starting point for the negotiation of such Future Lease. The foregoing covenant shall not be applicable to any negotiation with respect to, or the execution of, any Future Lease of an Aircraft where such negotiation commenced on or prior to the Closing Date.

On the Payment Date occurring three months after each anniversary of the Closing Date, the Relevant Issuer shall certify to the Indenture Trustee that, based upon any and all factors considered by it to be relevant and taking into account any advice received from its agents, including the Administrative Agent and the

Servicer, the Future Leases executed by or on behalf of the Relevant Issuer or its subsidiaries during the preceding year ending on such anniversary with Persons who are not members of Airplanes Group, having regard to deviations from the Core Lease Provisions in effect as of such anniversary (or, with respect to any Renewal Leases, having regard to deviations from the provisions corresponding to the Core Lease Provisions which had been previously incorporated in the applicable Precedent Leases), taken as a whole, should not be reasonably expected to have a material adverse effect on the Noteholders. If the Relevant Issuer cannot make such certification, then it shall deliver to the Indenture Trustee a Core Lease Provision certificate which sets forth information specifying the nature of the deviations from the Core Lease Provisions or, with respect to the Renewal Leases, such corresponding provisions of the Future Leases executed by or on behalf of the Issuer during the preceding year which should reasonably be expected to have a material adverse effect on the Noteholders. In addition, the Issuer shall furnish an annual report to the Rating Agencies (with a copy to the Indenture Trustee) setting forth the rationale (including, if applicable, trends in the international operating leasing market) for any changes in the Core Lease Provisions during the preceding year.

Opinions. Under the terms of each Trust Indenture, the Relevant Issuer will not enter into, and will not permit any of its subsidiaries to enter into, any Future Lease with any person that is not a member of Airplanes Group or change the jurisdiction of registration of any Aircraft that is subject to a Lease, unless, upon entering into such Future Lease or changing the jurisdiction or registration of such Aircraft (or within a commercially reasonable period thereafter), the Servicer obtains such legal opinions, if any, with regard to compliance with the registration requirements of the relevant jurisdiction, enforceability of the Future Lease and such other matters customary for such transactions to the extent that receiving such legal opinions is consistent with the reasonable commercial practice of leading international aircraft operating lessors.

Insurance. Under the terms of each Trust Indenture, the Relevant Issuer will maintain or cause, directly or indirectly through its subsidiaries, to be maintained with reputable and responsible insurers or with insurers that maintain relevant reinsurance with reputable and responsible reinsurers (i) airline hull insurance for each Aircraft in an amount at least equal to the Note Target Price for such Aircraft (or the equivalent thereof from time to time if such insurance is denominated in a currency other than U.S. dollars), (ii) airline liability insurance for each Aircraft and occurrence in an amount at least equal to the relevant amounts set forth in the Trust Indentures for each model of aircraft and (iii) airline political risk insurance (“PRI”) for each Aircraft subject to a Lease and habitually based in a jurisdiction determined in accordance with the PRI guidelines, as set forth in the Indentures and as amended from time to time by the Directors or Controlling Trustees, in an amount at least equal to the Note Target Price (or the equivalent thereof from time to time if such insurance is denominated in a currency other than U.S. dollars) for such Aircraft; *provided, however*, that, with respect to any insurance for any Aircraft, such insurance may be subject to (x) deductibles and self-insurance in an amount not exceeding \$10,000,000 in the aggregate in respect of any one occurrence in respect of such Aircraft that is subject to a Lease (or sale agreement) with any Lessee (or purchaser) whose long-term unsecured debt obligations are rated not less than A, or its equivalent, by at least one of the Rating Agencies, or (y) commercially reasonable deductible and self-insurance arrangements (taking into account, *inter alia*, the creditworthiness and experience of the Lessee, if any, the type of aircraft and market practices in the aircraft insurance industry generally). Apart from the matters covered by the preceding sentence, the coverage and terms (including endorsements) of any insurance maintained (a) with respect to any Aircraft not subject to a Lease shall be substantially consistent with the commercial practices of leading international aircraft operating lessors regarding similar aircraft and (b) with respect to any Aircraft subject to a Lease, shall be substantially consistent with the relevant provisions of such Lease.

In determining the amount of insurance required to be maintained by the covenant, the Relevant Issuer may take into account any indemnification from, or insurance provided by, any governmental, supranational or inter-governmental authority or agency (other than, with respect to PRI, any governmental authority or agency of any jurisdiction for which PRI must be obtained), the sovereign foreign currency debt rating of which is rated AA, or the equivalent, by at least one of the Rating Agencies, against any risk with respect to an Aircraft at least in an amount which, when added to the amount of insurance against such risk maintained by the Relevant Issuer (or which the Relevant Issuer has caused to be maintained), shall be at least equal to the amount of insurance against such risk otherwise required by the covenant (taking into account self-insurance

permitted by the covenant). Any such indemnification or insurance provided by such government shall provide substantially similar protection as the insurance required by the covenant. The Relevant Issuer will not be required to maintain (or to cause to be maintained) any insurance otherwise required hereunder to the extent that such insurance is not generally available in the relevant insurance market from time to time.

Indemnity. Under the terms of each Trust Indenture, the Relevant Issuer will, and will cause each of its subsidiaries to include in each Lease between a member of Airplanes Group and a person who is not a member of Airplanes Group an indemnity in respect of the Lease in respect of any losses or liabilities arising from the use or operation of the Aircraft during the term of such Lease, subject to such exceptions, limitations and qualifications as are consistent with the reasonable commercial practices of leading international aircraft operating lessors.

Note Events of Default and Remedies

Each of the following events will constitute a “**Note Event of Default**” with respect to any class of Notes under each applicable Trust Indenture (unless otherwise specified below):

- (a) failure to pay interest on the Notes of such class or any subclass thereof (other than Step-Up Interest), in each case when such amount becomes due, and such default continues for a period of five or more Business Days;
- (b) failure to pay principal of or premium, if any, on the Notes of such class or subclass thereof either on or prior to the applicable Final Maturity Date;
- (c) failure to pay any amount (other than interest) when due and payable in connection with any Note, to the extent that there are at such time Available Collections therefor, and such default continues for a period of two or more Business Days;
- (d) failure by Airplanes Limited or Airplanes Trust to comply with any of the covenants, obligations, conditions or provisions binding on it under the Trust Indentures or the Notes (other than a payment default for which provision is made in clause (a), (b) or (c) above) or any material breach of any of the covenants, obligations, conditions or provisions binding on it under any of the Related Documents to which it is a party or any breach of the representations and warranties given as of the Closing Date by Airplanes Limited, Airplanes Trust or any subsidiary thereof in such agreements, if such failure or such breach materially adversely affects the holders of such class of Notes and continues for a period of 30 days or more after written notice thereof has been given to the Relevant Issuer by the Cash Manager, the Administrative Agent, the Servicer or by holders of at least 25% of the aggregate Outstanding Principal Balance of the Notes of the Senior Class;
- (e) an “Event of Default” by any Guarantor under the Trust Indentures or failure by any Guarantor to pay any amount when due and payable under the Trust Indentures;
- (f) a court having jurisdiction in the premises enters a decree or order for (i) relief in respect of Airplanes Limited, Airplanes Trust or any subsidiary thereof (other than a subsidiary which owns or leases Aircraft having an aggregate Base Value of less than 2% of the Adjusted Portfolio Value at that time (each, a “**Significant Subsidiary**”), under any applicable law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar law now or hereafter in effect, (ii) appointment of a receiver, liquidator, examiner, assignee, custodian, trustee, sequestrator or similar official of Airplanes Limited, Airplanes Trust or any Significant Subsidiary; or (iii) the winding up or liquidation of the affairs of Airplanes Limited, Airplanes Trust or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed or such writ or other process shall not have been stayed or dismissed within 90 days from entry thereof;
- (g) Airplanes Limited, Airplanes Trust or any Significant Subsidiary (i) commences a voluntary case under any applicable law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar law now or hereafter in effect, or

consents to the entry of an order for relief in any voluntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, examiner, assignee, custodian, trustee, sequestrator or similar official of Airplanes Limited, Airplanes Trust or any Significant Subsidiary or for all or substantially all of the property and assets of Airplanes Limited, Airplanes Trust or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors;

- (h) any judgment or order for the payment of money in excess of \$100,000,000 shall be rendered against Airplanes Limited, Airplanes Trust or any subsidiary thereof and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; *provided, however*, that any such judgment or order shall not be an Event of Default under the Trust Indentures if and for so long as (i) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such insurer, which shall be rated at least A by A.M. Best Company or any similar successor entity, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or
- (i) the constitutional documents of Airplanes Limited or the documents creating Airplanes Trust cease to be in full force and effect without replacement documents having the same terms being in full force and effect.

If a Note Event of Default (other than a Note Event of Default under (f) or (g) above) shall have occurred and be continuing, the Senior Trustee may, and, when instructed by the holders of 25% of the aggregate Outstanding Principal Balance of the Senior Class of Notes, shall, give a Default Notice to the Relevant Issuer and the Cash Manager declaring the Outstanding Principal Balance of the Notes and all accrued and unpaid interest thereon to be due and payable. At any time after the Senior Trustee has declared the Outstanding Principal Balance of the Notes to be due and payable and prior to the exercise of any other remedies pursuant to the Trust Indentures, holders of a majority of the Outstanding Principal Balance of the Senior Class of Notes, by written notice to the Relevant Issuer, the Senior Trustee and the Cash Manager, may rescind and annul such declaration and thereby annul its consequences if: (i) there has been paid to or deposited with the Senior Trustee an amount sufficient to pay all overdue installments of interest on the Notes, and the principal of and premium, if any, on the Notes that would have become due otherwise than by such declaration of acceleration, (ii) the rescission would not conflict with any judgment or decree and (iii) all other defaults and Note Events of Default, other than nonpayment of interest and principal on the Notes that have become due solely because of such acceleration, have been cured or waived. If a Note Event of Default under clause (f) or (g) occurs, the Outstanding Principal Balance of the Notes and all accrued and unpaid interest thereon shall automatically become due and payable without any further action by any party. After the occurrence and during the continuation of a Note Event of Default: (i) the Class B Noteholders will not be permitted to give or direct the giving of a Default Notice or to exercise any remedy in respect of such Note Event of Default until all interest and principal on the Class A Notes have been paid in full; (ii) the Class C Noteholders will not be permitted to give a Default Notice or to exercise any remedy in respect of such Note Event of Default until all interest and principal on the Class A Notes and the Class B Notes have been paid in full; (iii) the Class D Noteholders will not be permitted to give a Default Notice or to exercise any remedy in respect of such Note Event of Default until all interest and principal on the Class A Notes, the Class B Notes and the Class C Notes have been paid in full and (iv) the Class E Noteholders will not be permitted to give a Default Notice or to exercise any remedy in respect of such Note Event of Default until all interest and principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been paid in full. The relevant Indenture Trustee shall provide each Rating Agency with a copy of any Default Notice it receives pursuant to the Trust Indentures.

Each Trust Indenture contains a provision entitling the applicable Indenture Trustee, subject to the duty of the Indenture Trustee during a default to act with the required standard of care, to be indemnified by the holders of any class of the Notes before proceeding to exercise any right or power under the applicable Trust

Indenture or the Cash Management Agreement at the request or direction of such holders. Except in limited circumstances, no holder of the Notes will have the right, other than through the Senior Trustee acting in accordance with the Trust Agreement and the Trust Indentures, to sue for recovery or take any other actions to enforce the obligations of the Relevant Issuer to pay any and all amounts due and payable under the Notes issued under either Trust Indenture, and no holder of the Notes will have the right to take any steps to cause the filing for bankruptcy of such Issuer. The Senior Trustee, as sole initial holder of the senior class of Notes outstanding, is entitled to exercise any and all remedies available under the applicable Trust Indentures.

Intercreditor Rights

Subject to the terms of the Trust Indentures, the Senior Trustee will have sole discretion as to whether to direct the Cash Manager to exercise and enforce any and all remedies with respect to the Notes. The Senior Trustee may take various actions in respect of the Notes, without regard to the interests of any other creditors.

Modification and Waiver

Each Trust Indenture will provide that, with the consent of the holders of a majority of the Outstanding Principal Balance of the Notes on the date of any vote of such holders (voting as a single class), modifications may be made to any class or subclass of Notes or such Trust Indenture; *provided* that any modification of the provisions setting forth the frequency or the currency of payment of, the maturity of, or the method of calculation of the amount of any interest, principal and premium, if any, payable in respect of any class or subclass of Notes, or reducing the percentage of the aggregate Outstanding Principal Balance of any class or subclass of Notes required to approve any such amendment or waiver, or altering the manner or priority of payment of such class or subclass of Notes (each, a “**Basic Terms Modification**”) is not permitted without the consent of any Swap Provider and the holder of each Outstanding Note affected thereby; *provided further however*, that the Senior Trustee may waive any Note Event of Default. Any such modification approved by the required holders of any class or subclass of Notes will be binding on the holders of the relevant class or subclass of Notes and each party to the Trust Indenture. The foregoing, however, shall not prevent Airplanes Group or any subsidiary from amending any Lease; *provided* that such amendment is otherwise permitted by the relevant Trust Indentures.

The subordination provisions contained in each Trust Indenture may not be amended or modified without the consent of each Swap Provider, each holder of the class or subclass of Notes affected thereby and each holder of any class or subclass of Notes ranking senior to such Notes.

Without the consent of each Noteholder, no amendment or modification of the relevant Trust Indenture or the Cash Management Agreement may, *inter alia*, (a) modify the provisions of the relevant Trust Indenture or the Cash Management Agreement with respect to Account payment instructions and the payment thereunder by the Cash Manager or (b) result in the sale of the Relevant Issuer’s assets other than pursuant to the provisions of “Trust Indenture Covenants.” In no event shall the provisions relating to the priority of the Expenses, Swap Payments or Swap Breakage Costs in each Trust Indenture be amended or modified.

The Trust Agreement contains provisions permitting the Relevant Issuer and the applicable Trustee to enter into supplemental trust agreements, without the consent of any Certificateholders of the related Trust, *inter alia*, (i) to allow the Issuers to issue Refinancing Notes, (ii) to add to the covenants of Airplanes Limited and Airplanes Trust for the benefit of the Certificateholders of any Class, or to surrender any right or power of Airplanes Limited and Airplanes Trust under the Trust Agreement, (iii) to cure any ambiguity in, or to correct or supplement any defective or inconsistent provision of, the Trust Agreement or any supplemental trust agreement; *provided* that any such actions set forth in clause (iii) above shall not adversely affect the interests of such Certificateholders or (iv) to make any modification necessary to continue the qualification of the Trust Agreement under the Trust Indenture Act.

The Trust Agreement also contains provisions permitting the Relevant Issuer and the applicable Trustee, with the consent of the holders of each class or subclass of Certificates of the applicable Trust evidencing interests aggregating not less than a majority of the Outstanding Principal Balance of such class or subclass to

execute supplemental trust agreements adding any provisions to or changing or eliminating any of the provisions of the Trust Agreement or modifying the rights of the Certificateholders of such class or subclass, except that no such supplemental trust agreement may, without the consent of each Certificateholder so affected, (i) reduce in any manner the amount of, or delay the timing of, the applicable Trustee's receipt of payments on any of the related Notes held in such Trust, or distributions in respect of any related Certificate, change the Final Maturity Date or Payment Date on any Certificate, change the place of payment where, or the coin or currency in which, any Certificate is payable, or impair the right of any Certificateholder to institute suit for the enforcement of any such payment when due, (ii) permit the disposition of any of the Notes except as provided in the Trust Agreement, or otherwise deprive any Certificateholder of the benefit of the ownership of such Notes, (iii) reduce the percentage of the Outstanding Principal Balance of the Certificates of any class or subclass provided for in the Trust Agreement, the consent of the holders of which is required for any such supplemental trust agreement or for any waiver provided for in the Trust Agreement, or (iv) adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes.

In the event that any Trustee, as the holder of each subclass of Notes held in the applicable Trust, receives a request for its consent to an amendment, modification or waiver under the applicable Trust Indenture, such Notes, the Cash Management Agreement, the Administrative Agency Agreement or other Related Document relating to such Notes, such Trustee shall mail a notice of such proposed amendment, modification or waiver to each Certificateholder of such subclass as to whether or not to consent to such amendment, modification or waiver. The applicable Trustee shall vote or consent with respect to such Notes in such Trust in the same proportion as the Certificates of such subclass were actually voted by the holders thereof by a certain date.

Governing Law and Jurisdiction

Each Trust Indenture and the Cash Management Agreement are to be governed by and construed in accordance with the laws of the State of New York. In each Trust Indenture and the Cash Management Agreement, Airplanes Limited and Airplanes Trust, respectively, have submitted to the jurisdiction of the United States Federal and New York State courts located in the City of New York for all purposes of or in connection with the Notes and Cash Management Agreement, as the case may be, and have each designated a person in the City of New York to accept service of any process on its behalf.

The Class E Notes

The Class E Notes will be issued by and will constitute direct, unsecured obligations of Airplanes Limited and Airplanes Trust pursuant to the Airplanes Limited Indenture and the Airplanes Trust Indenture, respectively, and are expected to be issued in an aggregate principal amount of approximately \$604 million. The Class E Notes are not being offered or sold, directly or indirectly, pursuant to this Prospectus. Approximately \$93 million (or 15%) of the aggregate principal amount of the Class E Notes will be initially issued to subsidiaries of GPA in which minority shareholders will have interests representing approximately \$25 million (or 4%) of the aggregate principal amount of the Class E Notes. The Class E Notes will be issued in transactions exempt from the registration requirements of the Securities Act.

The Class E Notes will rank junior in priority of payment to certain payments on the Notes and certain other obligations of Airplanes Limited and Airplanes Trust and, to the extent held by more than one person, *pari passu* among such persons. Pursuant to the subordination provisions of the Trust Indentures and the Class E Notes, payments on any Class E Note, other than the Class E Note Minimum Interest Amount and the Class E Note Supplemental Interest Amount, in each case as set forth in “— Priority of Payments”, are subordinated to all payments of interest and principal on the Notes. Holders of the Class E Notes will not be permitted to give a Default Notice with respect to any Note Event of Default or to exercise any remedy in respect of any such Note Event of Default until all amounts owing under each other class of the Notes have been paid in full. In addition, any amendment to or modification of the subordination provisions contained in the Trust Indentures will require the consent of each noteholder if such amendment or modification would adversely affect the rights of such noteholders.

The Class E Notes will be issued in fully certificated form. The Class E Notes will accrue interest for each Interest Accrual Period at a rate of 20% per annum, payable monthly in arrears on each Payment Date, commencing May 15, 1996. The stated interest rate on the Class E Notes shall be adjusted by reference to the U.S. Consumer Price Index. Except for the Class E Note Minimum Interest Amount *plus* the Class E Note Supplemental Interest Amount, each of which will be paid interest at a rate of 1% and 10% multiplied by the initial Outstanding Principal Balance of the Class E Note on the Closing Date, respectively, no interest will be payable on the Class E Notes until all of the interest, principal and premium, if any, on the Notes have been repaid in full. Interest accrued but not paid on the Class E Notes on each Payment Date will accrue during each Interest Accrual Period until the principal of the Class E Notes shall have been repaid. The Class E Note Minimum Interest Amount *plus*, in more limited circumstances, the Class E Note Supplemental Interest Amount will be paid on each Payment Date only to the extent that Airplanes Group has Available Collections sufficient to make such payment after paying or providing for each of the items ranking prior to such payment in the order of priority described under “— Priority of Payments”.

Principal of the Class E Notes will not be payable until the Outstanding Principal Balance of the Notes is reduced to zero.

The terms of the Class E Notes require, *inter alia*, that the Class E Noteholders pay over to the Cash Manager any money (including principal or interest) paid to them in the event that the Cash Manager, acting in good faith, determines subsequently that such monies were not paid in accordance with the priority of payment obligations described above under “— Priority of Payments” or as a result of any other mistake of fact or law on the part of the Cash Manager in making such payment.

Under Airplanes Limited’s Articles of Association and the Airplanes Trust Agreement, the holder or holders of a majority in aggregate principal amount of the Class E Notes have the right to appoint one of Airplanes Limited’s Directors and one of Airplane Trust’s Controlling Trustees while the Class E Notes are Outstanding. Initially, it is expected that GPA, as holder of a majority of the initial aggregate principal amount of the Class E Notes, will appoint Edward Hansom as such Director and Controlling Trustee. If GE Capital exercises its right to acquire at least 90% of the ordinary share capital of GPA Group, the holder of a majority in aggregate principal amount of the Class E Notes will be entitled to dismiss the Directors of Airplanes Limited and all of the Controlling Trustees of Airplanes Trust and to appoint new Directors and Controlling Trustees. There can be no assurance, however, that GE Capital will elect to acquire any of such ordinary shares. Neither the Certificates nor the Notes are obligations of, or guaranteed by, or offered for sale by, GE Capital, GECAS or any of their affiliates.

At such time, if any, as the Directors and Controlling Trustees have been appointed by the holder of a majority in aggregate principal amount of the Class E Notes, then the Directors and Controlling Trustees of Airplanes Group shall have the authority, acting on a majority vote, without any independent committee veto rights, to cause Airplanes Group to sell, directly or indirectly, all of the assets of the Airplanes Group, whether through a stock or an asset sale, to any person who provides, as consideration therefor, any combination of cash, obligations of the United States government or of corporate issuers rated at least AA+ or its equivalent, and Class E Notes which, through the payment of interest, principal and premium, if any, in respect thereof, will be sufficient to repay or defease, as the case may be, the Notes in accordance with their terms, discharge any Class E Notes not so transferred and pay the Discounted Annual Dividend Amount, plus any arrears of the Annual Dividend Amount.

The Cash Management Agreement

The following summary description of the Cash Management Agreement is subject to, and qualified in its entirety by reference to, the provisions of each Trust Indenture and the Cash Management Agreement, forms of which are filed as exhibits to the Registration Statement of which this Prospectus forms a part.

Each payment of cash in respect of any class of Notes and all other payments to be received by Airplanes Limited or Airplanes Trust or made by either of them pursuant to the applicable Trust Indenture will be directed by the Cash Management Agreement.

The Cash Management Agreement will be entered into by Airplanes Limited, Airplanes Trust, the Cash Manager, GPA Group, Indenture Trustees and the Security Trustee. The Cash Management Agreement appoints the Cash Manager to administer the Accounts, to monitor the performance of Airplanes Group, to prepare reports with respect to such performance and to perform certain other specified administrative tasks on behalf of Airplanes Group. The Cash Manager shall ensure that the proceeds of the Airplanes Group assets are deposited in the Collection Account. The Cash Management Agreement and each Trust Indenture set forth a number of covenants of Airplanes Group with respect to the conduct of Airplanes Group's business and the Airplanes Group assets and provides for the establishment and operation of the Accounts. Upon the occurrence of a Note Event of Default, the Cash Manager will distribute funds in the manner set forth in the Indenture.

