ANNUAL REPORT

For the fiscal year ended March 31, 2009

of

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Subclass A-8 and A-9 Certificates due March 15, 2019

Class B, C and D Certificates due March 15, 2019

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AIRPLANES LIMITED AND AIRPLANES U.S. TRUST

2009 ANNUAL REPORT

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1. INTRODUCTION

A. OVERVIEW OF CAPITAL STRUCTURE

Airplanes Limited ("**Airplanes Limited**") is a special purpose, limited liability company formed on November 3, 1995 under the laws of Jersey, Channel Islands. Airplanes U.S. Trust ("**Airplanes Trust**") is a Delaware statutory trust formed in November 1995. "**Airplanes Group**" refers to Airplanes Limited and Airplanes Trust, and in this Annual Report, we use "**we,**" "**us**" and "**our**" to refer to Airplanes Group and its subsidiaries and Airplanes Pass Through Trust. The "**board**" refers to the Board of Directors of Airplanes Limited and the Controlling Trustees of Airplanes U.S. Trust. We are in the business of leasing aircraft to aircraft operators around the world.

Until June 3, 2005 when we filed a Form 15 with the Securities and Exchange Commission ("**SEC**"), we were a reporting company under the Securities Exchange Act of 1934 and filed annual, quarterly and other periodic reports with the SEC. You can obtain electronic copies, free of charge, of all of these reports from our website, www.airplanes-group.com. For an explanation of the reasons for our filing of a Form 15, please refer to our press release dated June 3, 2005 as filed with the SEC on Form 8-K, which is available from our website.

On March 28, 1996, we established eight separate pass through trusts to issue and sell $4,048 million in aggregate principal amount of subclass A-1, A-2, A-3, A-4 and A-5 and class B, C and D pass through certificates in an underwritten offering. We used the proceeds from this offering, together with the proceeds from the sale of the class E notes of Airplanes Limited and Airplanes Trust to GPA Group plc (now known as AerCap Ireland Limited), to acquire a portfolio of 229 aircraft from GPA Group and its subsidiaries. We use the rental payments that we receive from leasing the aircraft to pay interest and principal on this debt. On March 16, 1998, we established four additional pass through trusts to issue and sell $2,437 million in aggregate principal amount of subclass A-6, A-7 and A-8 and class B certificates in connection with the refinancing of our subclass A-1, A-2 and A-3 and class B certificates. On November 20, 1998, General Electric Capital Corporation ("**GE Capital**") acquired a majority of the class E notes from AerFi Group (previously known as GPA Group and now known as AerCap Ireland) and its subsidiaries. On that date, a subsidiary of AerFi Group also granted GE Capital an option to acquire the residual interest in Airplanes Trust. See below at "Airplanes Trust" for more information about the option. The subclass A-5 certificates were fully repaid as of May 15, 1998. We established a new pass through trust on March 15, 2001 to issue and sell $750 million in aggregate principal amount of subclass A-9 certificates. We used the proceeds from this offering to refinance our subclass A-4 and A-7 certificates and the corresponding subclass A-4 and A-7 notes. The subclass A-6 certificates were fully repaid on October 15, 2004.

AIRPLANES PASS THROUGH TRUST

"**Airplanes Pass Through Trust**" and the "**trust**" refer to all the pass through trusts created under the Airplanes Pass Through Trust Agreement dated March 28, 1996, as supplemented (the "**trust agreement**") among Airplanes Limited, Airplanes Trust and Bankers Trust Company (now known as Deutsche Bank Trust Company Americas), as trustee (the "**trustee**"), except where it is clear that this term means only a particular pass through trust. The certificates issued by each pass through trust each represent a fractional undivided beneficial interest in two corresponding classes or subclasses of notes issued and cross-guaranteed by Airplanes Limited and Airplanes Trust pursuant to trust indentures dated as of March 28, 1996 (as amended or supplemented, the "**indentures**") they entered into with Deutsche Bank Trust Company Americas, as trustee (the "**indenture trustee**"), and held by that trust. The two corresponding classes of notes and guarantees held by each trust are the principal sources of payment for the class or subclass of certificates issued by that trust.

AIRPLANES LIMITED

The sole purposes of Airplanes Limited are to (a) acquire, own, manage, maintain, lease, re-lease, modify and sell (subject to restrictions under its indenture) the aircraft, (b) finance and refinance these activities, including guaranteeing the obligations of its subsidiaries and of Airplanes Trust, (c) manage its interest rate and currency risks, and (d) engage in other activities related to the aircraft and their financing.