The Accounts

On or prior to the Closing Date, the Cash Manager, acting on behalf of the Security Trustee, will establish the following accounts: (i) the Collection Account, (ii) the Lessee Funded Account, (iii) the Expense Account and (iv) the Rental Accounts (collectively with the Proceeds Account, the Refinancing Account and the Defeasance/Redemption Account, and including any ledger or subledger accounts maintained therein, the "Accounts"). Each of the Collection Account, the Expense Account, most of the Rental Accounts and the Lessee Funded Account will be established at a bank having (i) a long-term unsecured debt rating of not less than AA, or the equivalent, by the Rating Agencies or (ii) a certificate of deposit rating of A-1+ by Standard & Poor's, P-1 by Moody's and that is acceptable to the other Rating Agencies. Where required by the terms of the relevant Leases, certain Rental Accounts may be established at banks having ratings of less than AA, or the equivalent, by the Rating Agencies or a certificate of deposit rating of less than A-1+ by Standard & Poor's and P-1 by Moody's. Except where local legal or regulatory reasons do not permit, all of such accounts will be held in the names of the Security Trustee, who will have sole dominion and control over the Accounts, including, *inter alia*, the sole power to direct withdrawals from or transfers among such accounts. Subject to certain conditions set forth in the Cash Management Agreement, the Security Trustee will delegate such authority over the Accounts to the Cash Manager; *provided* that the Security Trustee will not be responsible for the acts or omissions of the Cash Manager.

For as long as any Notes remain Outstanding, funds on deposit in the Accounts will be invested and reinvested at Airplanes Group's written direction (which direction may be delegated, at Airplanes Group's discretion, to the Cash Manager pursuant to the terms of the Cash Management Agreement) in one or more Permitted Account Investments maturing, in the case of the Collection Account and Expense Account, such that sufficient funds shall be available to make required payments on the first succeeding scheduled Payment Date after such Permitted Account Investments are made; *provided* that investment and reinvestment of funds in the Lessee Funded Account must be made in a manner and with maturities that conform to the requirements of the related Leases. Investment earnings on funds deposited in any Account, net of losses and investment expenses, will, to the extent permitted by the terms of such related Leases in the case of such funds in the Lessee Funded Account, be deposited in the Collection Account and treated as collections.

Rental Accounts

The Lessees will make all payments under the Leases directly into the applicable Rental Accounts. Pursuant to the Cash Management Agreement, the Cash Manager will transfer, or cause to be transferred, all funds deposited into the Rental Accounts into the Collection Account as collections within one Business Day of receipt thereof (other than certain limited amounts, if any, required to be left on deposit for local legal or regulatory reasons).

The Collection Account

Collections will include all amounts received by Airplanes Group, including (i) Rental Payments, (ii) payments under any letter of credit, letter of comfort, letter of guarantee or other assurance in respect of a Lessee's obligations under a Lease, (iii) the Liquidity Reserve Amount deposited into the Collection Account on the Closing Date, (iv) any cash purchase price adjustment received by a member of Airplanes Group

pursuant to the Stock Purchase Agreements, (v) amounts received in respect of claims for damages or in respect of any breach of contract for nonpayment of any of the foregoing (including any amounts received from any Airplanes Group subsidiary, whether by way of distribution, dividend, repayment of a loan or otherwise and any proceeds received in connection with any Allowed Restructuring), (vi) net proceeds of any Aircraft sale or amounts received under any Aircraft Agreement, (vii) proceeds of any insurance payments in respect of any Aircraft or any indemnification proceeds, (viii) certain amounts transferred from the Lessee Funded Account to the Collection Account, (ix) net payments to Airplanes Group under any Swap Agreement, (x) investment income, if any, on all amounts on deposit in the Accounts (in each case to the extent consistent with the terms of applicable related Leases) and (xi) any other amounts received by any member of Airplanes Group other than Segregated Funds, certain funds to be applied in connection with a redemption, certain funds received in connection with a Refinancing and other amounts required to be paid over to any third-party pursuant to any Related Document (collectively, the “**Collections**”).

Collections on deposit in the Collection Account will be calculated by the Cash Manager on the Calculation Date. The portion of the Required Expense Amount that not been paid directly by the Cash Manager to Expense payees will be transferred into the Expense Account on each Payment Date and the Cash Manager may, from time to time, transfer other amounts into the Expense Account in respect of unanticipated Expenses falling due and payable within such Interest Accrual Period. To the extent funds are available therefor on any Payment Date, the Cash Manager will also transfer amounts in respect of expenses and costs that are not regular, monthly recurring expenses anticipated to become due and payable in any future Interest Accrual Period (“**Permitted Accruals**”). Amounts received in respect of certain segregated Security Deposits and Maintenance Reserves (as described below) will be transferred directly into the Lessee Funded Account.

Liquidity Reserve Amount

All Collections received by Airplanes Group will either be transferred to another Account as described above and below, paid to the appropriate third party on behalf of Airplanes Group or held in the Collection Account as a part of the Liquidity Reserve Amount, a balance required to be held by Airplanes Group in the Collection Account pursuant to the Cash Management Agreement and each Trust Indenture. The Liquidity Reserve Amount is (i) the Maintenance Reserve Amount, initially equal to \$80.0 million, (ii) the Security Deposit Reserve Amount, initially expected to be equal to approximately \$65.0 million, and (iii) the Miscellaneous Reserve Amount, initially equal to \$40.0 million.

The initial Liquidity Reserve Amount is expected to be equal to approximately \$185.0 million and may be increased or decreased from time to time by an action of the Board in light of significant changes in, *inter alia*, the condition of the Aircraft, the terms and conditions of Future Leases, the financial condition of the Lessees or prevailing industry conditions; *provided* that the Airplanes Group will obtain confirmation in advance in writing from the Rating Agencies that any such proposed reduction in the Liquidity Reserve Amount (other than a reduction attributable solely to a decrease in the Security Deposit Reserve Amount as a result of Airplanes Group entering into Future Leases requiring lower security deposits than expired Leases) will not result in a lowering or withdrawal by any such Rating Agencies of their respective ratings of any class of Certificates. If the balance of funds on deposit in the Collection Account should fall below the Liquidity Reserve Amount at any time (including as a result of Airplanes Group’s determination that the Liquidity Reserve Amount should be increased, as required by the Rating Agencies or otherwise), Airplanes Group may continue to make all payments, including required payments on the Notes, which rank prior to, or *pari passu* with, payments of accrued and unpaid interest on the Class D Notes under “The Notes and the Guarantees — Priority of Payments” and any Permitted Accruals, *provided* that the balance of funds in the Collection Account does not fall below the sum of the Maintenance Reserve Amount and the Miscellaneous Reserve Amount at their then current levels. However, the balance of funds in the Collection Account may fall below the sum of the Maintenance Reserve Amount and the Miscellaneous Reserve Amount, at their then current levels, and Airplanes Group may continue to make payments of (i) all accrued and unpaid interest on, and, on the Final Maturity Date of any class or subclass thereof, principal of such class or subclass of the most senior class of Notes then Outstanding to avoid a Note Event of Default; and (ii) Swap Payments.

At such time as the aggregate Outstanding Principal Balance of the Notes is less than or equal to the Liquidity Reserve Amount, the balance of funds, if any, in the Collection Account will be distributed in accordance with the priority of payments established for the Notes.

The Lessee Funded Accounts

Pursuant to the terms of the Leases, certain Lessee Security Deposits and supplemental rent payments to provide for Maintenance Reserves may be required to be segregated from other Airplanes Group funds. Amounts received from Lessees in respect of such Security Deposits and maintenance obligations will be held in the Lessee Funded Account. Amounts on deposit in the Lessee Funded Account will be accounted for, and, if required by any Lease, segregated, on a per Lease basis. Funds on deposit in the Lessee Funded Account will be used to make certain maintenance and security deposit repayment related payments (or such other payments as may be required or permitted under the terms of the relevant Leases) or may be applied against maintenance-related payments otherwise required to be made by the lessee during the term of the related Lease and will not be used to make payments in respect of the Notes or the Certificates at any time, including after the delivery of a Default Notice. In certain circumstances where Lessees relinquish their rights to receive certain maintenance and security deposit payments upon the expiration of a lease, surplus funds may be credited from the Lessee Funded Account to the Collection Account.

The Expense Account

On each Payment Date, the Cash Manager will withdraw from the funds deposited in the Collection Account, in the priority of payments established for the Notes, an amount equal to the Required Expense Amount, which amount will then be used to pay the Expenses. To the extent that the Required Expense Amount has not been paid directly by the Cash Manager to Expense payees, the Required Expense Amount will be deposited into the Expense Account. In addition, in the period between Payment Dates, the Cash Manager may make further withdrawals of cash from the Collection Account in order to satisfy Expenses due and payable prior to the next Payment Date that were not previously anticipated to become so due and payable on the previous Payment Date. If funds on deposit in the Collection Account are less than the Required Expense Amount on any Payment Date, Airplanes Group will be unable to pay the Required Expense Amount in full on such date, which may lead to a default under one or more of the Related Documents or Airplanes Group's various service agreements. All Available Collections remaining in the Collection Account will be used by the Cash Manager to make payments on the Notes and the Class E Notes in accordance with the priority of payments established therefor under "The Notes and the Guarantees — Priority of Payments".

REPORTS TO CERTIFICATEHOLDERS

On each Payment Date and any other date for distribution of any payments with respect to each class or subclass of Certificates then Outstanding, the applicable Trustee will include with each distribution of any payment to a Certificateholder a statement with respect to such distribution to be made on such Payment Date or other date, as the case may be, setting forth the following information:

- (i) With respect to each Payment Date, (A) the balances on deposit on the Calculation Date immediately preceding the prior Payment Date, (B) the aggregate amounts of deposits and withdrawals between such Calculation Date and the Calculation Date immediately preceding the Payment Date and (C) the balances on deposit in the Expense Account, Collection Account and Lessee Funded Account on the Calculation Date immediately preceding such Payment Date.
- (ii) Analysis of Expense Account Activity
 - Balance on Preceding Calculation Date;
 - Payments during period between prior Calculation Date and the relevant Calculation Date;
 - (1) Payments on prior Payment Date
 - (2) Other payments
 - Balance on relevant Calculation Date
- (iii) Analysis of Collection Account Activity
 - Balance on Preceding Calculation Date
 - Required Expense Amount (including on preceding Payment Date)
 - Net Transfer to Lessee Funded Accounts during period
 - Collections during period
 - Aggregate Certificate Payments
 - Swap Payments
 - Balance on relevant Calculation Date (separately stating the components of the Liquidity Reserve Amount)
 - Analysis of current Payment Date distributions
- (iv) Payments on the Certificates
 - (a) Floating Rate Certificates (by class or subclass)
 - Applicable LIBOR for the current Interest Accrual Period
 - Applicable Margin for the current Interest Accrual Period
 - Applicable Interest Rate for the current Interest Accrual Period
 - Interest Amount Payable
 - Step-Up Interest
 - Opening Outstanding Principal Balance
 - Minimum Principal Payment Amount
 - Adjusted Principal Payment Amount
 - Supplemental Principal Payment Amount
 - Redemption Amount
 - amount allocable to principal
 - amount allocable to premium
 - Closing Outstanding Principal Balance

(b) Fixed Rate Certificates (by class)	
Applicable Interest Rate	
Interest Amount Payable	
Opening Outstanding Principal Balance	
Scheduled Principal Payment Amount	
Redemption Amount	
— amount allocable to principal	
— amount allocable to premium	
Closing Outstanding Principal Balance	
Pool Factors and scheduled payment amounts in the event of a partial redemption	
(v) Floating Rate Certificate information for next Interest Accrual Period (by class or subclass)	
Applicable LIBOR	
Applicable Margin	
Applicable Interest Rate	
(vi) Payments per \$100,000 Initial Outstanding Principal Balance of Certificates (by class or subclass)	
Opening Outstanding Principal Balance	
Total Principal Payments	
Closing Outstanding Principal Balance	
Total Interest	
Total Premium	

These monthly statements will be filed with the Securities and Exchange Commission (the “**Commission**”) as a Current Report on Form 8-K. Such monthly statements will not contain financial information with respect to Airplanes Group; however, on the first Payment Date following the filing by Airplanes Group of any Report on Form 10-Q or Form 10-K under the Securities Exchange Act of 1934, as amended, with the Commission with respect to each class or subclass of Certificates then Outstanding, the applicable Trustee will include with each statement accompanying a distribution of any payment as described in (i)-(vi) above, a supplemental statement setting forth the following information: a copy of the “Airplanes Group Portfolio Analysis” table in this Prospectus, updated and revised to reflect the current composition of the Portfolio. Each Airplanes Group Report on Form 10-Q or Form 10-K will include disclosure with respect to any material adverse effect of any delinquency or loss in connection with the Leases.

In addition, after the end of each calendar year, the applicable Trustee will furnish to each person who at any time during such calendar year was a holder of any class or subclass of Certificates a statement containing the sum of the amounts determined pursuant to clause (iv) above with respect to such class or subclass for such calendar year or, in the event such person was a holder of record of any class or subclass of Certificates during a portion of such calendar year, for the applicable portion of such calendar year, and such other items as are readily available to such Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder’s preparation of its U.S. federal income tax returns. So long as the Certificates of any class or subclass are registered in the name of DTC or its nominee, such report and such other items will be prepared on the basis of such information supplied to such Trustee by DTC and the DTC Participants, and will be delivered by such Trustee to such DTC Participants to be available for forwarding by such DTC Participants to the applicable Certificateholders in the manner described above.

At such time, if any, as the Certificates of any class or subclass are issued in the form of Definitive Certificates, the applicable Trustee will prepare and deliver the information described above to each holder of record of a Definitive Certificate of such class or subclass as the name and period of beneficial ownership of such holder of record of a Definitive Certificate of such class or subclass appears on the records of the Trustee. The Trustee maintains the records concerning the holders of such Certificates.

The Trustee will publish or cause to be published following each distribution date in a daily newspaper in Luxembourg (expected to be the *Luxemburger Wort*) a notice to the effect that the information set forth in the statement described under “Reports to Certificateholders” will be available at the office of the Listing Agent of Airplanes Group in Luxembourg, Banque Internationale A Luxembourg S.A. (the “**Listing Agent**”), 69 route d’Esch. L-1470 Luxembourg. The Luxembourg Stock Exchange will receive notice promptly following each distribution date. In addition, the Trustee intends to provide such information to Bloomberg Financial Markets promptly following each distribution date for publication on the BLOOMBERG.

BOOK-ENTRY REGISTRATION, GLOBAL CLEARANCE AND SETTLEMENT

Book-Entry Registration

Certificateholders will hold their Certificates through DTC (in the United States) or Cedel Bank or Euroclear (in Europe) if they are participants in such systems, or indirectly through organizations which are participants in such systems. Except as set forth below, the Certificates will be registered in the name of Cede as the nominee for DTC. Certificateholders will be entitled to receive a physical certificate representing such person's interest therein only in the limited circumstances described herein. Unless and until Definitive Certificates are issued, all references herein to actions by Certificateholders will refer to actions taken by DTC upon instructions from participants whose securities are held by DTC (the "**DTC Participants**"), and all references herein to distributions, notices, reports and statements to Certificateholders will refer to distributions, notices, reports and statements, respectively, to DTC or Cede, as the registered holder of the Certificates, or to DTC Participants for distribution to Certificateholders in accordance with DTC procedures.

Cedel Bank and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Cedel Bank's and Morgan Guaranty's names on the books of their respective Depositories which, in turn, will hold such positions in customers' securities accounts in the Depositories' names on the books of DTC. Citibank, N.A. will act as depository for Cedel Bank and Morgan Guaranty Trust Company of New York will act as depository for Euroclear (in such capacities, the "**Depositories**").

Transfers between DTC Participants will occur in the ordinary way in accordance with DTC rules. Transfers between participating organizations whose securities are held by Cedel Bank (the "**Cedel Participants**") and participants in Euroclear (the "**Euroclear Participants**") will occur in the ordinary way in accordance with the applicable rules and operating procedures of Cedel and Euroclear.

Cross-market transfers between persons holding directly or indirectly through DTC Participants, on the one hand, and directly or indirectly through Cedel Participants or Euroclear Participants, on the other, will be effected by DTC in accordance with DTC rules on behalf of Cedel or Euroclear, as the case may be, by its respective Depository. However, such cross-market transactions will require delivery of instructions to Cedel or Euroclear, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. If the transaction meets its settlement requirements, Cedel Bank or Euroclear, as the case may be, will deliver instructions to its respective Depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Cedel Participants and Euroclear Participants may not deliver instructions directly to the Depositories.

Because of time-zone differences, credits of Certificates received in Cedel Bank or Euroclear as a result of a transaction with a DTC Participant will be made during the securities settlement processing day dated the Business Day following the DTC settlement date. Such credits or any transactions in such Certificates settled during such processing will be reported to the relevant Cedel Participant or Euroclear Participant on such Business Day. Cash received in Cedel Bank or Euroclear as a result of sales of Certificates by or through a Cedel Participant or Euroclear Participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Cedel or Euroclear cash account only as of the business day following settlement in DTC.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for DTC Participants and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers (including the Underwriters), banks, trust companies and clearing corporations and may in the future include certain other organizations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or

maintain a custodial relationship with a DTC Participant either directly or indirectly (“**Indirect Participants**”).

Certificateholders who are not DTC Participants but desire to purchase, sell or otherwise transfer ownership of, or other interests in, the Certificates may do so only through DTC Participants. Indirect Participants are required to effect transfers through a DTC Participant. Payments of interest, principal, and premium, if any, in respect of the Certificates will be made to DTC and are the responsibility of the Trust. Certificateholders will receive all distributions of interest, principal and premium, if any, in respect of the Certificates from the Trustee through DTC Participants and Indirect Participants. Disbursement of such payments to DTC Participants will be the responsibility of DTC and disbursement of such payments to the Certificateholders will be the responsibility of DTC Participants and Indirect Participants. DTC’s practice is to credit DTC Participants’ accounts on the payment date in accordance with their respective holdings shown on DTC’s records unless DTC has reason to believe that it will not receive payment on such payment date. Payments by DTC Participants to Certificateholders will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such DTC Participant. So long as the Certificates are registered in the name of Cede, the only “Certificateholder” will be Cede, as nominee for DTC. While so registered, Certificateholders will be permitted to exercise the rights of Certificateholders only indirectly through DTC and DTC Participants.

Under the rules, regulations and procedures governing DTC and its operations (the “**Rules**”), DTC is required to make book-entry transfers of the Certificates among the DTC Participants on whose behalf it acts with respect to the Certificates and to receive and transmit distributions of interest, principal and premium, if any, in respect of the Certificates. DTC Participants and Indirect Participants with which Certificateholders have accounts with respect to the Certificates similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Certificates. The Rules provide a mechanism by which Certificateholders will receive payments and will be able to transfer their interests.

DTC has advised Airplanes Limited, Airplanes Trust and the Trust that it will take any action permitted to be taken by a Certificateholder in respect of each class or subclass of Certificates under the Trust Agreement only at the direction of one or more DTC Participants to whose accounts that class or subclass of Certificates is credited. Additionally, DTC has advised Airplanes Limited, Airplanes Trust and the Trust that it will take such actions with respect to any percentage of the outstanding principal amount of any class or subclass of Certificates only at the direction of and on behalf of the DTC Participants whose holders own such outstanding principal amount. DTC may take conflicting actions with respect to different classes or subclasses of Certificates to the extent that such actions are taken on behalf of DTC Participants whose holdings include such different classes or subclasses of Certificates.

Distributions with respect to Certificates held beneficially through Cede will be credited to cash accounts of Cede Participants in accordance with Cede’s rules and procedures, to the extent received by its Depository. Cede will take any other action permitted to be taken by a Certificate owner under the Trust Agreement on behalf of a Cede Participant only in accordance with its rules and procedures and subject to its Depository’s ability to effect such actions on its behalf through DTC.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law (collectively, the “**Terms and Conditions**”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear and receipts of payments with respect to securities in Euroclear. All securities of a particular class (or, in the case of the Class A Certificates, subclass) in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to Certificates held through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by its Depository.

The Euroclear Operator will take any other action permitted to be taken by a Certificateholder under the Trust Agreement on behalf of a Euroclear Participant only in accordance with the Terms and Conditions and subject to its Depository's ability to effect such actions on its behalf through DTC.

Although DTC, Cedel and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Certificates among participants of DTC, Cedel and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

Definitive Certificates

The Certificates of any class or subclass may be issued in fully registered, certificated form (“**Definitive Certificates**”) to Certificateholders of that class or subclass or their nominees only if (i) Airplanes Limited and Airplanes Trust advise the Trustee in writing that DTC is no longer willing or able to discharge properly its responsibilities as depository with respect to the Certificates and Airplanes Limited and Airplanes Trust are unable to locate a qualified successor, (ii) Airplanes Limited and Airplanes Trust, at their option, elect to terminate the book-entry system through DTC or (iii) after the occurrence of an Event of Default with respect to such class or subclass, Certificateholders of such class or subclass representing an aggregate of not less than 51% of the aggregate outstanding principal amount of Certificates of such class or subclass advise the Trustee through DTC in writing that the continuation of a book-entry system through DTC (or a successor thereto) is no longer in such Certificateholders' best interest.

Upon the occurrence of any event described in the immediately preceding paragraph, the Trustee will be required to notify all Certificateholders of each affected class or subclass through DTC of the availability of Definitive Certificates of such class or subclass. Upon surrender by DTC of the Certificates of that class or subclass and receipt of instructions for reregistration, the Trustee will reissue the Certificates of that class or subclass as Definitive Certificates to Certificateholders of that class or subclass.

Distributions of principal of, and interest on, any Definitive Certificates will thereafter be made by the Trustee in accordance with the procedures set forth in the Trust Agreement directly to holders of Definitive Certificates in whose names the Definitive Certificates were registered at the close of business on the Record Date. Such distributions will be made by check mailed to the address of such holder as it appears on the register maintained by the Trustee. The final payment on any such Definitive Certificates, however, will be made only upon presentation and surrender of such Definitive Certificates at the office or agency specified in the notice of final distribution to Certificateholders.

Definitive Certificates will be freely transferable and exchangeable for Definitive Certificates of the same class or subclass at the office of the Trustee upon compliance with the requirements set forth in the Trust Agreement. No service charge will be imposed for any registration of transfer or exchange, but payment of a sum sufficient to cover any tax or other governmental charge may be required.

A Certificate that is mutilated, destroyed, lost or stolen may be exchanged or replaced, as the case may be, at the offices of the co-transfer agent and the co-registrar in Luxembourg upon presentation of the Certificate or satisfactory evidence of destruction, loss or theft thereof to the co-transfer agent and co-registrar. An indemnity satisfactory to the co-transfer agent and co-registrar and the Trustee may be required at the expense of the Certificateholder before a replacement Certificate will be issued. The Certificateholder will be required to pay any tax or other governmental charge imposed in connection with such exchange or replacement and any other expenses (including the fees and expenses of the Trustee and the co-transfer agent and co-registrar) connected therewith.

CUSIP, ISIN and Common Code Numbers

The Certificates have been accepted for clearance through Euroclear and Cedel Bank. The CUSIP numbers, International Securities Identification Numbers (“ISIN”) and the Common Code Numbers (“CCN”) are set forth in the table below.

<u>Class or Subclass</u>	<u>CUSIP</u>	<u>ISIN</u>	<u>CCN</u>
Subclass A-1	009451AA3	009451AA37	6480 438
Subclass A-2	009451AB1	009451AB10	6480 489
Subclass A-3	009451AC9	009451AC92	6480 535
Subclass A-4	009451AD7	009451AD75	6480 543
Subclass A-5	009451AE5	009451AE58	6480 551
Class B	009451AF2	009451AF24	6480 560
Class C	009451AG0	009451AG07	6480 578
Class D	009451AH8	009451AH89	6480 586

TAX CONSIDERATIONS

Certain Jersey Tax Considerations

The following summary is based upon the opinion of Mourant du Feu & Jeune (“**Jersey Tax Counsel**”) as to the tax treatment under Jersey law of Airplanes Limited and the Trust and the tax treatment under Jersey law in relation to the purchase, ownership and disposition of the Airplanes Limited Notes and the Certificates. The discussion is based on an interpretation of laws, regulations, rulings and decisions, including certain letters from the Comptroller of Income Tax for Jersey and the Director of the Financial Services Department, all of which are currently in effect and are subject to change. Any such change may be applied retroactively and may adversely affect the Jersey tax consequences described herein. Unless otherwise specifically noted, the term “Certificateholders” as used in the discussion below (including the discussion with respect to Irish and United States Federal tax consequences) refers to the beneficial owner of the Certificates, and the term “Certificate” refers to both the actual Certificate and the interest in the Certificate held indirectly through Cede, Cedel or Euroclear.

Income Taxes

Airplanes Limited will qualify as an “exempt company” under Article 123A of the Income Tax (Jersey) Law 1961 as amended (the “**1961 Law**”) as long as it makes the returns of information and pays the fees (currently £500 per annum) as required by that Article and, subject to the concession referred to below, as long as no Jersey resident has a beneficial interest (for purposes of the 1961 Law) in Airplanes Limited. As an exempt company, Airplanes Limited will be treated for purposes of the 1961 Law as not resident in Jersey and will pay no Jersey income tax other than on income arising in Jersey (but, by long standing concession, excluding bank deposit interest arising in Jersey) and on profits of its trade (if any) carried on through an established place of business in Jersey. For purposes of the 1961 Law the Comptroller of Income Tax in Jersey, among other things, has: (i) granted a concession to the effect that the Certificateholders and holders of Airplanes Limited Notes will not be regarded as having a beneficial interest (for the purposes of Article 123A of the 1961 Law) in Airplanes Limited; (ii) confirmed that the holding of the shares in the capital of Airplanes Limited by or on behalf of the Charitable Trustees will not prejudice the exempt company status of Airplanes Limited; (iii) confirmed that the income generated by the activities proposed to be undertaken by Airplanes Limited as described herein will not be treated as income arising in Jersey; and (iv) confirmed that the administration in and from Jersey of the business proposed to be undertaken by Airplanes Limited as described herein will not constitute the carrying on of a trade through an established place of business in Jersey. Accordingly, based upon the foregoing, in the opinion of Jersey Tax Counsel, Airplanes Limited will not be subject to Jersey income tax.

In addition, in the opinion of Jersey Tax Counsel, there will not be any Jersey income taxes imposed on the Trust.

Withholding Taxes

In general, Jersey imposes a withholding tax at the rate of 20% on interest and other amounts paid to non-residents of Jersey with respect to a debt obligation of a company resident in Jersey. However, no such withholding tax is imposed with respect to an exempt company (as defined above). Accordingly, based upon Airplanes Limited’s qualification as an exempt company, in the opinion of Jersey Tax Counsel, no withholding tax will be deducted from interest and other amounts paid on the Airplanes Limited Notes on account of Jersey taxes.

In addition, in the opinion of Jersey Tax Counsel, no withholding or deduction on account of Jersey taxes will be imposed with respect to interest and other amounts paid on the Certificates (other than any deduction with respect to payments on the Certificates attributable to withholding on the Airplanes Limited Notes, if any, as described above).

In the event that any Jersey withholding tax is imposed, Certificateholders should note that there is no income tax treaty between the United States and Jersey that would apply to reduce or eliminate such

withholding. Certificateholders should note further that Airplanes Limited will not be obligated under the terms of the Airplanes Limited Notes, and the Trustee will not be obligated under the terms of the Certificates, to make any additional payments in respect of any such withholding tax. Accordingly, in the event that withholding were to be required on account of Jersey taxes, distributions to Certificateholders may be less than those which would be made on the Certificates in the absence of any such withholding tax.

Other Taxes

There is no taxation of capital gains (other than with respect to certain tax avoidance transactions) in Jersey. As a result, the capital gains of Airplanes Limited on its investments and the capital gains of the Certificateholders on a sale or transfer of their Certificates will not be subject to taxation in Jersey. There is no value added tax or other relevant taxation in Jersey. No stamp duty, stamp duty reserve tax or issue, documentary, registration or other similar tax imposed by any governmental department or other taxing authority of or in Jersey is payable in connection with the creation, initial issue, delivery or transfer *inter vivos* of the Airplanes Limited Notes or the Certificates.

In the event that on the death of a sole individual holder of Certificates who is a non-resident of Jersey, such Certificates or corresponding Airplanes Limited Notes are situated in Jersey (by virtue of their being held on a register in Jersey or in bearer form and held in Jersey at the date of death or otherwise deemed to be so situated under applicable rules of private international law), a grant of probate or letters of administration would have to be obtained in Jersey and a duty of up to 1% of the value of the assets of the deceased situated in Jersey would be payable.

Irish Tax Considerations

The following summary is based on the opinion of McCann FitzGerald on principles of Irish taxation law. These principles depend on interpretation of laws, regulations, rulings and decisions, all of which are currently in effect but are subject to change. Any such change may be applied retroactively and may adversely affect the principles of Irish tax on which the opinion is based. This summary does not address all Irish tax principles that may apply to all categories of potential investors, some of which may be subject to special rules.

Irish Income and Withholding Taxes

A company that is resident in Ireland is subject to Irish tax on its worldwide income and gains, and a company that is not resident in Ireland but which carries on a trade in Ireland through a permanent establishment, branch or agency is subject to Irish taxes on its income and capital gains arising in Ireland. In addition, there generally is an Irish withholding tax imposed on interest paid to non-residents of Ireland by a company resident in Ireland or by a company that is not a resident of Ireland to the extent that such interest is attributable to trade carried on in Ireland through a permanent establishment, branch or agency or is Irish source interest.

In the opinion of McCann FitzGerald, (i) there will be no Irish taxation on the income of, or any capital gain of, Airplanes Limited, Airplanes Trust or the Trust; and (ii) there will be no withholding or deduction on account of Irish taxes with respect to interest and other amounts paid by Airplanes Limited or Airplanes Trust on the Notes, or by the Trust on the Certificates. The foregoing opinion is based on the assumptions that (i) none of Airplanes Limited, Airplanes Trust or the Trust will (a) be Irish tax resident, (b) have a branch, agency or permanent establishment in Ireland or (c) have any Irish source income or gain other than interest paid by their direct and indirect Irish subsidiaries in the course of carrying on relevant trading operations under their Shannon certificates (“**Shannon Certified Operations**”), and (ii) the interest and other amounts paid on the Notes and Certificates will not be Irish source income.

Airplanes Limited, Airplanes Trust and the Trust intend to operate their business in a way which will satisfy these criteria.

As regards Shannon Certified Operations, and their termination in 2005, see “Risk Factors — Risks Relating to Tax”.

In the event that any Irish withholding tax is imposed, Certificateholders should note that neither Airplanes Limited nor Airplanes Trust will be obliged under the terms of the Notes, and the Trustee will not be obliged under the terms of the Certificates, to make any additional payments in respect of any such withholding tax. Accordingly, distributions to Certificateholders would be less than those which would be made on the Certificates in the absence of any such withholding tax.

Irish Value Added Tax

Ireland generally imposes a value added tax on the supply of goods and services. In the opinion of McCann FitzGerald, (i) the purchase by Airplanes Limited of 95% of the issued and outstanding shares of Holding Co. and the purchase by Airplanes Trust of the AeroUSA Shares will not be subject to Irish value added tax, (ii) payments under the Existing Leases to the various Aircraft Owning Companies, Special Lessors, AeroUSA and AeroUSA 3 by the Lessees will not be subject to Irish value added tax and (iii) any Irish value added tax that may become payable by AeroUSA in connection with any management services performed by the Servicer or GPA Group will be eligible to be reclaimed by AeroUSA. The foregoing opinion is based upon certain covenants by each of Airplanes Limited, Airplanes Trust, and AeroUSA regarding its place of business and the location of the Aircraft and on the assumptions that: (i) the aircraft are used or to be used by a transport undertaking operating for reward chiefly on international routes; (ii) none of Airplanes Limited, Airplanes Trust or AeroUSA supply goods or services within Ireland and (iii) input credit would not be denied to an Irish person carrying on the same activity as the payor, if that person were in receipt of the management services.

In general, Irish value added tax will be payable, and may not be reclaimable, in respect of certain management services performed by the Servicer or GPA Group for Airplanes Limited, Airplanes Trust or the Trust.

Other Irish Taxes

In the opinion of McCann FitzGerald no stamp duty, stamp duty reserve tax or issue, documentary, registration or other similar tax imposed by any government department or other taxing authority of or in Ireland will be payable in connection with the creation, initial issue or delivery of the Notes or the Certificates.

U.S. Federal Income Tax Considerations

In the opinion of Davis Polk & Wardwell (“**Federal Tax Counsel**”) the following summary accurately sets forth the material United States federal tax consequences resulting from the purchase, ownership and disposition of Certificates. It does not purport to consider all the possible tax consequences of the purchase, ownership or disposition of the Certificates, and it is not intended to reflect the individual tax position of any holder. It deals only with Certificates held as capital assets. Except as expressly indicated, it is addressed only to initial holders purchasing Certificates at their issue price and does not deal with holders with a special tax status or special tax situations, such as financial institutions or dealers in securities or currencies, Certificates held as a hedge against currency risks or as part of a straddle with other investments or as part of a “synthetic security” or other integrated investment (including a “conversion transaction”) consisting of a Certificate and one or more other investments, or situations in which the functional currency of the Certificateholder is not the U.S. dollar. Except to the extent discussed below, this discussion is not applicable to non-United States persons not subject to United States federal income tax on a net income basis. It is based upon the United States federal tax laws and regulations as now in effect and as currently interpreted, and does not take into account possible changes in such tax laws or such interpretations, all of which may be applied retroactively. It does not include any description of the tax laws of any state or local governments within the United States, or of any foreign government, that may be applicable to the Certificates or holders thereof. Persons considering the purchase of Certificates should consult their own tax advisors concerning the application of the United States federal tax laws to their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

At closing, the Trust will be provided with an opinion of Federal Tax Counsel, special Federal tax counsel to Airplanes Limited and Airplanes Trust, regarding certain of the United States federal income tax matters

discussed below. An opinion of Federal Tax Counsel is not binding on the Internal Revenue Service (the "IRS") or the courts. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any United States federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Accordingly, each prospective investor is urged to consult its own tax advisor with respect to the United States federal income tax consequences of holding an interest in a Certificate.

For purposes of the discussion below, (i) "**United States person**" means a citizen or resident of the United States, a corporation, partnership or certain other entities created or organized in or under the laws of the United States, or any political subdivision thereof, or an estate or trust the income of which is includible in gross income for United States federal income tax purposes regardless of its source and (ii) "**non-United States person**" or "**Non-U.S. Certificateholder**" means a person other than a United States person.

U.S. Tax Status of the Trust

In the opinion of Federal Tax Counsel, the Trust will be classified for United States federal income tax purposes as a grantor trust and not as an association (or publicly traded partnership) taxable as a corporation. Accordingly, each Certificateholder will be treated as owning directly the portion of the class or subclass of Notes represented by such Certificate.

Taxation of U.S. Certificateholders

Each Certificateholder that is a United States person will be required to include in income, in accordance with its usual method of accounting, the portion of the stated interest with respect to the Notes that is allocable to the Certificates held by such Certificateholder. The Notes will be issued either at par, in which case there will be no original issue discount, or at less than par with a *de minimis* amount of original issue discount. A holder of an instrument with *de minimis* original issue discount must include such original issue discount in income on a *pro rata* basis as principal payments are made.

In the event any withholding or deduction is required with respect to the Notes on account of Irish or Jersey taxes, Certificateholders that are United States persons will be required to include in gross income the gross amount of interest payable. Such Certificateholders may be entitled to claim foreign tax credits, subject to applicable limitations, with respect to any such withheld taxes. Certificateholders should consult their tax advisors about the treatment of any such taxes.

A Certificateholder that is a United States person will recognize capital gain or loss upon the sale or exchange of a Certificate equal to the difference between the amount realized from such sale or exchange (exclusive of any portion thereof reflecting accrued but unpaid interest on the underlying Notes) and its tax basis in the Certificate. Amounts attributable to accrued interest are treated as interest, subject to the treatment described above. A Certificateholder that is a United States person will have a tax basis in a Certificate equal to the Certificateholder's purchase price for such Certificate, decreased by any principal repayments. Capital gain or loss recognized on the sale or exchange of a Certificate will be long-term capital gain or loss if at the time of sale or exchange the Certificate has been held for more than one year. Any capital gain will generally be U.S. source gain.

Taxation of Non-U.S. Certificateholders

To the extent that payments on the Certificates are in respect of the underlying Airplanes Trust Notes:

- (a) payments of interest (including original issue discount, if any), principal and premium, if any, on the Notes to any non-United States person will not be subject to United States federal withholding tax, provided that, in the case of interest, such person (i) does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of stock of AeroUSA entitled to vote, (ii) is not a controlled foreign corporation related, directly or indirectly, to AeroUSA through stock ownership and (iii) is not a bank receiving interest described in

Section 881(c)(3)(A) of the Code, and provided that the statement requirement described in paragraph (b) has been fulfilled with respect to the beneficial owner; and

- (b) Sections 871(h) and 881(c) of the Code require that, in order to obtain the exemption from withholding tax described in paragraph (a), either the beneficial owner of the Certificate, or a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "**Financial Institution**") and that is holding the Certificate on behalf of such beneficial owner, file a statement with the withholding agent to the effect that the beneficial owner of the Certificate is not a United States person. Under temporary United States Treasury Regulations, such requirement will be fulfilled if (i) the beneficial owner of a Certificate certifies on IRS Form W-8, under penalties of perjury, that it is not a United States person and provides its name and address and (ii) any Financial Institution holding the Note on behalf of the beneficial owner files a statement with the withholding agent to the effect that it has received such a statement from the Certificateholder (and furnishes the withholding agent with a copy thereof).

To the extent that payments on Certificates are in respect of the underlying Airplanes Limited Notes, interest paid to a Certificateholder that is a non-United States person will not be subject to United States federal withholding tax.

Notwithstanding the foregoing, if interest or other income received with respect to the Certificate (whether representing the underlying Notes of Airplanes Limited or Airplanes Trust) is effectively connected with a United States trade or business conducted by a non-United States Certificateholder, such Certificateholder, although exempt from the withholding tax described in the preceding paragraph, may be subject to United States federal income tax on such interest in the same manner as if it were a United States person. In addition, if such Certificateholder is a corporation, it may be subject to a branch profits tax equal to 30% (or a lower treaty rate) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

A non-United States Certificateholder will not be subject to United States federal income tax on gain realized on the sale, exchange or other disposition of a Certificate, unless (i) such Certificateholder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and either (a) such individual has a "tax home" (as defined in Code Section 911(d)(3)) in the United States (unless such gain is attributable to a fixed place of business in a foreign country maintained by such individual and has been subject to foreign tax of at least 10%) or (b) the gain is attributable to an office or other fixed place of business maintained by such individual in the United States or (ii) such gain is effectively connected with the conduct by such Holder of a trade or business in the United States.

A Certificate held by an individual who is not a citizen or resident of the United States at the time of his death will not be subject to United States federal estate tax as a result of such individual's death, provided, to the extent the Certificate represents the underlying Airplanes Trust Note, that the individual does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of stock of AeroUSA entitled to vote and, at the time of such individual's death, payments with respect to such Certificate would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

Information Reporting and Backup Withholding

The Trustee will be required to report annually to the IRS, and to each Certificateholder of record, certain information, including the Certificateholder's name, address and taxpayer identification number (either the Certificateholder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain United States persons, including corporations, tax-exempt organizations, qualified pension and profit-sharing trusts and individual retirement accounts.

In the event a United States person subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or underreports its tax liability, the Trust, its agents or paying agents may be required to “backup” withhold a tax equal to 31% of each payment of interest and principal on the Certificates. This backup withholding is not an additional tax and may be credited against the Certificateholder’s United States Federal income tax liability, provided that the required information is furnished to the IRS.

Under current Treasury regulations, information reporting and backup withholding will not apply to payments made by the Trust or any agent thereof to a Certificateholder that is a non-United States person if the certifications required by Sections 871(h) and 881(c) of the Code (described above) are received, provided that the Trust or such agent does not have actual knowledge that the payee is a United States person.

Payment of the proceeds from the sale of a Certificate to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that, if the broker is (x) a United States person, (y) a controlled foreign corporation for United States Federal income tax purposes or (z) a foreign person 50 percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business, information reporting may apply to such payments. Payment of the proceeds from the sale of a Certificate to or through the United States office of a broker is subject to information reporting and backup withholding unless the Certificateholder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

ERISA CONSIDERATIONS

Any Plan that proposes to purchase Certificates should consult with its counsel with respect to the potential consequences of such investment under the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code.

ERISA and the Code impose certain requirements on employee benefit plans and certain other retirement plans and arrangements, including individual retirement accounts and annuities, that are subject to ERISA and/or the Code (all of which are hereinafter referred to as “**Plans**”) and on persons who are fiduciaries with respect to such Plans. A person who exercises discretionary authority or control with respect to the management or assets of a Plan will be considered a fiduciary of the Plan under ERISA. In accordance with ERISA’s general fiduciary standards, before investing in a Certificate, a Plan fiduciary should determine whether such an investment is permitted under the governing Plan instruments and is appropriate for the Plan in view of its overall investment policy and the composition and diversification of its portfolio, taking into account the limited liquidity of the Certificates. Other provisions of ERISA and the Code prohibit certain transactions involving the assets of a Plan and persons who have certain specified relationships to the Plan (“**parties in interest**” within the meaning of ERISA or “**disqualified persons**” within the meaning of the Code). Thus, a Plan fiduciary considering an investment in Certificates should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or the Code and whether an administrative exemption might be applicable to such investment.

An investment in Certificates by a Plan might also result in the assets of the Trust being deemed to constitute Plan assets, which in turn might mean that certain aspects of such investment, or actions involving the assets of the Trust, would involve assets of a Plan, which transactions might be or become prohibited transactions under ERISA and/or the Code. Further, in such case the Plan fiduciary might be deemed to have engaged in an improper delegation to the Trustee of its investment management responsibilities with respect to those assets of the Trust deemed Plan assets. Neither ERISA nor the Code defines the term “**plan assets**”. Under Section 2510.3-101 of the United States Department of Labor (the “**DOL**”) regulations (the “**Regulation**”), a Plan’s assets may include an interest in the underlying assets of an entity (such as a trust) for certain purposes, including the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code, if the Plan acquires an “equity interest” in such entity. Thus, if a Plan acquired a Certificate, for certain purposes (including such fiduciary responsibility and prohibited transaction provisions) the Plan would be considered to own its share of the underlying assets of the Trust allocable to such Certificate unless equity participation by benefit plan investors in the Trust is not “significant”. In the event that at any time investment by benefit plan investors in the Trust is “significant”, as discussed below, investment by a Plan in a Certificate of any class or subclass would, in effect, be considered, for purposes of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code, to be an investment in the corresponding pair of Notes and an ongoing loan to Airplanes Limited and Airplanes Trust.

Participation by benefit plan investors in a class or subclass of Certificates would not be significant if at all times less than 25 percent of the value of each class or subclass of Certificates was held by benefit plan investors, which are defined to include both Plans and employee benefit plans not subject to ERISA (for example, governmental plans, foreign plans and individual retirement accounts and entities whose assets are treated as “plan assets” under the Regulation). Investment in and transfer of the Certificates will not be restricted or monitored with respect to this 25 percent limit. Accordingly, it is possible that during the term of the Certificates 25 percent or more of one or more classes or subclasses of Certificates will be held by Plans and other benefit plan investors so that, under the Regulation, an investment by a Plan in a Certificate of that class or subclass during such period would, in effect, be considered, for purposes of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code, to be an investment in the corresponding pair of Notes and an ongoing loan to Airplanes Limited and Airplanes Trust.

Accordingly, if assets of the Trust are considered Plan assets, investment by a Plan or Plans in one or more classes or subclasses of Certificates could result in a prohibited transaction or impermissible delegation of authority. The acquisition of Certificates by a Plan could be a prohibited transaction if an Underwriter, the

Trustee, Airplanes Limited, Airplanes Trust, GPA, GECAS, the Lessees or any of their affiliates are parties in interest or disqualified persons with respect to the Plan. The duties of the Trustee under the Trust, however, are essentially custodial and ministerial in nature and it is not expected that the Trustee will be required to exercise discretionary authority or control in the discharge of its responsibilities under the Trust other than in limited circumstances such as upon a default on the Notes. Moreover, since Airplanes Limited and Airplanes Trust are special-purpose entities whose principal assets are expected to be the Aircraft and since GPA (which will, directly or indirectly, sell the Aircraft to Airplanes Limited and Airplanes Trust and own Airplanes Limited and Airplanes Trust's Class E Notes) is engaged primarily in the business of owning, selling and leasing aircraft and GECAS is engaged primarily in the business of providing aircraft management services, it is possible that many Plans will be able to determine that Airplanes Limited, Airplanes Trust, GPA and GECAS or any of their affiliates are not disqualified persons or parties in interest with respect to such Plans.