Airplanes Limited's principal assets are the intercompany loans it has advanced to its subsidiaries and 95% of the capital stock of Airplanes Holdings Limited. As of March 31, 2009, Airplanes Holdings owned a total of 112 aircraft directly and through its aircraft-owning subsidiaries, and owned a number of aircraft-leasing subsidiaries which lease aircraft from the aircraft-owning subsidiaries and sublease them to lessees. The remaining 5% of the capital stock of Airplanes Holdings is owned by GE Commercial Aviation Services Limited ("**GECAS**").

Airplanes Limited has a board of directors, which is currently composed of five directors.

AIRPLANES TRUST

The sole purposes of Airplanes Trust are to (a) acquire, own, manage, maintain, lease, re-lease, modify and sell (subject to restrictions under its indenture) the aircraft, (b) finance and refinance these activities, including guaranteeing the obligations of its subsidiaries and of Airplanes Limited, (c) manage its interest rate and currency risks and (d) engage in other activities related to the aircraft and their financing.

Airplanes Trust's principal assets are the intercompany loans it has advanced to its subsidiaries and 100% of the capital stock of AeroUSA Inc., which as of March 31, 2009, owned four aircraft. The shares of AeroUSA and AeroUSA 3 are held by separate voting trusts with Wells Fargo Bank Northwest, acting as trustee, in order to satisfy the U.S. Federal Aviation Administration regulations regarding the U.S. citizenship of the owners of U.S. registered aircraft. Airplanes Trust has no ownership or leasehold interests in any real property.

AerCap, Inc. (formerly known as GPA, Inc.), a wholly-owned subsidiary of AerCap Holdings NV, holds the residual ownership interest in all of the property of Airplanes Trust. In connection with the sale of the class E notes to GE Capital by GPA Group (now known as AerCap Ireland) and its subsidiaries in 1998, GPA, Inc. (now known as AerCap, Inc.) granted an option to GE Capital for it to purchase this residual ownership interest in Airplanes Trust for $1.00. If GE Capital does not exercise this option before its expiry date, which is 30 days after notice of the dissolution of the trust, the option will become void. Upon repayment in full of all of the indebtedness of Airplanes Trust and the dissolution of Airplanes Trust, legal title to the AeroUSA shares and other property of Airplanes Trust will revert to AerCap, Inc. or GE Capital, if GE Capital has exercised its option.

Airplanes Trust has five controlling trustees, who are the same individuals as those who currently serve as directors of Airplanes Limited, and a Delaware trustee, Wilmington Trust Company.

B. OVERVIEW OF CURRENT FINANCIAL CONDITION

SINCE DECEMBER 15, 2003 WE HAVE BEEN UNABLE TO MAKE PAYMENTS ON JUNIOR NOTES AND CERTIFICATES.

We have been unable to meet all of the base case assumptions either in our original prospectus dated March 28, 1996 (the "**1996 Base Case**") or in our prospectus dated March 8, 2001 (the "**2001 Base Case**"). On each payment date, we are currently only paying in full our administrative and lease expenses and certain other payments in the ordinary course of business, interest on the class A notes and swap payments, and the "First Collection Account Top-Up". We use any remaining cash flows towards payment of minimum principal on the class A notes which at May 15, 2009 was $553.2 million in arrears. We do not believe that we will ever be able to resume making payments of interest or principal on the class B, C and D notes.