Any prohibited transaction could be treated as exempt under ERISA and the Code if the Certificates were acquired pursuant to and in accordance with one or more "class exemptions" issued by the DOL, such as Prohibited Transaction Class Exemption ("PTCE") 75-1 (an exemption for certain transactions involving employee benefit plans and broker dealers (such as an Underwriter), reporting dealers and banks), PTCE 84-14 (an exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 91-38 (an exemption for certain transactions involving bank collective investment funds), PTCE 90-1 (an exemption for certain transactions involving insurance company pooled separate accounts), or PTCE 95-60 (an exemption for certain transactions involving insurance company general accounts).

ERISA also prohibits a fiduciary of a Plan from maintaining the indicia of ownership of any assets of the Plan outside the jurisdiction of the district courts of the United States except under certain circumstances. Before investing in a Certificate, a Plan fiduciary should consider whether its acquisition and holding of a Certificate would satisfy such indicia of ownership rules.

A Plan fiduciary considering the purchase of Certificates should consult its tax and/or legal advisors regarding under what circumstances the assets of the Trust would be considered plan assets, the availability, if any, of exemptive relief from any potential prohibited transaction and other fiduciary issues and their potential consequences.

The Underwriters initially propose to offer the Certificates directly to the public at the public offering price set forth on the cover page hereof and to certain dealers at a price that represents a concession not in excess of the percentage of the principal amount thereof specified in the table set forth below. The Underwriters may allow, and such dealers may reallow, concessions not in excess of the percentage of the principal amount thereof specified in the table set forth below to certain brokers and dealers. After the initial public offering, such concessions and reallowances and other selling terms may be changed by the Underwriters.

<u>Subclass or Class of Certificates</u>	<u>Underwriting Commissions</u>	<u>Allowance</u>	<u>Reallowance</u>
Subclass A-1 Certificates .....	.3%	.2%	.125%
Subclass A-2 Certificates .....	.5%	.3%	.150%
Subclass A-3 Certificates .....	.65%	.4%	.250%
Subclass A-4 Certificates .....	.75%	.45%	.250%
Subclass A-5 Certificates .....	.325%	.2%	.125%
Class B Certificates .....	.825%	.5%	.25%
Class C Certificates	1.5%	1.0%	.5%
Class D Certificates	2.5%	.25%	.125%

Pursuant to the Agreement among Underwriters, each Underwriter has represented that it has not offered or sold, and has agreed not to offer or sell, any Certificates, directly or indirectly, in Canada in contravention of the securities laws of Canada or any province or territory thereof and has represented that any offer of Certificates in Canada will be made only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer is made. Each Underwriter has further agreed to send to any dealer who purchases from it any Certificates a notice stating in substance that, by purchasing such Certificates, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, directly or indirectly, any of such Certificates in Canada or to, or for the benefit of, any resident of Canada in contravention of the securities laws of Canada or any province or territory thereof and that any offer of Certificates in Canada will only be made pursuant to an exemption from the requirement to file a prospectus in the province of Canada in which such offer is made, and that such dealer will deliver to any other dealer to whom it sells any of such Certificates a notice to the foregoing effect.

Pursuant to the Agreement among Underwriters, each Underwriter represents and agrees that:

- (1) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Certificates to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (2) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Certificates in, from or otherwise involving the United Kingdom; and
- (3) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Certificates to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995 or is a person to whom such document may otherwise lawfully be issued or passed on.

Each of Daiwa Europe Limited, Mitsubishi Trust International Limited, Irish Intercontinental Bank Ltd., Société Générale and NatWest Capital Markets Limited is a foreign broker dealer which has agreed that, as part of the distribution of the Certificates offered hereby and subject to certain exceptions, it will not offer or sell any Certificates within the United States, its territories or possessions or to persons who are citizens thereof or residents therein. Each other Underwriter which is not itself a U.S. registered broker dealer has agreed as a condition of the Agreement Among Underwriters that it will not offer or sell any Certificates

within the United States, its territories and possessions or to persons who are citizens thereof or residents therein except through affiliates who are U.S. registered broker dealers.

Each of the Underwriters has agreed that it will not undertake any directed selling efforts with respect to the Certificates in Jersey other than to financial institutions who may acquire Certificates in the normal course of their trade.

The Certificates have not been and will not be registered under the Securities and Exchange Law of Japan and each of the Underwriters has represented and agreed that it has not offered or sold, and it will not offer or sell, directly or indirectly, any of the Certificates in or to residents of Japan or to any persons for reoffering or resale, directly or indirectly in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulations of Japan.

Each of the Underwriters has represented and agreed that it has not offered or sold, and it will not offer or sell, the Certificates by means of any document to persons in Hong Kong other than persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or otherwise in circumstances which do not constitute an offer to the public within the meaning of the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

Each of the Underwriters has acknowledged that the Prospectus has not been registered with the Registrar of Companies in Singapore and that the Certificates are issued in Singapore pursuant to an exemption invoked under section 106C of the Companies Act, Chapter 50 of Singapore (the "**Singapore Companies Act**"). Accordingly, each of the Underwriters has represented and agreed that the Certificates issued in Singapore may not be offered or sold, nor may the Prospectus or any other offering document or material relating to the Certificates be circulated or distributed, directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other body or person specified in section 106C of the Singapore Companies Act, (ii) to a sophisticated investor or other body or person specified in section 106D of the Singapore Companies Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, section 106E(2) of the Singapore Companies Act or any other applicable exemption invoked under Division 5A of Part IV of the Singapore Companies Act.

Each Underwriter that is not a member of the National Association of Securities Dealers, Inc. (the "**NASD**") is a foreign broker or dealer not eligible for membership in the NASD which has agreed not to make any sales within the United States, its territories or possessions or to persons who are citizens thereof or residents therein (other than certain sales made by the Underwriters as a group), except that each such Underwriter shall be permitted to make sales to the other Underwriters or their United States affiliates provided that such sales are made in compliance with applicable rules under the Exchange Act and in conformity with the Rules of Fair Practice of the NASD.

Application has been made for the listing of the Certificates on the Luxembourg Stock Exchange. The Underwriters have advised the Trust that they intend to sell the Certificates so as to meet the distribution requirements of such listing.

The Trust, Airplanes Limited and Airplanes Trust each have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated ("**Morgan Stanley**"), it will not, for a period of up to six months from the date of this Prospectus, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or otherwise dispose of, directly or indirectly, any securities of the Trust, Airplanes Limited or Airplanes Trust, other than the Notes, or any Certificates of fractional undivided interests in any debt of Airplanes Limited or Airplanes Trust which are substantially similar to the Notes or the Certificates other than as contemplated in this Prospectus.

A portion of the net proceeds of the Underwritten Offering, not including underwriting compensation, will be used to repay bank debt. Some of this debt may be held by entities which are affiliated with members of the NASD who may participate in the Underwritten Offering. Because it is possible that affiliates of NASD members will receive in the aggregate more than 10% of the net proceeds, the Underwritten Offering is being conducted in accordance with the provisions of Article III, Section 44(c)(8) of the NASD Rules of Fair

Practice. In accordance with these provisions, Morgan Stanley has agreed to act as qualified independent underwriter and the yield on the Class D Certificates will be no lower than that recommended by Morgan Stanley. Morgan Stanley has participated in the preparation of the Registration Statement of which this Prospectus is a part and has performed due diligence with respect thereto.

The Underwriting Agreement provides that Airplanes Limited and Airplanes Trust will, jointly and severally, and that GPA Group separately will, indemnify the Underwriters against certain liabilities, including liabilities under applicable securities laws or contribute to payments the Underwriters may be required to make in respect thereof. In addition, Airplanes Limited, Airplanes Trust and GPA Group will reimburse the Underwriters for certain of their expenses incurred in connection with the offering of the Certificates, including certain fees and expenses of counsel for the Underwriters.

There has been no market for the Certificates prior to the sale of the Certificates. The Underwriters have advised the Trust, Airplanes Limited, Airplanes Trust and GPA Group that they presently intend to make a market in the Certificates. The Underwriters are not obliged, however, to make a market in the Certificates and any such market-making may be discontinued at any time at the sole discretion of the Underwriters. Accordingly, no assurance can be given as to the liquidity of or trading market for the Certificates.

Morgan Stanley is acting as financial advisor to GPA Group in connection with the Acquisition and Refinancing. GPA Group has agreed to pay Morgan Stanley a fee for these services. GPA Group has also agreed to indemnify Morgan Stanley and its affiliates against certain liabilities caused by, relating to or arising out of its role as financial advisor. In addition, Morgan Stanley has provided other investment banking and advisory services to GPA and/or its affiliates and may continue to provide such services to GPA and/or its affiliates. In addition, Morgan Stanley and certain other Underwriters are acting as swap counterparties in Swap Agreements with Airplanes Group.

Affiliates of certain of the other Underwriters have also provided financial advice in the context of the Refinancing and have received fees for these services. GPA has agreed to indemnify these entities against certain liabilities in this regard. Also, affiliates of certain of the Underwriters have provided investment banking and advisory services to GPA and/or its affiliates and may continue to provide such services to GPA and/or its affiliates.

It is expected that delivery of the Certificates will be made against payment therefor on or about the date specified on the cover page, which will be the fifteenth calendar day following the date of pricing of the Certificates. Under Rule 15c6-1 recently adopted by the Commission under the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Certificates on any day prior to the third business day before the date of delivery of any payment for the Certificates will be required, by virtue of the fact that the Certificates initially will settle on a delayed basis, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement.

LEGAL MATTERS

Certain legal matters relating to the Certificates offered hereby and the Notes will be passed upon for Airplanes Limited and Airplanes Trust by Davis Polk & Wardwell, New York, New York, special United States counsel for Airplanes Limited and Airplanes Trust, and Potter, Anderson & Corroon, special Delaware Counsel to Airplanes Trust. Certain legal matters relating to the Notes will be passed upon for Airplanes Limited by Mourant du Feu & Jeune, special Jersey Counsel to Airplanes Limited. Certain legal matters relating to the Certificates offered hereby and the Notes will be passed upon for the Underwriters by Shearman & Sterling, New York, New York, special United States counsel for the Underwriters.

Prospective investors should consider the applicability of statutes, rules, regulations, orders, guidelines or agreements generally governing investments made by a particular investor including, but not limited to, "prudent investor" provisions and percentage-of-assets limitations. Investors should consult their own legal

advisors in determining whether and to what extent the Certificates constitute legal investment for such investors.

The Trustee, Airplanes Limited, Airplanes Trust and the Underwriters make no representation as to the proper characterization of the Certificates for legal investment or financial institution regulatory purposes, or as to the ability of particular investors to purchase Certificates under applicable legal investment restrictions. The uncertainties described above (and any unfavorable future determinations concerning legal investment or financial institutions regulatory characteristics of the Certificates) may adversely affect the liquidity of the Certificates.

ENFORCEMENT OF CIVIL LIABILITIES

Airplanes Limited is a public limited company incorporated and registered in Jersey. All but one of the Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust and certain experts named in this Prospectus are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of Airplanes Limited are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or Airplanes Limited or to enforce against them in United States courts judgments obtained in such courts predicated upon the civil liability provisions of the Federal securities laws of the United States. Airplanes Limited has been advised that it is unlikely that the courts of Jersey would adjudge civil liability in an original action predicated solely upon the Federal securities laws of the United States. There is no arrangement in place between Jersey and the United States for the reciprocal enforcement of judgments. There are no limitations on the right of non-residents of Jersey to hold or vote the Certificates under Jersey law or under the Memorandum and Articles of Association of Airplanes Limited.

EXPERTS

The financial statements of Airplanes Limited and Airplanes Trust included in this Prospectus as of March 31, 1995 and 1994 and for each of the years in the three year period ended March 31, 1995 have been audited by KPMG — Dublin, Ireland, independent public accountants, as indicated in their report thereon included herein in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

With respect to certain matters, Airplanes Group and GPA are not represented by separate counsel and are not expected to be unless it is agreed that separate representation is required to satisfy the professional responsibilities of counsel. Also, certain professionals, appraisers and experts who perform services for Airplanes Group and the Trust have performed services for GECAS and GPA and certain of their respective affiliates in the past and may do so again in the future.

Valuations of the Aircraft have been made by three expert aircraft appraisers: Aircraft Information Services, Inc., BK Associates, Inc. and Airclaims Limited. These valuations are discussed in detail elsewhere in this Prospectus and are included herein in reliance upon the authority of such firms as experts in giving such appraisals. An assessment of future maintenance obligations associated with ownership of the Aircraft has been provided by SH&E, commercial aviation consultants.

Expert insurance advice with respect to the Aircraft has been given by Bowring Aviation Advisory Services Limited. This advice and a report thereon is discussed elsewhere in this Prospectus and such advice is included herein in reliance upon the authority of such firm as experts in giving such insurance advice.

ADDITIONAL INFORMATION

A Registration Statement under the Securities Act has been filed with the Commission with respect to the Certificates that are offered pursuant to this Prospectus. This Prospectus does not contain all the information set forth in the Registration Statement (of which this Prospectus is a part) and exhibits relating thereto, which have been filed with the Commission in Washington, D.C. Copies of the information and the

exhibits are available for inspection without charge at the Commission's public reference facilities at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the regional offices of the Commission at 7 World Trade Center, Suite 1300, New York, New York 10048 and at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60611. Copies of such material can also be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

Application has been made to list the Notes and the Certificates on the Luxembourg Stock Exchange. Once the Certificates have been so listed, trading of the Certificates may be effected on the Luxembourg Stock Exchange. The constitutive documents of Airplanes Group and the legal notice relating to the issue of the Notes and the Certificates have been deposited with the Registrar of the District Court in Luxembourg. (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*) where such documents will be available for inspection and where such documents will be obtainable upon request. In accordance with the rules of the Luxembourg Stock Exchange, Airplanes Group states that except as otherwise disclosed in this Prospectus there has been no material adverse change in the financial position of Airplanes Limited and Airplanes Trust since the date of their formation.

The transactions contemplated in the prospectus were authorized by resolutions adopted by the Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust on November 29, 1995.

Copies of the Prospectus, the annual report of independent public accountants, the documents listed under "Available Information" and the reports to Certificateholders referred to under "Reports to Certificateholders" will be available at the office of the Listing Agent whose address is 69 route d'Esch, L-1470 Luxembourg. Financial information regarding the Airplanes Group will be included in the Airplanes Group Annual Report and Form 10-K for each fiscal year and will be available at the office of the Listing Agent in Luxembourg after such Annual Report and Form 10-K is filed with the Commission.

AIRPLANES GROUP**INDEX TO FINANCIAL STATEMENTS**

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of Airplanes Limited
and the Controlling Trustees of Airplanes U.S. Trust:**

We have audited the accompanying balance sheets of Airplanes Limited and Airplanes U.S. Trust representing certain specified leasing operations of GPA Group plc (as defined in Notes 1 and 2) as of March 31, 1995 and 1994, and the related statements of operations and cashflows for each of the years in the three year period ended March 31, 1995. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above, present fairly, in all material respects, the financial position of Airplanes Limited and Airplanes U.S. Trust as of March 31, 1995 and 1994, and the results of their operations and cash flows for each of the years in the three year period ended March 31, 1995, in conformity with generally accepted accounting principles in the United States.

KPMG
Chartered Accountants

Dublin, Ireland

July 27, 1995, except for Notes 1, 2(iv), 2(v) and 3, which are as of February 16, 1996

AIRPLANES GROUP

BALANCE SHEETS

	Notes	March 31,					
		1994			1995		
		Airplanes Limited	Airplanes Trust (\$millions)	Combined	Airplanes Limited	Airplanes Trust (\$millions)	Combined
ASSETS							
Cash		123	12	135	123	12	135
Accounts receivable	5						
Trade receivables		89	7	96	124	6	130
Allowance for doubtful debts		(39)	(5)	(44)	(66)	(5)	(71)
Net investment in capital and sales type leases	6	133	—	133	129	—	129
Aircraft, net	7	3,772	427	4,199	3,648	404	4,052
Aircraft pre-delivery payments	8	30	—	30	—	—	—
Other assets		10	2	12	9	2	11
Total assets		<u>4,118</u>	<u>443</u>	<u>4,561</u>	<u>3,967</u>	<u>419</u>	<u>4,386</u>
LIABILITIES							
Accrued expenses and other liabilities	9	238	20	258	245	18	263
Indebtedness — GPA	10	4,173	410	4,583	4,192	410	4,602
Provision for maintenance	11	193	24	217	242	26	268
Deferred income taxes	16	71	40	111	60	35	95
Total liabilities		<u>4,675</u>	<u>494</u>	<u>5,169</u>	<u>4,739</u>	<u>489</u>	<u>5,228</u>
Net liabilities	12	<u>(557)</u>	<u>(51)</u>	<u>(608)</u>	<u>(772)</u>	<u>(70)</u>	<u>(842)</u>
		<u>4,118</u>	<u>443</u>	<u>4,561</u>	<u>3,967</u>	<u>419</u>	<u>4,386</u>
Commitments and Contingent Liabilities (Notes 17 and 18)							

The accompanying notes are an integral part of the financial statements.

AIRPLANES GROUP
STATEMENTS OF OPERATIONS

	Notes	Years ended March 31,								
		1993			1994			1995		
		Airplanes Limited	Airplanes Trust (\$millions)	Combined	Airplanes Limited	Airplanes Trust (\$millions)	Combined	Airplanes Limited	Airplanes Trust (\$millions)	Combined
Revenues										
Aircraft leasing	13	373	40	413	481	45	526	547	61	608
Expenses										
Depreciation and amortization		(205)	(25)	(230)	(161)	(24)	(185)	(183)	(25)	(208)
Net interest expense	14	(178)	(25)	(203)	(227)	(25)	(252)	(317)	(31)	(348)
Provision for maintenance . . .		(73)	(10)	(83)	(63)	(8)	(71)	(74)	(14)	(88)
Bad and doubtful debts		(26)	(5)	(31)	(17)	(3)	(20)	(34)	1	(33)
Provision for loss making leases and downtime, net . . .		(28)	(5)	(33)	(23)	(4)	(27)	(4)	(1)	(5)
Other lease costs		(24)	(4)	(28)	(19)	—	(19)	(16)	(1)	(17)
Selling, general and administrative expenses . . .	15	<u>(20)</u>	<u>(2)</u>	<u>(22)</u>	<u>(24)</u>	<u>(2)</u>	<u>(26)</u>	<u>(31)</u>	<u>(3)</u>	<u>(34)</u>
Operating loss before income taxes		(181)	(36)	(217)	(53)	(21)	(74)	(112)	(13)	(125)
Income tax benefit	16	<u>18</u>	<u>14</u>	<u>32</u>	<u>5</u>	<u>8</u>	<u>13</u>	<u>11</u>	<u>5</u>	<u>16</u>
Net loss	12	<u>(163)</u>	<u>(22)</u>	<u>(185)</u>	<u>(48)</u>	<u>(13)</u>	<u>(61)</u>	<u>(101)</u>	<u>(8)</u>	<u>(109)</u>

The accompanying notes are an integral part of the financial statements.

AIRPLANES GROUP
STATEMENTS OF CASH FLOWS

	Years ended March 31,								
	1993			1994			1995		
	Airplanes Limited	Airplanes Trust (\$millions)	Combined	Airplanes Limited	Airplanes Trust (\$millions)	Combined	Airplanes Limited	Airplanes Trust (\$millions)	Combined
Cash flows from operating activities									
Net loss	(163)	(22)	(185)	(48)	(13)	(61)	(101)	(8)	(109)
Adjustments to reconcile net loss to net cash provided by operating activities:									
Depreciation and amortization ..	205	25	230	161	24	185	183	25	208
Aircraft maintenance, net	59	8	67	53	5	58	49	2	51
Deferred income taxes	(18)	(14)	(32)	(5)	(8)	(13)	(11)	(5)	(16)
Provision for loss making leases and downtime	28	5	33	23	4	27	4	1	5
Accrued and deferred interest expense	28	3	31	33	3	36	49	5	54
Changes in operating assets and liabilities:									
Accounts receivable	6	(3)	3	(13)	5	(8)	(8)	1	(7)
Other accruals and liabilities ..	29	2	31	(26)	(4)	(30)	(2)	(4)	(6)
Other assets	(13)	(1)	(14)	(4)	(1)	(5)	(2)	(1)	(3)
Net cash provided by operating activities	<u>161</u>	<u>3</u>	<u>164</u>	<u>174</u>	<u>15</u>	<u>189</u>	<u>161</u>	<u>16</u>	<u>177</u>
Cash flows from investing activities									
Purchase of aircraft	(1,260)	(25)	(1,285)	(553)	(21)	(574)	(26)	(1)	(27)
Aircraft deposits and pre-delivery payments	(13)	(20)	(33)	(1)	(2)	(3)	(10)	—	(10)
Capital and sales type leases ..	10	—	10	13	—	13	14	—	14
Other	26	—	26	50	—	50	—	—	—
Net cash used in investing activities	<u>(1,237)</u>	<u>(45)</u>	<u>(1,282)</u>	<u>(491)</u>	<u>(23)</u>	<u>(514)</u>	<u>(22)</u>	<u>(1)</u>	<u>(23)</u>
Cash flows from financing activities									
Increase in indebtedness — GPA	1,201	28	1,229	620	—	620	19	—	19
(Distributions to)/Contributions from GPA Group plc	(125)	14	(111)	(303)	8	(295)	(158)	(15)	(173)
Net cash provided by (used in) financing activities	<u>1,076</u>	<u>42</u>	<u>1,118</u>	<u>317</u>	<u>8</u>	<u>325</u>	<u>(139)</u>	<u>(15)</u>	<u>(154)</u>
Net movement in cash	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash Balances	<u>123</u>	<u>12</u>	<u>135</u>	<u>123</u>	<u>12</u>	<u>135</u>	<u>123</u>	<u>12</u>	<u>135</u>
Cash paid in respect of:									
Interest	<u>155</u>	<u>23</u>	<u>178</u>	<u>199</u>	<u>23</u>	<u>222</u>	<u>276</u>	<u>27</u>	<u>303</u>

The accompanying notes are an integral part of the financial statements.