As a result of the overall strengthening of the aviation industry between 2005 and 2007 as discussed under "6B. Management's Discussion and Analysis of Financial Condition and Results of Operations—Background", our lease rates in that period for some of the aircraft types in our portfolio improved over the rates we obtained for these aircraft in the years immediately following the terrorist attacks in the U.S. on September 11, 2001. Additionally, our aircraft downtime in that period generally lessened as a result of stronger demand amid the improved industry conditions in those years. However, 2008 proved to be extremely difficult for most carriers, especially those, like many of our lessees, which are weaker credits. 2008 saw record high average fuel prices and the near collapse of the worldwide banking system which has led to simultaneous recession in the EU, US and Japan for the first time since World War II. During 2008 a number of airlines worldwide such as Aloha, Eos, Skybus, Spain's Futura and the UK's XL Group as well as two of our Asian and one of our African lessees ceased trading and others, such as Frontier, filed for bankruptcy. The latest forecast from the International Air Transport Association ("**IATA**") estimates that the global losses experienced by the aviation industry in 2008 will follow on into 2009 with economic indicators now pointing towards a severe recession. When reporting in September 2008, IATA had expected modest economic growth in 2009 to generate some level of growth in both air traffic and revenues. IATA now believes that a deep recession will lead to the most challenging revenue environment for the commercial aviation industry in fifty years, resulting in larger losses in 2009 than in 2008 in most regions. IATA expects combined losses of $9 billion globally in 2009. For the U.S., IATA forecasts losses of $1 billion, which is significantly better than the $5.1 billion loss posted in 2008. IATA forecasts that the biggest impact in 2009 will be in the Asia-Pacific region, where airlines are expected to post the largest losses of $3.3 billion. This is marginally better than in 2008, when they lost $3.9 billion. IATA expects that fuel costs will remain an issue even though they are expected to decline by $59 billion to $106 billion in 2009. Passenger traffic globally increased by 1.6% and cargo traffic decreased by 4% in 2008 (as compared to 2007) and IATA expects to see significant traffic declines in 2009, with passenger traffic forecast to fall by 8% and cargo traffic forecast to fall by 17%. Total worldwide revenues are forecast to fall by 15% in 2009 as compared to 2008, while at the same time new aircraft ordered during the profitable years of 2005 – 2007 will come on stream in increasingly large numbers. This influx of new aircraft combined with declining traffic has lead to excess capacity and is further impacting our ability to re-lease our aircraft at favourable rates, with a consequent effect on their value. As most aircraft types within our fleet are out of production niche-type aircraft, the improvement in lease rates and downtime that we experienced as a result of the stronger market in 2005 to 2007 was not sufficient to improve our cashflows significantly and these aircraft types have been more significantly affected by the weaker market in 2008 and that predicted by IATA for 2009. Further, the recent outbreak of Swine Flu in Mexico is currently having a significant impact on air travel to and within the region, and its subsequent spread across the globe has the potential to present further significant challenges for the aviation industry. After an emergency meeting on June 11, 2009 the World Health Organisation ("**WHO**") raised the alert level to phase 6 to declare Swine Flu a global flu pandemic. Whilst the WHO has not to date recommended the closure of borders or the imposition of restrictions on the movement of people, goods or services, should this occur this would have a significant impact on air travel. Even in the absence of such restrictions, passenger demand for air travel may be affected, with a consequent negative impact on the aviation industry including our lessees. As of the date of this Annual Report we have 17 aircraft on the ground and for 12 of these aircraft we have no commitment for their sale or lease. In the year ended March 31, 2009, the servicer repossessed or took early redelivery of 16 aircraft and restructured (or commenced negotiations for restructuring) leases in respect of four aircraft. Subsequent to March 31, 2009 the servicer has entered into restructurings in respect of leases of a further 26 aircraft and as at the date of this Annual Report, is in negotiations for the restructuring of leases of a further two aircraft. In addition, as at the date of this Annual Report, these two aircraft for which restructurings are being negotiated have redelivered early from one lessee and have been contracted for lease to a new lessee. When we have been able to enter into new leases, while we have sometimes, most notably during the 2005 to 2007 period, achieved higher lease rates than those previously contracted for the same aircraft, these rates have been lower, and in many cases, substantially lower, than the rates assumed in the 2001 Base Case. For new leases entered into in the year ended March 31, 2009 the lease rates have, in most cases, been substantially lower than the lease rates assumed in the 2001 Base Case. Thus we continue to generate revenues that are inadequate to pay minimum principal on the class A notes in full, or to pay any interest or minimum principal on the class B notes or any interest on the class C and class D notes.

As a result of the consent solicitation we conducted in 2003 (the "**2003 consent solicitation**"), where we have opportunities, we are now able to sell aircraft which we may not have been able to sell previously due to restrictions contained in our indentures. While sales of aircraft have generated revenue in excess of amounts we estimated we could derive from continued leasing of those aircraft, given the aircraft age and types, the sales proceeds have not made a significant difference to our cashflow. Sales are difficult to achieve in the current market and we anticipate that it will continue to be difficult to achieve sales as our fleet continues to age and newer, more fuel efficient aircraft become available at more competitive prices due to overcapacity. We therefore do not expect to generate revenues that will be sufficient to pay minimum principal on the class A notes in full, or to pay any interest or minimum principal on the class B notes or any interest on the class C and class D notes.

Ratings

This vulnerability of the various classes of notes and corresponding certificates has been reflected in actions taken by the rating agencies which continue to re-evaluate structured aircraft financings.

Set out in the table below are the ratings of our certificates at June 15, 2009:-

Certificate	Outstanding Principal Balance as at May 15, 2009	S & P	Fitch	Moody's (S&P equivalent)
Subclass A-8...	$170.5m	BB-	BB	Baa3 (BBB-)
Subclass A-9...	$750.0m	CCC	CCC	B1 (B+)
Class B...........	$226.8m	D	C	Ca (CC)
Class C...........	$349.8m	D	C	Ca (CC)
Class D...........	$395.lm	D	C	C (C)

On July 23, 2008, Fitch downgraded the subclass A-9 certificates from "B+" to "CCC".

There can be no assurance that the rating agencies will not further downgrade any class of our 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. A rating is not a recommendation to buy, sell or hold certificates because ratings do not comment as to market price or suitability for a particular investor. A rating may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

C. RISK FACTORS

The following summarizes various risks and uncertainties which may materially affect the ability of Airplanes Limited and Airplanes Trust to pay interest, principal or any premium even on the class A notes and hence our ability to pay interest, principal or any premium on the corresponding certificates in full at or before their respective final maturity dates. These risks and uncertainties are not the only ones relevant to the certificates, the notes and guarantees, the trust or Airplanes Group.

This Annual Report contains forward-looking statements that involve risks and uncertainties. In most cases, you can identify these forward-looking statements by terms such as "may," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or similar terms that relate to the future or express uncertainty. Our actual results could differ materially from those anticipated in these forward-looking statements. In evaluating these statements, you should specifically consider various factors, including the risks outlined below, that may impact our results of operations.

RISKS RELATING TO PAYMENT ON THE NOTES AND CERTIFICATES

SUBORDINATION PROVISIONS RESTRICT THE RIGHTS OF JUNIOR NOTEHOLDERS AND CERTIFICATE HOLDERS.

In general, the rights and remedies with respect to a note event of default are exercisable only by the trustee of and the holders of the most senior class of notes outstanding, and then only to the extent that there is an event of default with respect to that senior class of notes. For example, a failure to make a required payment on a class of notes is a default only with respect to that class of notes and the corresponding certificates. Accordingly, if, as occurred on December 15, 2003, when we were unable to pay interest on the class B, C and D notes, an event of default occurs with respect to a class of notes which is not the most senior class outstanding, the holders of that class of notes (and thus, the corresponding certificates) will not be permitted to enforce their rights until all amounts owing under any more senior class of notes outstanding and certain other amounts have been paid in full. The class A notes are the most senior class of notes currently outstanding.

CERTIFICATEHOLDERS HAVE NO SECURITY INTEREST IN THE AIRCRAFT OR THE LEASES TO SECURE OUR REPAYMENT OF THE CERTIFICATES.

None of the certificateholders, the trustee or the security trustee has any security interest, mortgage, charge or similar interest in any aircraft in our portfolio or in the related leases. If an actionable event of default occurs, neither the certificateholders nor anybody acting on their behalf can sell the aircraft or exercise other remedies with respect to the aircraft or the leases to repay the principal and interest, which they would have been able to do if they had held a security interest in the aircraft or the leases. Airplanes Limited and Airplanes Trust have, however, pledged to the security trustee, as security for the notes and their other obligations, one-third of the ordinary share capital of each of AeroUSA, Airplanes Holdings and their subsidiaries, cash balances in the accounts and investments made with our cash balances.

THE TRUST HAS LIMITED SOURCES OF INCOME.

The trust is a pass through trust. The principal assets of the trust are the notes and guarantees, and its only sources of payment on the certificates are payments by Airplanes Limited and Airplanes Trust on those notes and guarantees, including proceeds from any disposition of them. If Airplanes Limited and Airplanes Trust do not make payments on the notes and guarantees to the trust, the trust has no other funds to make payments to certificateholders on the certificates. The certificates and notes are not guaranteed by the trustee, the security trustee, the indenture trustee, the servicer, the administrative agent, the cash manager or any of their affiliates, and certificateholders cannot look to them or anyone else to repay them if the trust defaults in payment on the certificates.