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS

1. Securitization Transaction

GPA Group plc and its subsidiary undertakings (“GPA”) plans to re-finance on a long term basis certain indebtedness due to commercial banks and other senior secured debt, most of which matures in September 1997. The re-financing is to be effected through a major aircraft securitization transaction (“the Transaction”).

Under the terms of this proposed transaction, a combination (“Airplanes Group”) comprising Airplanes Limited, a special purpose company formed under the laws of Jersey, Channel Islands (“Airplanes Limited”) and Airplanes U.S. Trust, a business trust formed under the laws of Delaware (“Airplanes Trust”) will together acquire directly or indirectly from GPA a portfolio of approximately 229 commercial aircraft (collectively the “Aircraft”) and related leases (the “Leases”). The transaction will be effected by transferring existing subsidiaries of GPA that own the Aircraft to Airplanes Limited and Airplanes Trust, respectively. References to Airplanes Group in these notes to the financial statements may relate to Airplanes Limited and to Airplanes Trust on a combined or individual basis as applicable.

Simultaneously with such transfers, it is proposed that Airplanes Group will issue notes of approximately \$3.9 billion in aggregate principal amount in four classes: Class A, Class B, Class C and Class D (“Notes”) with approximately 90% of the principal amount of notes in each class being issued by Airplanes Limited and 10% approximately by Airplanes Trust. It is proposed that Airplanes Group will also issue Class E Notes of approximately \$0.7 billion ranking after the Notes and these will substantially be taken up by GPA as part consideration for the transfer of the Aircraft and certain related lease receivables. Airplanes Limited and Airplanes Trust will each fully and unconditionally guarantee each other’s obligations under the relevant notes.

2. Basis of Preparation

The accompanying financial statements of Airplanes Limited, Airplanes Trust and the combined balance sheets, statements of operations and cash flows of Airplanes Group (together the “financial statements”) have been prepared on the basis and using the assumptions set out below and in accordance with the accounting policies set out in Note 4 and in conformity with United States generally accepted accounting principles:

Bases and Assumptions

(i) The financial statements are presented on an historical cost basis as if Airplanes Limited and Airplanes Trust had been organized as single economic entities for all periods presented.

Accordingly, the financial statements reflect, on the bases and assumptions set out herein, the results of operations, assets and liabilities relating to the 229 aircraft to be transferred to Airplanes Limited and Airplanes Trust, from the date of original acquisition of controlling interest by GPA.

(ii) The Transaction is approved as planned and is completed such that:

- (a) Airplanes Limited and Airplanes Trust are going concerns with adequate capital and finance in place, and
- (b) the fundamental uncertainties, commitments, and contingent liabilities of GPA have no affect on Airplanes Group, and in particular, such that Airplanes Group will have no commitments or contingent liabilities in relation thereto or in relation to GPA’s future operations.

(iii) For the purposes of these financial statements, an allocation of certain costs such as selling, general and administrative expenses of GPA to Airplanes Limited and Airplanes Trust has been made. The most significant element of these costs relate to aircraft management fees, substantially all of which are asset based fees calculated as an annual percentage of a reference net book value of aircraft under management. The

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

2. Basis of Preparation — (Continued)

balance of such costs have been allocated in proportion to rental revenues. Management believes that the basis for these allocations are reasonable.

(iv) The financial statements have been prepared assuming Airplanes Group was financed at March 31, 1995, with indebtedness to GPA in an amount equivalent to the expected aggregate amount of all classes of notes (A, B, C, D and E) to be issued by Airplanes Group pursuant to the Transaction of \$4,602 million. It has also been assumed that such indebtedness built up as and when Airplanes Group acquired aircraft, at an amount equal to the appraised value (based on the value of each Aircraft given a stable market with a reasonable balance of supply and demand and a reasonable period of time available for marketing) of the aircraft at October 31, 1995. In addition, it has been assumed that no repayment of debt was made during the period.

(v) The interest charged on Airplanes Group's indebtedness to GPA is based on GPA's average cost of debt of 6.22%, 6.27% and 7.83% for the years ended March 31, 1993, 1994 and 1995, respectively.

In respect of the portion of the indebtedness which is assumed to be refinanced by the E Note (approximately 15% of total indebtedness), the Statement of Cash Flows gives effect to cash payments for interest of only 1% per annum in the relevant periods, commencing on April 1, 1992, and the balance is deferred and reflected as a movement in net liabilities.

(vi) Airplanes Group's cash balances are maintained throughout the period to March 31, 1995 at the amount assumed to be transferred to Airplanes Group on completion of the securitization transaction of \$135 million, which amount may be restricted to specific uses under the terms of the transaction. Cash generated from or absorbed by the activities of Airplanes Group during the period is reflected as distributions to or transfers from GPA.

(vii) Airplanes Group's tax provisions and deferred income tax assets and liabilities have been determined as if the underlying taxable entities of Airplanes Limited and Airplanes Trust were separate taxable entities from GPA.

3. Relationship with GPA Group plc and Management Arrangements

Airplanes Group's aircraft portfolio is to be acquired entirely from GPA pursuant to the Transaction. The related leases are also to be transferred to Airplanes Group. In a limited number of cases (and in no event in excess of 3% of the aircraft by appraised value at October 31, 1995), GPA may lease aircraft from Airplanes Group and sub-lease these aircraft to the ultimate lessees. In such cases substantially all the risks and rewards of GPA in the leases will accrue to Airplanes Group.

Until October 29, 1993, the Airplanes Group's portfolio comprised part of GPA's aircraft portfolio which was managed by GPA. In October 1993, GPA entered into a management contract with GE Capital Aviation Services, Limited ("GECAS"). Under the management contract, GECAS provides, on an exclusive basis, and in consideration for management fees, certain management services for aircraft assets owned by GPA. Following the Transaction, GECAS will provide certain management services to Airplanes Group pursuant to a new servicing agreement to be entered into by GECAS with certain members of Airplanes Group and their subsidiaries. Under certain circumstances GECAS may resign from the performance of its duties in relation to the management of all the aircraft generally or, the management of one or more aircraft individually, provided in either case that a replacement has been appointed to manage the aircraft. In addition, Airplanes Group will, under certain circumstances, have the right to terminate the servicing agreement.

As a holder of Class E Notes, GPA will have the right to appoint one director to the board of Airplanes Limited and one of the trustees of Airplanes Trust. Airplanes Limited will initially have a board of directors

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

3. Relationship with GPA Group plc and Management Arrangements — (Continued)

with five directors, including the director appointed by the holder of the Class E Notes. The trustees of Airplanes Trust will be the same individuals. Subject to reaching agreement with the holders of the Convertible Secured Notes of GPA, GE Capital Corporation (“**GE Capital**”), GECAS’ indirect parent, will have an option to acquire at least 90% of the ordinary shares of GPA Group at any time up to October 29, 2001. If GE Capital acquires 90% or more of the ordinary share capital of GPA Group and certain other conditions are met, the holder of a majority in aggregate principal amount of the Class E Notes, will have the right to appoint all of the directors of Airplanes Limited and the trustees of Airplanes Trust, provided that an independent committee of at least three directors/trustees is established and maintained to review the terms of certain transactions between Airplanes Limited or Airplanes Trust on the one hand, and GECAS or any of its affiliates on the other.

Certain cash management and administrative services will be provided by a GPA subsidiary to Airplanes Group, pursuant to a cash management agreement and an administrative agency agreement to be entered into by such GPA subsidiary with Airplanes Group.

Airplanes Group will be managed and the note covenants structured on the basis of a single economic entity owning a single aircraft portfolio, although Airplanes Group’s portfolio will at all times be held directly or indirectly in two different entities, Airplanes Limited and Airplanes Trust.

4. Summary of Significant Accounting Policies

Airplanes Group’s accounting policies conform with United States generally accepted accounting principles. The following paragraphs describe the main accounting policies followed in these financial statements.

(a) Revenue Recognition

Revenue from aircraft on operating leases is recognized as income as it accrues over the period of the leases.

(b) Aircraft

Aircraft including engines are stated at cost less accumulated depreciation. Additional depreciation is charged to reduce the book value of specific assets to fair market value where a permanent diminution in value is considered to have occurred. Where fair market value is greater than book value no adjustment is made.

Cost comprises the invoiced cost net of manufacturers’ discounts. Depreciation is calculated on a straight line basis. The estimates of useful lives and residual values are reviewed periodically. The current estimates for residual values are generally 15% of cost and for useful lives are as follows:

	<u>Years</u>	<u>From</u>
Stage 2 aircraft	20-25	Manufacture date
Refurbished and upgraded aircraft — converted to freighters	20	Conversion date
Turboprop aircraft	22.5	Manufacture date
All other aircraft	25	Manufacture date

Fair market value is assessed by management, and reflects the underlying economic value of aircraft including engines in normal market conditions (where supply and demand are in reasonable equilibrium) and assumes adequate time for a sale and a willing buyer and seller. Short term fluctuations in the market place

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

4. Summary of Significant Accounting Policies — (Continued)

are disregarded and it is assumed that there is no necessity either to dispose of a significant number of aircraft simultaneously, or to dispose of aircraft quickly.

In forming their assessment of fair market value, the management have taken into consideration independent valuations of the aircraft in the fleet at each year end date.

(c) Net Investment in Capital and Sales Type Leases

The amounts due by lessees under capital leases, where the entire cost of the asset is recovered, are shown in the balance sheet at the net amount receivable under these leases. The related finance revenue is recognized as income over the period of the lease in proportion to the amounts outstanding.

(d) Provision for Maintenance

In most lease contracts the lessee has the obligation for maintenance costs on airframes and engines and in many lease contracts the lessee makes a full or partial prepayment, calculated at an hourly rate, from which maintenance expenditures for major checks are disbursed. The undisbursed portion of these prepayments are included in the provision for maintenance.

Provision is also made to cover the risk of lessees defaulting on obligations, which could result in Airplanes Group incurring maintenance costs which are the lessee's primary responsibility.

(e) Allowance for Doubtful Debts

Allowances are made for doubtful debts 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 lessee and the economic conditions persisting in the lessee's operating environment.

(f) Provision for Loss Making Leases and Downtime

A lease agreement is deemed to be "Loss Making" in circumstances where the contracted rental payments are insufficient to cover the depreciation and allocated interest cost attributable to the relevant aircraft together with direct costs such as legal fees and other costs attributable to the lease over its term. Provision is made for the expected losses on such leases.

Downtime costs include depreciation, allocated interest cost and any other attributable direct costs. Where aircraft are off lease and are expected to be on the ground for a period prior to re-leasing, provision is made for downtime costs over the period to the estimated re-lease date.

(g) Taxation

Deferred income tax assets and liabilities recognize the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

4. Summary of Significant Accounting Policies — (Continued)

Income tax is provided based on the results for the year. Airplanes Limited's underlying taxable entities in Ireland are subject to Irish Corporate Income Tax on approved trading operations at a rate of 10% until December 31, 2005. Airplanes Trust's underlying taxable entities in the US are subject to US Federal and State taxes on their trading operations.

(h) Concentrations of Credit Risk

Financial instruments which potentially subject Airplanes Group to significant concentrations of credit risk consist primarily of trade accounts receivable.

Credit risk with respect to trade accounts receivable is generally diversified due to the number of lessees comprising Airplanes Group's customer base and the different geographic areas in which they operate. At March 31, 1995 Airplanes Group had leased aircraft to 83 lessees in 40 countries. The geographic concentrations of leasing revenues is set out in Note 13.

Many of Airplanes Group's lessees are in a relatively weak financial position because of the difficult economic conditions in the civil aviation industry as a whole and because, in general, weakly capitalized airlines are more likely to seek operating leases.

As part of GPA's historic aircraft portfolio, the exposure of Airplanes Group's aircraft to particular countries and customers was managed partly through concentration limits provided for in GPA's principal secured debt facilities and through obtaining security from lessees by way of deposits, letters of credit and guarantees. In the past GPA has, in the normal course of its business, reached agreements with certain of its lessees to restructure their leases and defer certain receivable balances. Details of accounts receivable, deferred balances and provisions for bad and doubtful debts are set out in Note 5.

Mexico is a significant market for Airplanes Group's aircraft and at March 31, 1995, 35 of Airplanes Group's aircraft were being operated by five Mexican lessees. Difficult market conditions and substantial overcapacity continues to have an adverse effect on the Mexican air transport sector and restructuring negotiations with Airplanes Group's Mexican lessees have commenced. Receivable balances with these lessees were \$48 million at March 31, 1995 of which \$41 million had been deferred, and in respect of which allowances of \$36 million for doubtful debts have been made.

Airplanes Group's Brazilian lessees also continue to experience significant difficulties due to overcapacity and adverse market conditions. At March 31, 1995, 17 of Airplanes Group's aircraft were being operated by five Brazilian lessees. Restructuring negotiations have commenced with certain of the Brazilian lessees. Receivable balances with these lessees were \$32 million at March 31, 1995 of which \$10 million had been deferred, and in respect of which allowances of \$11 million for doubtful debts have been made.

(i) Fair Value 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 and the valuation methodologies discussed below. 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 Airplanes Group could realize in a current market exchange.

(i) The fair value of cash, trade receivables and trade payables approximates the carrying amount because of the nature and short maturity of these instruments.

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

4. Summary of Significant Accounting Policies — (Continued)

(ii) The fair value of Airplanes Group's indebtedness to GPA is assumed to equate to the carrying value of this indebtedness.

(j) Foreign Currency Transactions

Airplanes Group's foreign currency transactions are not significant as virtually all revenues and most costs are denominated in US dollars.

(k) New Accounting Standards

Airplanes Group will be required to adopt the provisions of SFAS 121 "Accounting for the Impairment of Long Lived Assets and for Long Lived Assets to be Disposed of" for the fiscal year ending March 31, 1997. Management believes that the provisions of this standard, had it been adopted at March 31, 1995, would not have given rise to any significant adjustments to the carrying value of Airplanes Group's assets.

5. Accounts Receivable

	March 31,			
	1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)	
Trade receivables	89	7	124	6
Allowance for doubtful debts	<u>(39)</u>	<u>(5)</u>	<u>(66)</u>	<u>(5)</u>
	<u>50</u>	<u>2</u>	<u>58</u>	<u>1</u>
Included in trade receivables are deferred amounts as follows:—				
Gross deferred lease receivables	30	3	60	1
Allowance for doubtful debts	<u>(18)</u>	<u>(3)</u>	<u>(35)</u>	<u>(1)</u>
	<u>12</u>	<u>—</u>	<u>25</u>	<u>—</u>

Deferred lease receivables represent deferrals of rent, maintenance and miscellaneous payments due from lessees. The most significant of these lessees are located in Mexico and Brazil where the air transport sector is suffering from substantial over capacity and the effects of difficult economic conditions (see Note 4(h)).

Receivables include amounts classified as due after one year of \$20 million (Airplanes Limited \$18 million and Airplanes Trust \$2 million) at March 31, 1994, and \$31 million (Airplanes Limited \$30 million and Airplanes Trust \$1 million) at March 31, 1995.

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

6. Net Investment in Capital and Sales Type Leases

The following are the components of the net investment in capital and sales type leases of Airplanes Limited:

	<u>March 31,</u>	
	<u>1994</u>	<u>1995</u>
	(\$millions)	
Total minimum lease payments receivable.....	142	128
Estimated residual values of leased assets	45	45
Less; unearned revenue	<u>(54)</u>	<u>(44)</u>
Net investment in capital and sales type leases.....	<u>133</u>	<u>129</u>

Aggregate lease rental proceeds in respect of such capital and sales type leases for the years ended March 31, 1993, 1994 and 1995 amounted to \$25 million, \$25 million and \$26 million, respectively.

Unearned revenue of \$14 million, \$14 million and \$13 million for the years ended March 31, 1993, 1994 and 1995, respectively, was amortized and included in revenue.

Minimum future payments to be received on such capital leases for aircraft at March 31, 1995 are as follows:

	<u>Minimum lease payments receivable</u> (Millions)
Years ending March 31,	
1996	28
1997	28
1998	27
1999	11
2000	10
After 2000	<u>24</u>
	<u>128</u>

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

7. Aircraft

	March 31,			
	1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)	
Aircraft				
Cost	4,273	509	4,329	510
Less accumulated depreciation	<u>(501)</u>	<u>(82)</u>	<u>(681)</u>	<u>(106)</u>
	<u>3,772</u>	<u>427</u>	<u>3,648</u>	<u>404</u>
Fleet Analysis				
On operating lease for a further period of:				
More than five years	1,416	5	696	4
From one to five years	1,820	289	2,519	324
Less than one year	372	84	369	49
Non revenue earning aircraft:				
Undergoing conversion	49	—	—	—
Available for lease	49	31	47	27
Available for lease, subject to letters of intent	<u>66</u>	<u>18</u>	<u>17</u>	<u>—</u>
	<u>3,772</u>	<u>427</u>	<u>3,648</u>	<u>404</u>

Certain aircraft are subject to purchase options granted to existing lessees.

	Year ended March 31,					
	1993		1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)		(\$millions)	
Depreciation expense	<u>190</u>	<u>25</u>	<u>157</u>	<u>23</u>	<u>180</u>	<u>24</u>

Additional depreciation is charged against aircraft reflecting the provision required to reduce their book value to the lower of depreciated cost and the management's assessment of fair market value where this is considered to represent a permanent diminution in value. The basis of the valuation is set out in note 4(b).

During 1993, the industry experienced a downturn which was evidenced by a significant surplus of aircraft in the market, reductions in lease rates and in aircraft values and significant numbers of aircraft on the ground or "parked in the desert". The severity and duration of the downturn in the aviation industry was not foreseen by many industry participants. The depreciation expense in 1993 of Airplanes Limited and Airplanes Trust includes additional depreciation charges of \$72 million and \$8 million respectively, which arose primarily as a result of these difficult trading conditions.

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

8. Aircraft Deposits and Pre-Delivery Payments

	Airplanes Limited	
	March 31,	
	1994	1995
	(\$millions)	
Balance at April, 1	35	30
Paid	1	10
Applied to aircraft purchased	<u>(6)</u>	<u>(40)</u>
Balance at March, 31	<u>30</u>	<u>—</u>

9. Accrued Expenses and Other Liabilities

	March 31,			
	1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)	
Accrued expenses and other liabilities include:				
Unearned revenue	27	1	25	2
Provisions for loss making leases and downtime	77	9	81	10
Interest accrued	19	2	24	3
Other accruals	35	2	36	1
Trade payables	2	—	1	—
Deposits received	<u>78</u>	<u>6</u>	<u>78</u>	<u>2</u>
	<u>238</u>	<u>20</u>	<u>245</u>	<u>18</u>
Of which:				
Payable within one year	71	4	69	5
Payable after one year	<u>167</u>	<u>16</u>	<u>176</u>	<u>13</u>
	<u>238</u>	<u>20</u>	<u>245</u>	<u>18</u>

10. Indebtedness — GPA

	March 31,			
	1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)	
Due to GPA	<u>4,173</u>	<u>410</u>	<u>4,192</u>	<u>410</u>

As explained in Note 2, Basis of Preparation, it has been assumed that Airplanes Group was financed at March 31, 1995, with indebtedness to GPA at a level substantially equivalent to the expected aggregate amount of all classes of Notes to be issued by Airplanes Group pursuant to the Transaction.

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

11. Provision for Maintenance

	March 31,			
	1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)	
Balance at April, 1	113	19	193	24
Receivable during year	63	8	74	14
On aircraft acquired	27	—	—	—
Expenditure/Transfers	(10)	(3)	(25)	(12)
Balance at March, 31	<u>193</u>	<u>24</u>	<u>242</u>	<u>26</u>

12. Changes in Net Liabilities

	Years ended March 31,					
	1993		1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)		(\$millions)	
Balance at April, 1	(28)	44	236	49	557	51
Net loss for the financial year	163	22	48	13	101	8
Distributions to/(Contributions from) GPA, net	125	(14)	303	(8)	158	15
Deferred interest on indebtedness to GPA	(24)	(3)	(30)	(3)	(44)	(4)
Balance at March, 31	<u>236</u>	<u>49</u>	<u>557</u>	<u>51</u>	<u>772</u>	<u>70</u>

As set out in Note 2, Basis of Preparation, the Statement of Cash Flows gives effect to cash payments for interest of only 1% per annum on that portion of indebtedness which is assumed to be refinanced by the E Notes (approximately 15% of total indebtedness), and the balance is deferred and reflected as "Deferred interest on indebtedness to GPA".

13. Revenues

	Years ended March 31,					
	1993		1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)		(\$millions)	
The distribution of revenues by geographic area is as follows:						
Europe	74	5	106	1	136	1
North America	14	21	34	38	58	59
South America	156	14	195	6	216	1
Asia/rest of world	<u>129</u>	<u>—</u>	<u>146</u>	<u>—</u>	<u>137</u>	<u>—</u>
	<u>373</u>	<u>40</u>	<u>481</u>	<u>45</u>	<u>547</u>	<u>61</u>
Of which, Maintenance revenue represents	<u>56</u>	<u>10</u>	<u>63</u>	<u>8</u>	<u>74</u>	<u>14</u>

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

13. Revenues — (Continued)

At March 31, 1995, Airplanes Group had contracted to receive the following minimum rentals under operating leases:

Year ending March 31,	1995	
	Airplanes Limited	Airplanes Trust
	(\$millions)	
1996	450	49
1997	372	41
1998	296	23
1999	216	7
2000	137	1
Thereafter	<u>200</u>	<u>—</u>
	<u>1,671</u>	<u>121</u>

Each of Airplanes Limited and Airplanes Trust, operates in one business segment, the leasing of aircraft.

For Airplanes Limited no customer accounted for more than 10% of revenue in fiscal 1993, 1994 or 1995. For Airplanes Trust: (a) five lessees each accounted for more than 10% of leasing revenue for the year ended March 31, 1993, and individually these lessees accounted for 24%, 15%, 13%, 12% and 10% of leasing revenue, respectively, (b) four lessees each accounted for more than 10% of leasing revenue for the year ended March 31, 1994, and individually these lessees accounted for 28%, 24%, 13% and 12% of leasing revenue, respectively and (c) two lessees each accounted for more than 10% of leasing revenue for the year ended March 31, 1995, and individually these lessees accounted for 38% and 27% of leasing revenue, respectively.