AIRPLANES LIMITED AND AIRPLANES TRUST HAVE LIMITED SOURCES OF INCOME.

The principal assets of Airplanes Limited and Airplanes Trust are shares of their direct subsidiaries and intercompany loans to their direct and indirect subsidiaries. Airplanes Limited and Airplanes Trust do not directly own any of the aircraft and are dependent on payments and distributions from their subsidiaries for their cashflow. If their subsidiaries do not make principal or interest payments to Airplanes Limited and Airplanes Trust on the intercompany loans, or if their subsidiaries do not make any distributions to them, Airplanes Limited and Airplanes Trust would have less cash available to make payments to the trust on the notes or guarantees. Also, if withholding or other taxes are imposed on payments or distributions to Airplanes Limited and Airplanes Trust, or if other significant tax liabilities arise, Airplanes Limited and Airplanes Trust would have less cash available to make payments to the trust. In these circumstances, the trust's cashflows would be further reduced.

AIRPLANES LIMITED AND AIRPLANES TRUST HAVE OTHER CLAIMS THAT RANK SENIOR TO THE NOTES AND GUARANTEES.

Airplanes Limited and Airplanes Trust have guaranteed a significant number of their respective subsidiaries' obligations to lessees. Payments on these guarantees will be treated as lease expenses and will rank ahead of other payment obligations of Airplanes Limited and Airplanes Trust.

CLAIMS ON OUR SUBSIDIARIES ARE EFFECTIVELY SENIOR TO THE CLAIMS OF CERTIFICATEHOLDERS ON AIRPLANES LIMITED AND AIRPLANES TRUST, AND OUR SUBSIDIARIES MAY HAVE MATERIAL CONTINGENT LIABILITIES UNKNOWN TO US.

Any claims on the subsidiaries of Airplanes Limited and Airplanes Trust are effectively senior to the notes and guarantees because the subsidiaries would generally have to make payments on those claims before making payments or distributions to Airplanes Limited and Airplanes Trust. These claims include any payment obligations to lessees and other contingent liabilities, such as liabilities to third parties from operating and leasing the aircraft. There may also be liabilities of this type that arose before we acquired our subsidiaries from GPA Group (now AerCap Ireland) in 1996 of which we are not aware. If the subsidiaries are called upon to pay any of these contingent liabilities, our cashflows would be further reduced.

THERE IS NO PUBLIC MARKET FOR THE CERTIFICATES.

The certificates have a limited trading market which may harm certificateholders' ability to sell them or depress the price at which certificateholders sell them. The certificates are listed only on the Luxembourg Stock Exchange. No one has an obligation to make a market in the certificates. We do not intend to seek approval for quotation through any automated quotation system. Future trading prices for the certificates depend on many factors, including general economic conditions, our financial condition, performance and prospects and the market's then current perception of the commercial aircraft industry and the operating lease business generally.

RISKS RELATING TO AIRPLANES GROUP AND THIRD PARTIES

WE HAVE A HISTORY OF INCURRING NET LOSSES IN OUR OPERATIONS.

Airplanes Group has incurred net losses since its inception and expects to continue to incur substantial and increasing net losses. See "6. Management's Discussion and Analysis of Financial Condition and Results of Operations" for a further discussion of these net losses.

WE HAVE NO MANAGEMENT RESOURCES AND DEPEND ON SERVICE PROVIDERS TO OPERATE OUR BUSINESS AND COLLECT OUR REVENUES.

We have no employees or executive management resources of our own and rely solely on the servicer, administrative agent, cash manager and other service providers for all aircraft servicing, leasing, re-leasing, sales and other executive and administrative functions relating to our portfolio. If these service providers do not perform their contractual obligations to us, our operations may suffer, thereby further adversely affecting our cashflow. We may find it difficult to recover damages for any of these third parties' poor performance pursuant to their contracts and may not be able to terminate these contracts by ourselves. In particular, our rights to terminate the servicing agreement are very limited. We cannot guarantee that we will continue our arrangements with the existing service providers or that they will continue their relationship with us until the certificates are paid in full. If a service provider resigns or if we terminate any service provider, we may be unable to find a suitable replacement that we can engage on suitable terms, which would harm our operations and further impede our cashflow. The appointment of replacement service providers may also cause the rating agencies to lower or withdraw the ratings on the certificates. You should refer to “10. Directors and Trustees of Airplanes Group” for more detailed information on the responsibilities we have delegated to the service providers.