14. Net Interest Expense

	Years ended March 31,					
	1993		1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)		(\$millions)	
Interest on indebtedness	183	26	232	26	325	32
Interest income	<u>(5)</u>	<u>(1)</u>	<u>(5)</u>	<u>(1)</u>	<u>(8)</u>	<u>(1)</u>
	<u>178</u>	<u>25</u>	<u>227</u>	<u>25</u>	<u>317</u>	<u>31</u>
Cash paid in respect of interest	<u>155</u>	<u>23</u>	<u>199</u>	<u>23</u>	<u>276</u>	<u>27</u>

As set out in Note 2, Basis of Preparation, interest charges included in the Statement of Operations relating to indebtedness to GPA are based on GPA's average cost of debt of 6.22%, 6.27% and 7.83% for the years ended March 31, 1993, 1994 and 1995 respectively. The Statement of Cash Flows gives effect to cash payments for interest of only 1% per annum on that portion of the indebtedness which is assumed to be refinanced by the E Notes (approximately 15% of total indebtedness), and the balance is deferred and reflected as a movement in net liabilities (see Note 12).

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

15. Selling, General and Administrative Expenses

	Year ended March 31,					
	1993		1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)		(\$millions)	
GECAS Management fees	—	—	8	1	21	2
Other selling general and administrative expenses	<u>20</u>	<u>2</u>	<u>16</u>	<u>1</u>	<u>10</u>	<u>1</u>
	<u>20</u>	<u>2</u>	<u>24</u>	<u>2</u>	<u>31</u>	<u>3</u>

16. Provision for Income Taxes

References to Airplanes Limited and Airplanes Trust in the context of this footnote refer to the underlying taxable entities of Airplanes Limited (primarily Irish entities) and Airplanes Trust (primarily US entities).

Airplanes Limited

Income tax benefit of Airplanes Limited consists of the following:

	Years ended March 31,		
	1993	1994	1995
	(\$millions)		
Current income tax	—	—	—
Deferred income tax	<u>18</u>	<u>5</u>	<u>11</u>
	<u>18</u>	<u>5</u>	<u>11</u>

Airplanes Limited's income from approved activities in Ireland is taxable at a rate of 10% until December 31, 2005.

There are no significant reconciling differences between the actual income tax benefit of Airplanes Limited for 1993, 1994 and 1995 and the expected tax benefit based on a tax rate of 10%.

Airplanes Limited has net operating loss carryforwards of approximately \$224 million as of March 31, 1995, which are available for offset against future taxable income with no restrictions to expiration.

Deferred tax assets and liabilities of Airplanes Limited is summarized below:

	March 31,	
	1994	1995
	(\$millions)	
Deferred tax assets relating to:		
Net operating loss carryforwards	25	22
Deferred tax liability relating to:		
Aircraft	<u>96</u>	<u>82</u>
Net deferred tax liability	<u>71</u>	<u>60</u>

AIRPLANES GROUP

NOTES TO THE FINANCIAL STATEMENTS — (Continued)

16. Provision for Income Taxes — (Continued)

Airplanes Trust

Income tax benefit of Airplanes Trust consists of the following:

	Years ended March 31,		
	1993	1994	1995
	(\$millions)		
Current income tax:			
Federal	—	—	—
State	—	—	—
Total current	—	—	—
Deferred income tax:			
Federal	10	6	4
State	4	2	1
Total deferred	14	8	5
	<u>14</u>	<u>8</u>	<u>5</u>

A reconciliation of differences between actual income tax benefit of Airplanes Trust for 1993, 1994, and 1995 and the expected tax benefit based on the U.S. Federal statutory tax rate of 35% in 1993, 1994, and 1995 is shown below:

	Years ended March 31,		
	1993	1994	1995
	(\$millions)		
Tax benefit at statutory rate	13	7	4
State taxes, net of federal tax	1	1	1
	<u>14</u>	<u>8</u>	<u>5</u>

Airplanes Trust has Federal and state tax net operating loss carryforwards of approximately \$24 million as of March 31, 1995, which generally expire beginning in 2007.

Deferred tax assets and liabilities of Airplanes Trust are summarized below:

	Years ended March 31,	
	1994	1995
	(in millions)	
Deferred tax assets relating to:		
Net operating loss carryforwards	10	10
Bad debt reserve	2	2
	<u>12</u>	<u>12</u>
Deferred tax liabilities relating to:		
Aircraft	52	47
Net deferred tax liability	<u>40</u>	<u>35</u>

Although all of the aircraft are owned by Airplanes Trust, for tax purposes, certain of the aircraft are treated as being leased from third parties under US "safe-harbor lease" tax rules. Under existing tax laws, certain events could reverse the cumulative effect of this tax treatment, in which case Airplanes Trust would

AIRPLANES GROUP**NOTES TO THE FINANCIAL STATEMENTS — (Continued)****16. Provision for Income Taxes — (Continued)**

be required to make payments to the third parties under the tax indemnification clauses included in the lease agreements. As of March 31, 1993, 1994 and 1995 the maximum potential exposure under these provisions is \$15 million, \$13 million, and \$11 million respectively. The Trust believes that no events have taken place which could cause such payments to become due.

Pursuant to a tax sharing agreement between Airplanes Trust and GPA, Airplanes Trust is liable to GPA for its share of the consolidated tax liability in years subsequent to the completion of the Transaction, in which Airplanes Trust generates taxable income. However, Airplanes Trust shall satisfy this liability in cash only to the extent that payments due to tax authorities from GPA are attributable to Airplanes Trust's share of consolidated tax liability; the remainder will be paid in the form of subordinated notes. Conversely, Airplanes Trust will be reimbursed by GPA for any tax benefits provided subsequent to the completion of the Transaction, to GPA from Airplanes Trust's tax losses. GPA has also indemnified Airplanes Trust for any tax liabilities of AeroUSA, Inc. (a subsidiary of Airplanes Trust) that relate to tax years prior to the completion of the Transaction.

17. Commitments*Airplanes Limited and Airplanes Trust**Capital Commitments*

Airplanes Group did not have any material contractual commitments for capital expenditures at March 31, 1995.

18. Contingent Liabilities*Airplanes Limited and Airplanes Trust*

Guarantee

Airplanes Limited and Airplanes Trust will unconditionally guarantee each others' obligations under all classes of notes to be issued by Airplanes Limited and Airplanes Trust, respectively, pursuant to the securitization transaction, details of which are set out in Note 1.

AIRPLANES GROUP

UNAUDITED INTERIM BALANCE SHEETS

	March 31, 1995			October 31, 1995		
	Airplanes Limited	Airplanes Trust (\$millions)	Combined	Airplanes Limited	Airplanes Trust (\$millions)	Combined
ASSETS						
Cash	123	12	135	123	12	135
Accounts receivable						
Trade receivables	124	6	130	107	6	113
Allowance for doubtful debts	(66)	(5)	(71)	(57)	(5)	(62)
Net investment in capital and sales type leases	129	—	129	120	—	120
Aircraft, net	3,648	404	4,052	3,545	391	3,936
Other assets	9	2	11	8	1	9
Total assets	<u>3,967</u>	<u>419</u>	<u>4,386</u>	<u>3,846</u>	<u>405</u>	<u>4,251</u>
LIABILITIES						
Accrued expenses and other liabilities	245	18	263	242	21	263
Indebtedness — GPA	4,192	410	4,602	4,192	410	4,602
Provision for maintenance	242	26	268	258	30	288
Deferred income taxes	60	35	95	60	45	105
Total liabilities	<u>4,739</u>	<u>489</u>	<u>5,228</u>	<u>4,752</u>	<u>506</u>	<u>5,258</u>
Net liabilities	<u>(772)</u>	<u>(70)</u>	<u>(842)</u>	<u>(906)</u>	<u>(101)</u>	<u>(1,007)</u>
	<u>3,967</u>	<u>419</u>	<u>4,386</u>	<u>3,846</u>	<u>405</u>	<u>4,251</u>

The accompanying notes are an integral part of the interim financial statements.

AIRPLANES GROUP

UNAUDITED INTERIM STATEMENTS OF OPERATIONS

	Notes	Seven month periods ending October 31,					
		1994			1995		
		Airplanes Limited	Airplanes Trust	Combined	Airplanes Limited	Airplanes Trust	Combined
		(\$ millions)			(\$ millions)		
Revenues							
Aircraft leasing		321	35	356	329	35	364
Expenses							
Depreciation and amortization		(102)	(14)	(116)	(106)	(14)	(120)
Net interest expense		(186)	(18)	(204)	(197)	(19)	(216)
Provision for maintenance		(49)	(8)	(57)	(45)	(8)	(53)
Bad and doubtful debts		(10)	(1)	(11)	9	—	9
Provision for loss making leases and downtime, net		(1)	(1)	(2)	3	(3)	—
Other lease costs		(7)	(1)	(8)	(14)	(1)	(15)
Selling, general and administrative expenses		(17)	(2)	(19)	(18)	(2)	(20)
Operating loss before income taxes		(51)	(10)	(61)	(39)	(12)	(51)
Income tax benefit		5	4	9	4	5	9
Net loss	2	(46)	(6)	(52)	(35)	(7)	(42)

The accompanying notes are an integral part of the interim financial statements.

AIRPLANES GROUP

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	Seven month periods ending October 31,					
	1994			1995		
	Airplanes Limited	Airplanes Trust (\$millions)	Combined	Airplanes Limited	Airplanes Trust (\$millions)	Combined
Cash flows from operating activities						
Net loss	(46)	(6)	(52)	(35)	(7)	(42)
Adjustments to reconcile net loss to net cash provided by operating activities:						
Depreciation and amortization	102	14	116	106	14	120
Aircraft maintenance, net	30	3	33	16	4	20
Deferred income taxes	(5)	(4)	(9)	(4)	(5)	(9)
Provision for loss making leases and downtime	1	1	2	(3)	3	—
Accrued and deferred interest expense	30	3	33	28	3	31
Changes in operating assets and liabilities:						
Accounts receivable	(7)	—	(7)	8	—	8
Other accruals liabilities and assets	—	(1)	(1)	(1)	—	(1)
Net cash provided by operating activities	<u>105</u>	<u>10</u>	<u>115</u>	<u>115</u>	<u>12</u>	<u>127</u>
Cash flows from investing activities						
Capital and sales type leases	8	—	8	9	—	9
Other assets	(4)	(1)	(5)	(2)	—	(2)
Net cash provided by (used in) investing activities	<u>4</u>	<u>(1)</u>	<u>3</u>	<u>7</u>	<u>—</u>	<u>7</u>
Cash flows from financing activities						
(Distributions to)/Contributions from GPA Group plc ..	(109)	(9)	(118)	(122)	(12)	(134)
Net cash provided by (used in) financing activities	<u>(109)</u>	<u>(9)</u>	<u>(118)</u>	<u>(122)</u>	<u>(12)</u>	<u>(134)</u>
Net movement in cash	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash Balances	<u>123</u>	<u>12</u>	<u>135</u>	<u>123</u>	<u>12</u>	<u>135</u>
Cash paid in respect of:						
Interest	<u>160</u>	<u>16</u>	<u>176</u>	<u>174</u>	<u>17</u>	<u>191</u>

The accompanying notes are an integral part of the interim financial statements.

AIRPLANES GROUP

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited interim financial statements of Airplanes Limited and Airplanes US Trust and the balance sheets, statements of operations and cash flows of Airplanes Group reflect all adjustments which in the opinion of management are necessary to present a fair statement of the information presented as of October 31, 1995 and for the seven month periods ended October 31, 1995 and October 31, 1994. Such adjustments are of a normal, recurring nature. The results of operations and cash flows for the seven month period ended October 31, 1995 are not necessarily indicative of the results to be expected for the full year.

2. Changes in Net Liabilities

	Seven month periods ending October 31,			
	1994		1995	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	(\$millions)		(\$millions)	
Balance at April 1	557	51	772	70
Net loss for the period	46	6	35	7
Distributions to/(Contributions from) GPA, net	109	9	126	27
Deferred interest on indebtedness to GPA	(26)	(2)	(27)	(3)
Balance at October 31	686	64	906	101

APPENDIX 1

INDEX OF DEFINED TERMS

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APPENDIX 2

AIRCRAFT TYPES DATA

<u>Type & Variant</u>		<u>Typical Seats</u>	<u>No. and Mfr of Engines</u>	<u>Stage 3 Noise Compliance</u>	<u>Prod. Years</u>	<u>No. Delivered</u>	<u>Current Fleet</u>	<u>On Order</u>	<u>No. of Operators</u>
Airbus A300B4-200	Widebody Jet	250	2 x GE/PW	Yes	1975-88	133	130	0	30
Airbus A320-200	Narrowbody Jet	150	2 x CFM/IAE	Yes	1988-	513	509	166	59
AI(R) ATR42-300	Turboprop	46	2 x PWC	Yes(2)	1985-	283	282	36	63
Boeing 727-200Adv	Narrowbody Jet	150	3 x PW	No(1)	1972-84	935	780	0	99
Boeing 737-200Adv	Narrowbody Jet	110	2 x PW	No(1)	1971-88	846	818	0	158
Boeing 737-300	Narrowbody Jet	130	2 x CFM	Yes	1984-	930	925	164	78
Boeing 737-400	Narrowbody Jet	150	2 x CFM	Yes	1988-	385	385	46	50
Boeing 737-500	Narrowbody Jet	110	2 x CFM	Yes	1990-	302	301	54	33
Boeing 747-200B	Widebody Jet	370	4 x GE/PW/RR	Yes	1970-89	301	193	0	38
Boeing 757-200	Narrowbody Jet	180	2 x RR/PW	Yes	1982-	694	691	128	63
Boeing 767-200ER	Widebody Jet	210	2 x GE/PW	Yes	1984-	93	91	0	28
Boeing 767-300ER	Widebody Jet	250	2 x GE/PW/RR	Yes	1988-	285	284	98	44
De Havilland Dash 8	Turboprop	36-50	2 x PWC	Yes(2)	1984-	404	401	59	58
Fairchild Metro	Turboprop	20	2 x GT	Yes(2)	1970-	574	540	6	129
Fokker 100	Narrowbody Jet	100	2 x RR	Yes	1988-	274	273	14	29
MDC DC-8-70	Narrowbody Jet	Cargo	4 x CFM	Yes	1981-86	110	110	0	17
MDC DC-9-10	Narrowbody Jet	70	2 x PW	No(1)	1965-68	137	107	0	27
MDC DC-9-30	Narrowbody Jet	100	2 x PW	No(1)	1967-82	662	598	0	42
MDC DC-9-50	Narrowbody Jet	120	2 x PW	No(1)	1975-81	96	96	0	10
MDC MD-82/83	Narrowbody Jet	150	2 x PW	Yes	1981-	776	772	21	44
MDC MD-87	Narrowbody Jet	115	2 x PW	Yes	1986-92	75	75	0	12
MDC DC-10-30	Widebody Jet	260	3 x GE	Yes	1971-88	206	190	0	39
MDC MD-11	Widebody Jet	290	3 x GE/PW	Yes	1991-	146	146	20	27

Notes — CFM = CFM International; GE = General Electric; GT = Garrett; IAE = International Aero Engines; PW = Pratt & Whitney; PWC = Pratt & Whitney Canada; RR = Rolls-Royce. DC-8 production is years since conversion or re-engining.

Source — Airclaims CASE Database.

- (1) Certain aircraft classified as Stage 2 are capable of meeting Stage 3 compliance requirements through either re-engining or hushkitting. For a description of the Stage compliance categorisation of each aircraft in the Portfolio, see “— Portfolio Information”.
- (2) Turboprop aircraft have been classified as Stage 3 compliant.

APPENDIX 3
ANNUAL GROSS REVENUES BASED ON THE ASSUMPTIONS

<u>Year Commencing</u>	<u>Annual Gross Revenues (\$ Millions)</u>
March 1996	\$527.76
March 1997	541.16
March 1998	539.76
March 1999	513.58
March 2000	512.53
March 2001	498.76
March 2002	503.07
March 2003	476.61
March 2004	471.89
March 2005	464.17
March 2006	452.40
March 2007	433.48
March 2008	411.53
March 2009	394.66
March 2010	385.56
March 2011	358.98
March 2012	318.72
March 2013	269.89
March 2014	236.45
March 2015	219.69
March 2016	180.10
March 2017	109.15
March 2018	62.54

APPENDIX 4

**EXPECTED PORTFOLIO VALUE
BASED ON THE DEPRECIATION FACTORS**

<u>Month</u>	<u>Expected Portfolio Value</u> (millions)	<u>Month</u>	<u>Expected Portfolio Value</u> (millions)	<u>Month</u>	<u>Expected Portfolio Value</u> (millions)
March 1996	\$ 4,527	September 2000	3,674	March 2005	2,650
April 1996	4,505	October 2000	3,658	April 2005	2,631
May 1996	4,492	November 2000	3,642	May 2005	2,611
June 1996	4,479	December 2000	3,625	June 2005	2,592
July 1996	4,466	January 2001	3,602	July 2005	2,572
August 1996	4,453	February 2001	3,586	August 2005	2,552
September 1996	4,439	March 2001	3,569	September 2005	2,532
October 1996	4,426	April 2001	3,552	October 2005	2,513
November 1996	4,412	May 2001	3,535	November 2005	2,493
December 1996	4,399	June 2001	3,519	December 2005	2,474
January 1997	4,385	July 2001	3,502	January 2006	2,455
February 1997	4,369	August 2001	3,485	February 2006	2,435
March 1997	4,355	September 2001	3,468	March 2006	2,417
April 1997	4,341	October 2001	3,451	April 2006	2,398
May 1997	4,327	November 2001	3,434	May 2006	2,379
June 1997	4,313	December 2001	3,416	June 2006	2,360
July 1997	4,299	January 2002	3,399	July 2006	2,341
August 1997	4,284	February 2002	3,381	August 2006	2,323
September 1997	4,270	March 2002	3,364	September 2006	2,304
October 1997	4,255	April 2002	3,346	October 2006	2,286
November 1997	4,241	May 2002	3,328	November 2006	2,267
December 1997	4,226	June 2002	3,291	December 2006	2,249
January 1998	4,204	July 2002	3,273	January 2007	2,231
February 1998	4,189	August 2002	3,255	February 2007	2,212
March 1998	4,175	September 2002	3,224	March 2007	2,194
April 1998	4,160	October 2002	3,205	April 2007	2,177
May 1998	4,116	November 2002	3,187	May 2007	2,159
June 1998	4,102	December 2002	3,169	June 2007	2,141
July 1998	4,078	January 2003	3,150	July 2007	2,123
August 1998	4,064	February 2003	3,132	August 2007	2,106
September 1998	4,049	March 2003	3,113	September 2007	2,088
October 1998	4,035	April 2003	3,094	October 2007	2,070
November 1998	4,020	May 2003	3,075	November 2007	2,052
December 1998	4,005	June 2003	3,056	December 2007	2,035
January 1999	3,990	July 2003	3,037	January 2008	2,017
February 1999	3,975	August 2003	3,017	February 2008	2,000
March 1999	3,960	September 2003	2,998	March 2008	1,982
April 1999	3,945	October 2003	2,978	April 2008	1,965
May 1999	3,929	November 2003	2,959	May 2008	1,948
June 1999	3,914	December 2003	2,939	June 2008	1,930
July 1999	3,899	January 2004	2,920	July 2008	1,913
August 1999	3,883	February 2004	2,901	August 2008	1,896
September 1999	3,867	March 2004	2,881	September 2008	1,878
October 1999	3,852	April 2004	2,862	October 2008	1,861
November 1999	3,836	May 2004	2,843	November 2008	1,844
December 1999	3,820	June 2004	2,824	December 2008	1,827
January 2000	3,804	July 2004	2,805	January 2009	1,809
February 2000	3,788	August 2004	2,786	February 2009	1,792
March 2000	3,772	September 2004	2,767	March 2009	1,775
April 2000	3,756	October 2004	2,748	April 2009	1,758
May 2000	3,740	November 2004	2,729	May 2009	1,741
June 2000	3,723	December 2004	2,709	June 2009	1,723
July 2000	3,707	January 2005	2,690	July 2009	1,706
August 2000	3,691	February 2005	2,670	August 2009	1,689

<u>Month</u>	<u>Expected Portfolio Value</u> (millions)	<u>Month</u>	<u>Expected Portfolio Value</u> (millions)	<u>Month</u>	<u>Expected Portfolio Value</u> (millions)
September 2009	1,671	December 2012	940	February 2016	208
October 2009	1,654	January 2013	920	March 2016	191
November 2009	1,636	February 2013	900	April 2016	176
December 2009	1,619	March 2013	880	May 2016	160
January 2010	1,601	April 2013	860	June 2016	145
February 2010	1,583	May 2013	840	July 2016	130
March 2010	1,566	June 2013	820	August 2016	117
April 2010	1,548	July 2013	801	September 2016	104
May 2010	1,530	August 2013	781	October 2016	92
June 2010	1,512	September 2013	762	November 2016	80
July 2010	1,493	October 2013	742	December 2016	67
August 2010	1,475	November 2013	722	January 2017	56
September 2010	1,457	December 2013	703	February 2017	46
October 2010	1,438	January 2014	684	March 2017	38
November 2010	1,419	February 2014	664	April 2017	32
December 2010	1,401	March 2014	644	May 2017	26
January 2011	1,382	April 2014	625	June 2017	21
February 2011	1,363	May 2014	605	July 2017	16
March 2011	1,344	June 2014	586	August 2017	11
April 2011	1,325	July 2014	566	September 2017	8
May 2011	1,306	August 2014	547	October 2017	6
June 2011	1,288	September 2014	527	November 2017	4
July 2011	1,269	October 2014	508	December 2017	4
August 2011	1,250	November 2014	488	January 2018	3
September 2011	1,231	December 2014	469	February 2018	3
October 2011	1,212	January 2015	449	March 2018	2
November 2011	1,193	February 2015	430	April 2018	2
December 2011	1,174	March 2015	410	May 2018	2
January 2012	1,155	April 2015	391	June 2018	2
February 2012	1,136	May 2015	371	July 2018	1
March 2012	1,116	June 2015	352	August 2018	1
April 2012	1,097	July 2015	333	September 2018	1
May 2012	1,077	August 2015	314	October 2018	1
June 2012	1,058	September 2015	296	November 2018	0
July 2012	1,038	October 2015	278	December 2018	0
August 2012	1,019	November 2015	260	January 2019	0
September 2012	999	December 2015	243	February 2019	0
October 2012	979	January 2016	225	March 2019	0
November 2012	959				

APPENDIX 5

**TARGET LOAN TO VALUE RATIO AND
TARGET PRINCIPAL BALANCE OF CLASS A
AND CLASS B CERTIFICATES**

Payment Date Occurring in	Target Loan to Value Ratio		Target Principal Balance		Payment Date Occurring in	Target Loan to Value Ratio		Target Principal Balance	
	Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B		Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B
			(\$)	(\$)				(\$)	(\$)
March 1996 ...	64.02%	8.28%	2,898,000,000	375,000,000	May 2000	60.53%	8.21%	2,273,183,663	308,525,244
May 1996	63.97%	8.28%	2,882,093,263	373,205,720	June 2000	60.42%	8.21%	2,259,579,544	307,008,306
June 1996	63.92%	8.28%	2,871,702,331	372,129,372	July 2000	60.32%	8.20%	2,246,027,966	305,495,714
July 1996	63.88%	8.28%	2,861,220,698	371,045,444	August 2000 ...	60.22%	8.20%	2,232,398,948	303,969,788
August 1996 ...	63.83%	8.28%	2,850,648,378	369,953,907	September 2000	60.11%	8.19%	2,218,692,928	302,430,547
September 1996	63.78%	8.28%	2,839,985,389	368,854,728	October 2000 ..	60.01%	8.19%	2,204,910,354	300,878,010
October 1996 ..	63.73%	8.28%	2,829,231,763	367,747,878	November 2000	59.90%	8.18%	2,191,175,392	299,329,099
November 1996	63.68%	8.28%	2,818,387,531	366,633,325	December 2000	59.79%	8.18%	2,177,364,974	297,766,998
December 1996	63.63%	8.28%	2,807,452,739	365,511,037	January 2001 ..	59.68%	8.17%	2,163,479,578	296,191,731
January 1997 ..	63.57%	8.28%	2,796,427,436	364,380,983	February 2001	59.57%	8.16%	2,145,776,270	294,090,269
February 1997	63.52%	8.28%	2,785,311,680	363,243,133	March 2001 ...	59.46%	8.16%	2,131,788,942	292,494,574
March 1997 ...	63.46%	8.28%	2,772,580,475	361,898,390	April 2001	59.34%	8.15%	2,117,850,614	290,902,630
April 1997	63.41%	8.28%	2,761,334,291	360,751,240	May 2001	59.23%	8.14%	2,103,839,632	289,297,726
May 1997	63.35%	8.28%	2,749,998,065	359,596,230	June 2001	59.11%	8.14%	2,089,756,528	287,679,891
June 1997	63.29%	8.28%	2,738,571,884	358,433,329	July 2001	58.99%	8.13%	2,075,601,851	286,049,161
July 1997	63.23%	8.28%	2,727,055,847	357,262,505	August 2001 ...	58.87%	8.12%	2,061,494,531	284,421,904
August 1997 ...	63.17%	8.28%	2,715,450,058	356,083,726	September 2001	58.75%	8.11%	2,047,316,867	282,781,876
September 1997	63.11%	8.28%	2,703,754,632	354,896,959	October 2001 ..	58.63%	8.11%	2,033,069,440	281,129,114
October 1997 ..	63.05%	8.28%	2,691,969,689	353,702,172	November 2001	58.50%	8.10%	2,018,752,843	279,463,662
November 1997	62.98%	8.28%	2,680,095,363	352,499,333	December 2001	58.38%	8.09%	2,004,367,684	277,785,560
December 1997	62.92%	8.28%	2,668,131,794	351,288,410	January 2002 ..	58.25%	8.08%	1,989,914,587	276,094,855
January 1998 ..	62.85%	8.28%	2,656,079,131	350,069,370	February 2002	58.12%	8.07%	1,975,394,189	274,391,592
February 1998	62.78%	8.28%	2,639,490,350	348,255,418	March 2002 ...	57.99%	8.06%	1,960,807,143	272,675,822
March 1998 ...	62.71%	8.28%	2,627,429,424	346,889,643	April 2002	57.86%	8.06%	1,946,154,116	270,947,594
April 1998	62.65%	8.28%	2,615,280,459	345,668,444	May 2002	57.72%	8.05%	1,931,435,793	269,206,962
May 1998	62.57%	8.28%	2,603,043,635	344,439,110	June 2002	57.59%	8.04%	1,916,652,871	267,453,982
June 1998	62.50%	8.28%	2,572,746,612	340,820,727	July 2002	57.45%	8.03%	1,890,526,996	264,112,987
July 1998	62.43%	8.28%	2,560,734,786	339,625,320	August 2002 ...	57.32%	8.02%	1,875,727,838	262,349,156
August 1998 ...	62.36%	8.28%	2,543,105,429	337,687,418	September 2002	57.18%	8.01%	1,860,866,645	260,573,235
September 1998	62.28%	8.28%	2,531,000,943	336,485,637	October 2002 ..	57.04%	8.00%	1,838,681,139	257,767,075
October 1998 ..	62.20%	8.28%	2,518,811,322	335,275,875	November 2002	56.89%	7.99%	1,823,745,251	255,972,586
November 1998	62.13%	8.28%	2,506,536,780	334,058,099	December 2002	56.75%	7.97%	1,808,749,883	254,166,248
December 1998	62.05%	8.28%	2,494,177,542	332,832,277	January 2003 ..	56.61%	7.96%	1,793,695,839	252,348,133
January 1999 ..	61.97%	8.28%	2,481,733,842	331,598,377	February 2003	56.46%	7.95%	1,778,583,939	250,518,313
February 1999	61.89%	8.28%	2,469,205,925	330,356,366	March 2003 ...	56.31%	7.94%	1,763,415,022	248,676,864
March 1999 ...	61.81%	8.28%	2,456,674,157	329,116,944	April 2003	56.16%	7.93%	1,748,189,943	246,823,864
April 1999	61.72%	8.28%	2,444,058,871	327,869,399	May 2003	56.01%	7.92%	1,732,909,574	244,959,393
May 1999	61.64%	8.28%	2,431,360,337	326,613,699	June 2003	55.86%	7.91%	1,717,574,806	243,083,534
June 1999	61.55%	8.28%	2,418,578,837	325,349,811	July 2003	55.70%	7.89%	1,702,186,549	241,196,373
July 1999	61.46%	8.28%	2,405,714,663	324,077,701	August 2003 ...	55.54%	7.88%	1,686,745,728	239,297,998
August 1999 ...	61.38%	8.25%	2,392,768,117	321,669,258	September 2003	55.39%	7.87%	1,671,253,289	237,388,499
September 1999	61.29%	8.25%	2,379,739,515	320,254,283	October 2003 ..	55.23%	7.85%	1,655,710,196	235,467,972
October 1999 ..	61.20%	8.24%	2,366,629,181	318,825,714	November 2003	55.07%	7.84%	1,640,117,430	233,536,511
November 1999	61.10%	8.24%	2,353,437,452	317,383,558	December 2003	54.90%	7.83%	1,624,475,993	231,594,215
December 1999	61.01%	8.24%	2,340,164,675	315,927,821	January 2004 ..	54.74%	7.81%	1,608,957,091	229,665,480
January 2000 ..	60.92%	8.23%	2,326,811,210	314,458,511	February 2004	54.57%	7.80%	1,593,606,216	227,756,854
February 2000	60.82%	8.23%	2,313,523,457	312,995,394	March 2004 ...	54.40%	7.79%	1,578,209,310	225,837,776
March 2000 ...	60.72%	8.22%	2,300,156,022	311,518,803	April 2004	54.23%	7.77%	1,562,767,405	223,908,352
April 2000	60.62%	8.22%	2,286,709,292	310,028,748	May 2004	54.06%	7.76%	1,547,322,168	221,974,515

Payment Date Occurring in	Target Loan to Value Ratio		Target Principal Balance		Payment Date Occurring in	Target Loan to Value Ratio		Target Principal Balance	
	Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B		Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B
June 2004	53.89%	7.74%	1,532,017,886	220,056,970	February 2009	41.18%	6.44%	745,176,450	116,547,815
July 2004	53.72%	7.73%	1,516,984,096	218,174,403	March 2009 . . .	40.90%	6.41%	732,995,439	114,863,163
August 2004 . . .	53.54%	7.71%	1,501,908,740	216,282,007	April 2009	40.61%	6.38%	720,832,605	113,176,956
September 2004	53.36%	7.69%	1,486,792,883	214,379,891	May 2009	40.31%	6.34%	708,689,613	111,489,414
October 2004 . .	53.18%	7.68%	1,471,637,609	212,468,171	June 2009	40.02%	6.31%	696,568,148	109,800,760
November 2004	53.00%	7.66%	1,456,444,021	210,546,962	July 2009	39.72%	6.27%	684,538,875	108,122,112
December 2004	52.82%	7.65%	1,441,213,244	208,616,386	Aug 2009	39.43%	6.24%	672,603,752	106,453,803
January 2005 . .	52.63%	7.63%	1,425,946,422	206,676,564	September 2009	39.13%	6.21%	660,693,925	104,784,938
February 2005	52.44%	7.61%	1,410,644,719	204,727,623	October 2009 . .	38.82%	6.17%	648,811,145	103,115,751
March 2005 . . .	52.26%	7.59%	1,395,309,322	202,769,692	November 2009	38.52%	6.13%	636,957,185	101,446,480
April 2005	52.07%	7.58%	1,379,982,887	200,808,935	December 2009	38.21%	6.10%	625,199,675	99,787,875
May 2005	51.87%	7.56%	1,364,742,081	198,856,504	January 2010 . .	37.90%	6.06%	613,473,864	98,129,603
June 2005	51.68%	7.54%	1,349,511,697	196,901,450	February 2010	37.58%	6.03%	601,781,587	96,471,912
July 2005	51.48%	7.52%	1,334,252,032	194,937,955	March 2010 . . .	37.27%	5.99%	590,124,700	94,815,054
August 2005 . . .	51.29%	7.50%	1,318,999,965	192,971,371	April 2010	36.95%	5.95%	578,505,091	93,159,287
September 2005	51.09%	7.48%	1,303,756,455	191,001,815	May 2010	36.63%	5.91%	566,924,672	91,504,873
October 2005 . .	50.88%	7.46%	1,288,611,325	189,042,443	June 2010	36.31%	5.87%	555,385,383	89,852,079
November 2005	50.68%	7.45%	1,273,473,712	187,079,940	July 2010	35.98%	5.84%	543,889,190	88,201,175
December 2005	50.48%	7.43%	1,258,490,082	185,135,827	August 2010 . . .	35.66%	5.80%	532,438,089	86,552,437
January 2006 . .	50.27%	7.41%	1,243,625,866	183,205,078	September 2010	35.32%	5.76%	521,034,101	84,906,145
February 2006	50.06%	7.38%	1,228,739,778	181,266,897	October 2010 . .	34.99%	5.72%	509,679,279	83,262,585
March 2006 . . .	49.85%	7.36%	1,214,044,950	179,352,727	November 2010	34.66%	5.68%	498,375,699	81,622,045
April 2006	49.64%	7.34%	1,199,512,772	177,458,425	December 2010	34.32%	5.63%	487,125,472	79,984,822
May 2006	49.42%	7.32%	1,184,961,307	175,557,111	January 2011 . .	33.98%	5.59%	475,930,734	78,351,215
June 2006	49.20%	7.30%	1,170,494,486	173,664,164	February 2011	33.63%	5.55%	464,793,653	76,721,528
July 2006	48.99%	7.28%	1,156,111,022	171,779,415	March 2011 . . .	33.29%	5.51%	453,716,423	75,096,072
August 2006 . . .	48.77%	7.26%	1,141,816,302	169,903,690	April 2011	32.94%	5.47%	442,701,273	73,475,161
September 2006	48.54%	7.23%	1,127,506,471	168,021,539	May 2011	32.59%	5.42%	431,866,627	71,878,450
October 2006 . .	48.32%	7.21%	1,113,382,300	166,162,883	June 2011	32.23%	5.38%	421,096,649	70,286,714
November 2006	48.09%	7.19%	1,099,244,903	164,298,088	July 2011	31.88%	5.34%	410,519,144	68,721,292
December 2006	47.86%	7.16%	1,085,095,665	162,427,319	August 2011 . . .	31.52%	5.29%	400,008,666	67,161,251
January 2007 . .	47.63%	7.14%	1,071,132,250	160,580,168	September 2011	31.16%	5.25%	389,567,501	65,606,919
February 2007	47.40%	7.12%	1,057,253,794	158,741,582	October 2011 . .	30.79%	5.20%	379,197,963	64,058,627
March 2007 . . .	47.17%	7.09%	1,043,518,631	156,920,359	November 2011	30.43%	5.16%	368,902,398	62,516,714
April 2007	46.93%	7.07%	1,029,775,102	155,093,722	December 2011	30.06%	5.11%	358,683,184	60,981,522
May 2007	46.69%	7.04%	1,016,209,827	153,289,779	January 2012 . .	29.68%	5.06%	348,542,730	59,453,400
June 2007	46.45%	7.02%	1,002,728,842	151,494,427	February 2012	29.31%	5.02%	338,483,476	57,932,702
July 2007	46.21%	6.99%	989,332,130	149,707,686	March 2012 . . .	28.93%	4.97%	328,507,897	56,419,788
August 2007 . . .	45.96%	6.97%	975,930,754	147,916,101	April 2012	28.55%	4.92%	318,618,499	54,915,024
September 2007	45.71%	6.94%	962,526,152	146,119,849	May 2012	28.16%	4.87%	308,817,821	53,418,780
October 2007 . .	45.46%	6.91%	949,207,418	144,332,436	June 2012	27.78%	4.82%	299,209,891	51,949,048
November 2007	45.21%	6.89%	935,974,577	142,553,891	July 2012	27.39%	4.77%	289,693,508	50,488,321
December 2007	44.96%	6.86%	922,741,857	140,771,153	August 2012 . . .	27.00%	4.72%	280,271,260	49,036,980
January 2008 . .	44.70%	6.83%	909,680,436	139,010,339	September 2012	26.60%	4.67%	270,945,772	47,595,411
February 2008	44.45%	6.80%	896,621,023	137,245,625	October 2012 . .	26.20%	4.62%	261,719,701	46,164,009
March 2008 . . .	44.19%	6.78%	883,637,647	135,488,320	November 2012	25.80%	4.57%	252,642,087	44,751,381
April 2008	43.92%	6.75%	870,728,460	133,738,157	December 2012	25.40%	4.52%	243,668,082	43,349,576
May 2008	43.66%	6.72%	857,859,741	131,989,963	January 2013 . .	24.99%	4.47%	234,800,423	41,959,003
June 2008	43.39%	6.69%	845,111,089	130,255,991	February 2013	24.58%	4.41%	226,041,881	40,580,075
July 2008	43.13%	6.66%	832,449,775	128,531,240	March 2013 . . .	24.17%	4.36%	217,437,238	39,220,782
August 2008 . . .	42.85%	6.63%	819,796,984	126,803,544	April 2013	23.75%	4.31%	208,990,473	37,881,870
September 2008	42.58%	6.60%	807,154,278	125,073,103	May 2013	23.33%	4.25%	200,703,188	36,563,660
October 2008 . .	42.31%	6.57%	794,679,794	123,364,424	June 2013	22.91%	4.20%	192,532,405	35,258,316
November 2008	42.03%	6.54%	782,217,304	121,653,303	July 2013	22.49%	4.14%	184,484,205	33,966,862
December 2008	41.75%	6.50%	769,805,860	119,945,782	August 2013 . . .	22.06%	4.08%	176,638,426	32,703,991
January 2009 . .	41.47%	6.47%	757,447,273	118,242,136	September 2013	21.63%	4.03%	168,956,661	31,462,708

Payment Date Occurring in	Target Loan to Value Ratio		Target Principal Balance		Payment Date Occurring in	Target Loan to Value Ratio		Target Principal Balance	
	Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B		Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B
			(\$)	(\$)				(\$)	(\$)
October 2013 ..	21.19%	3.97%	161,408,552	30,237,362	August 2016 ...	4.51%	1.69%	5,880,406	2,200,875
November 2013	20.76%	3.91%	153,986,835	29,026,510	September 2016	3.96%	1.61%	4,627,894	1,882,060
December 2013	20.32%	3.85%	146,741,489	27,839,525	October 2016 ..	3.41%	1.53%	3,543,667	1,594,098
January 2014 ..	19.87%	3.80%	139,701,407	26,681,990	November 2016	2.85%	1.45%	2,611,815	1,332,627
February 2014	19.43%	3.74%	132,791,853	25,539,715	December 2016	2.29%	1.37%	1,817,793	1,092,038
March 2014 ...	18.98%	3.68%	126,015,803	24,413,155	January 2017 ..	1.72%	1.29%	1,158,491	870,648
April 2014	18.53%	3.62%	119,394,865	23,306,403	February 2017	1.15%	1.21%	643,979	678,104
May 2014	18.07%	3.56%	112,912,670	22,216,195	March 2017 ...	0.58%	1.13%	267,198	522,936
June 2014	17.61%	3.49%	106,572,292	21,143,007	April 2017	0.00%	1.05%	0	400,612
July 2014	17.15%	3.43%	100,412,341	20,094,422	May 2017	0.00%	0.96%	0	306,459
August 2014 ...	16.68%	3.37%	94,429,303	19,069,779	June 2017	0.00%	0.88%	0	229,881
September 2014	16.22%	3.31%	88,627,090	18,069,901	July 2017	0.00%	0.79%	0	164,425
October 2014 ..	15.74%	3.24%	82,974,186	17,088,340	August 2017 ...	0.00%	0.71%	0	112,242
November 2014	15.27%	3.18%	77,501,903	16,131,450	September 2017	0.00%	0.62%	0	71,525
December 2014	14.79%	3.11%	72,211,347	15,199,486	October 2017 ..	0.00%	0.54%	0	44,561
January 2015 ..	14.31%	3.05%	67,076,388	14,286,911	November 2017	0.00%	0.45%	0	27,253
February 2015	13.82%	2.98%	62,128,736	13,400,374	December 2017	0.00%	0.36%	0	16,154
March 2015 ...	13.34%	2.92%	57,341,289	12,533,999	January 2018 ..	0.00%	0.27%	0	10,012
April 2015	12.84%	2.85%	52,717,314	11,688,300	February 2018	0.00%	0.18%	0	5,847
May 2015	12.35%	2.78%	48,286,016	10,869,629	March 2018 ...	0.00%	0.09%	0	2,504
June 2015	11.85%	2.71%	44,022,873	10,072,426	April 2018	0.00%	0.00%	0	0
July 2015	11.35%	2.64%	39,954,878	9,302,727	May 2018	0.00%	0.00%	0	0
August 2015 ...	10.84%	2.57%	36,105,263	8,566,090	June 2018	0.00%	0.00%	0	0
September 2015	10.34%	2.50%	32,502,309	7,869,747	July 2018	0.00%	0.00%	0	0
October 2015 ..	9.82%	2.43%	29,073,545	7,196,669	August 2018 ...	0.00%	0.00%	0	0
November 2015	9.31%	2.36%	25,868,893	6,559,308	September 2018	0.00%	0.00%	0	0
December 2015	8.79%	2.29%	22,862,588	5,951,698	October 2018 ..	0.00%	0.00%	0	0
January 2016 ..	8.27%	2.22%	20,062,377	5,376,240	November 2018	0.00%	0.00%	0	0
February 2016	7.74%	2.14%	17,434,050	4,824,071	December 2018	0.00%	0.00%	0	0
March 2016 ...	7.21%	2.07%	14,995,345	4,300,011	January 2019 ..	0.00%	0.00%	0	0
April 2016	6.68%	1.99%	12,776,814	3,813,426	February 2019	0.00%	0.00%	0	0
May 2016	6.14%	1.92%	10,785,896	3,368,220	March 2019 ...	0.00%	0.00%	0	0
June 2016	5.60%	1.84%	8,965,262	2,948,093	April 2019	0.00%	0.00%	0	0
July 2016	5.06%	1.77%	7,326,479	2,557,254					

APPENDIX 6

SUPPLEMENTAL LOAN TO VALUE RATIO AND
SUPPLEMENTAL PRINCIPAL BALANCE

Payment Date Occurring in	Supplemental Loan to Value Ratio		Supplemental Principal Balance		Payment Date Occurring in	Supplemental Loan to Value Ratio		Supplemental Principal Balance	
	Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B		Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B
			(\$)	(\$)				(\$)	(\$)
March 1996 ...	64.02%	8.28%	2,898,000,000	375,000,000	July 2000	48.84%	7.78%	1,818,612,197	289,650,435
May 1996	61.00%	8.28%	2,748,257,064	373,205,720	August 2000 ...	48.48%	7.77%	1,797,081,154	288,051,599
June 1996	60.80%	8.28%	2,731,346,230	372,129,372	September 2000	48.11%	7.76%	1,775,511,803	286,422,254
July 1996	60.60%	8.28%	2,714,431,925	371,045,444	October 2000 ..	47.73%	7.75%	1,753,905,963	284,762,407
August 1996 ...	60.40%	8.28%	2,697,514,472	369,953,907	November 2000	47.36%	7.74%	1,732,363,286	283,088,053
September 1996	60.20%	8.28%	2,680,594,198	368,854,728	December 2000	46.98%	7.73%	1,710,786,765	281,383,262
October 1996 ..	60.00%	8.28%	2,663,671,432	367,747,878	January 2001 ..	46.60%	7.69%	1,689,178,286	278,923,034
November 1996	59.80%	8.28%	2,646,746,503	366,633,325	February 2001	46.21%	7.73%	1,664,635,715	278,479,194
December 1996	59.60%	8.28%	2,629,819,746	365,511,037	March 2001 ...	45.82%	7.71%	1,643,023,861	276,325,693
January 1997 ..	59.40%	8.28%	2,612,891,496	364,380,983	April 2001	45.43%	7.68%	1,621,479,377	274,161,108
February 1997	59.20%	8.28%	2,595,962,089	363,243,133	May 2001	45.04%	7.66%	1,599,909,459	271,969,663
March 1997 ...	59.00%	8.28%	2,577,614,044	361,898,390	June 2001	44.64%	7.63%	1,578,316,115	269,751,444
April 1997	58.80%	8.28%	2,560,733,513	360,751,240	July 2001	44.24%	7.60%	1,556,701,388	267,506,547
May 1997	58.70%	8.28%	2,548,193,822	359,596,230	August 2001 ...	43.84%	7.57%	1,535,155,502	265,250,304
June 1997	58.60%	8.28%	2,535,626,191	358,433,329	September 2001	43.43%	7.55%	1,513,591,213	262,967,557
July 1997	58.50%	8.28%	2,523,030,683	357,262,505	October 2001 ..	43.02%	7.52%	1,492,010,637	260,658,421
August 1997 ...	58.40%	8.28%	2,510,407,357	356,083,726	November 2001	42.61%	7.49%	1,470,415,922	258,323,019
September 1997	58.30%	8.28%	2,497,756,277	354,896,959	December 2001	42.20%	7.48%	1,448,809,250	256,991,565
October 1997 ..	58.20%	8.28%	2,485,077,504	353,702,172	January 2002 ..	41.78%	7.47%	1,427,192,839	255,282,102
November 1997	58.10%	8.28%	2,472,371,104	352,499,333	February 2002	41.35%	7.46%	1,405,568,942	253,539,799
December 1997	58.00%	8.28%	2,459,637,139	351,288,410	March 2002 ...	40.93%	7.45%	1,383,939,848	251,764,752
January 1998 ..	57.90%	8.28%	2,446,875,676	350,069,370	April 2002	40.50%	7.41%	1,362,307,881	249,284,327
February 1998	57.80%	8.28%	2,429,992,574	348,255,418	May 2002	40.07%	7.38%	1,340,675,404	246,778,478
March 1998 ...	57.70%	8.28%	2,417,334,834	347,041,787	June 2002	39.63%	7.34%	1,319,044,813	244,247,395
April 1998	57.61%	8.28%	2,405,247,619	345,820,051	July 2002	39.20%	7.30%	1,289,723,925	240,257,877
May 1998	57.41%	8.28%	2,388,034,524	344,439,110	August 2002 ...	38.75%	7.26%	1,268,247,799	237,695,082
June 1998	57.11%	8.28%	2,350,761,838	340,820,727	September 2002	38.31%	7.22%	1,246,780,652	235,107,817
July 1998	56.81%	8.28%	2,330,268,655	339,625,320	October 2002 ..	37.86%	7.18%	1,220,503,859	231,581,535
August 1998 ...	56.51%	8.28%	2,304,689,295	337,687,418	November 2002	37.41%	7.13%	1,199,138,857	228,634,366
September 1998	56.21%	8.28%	2,284,143,228	336,485,637	December 2002	36.95%	7.10%	1,177,790,622	226,304,656
October 1998 ..	55.90%	8.28%	2,263,526,391	335,275,875	January 2003 ..	36.50%	7.04%	1,156,461,791	222,997,270
November 1998	55.59%	8.28%	2,242,840,037	334,058,099	February 2003	36.03%	7.01%	1,135,155,403	220,934,294
December 1998	55.28%	8.28%	2,222,085,447	332,832,277	March 2003 ...	35.57%	6.97%	1,113,873,098	218,214,757
January 1999 ..	54.97%	8.28%	2,201,263,921	331,598,377	April 2003	35.10%	6.91%	1,092,618,714	215,161,429
February 1999	54.65%	8.28%	2,180,376,792	330,356,366	May 2003	34.63%	6.90%	1,071,394,692	213,636,680
March 1999 ...	54.33%	8.28%	2,159,495,832	329,116,944	June 2003	34.15%	6.86%	1,050,203,873	210,844,892
April 1999	54.01%	8.28%	2,138,551,512	327,869,399	July 2003	33.67%	6.81%	1,029,049,141	208,031,548
May 1999	53.68%	8.28%	2,117,545,224	326,613,699	August 2003 ...	33.19%	6.76%	1,007,933,623	205,197,003
June 1999	53.35%	8.28%	2,096,478,384	325,349,811	September 2003	32.71%	6.71%	986,859,688	202,341,625
July 1999	53.02%	8.28%	2,075,352,438	324,077,701	October 2003 ..	32.22%	6.65%	965,830,947	199,465,796
August 1999 ...	52.69%	7.90%	2,054,168,855	307,825,160	November 2003	31.72%	6.60%	944,850,258	196,569,913
September 1999	52.36%	7.89%	2,032,929,136	306,516,726	December 2003	31.23%	6.55%	923,920,721	193,654,387
October 1999 ..	52.02%	7.88%	2,011,634,804	304,791,149	January 2004 ..	30.73%	6.49%	903,141,008	190,739,819
November 1999	51.68%	7.87%	1,990,287,415	303,038,262	February 2004	30.22%	6.43%	882,535,088	187,831,544
December 1999	51.33%	7.86%	1,968,888,549	301,641,615	March 2004 ...	29.71%	6.37%	861,983,747	184,904,348
January 2000 ..	50.98%	7.85%	1,947,439,817	299,832,471	April 2004	29.20%	6.25%	841,490,141	180,229,787
February 2000	50.63%	7.83%	1,926,064,431	298,014,790	May 2004	28.69%	6.21%	821,079,021	177,854,867
March 2000 ...	50.28%	7.82%	1,904,641,389	296,169,780	June 2004	28.17%	6.19%	800,827,531	176,044,207
April 2000	49.93%	7.81%	1,883,172,358	294,674,637	July 2004	27.65%	6.13%	780,800,637	173,106,953
May 2000	49.57%	7.80%	1,861,659,034	292,773,376	August 2004 ...	27.12%	6.07%	760,835,349	170,152,162
June 2000	49.21%	7.79%	1,840,103,143	291,218,760	September 2004	26.59%	6.00%	740,934,864	167,180,313

Payment Date Occurring in	Supplemental Loan to Value Ratio		Supplemental Principal Balance		Payment Date Occurring in	Supplemental Loan to Value Ratio		Supplemental Principal Balance	
	Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B		Aggregate Class A including Refinancings	Class B	Aggregate Class A including Refinancings	Class B
			(\$)	(\$)				(\$)	(\$)
October 2004 ..	26.06%	5.93%	721,102,428	164,191,900	May 2007	7.55%	3.04%	164,386,884	66,110,040
November 2004	25.52%	5.87%	701,341,332	161,187,432	June 2007	6.89%	2.90%	148,709,786	62,645,782
December 2004	24.98%	5.80%	681,654,913	158,167,438	July 2007	6.22%	2.84%	133,179,325	60,905,942
January 2005 ..	24.44%	5.73%	662,046,553	155,132,463	August 2007 ...	5.55%	2.73%	117,784,746	57,870,245
February 2005	23.89%	5.65%	642,519,684	152,083,068	September 2007	4.87%	2.68%	102,529,960	56,519,289
March 2005 ...	23.33%	5.52%	623,077,783	147,417,747	October 2007 ..	4.19%	2.56%	87,426,999	53,475,715
April 2005	22.78%	5.45%	603,742,513	144,357,455	November 2007	3.50%	2.44%	72,475,908	50,438,456
May 2005	22.22%	5.43%	584,548,618	142,875,170	December 2007	2.81%	2.31%	57,671,366	47,403,332
June 2005	21.65%	5.35%	565,464,408	139,794,449	January 2008 ..	2.11%	2.18%	43,025,426	44,379,586
July 2005	21.09%	5.27%	546,475,566	136,701,881	February 2008	1.41%	2.05%	28,528,851	41,358,979
August 2005 ...	20.51%	5.19%	527,599,986	133,601,727	March 2008 ...	0.71%	1.92%	14,186,843	38,345,644
September 2005	19.94%	5.11%	508,840,199	130,494,499	April 2008	0.00%	1.78%	0	35,339,845
October 2005 ..	19.36%	5.03%	490,232,569	127,389,507	May 2008	0.00%	1.65%	0	32,340,671
November 2005	18.77%	4.95%	471,742,999	124,277,987	June 2008	0.00%	1.51%	0	29,351,561
December 2005	18.19%	4.86%	453,426,574	121,174,503	July 2008	0.00%	1.37%	0	26,371,446
January 2006 ..	17.59%	4.77%	435,269,053	118,075,660	August 2008 ...	0.00%	1.22%	0	23,398,342
February 2006	17.00%	4.60%	417,221,343	113,004,610	September 2008	0.00%	1.08%	0	20,433,319
March 2006 ...	16.40%	4.59%	399,356,892	111,872,542	October 2008 ..	0.00%	0.93%	0	17,480,918
April 2006	15.79%	4.50%	381,663,155	108,785,630	November 2008	0.00%	0.78%	0	14,537,725
May 2006	15.18%	4.41%	364,081,623	105,691,104	December 2008	0.00%	0.63%	0	11,605,425
June 2006	14.57%	4.31%	346,646,444	102,598,706	January 2009 ..	0.00%	0.48%	0	8,684,758
July 2006	13.96%	4.22%	329,357,210	99,508,493	February 2009	0.00%	0.32%	0	5,776,726
August 2006 ...	13.33%	4.12%	312,215,395	96,421,094	March 2009 ...	0.00%	0.00%	0	0
September 2006	12.71%	4.02%	295,193,623	93,328,063	April 2009	0.00%	0.00%	0	0
October 2006 ..	12.08%	3.92%	278,345,575	90,246,359	May 2009	0.00%	0.00%	0	0
November 2006	11.45%	3.81%	261,620,287	87,159,863	June 2009	0.00%	0.00%	0	0
December 2006	10.81%	3.71%	245,021,602	84,069,391	July 2009	0.00%	0.00%	0	0
January 2007 ..	10.17%	3.60%	228,595,297	80,990,616	August 2009 ...	0.00%	0.00%	0	0
February 2007	9.52%	3.49%	212,317,360	77,915,732	September 2009	0.00%	0.00%	0	0
March 2007 ...	8.87%	3.38%	196,198,751	74,849,114	October 2009 ..	0.00%	0.00%	0	0
April 2007	8.21%	3.27%	180,210,643	71,780,029	November 2009	0.00%	0.00%	0	0

APPENDIX 7
SCHEDULED PRINCIPAL PAYMENT
AMOUNTS AND TARGET POOL FACTORS
FOR FIXED RATE CERTIFICATES

Payment Date Occurring in	Scheduled Principal Payment Amounts		Target Pool Factors		Payment Date Occurring in	Scheduled Principal Payment Amounts		Target Pool Factors	
	Class C	Class D	Class C	Class D		Class C	Class D	Class C	Class D
	(\$)	(\$)				(\$)	(\$)		
March 1996	0	0	100.00%	100.00%	August 2000	1,283,736	581,572	91.94%	98.22%
May 1996	0	0	100.00%	100.00%	September 2000	1,299,940	600,727	91.60%	98.07%
June 1996	0	0	100.00%	100.00%	October 2000	1,316,255	620,080	91.25%	97.91%
July 1996	0	0	100.00%	100.00%	November 2000	1,332,682	639,632	90.89%	97.75%
August 1996	0	0	100.00%	100.00%	December 2000	1,349,221	659,385	90.53%	97.59%
September 1996	0	0	100.00%	100.00%	January 2001	1,365,872	679,342	90.17%	97.42%
October 1996	0	0	100.00%	100.00%	February 2001	1,382,636	699,503	89.80%	97.24%
November 1996	0	0	100.00%	100.00%	March 2001	1,399,515	719,871	89.43%	97.06%
December 1996	0	0	100.00%	100.00%	April 2001	1,416,508	740,447	89.05%	96.88%
January 1997	0	0	100.00%	100.00%	May 2001	1,433,616	761,232	88.67%	96.69%
February 1997	0	0	100.00%	100.00%	June 2001	1,450,841	782,228	88.28%	96.49%
March 1997	0	0	100.00%	100.00%	July 2001	1,468,181	803,438	87.89%	96.29%
April 1997	0	0	100.00%	100.00%	August 2001	1,485,639	824,862	87.49%	96.08%
May 1997	0	0	100.00%	100.00%	September 2001	1,503,215	846,503	87.09%	95.87%
June 1997	0	0	100.00%	100.00%	October 2001	1,520,910	868,362	86.68%	95.65%
July 1997	0	0	100.00%	100.00%	November 2001	1,538,723	890,442	86.27%	95.43%
August 1997	0	0	100.00%	100.00%	December 2001	1,556,657	912,744	85.86%	95.20%
September 1997	0	0	100.00%	100.00%	January 2002	1,574,711	935,269	85.44%	94.97%
October 1997	0	0	100.00%	100.00%	February 2002	1,592,886	958,019	85.01%	94.73%
November 1997	0	0	100.00%	100.00%	March 2002	1,611,184	980,997	84.58%	94.49%
December 1997	0	0	100.00%	100.00%	April 2002	1,629,604	1,004,204	84.15%	94.23%
January 1998	0	0	100.00%	100.00%	May 2002	1,648,147	1,027,643	83.71%	93.98%
February 1998	0	0	100.00%	100.00%	June 2002	1,666,814	1,051,315	83.27%	93.71%
March 1998	0	0	100.00%	100.00%	July 2002	1,685,606	1,075,221	82.82%	93.45%
April 1998	0	0	100.00%	100.00%	August 2002	1,704,524	1,099,363	82.36%	93.17%
May 1998	885,843	0	99.76%	100.00%	September 2002	1,723,568	1,123,745	81.90%	92.89%
June 1998	899,286	0	99.52%	100.00%	October 2002	1,742,738	1,148,367	81.44%	92.60%
July 1998	912,823	0	99.28%	100.00%	November 2002	1,762,037	1,173,232	80.97%	92.31%
August 1998	926,456	0	99.03%	100.00%	December 2002	1,781,463	1,198,340	80.49%	92.01%
September 1998	940,184	0	98.78%	100.00%	January 2003	1,801,019	1,223,696	80.01%	91.70%
October 1998	954,010	0	98.53%	100.00%	February 2003	1,820,704	1,249,300	79.53%	91.39%
November 1998	967,932	0	98.27%	100.00%	March 2003	1,840,520	1,275,154	79.04%	91.07%
December 1998	981,952	0	98.01%	100.00%	April 2003	1,860,467	1,301,261	78.54%	90.75%
January 1999	996,070	0	97.74%	100.00%	May 2003	1,880,546	1,327,622	78.04%	90.42%
February 1999	1,010,286	0	97.47%	100.00%	June 2003	1,900,758	1,354,240	77.53%	90.08%
March 1999	1,024,602	0	97.20%	100.00%	July 2003	1,921,104	1,381,117	77.02%	89.73%
April 1999	1,039,018	0	96.92%	100.00%	August 2003	1,941,583	1,408,253	76.50%	89.38%
May 1999	1,053,534	316,942	96.64%	99.92%	September 2003	1,962,198	1,435,652	75.98%	89.02%
June 1999	1,068,152	333,313	96.36%	99.84%	October 2003	1,982,948	1,463,317	75.45%	88.65%
July 1999	1,082,871	349,860	96.07%	99.75%	November 2003	2,003,835	1,491,249	74.92%	88.28%
August 1999	1,097,692	366,583	95.78%	99.66%	December 2003	2,024,859	1,519,449	74.38%	87.90%
September 1999	1,112,616	383,485	95.48%	99.56%	January 2004	2,046,021	1,547,920	73.83%	87.52%
October 1999	1,127,643	400,566	95.18%	99.46%	February 2004	2,067,322	1,576,665	73.28%	87.12%
November 1999	1,142,775	417,827	94.87%	99.36%	March 2004	2,088,762	1,605,686	72.72%	86.72%
December 1999	1,158,011	435,270	94.56%	99.25%	April 2004	2,110,343	1,634,985	72.16%	86.31%
January 2000	1,173,352	452,899	94.25%	99.14%	May 2004	2,132,066	1,664,563	71.59%	85.89%
February 2000	1,188,799	470,712	93.93%	99.02%	June 2004	2,153,930	1,694,424	71.02%	85.47%
March 2000	1,204,352	488,712	93.61%	98.90%	July 2004	2,175,936	1,724,569	70.44%	85.04%
April 2000	1,220,012	506,901	93.29%	98.77%	August 2004	2,198,087	1,755,000	69.85%	84.60%
May 2000	1,235,780	525,280	92.96%	98.64%	September 2004	2,220,382	1,785,721	69.26%	84.15%
June 2000	1,251,656	543,850	92.63%	98.50%	October 2004	2,242,822	1,816,733	68.66%	83.70%
July 2000	1,267,641	562,613	92.29%	98.36%	November 2004	2,265,408	1,848,039	68.06%	83.24%
					December 2004	2,288,140	1,879,641	67.45%	82.77%

Payment Date Occurring in	Scheduled Principal Payment Amounts		Target Pool Factors		Payment Date Occurring in	Scheduled Principal Payment Amounts		Target Pool Factors	
	Class C	Class D	Class C	Class D		Class C	Class D	Class C	Class D
	(\$)	(\$)				(\$)	(\$)		
January 2005	2,311,021	1,911,541	66.83%	82.29%	August 2009	3,822,731	4,201,832	22.29%	41.27%
February 2005	2,334,050	1,943,741	66.21%	81.80%	September 2009	3,855,330	4,254,760	21.26%	40.21%
March 2005	2,357,228	1,976,245	65.58%	81.31%	October 2009	3,888,132	4,308,152	20.22%	39.13%
April 2005	2,380,556	2,009,053	64.94%	80.81%	November 2009	3,921,136	4,362,011	19.18%	38.04%
May 2005	2,404,035	2,042,170	64.30%	80.30%	December 2009	3,954,345	4,416,342	18.12%	36.94%
June 2005	2,427,666	2,075,597	63.65%	79.78%	January 2010	3,987,760	4,471,148	17.06%	35.82%
July 2005	2,451,450	2,109,337	63.00%	79.25%	February 2010	4,021,381	4,526,433	15.99%	34.69%
August 2005	2,475,387	2,143,392	62.34%	78.72%	March 2010	4,055,210	4,582,199	14.90%	33.54%
September 2005	2,499,479	2,177,764	61.67%	78.17%	April 2010	4,089,248	4,638,451	13.81%	32.38%
October 2005	2,523,725	2,212,458	61.00%	77.62%	May 2010	4,123,496	4,695,193	12.71%	31.21%
November 2005	2,548,128	2,247,473	60.32%	77.06%	June 2010	4,157,955	4,752,429	11.61%	30.02%
December 2005	2,572,688	2,282,814	59.64%	76.49%	July 2010	4,192,627	4,810,162	10.49%	28.82%
January 2006	2,597,405	2,318,482	58.94%	75.91%	August 2010	4,227,512	4,868,396	9.36%	27.60%
February 2006	2,622,282	2,354,480	58.24%	75.32%	September 2010	4,262,611	4,927,135	8.22%	26.37%
March 2006	2,647,318	2,390,813	57.54%	74.72%	October 2010	4,297,927	4,986,381	7.08%	25.12%
April 2006	2,672,514	2,427,480	56.83%	74.11%	November 2010	4,333,459	5,046,140	5.92%	23.86%
May 2006	2,697,872	2,464,485	56.11%	73.50%	December 2010	4,369,210	5,106,416	4.76%	22.58%
June 2006	2,723,392	2,501,832	55.38%	72.87%	January 2011	4,405,180	5,167,212	3.58%	21.29%
July 2006	2,749,075	2,539,522	54.65%	72.24%	February 2011	4,441,370	5,228,532	2.40%	19.99%
August 2006	2,774,922	2,577,559	53.91%	71.59%	March 2011	8,992,201	5,290,381	0.00%	18.66%
September 2006	2,800,934	2,615,944	53.16%	70.94%	April 2011	0	5,352,762	0.00%	17.32%
October 2006	2,827,112	2,654,680	52.41%	70.27%	May 2011	0	5,415,679	0.00%	15.97%
November 2006	2,853,457	2,693,772	51.64%	69.60%	June 2011	0	5,479,137	0.00%	14.60%
December 2006	2,879,970	2,733,220	50.88%	68.92%	July 2011	0	5,543,139	0.00%	13.22%
January 2007	2,906,651	2,773,029	50.10%	68.22%	August 2011	0	5,607,689	0.00%	11.81%
February 2007	2,933,502	2,813,200	49.32%	67.52%	September 2011	0	5,672,792	0.00%	10.39%
March 2007	2,960,523	2,853,737	48.53%	66.81%	October 2011	0	5,738,453	0.00%	8.96%
April 2007	2,987,716	2,894,643	47.73%	66.08%	November 2011	0	5,804,675	0.00%	7.51%
May 2007	3,015,082	2,935,919	46.93%	65.35%	December 2011	0	5,871,461	0.00%	6.04%
June 2007	3,042,620	2,977,569	46.12%	64.61%	January 2012	0	5,938,817	0.00%	4.56%
July 2007	3,070,333	3,019,598	45.30%	63.85%	February 2012	0	6,006,748	0.00%	3.05%
August 2007	3,098,222	3,062,006	44.47%	63.09%	March 2012	0	12,219,605	0.00%	0.00%
September 2007	3,126,287	3,104,797	43.64%	62.31%	April 2012	0	0	0.00%	0.00%
October 2007	3,154,529	3,147,975	42.80%	61.52%	May 2012	0	0	0.00%	0.00%
November 2007	3,182,949	3,191,541	41.95%	60.72%	June 2012	0	0	0.00%	0.00%
December 2007	3,211,548	3,235,499	41.09%	59.92%	July 2012	0	0	0.00%	0.00%
January 2008	3,240,328	3,279,852	40.23%	59.10%	August 2012	0	0	0.00%	0.00%
February 2008	3,269,288	3,324,603	39.36%	58.26%	September 2012	0	0	0.00%	0.00%
March 2008	3,298,431	3,369,756	38.48%	57.42%	October 2012	0	0	0.00%	0.00%
April 2008	3,327,758	3,415,313	37.59%	56.57%	November 2012	0	0	0.00%	0.00%
May 2008	3,357,268	3,461,277	36.69%	55.70%	December 2012	0	0	0.00%	0.00%
June 2008	3,386,964	3,507,652	35.79%	54.83%	January 2013	0	0	0.00%	0.00%
July 2008	3,416,845	3,554,441	34.88%	53.94%	February 2013	0	0	0.00%	0.00%
August 2008	3,446,915	3,601,646	33.96%	53.04%	March 2013	0	0	0.00%	0.00%
September 2008	3,477,172	3,649,271	33.03%	52.12%	April 2013	0	0	0.00%	0.00%
October 2008	3,507,619	3,697,321	32.10%	51.20%	May 2013	0	0	0.00%	0.00%
November 2008	3,538,256	3,745,797	31.15%	50.26%	June 2013	0	0	0.00%	0.00%
December 2008	3,569,084	3,794,703	30.20%	49.31%	July 2013	0	0	0.00%	0.00%
January 2009	3,600,105	3,844,042	29.24%	48.35%	August 2013	0	0	0.00%	0.00%
February 2009	3,631,320	3,893,818	28.27%	47.38%	September 2013	0	0	0.00%	0.00%
March 2009	3,662,729	3,944,033	27.30%	46.39%	October 2013	0	0	0.00%	0.00%
April 2009	3,694,334	3,994,693	26.31%	45.40%	November 2013	0	0	0.00%	0.00%
May 2009	3,726,135	4,045,799	25.32%	44.38%	December 2013	0	0	0.00%	0.00%
June 2009	3,758,135	4,097,355	24.32%	43.36%	January 2014	0	0	0.00%	0.00%
July 2009	3,790,333	4,149,365	23.31%	42.32%	February 2014	0	0	0.00%	0.00%



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