THE SERVICER WILL NOT BE LIABLE TO US FOR LOSSES WE INCUR IN CONNECTION WITH ITS PERFORMANCE OF THE SERVICES.

The servicer will not be liable to us for losses we incur in connection with its performance of the services, except where a court has finally adjudicated that the losses have been directly caused by the servicer’s willful misconduct or gross negligence. In addition, we have agreed to indemnify the servicer on an after-tax basis for a broad range of losses in connection with its performance of the services. Any such indemnification payments would rank senior to payments on the notes and certificates.

WE HAVE DEPENDED ON SWAP COUNTERPARTIES IN MANAGING INTEREST RATE RISKS BUT ARE NOW UNABLE TO FIND SWAP COUNTERPARTIES WILLING TO ENTER INTO NEW SWAPS WITH US. IF WE ARE UNABLE TO HEDGE OR IF OUR COUNTERPARTIES DEFAULT, THERE MAY BE A MISMATCH BETWEEN OUR FIXED AND FLOATING RATE ASSETS AND LIABILITIES WHICH COULD FURTHER REDUCE OUR CASHFLOW.

We have historically managed interest rate risks arising from any mismatch between fixed and floating rate lease rental receipts and our floating rate interest obligations (the only interest obligations we are currently able to pay) through interest rate swaps and other derivative instruments. This strategy for managing interest rate risks was dependent upon our ability to enter into interest rate swaps with eligible counterparties and on the counterparties fulfilling their contractual obligations. Because of our financial condition, we are no longer able to find counterparties willing to enter into swaps with us and as a result of this we have begun purchasing interest rate caps. Our inability now to enter into swaps and the risk of default by an existing swap counterparty or by a cap counterparty may result in a mismatch between our floating rate interest obligations and our fixed and floating rate lease receipts, which could further reduce our cashflow.

GECAS, THE SERVICER, MAY HAVE CONFLICTS OF INTEREST IN MANAGING OUR PORTFOLIO AS A RESULT OF ITS OTHER AIRCRAFT MANAGEMENT ACTIVITIES.

In addition to acting as the servicer for Airplanes Group, GECAS manages a large portfolio of aircraft owned by its affiliates, including the GE group of companies, and third parties, including other securitization vehicles such as Lease Investment Flight Trust, Aircraft Finance Trust and Genesis Lease Ltd. GECAS also arranges aircraft or engine financings and other lease transactions and GE Capital, an affiliate of GECAS, is the owner of the class E notes. GECAS may therefore face conflicts of interest in managing and marketing our portfolio for re-lease or sale. The aircraft it manages for itself or others may compete with our aircraft when they are being marketed for re-lease or sale. These conflicts will arise as decisions affecting some aircraft that GECAS is managing or that GECAS or one of its affiliates owns may be adverse to other aircraft also managed by GECAS. The servicing agreement provides that the standard of care applicable in cases where such conflicts arise requires that GECAS not discriminate between aircraft on an unreasonable basis. For a fuller description of the standard of care, see “10B. Directors and Trustees of Airplanes Group—The Servicer”. While GECAS has agreed to perform the services for us with reasonable care and diligence at all times, GECAS may give preference to its affiliates and other third parties under the terms of its other marketing and servicing arrangements. In addition, GECAS is not obliged to inform us of any conflicts of interest of which it is aware. If, as a result of a conflict of interest, GECAS makes a decision potentially adverse to us, it could have a material adverse effect on the servicing of our aircraft, which may cause additional reductions in our cashflow. See “10B. Directors and Trustees of Airplanes Group—The Servicer” for more information on the activities of the servicer.

THE ADMINISTRATIVE AGENT AND CASH MANAGER MAY HAVE CONFLICTS OF INTEREST BECAUSE OF THEIR PARENT COMPANIES’ OTHER AIRCRAFT MANAGEMENT ACTIVITIES AND OWNERSHIP INTERESTS.

AerCap N.V. and AerCap Ireland, parent companies of the administrative agent and the cash manager, manage a large portfolio of aircraft owned by themselves, their affiliates and third parties. AerCap Ireland and its subsidiary also act as the servicer for AerCo Limited (“**AerCo**”), Aircraft Lease Securitisation Limited (“**ALS**”) and Aircraft Lease Securitisation II Limited (“**ALS II**”), three securitization vehicles similar to Airplanes Group, and AerCap Ireland currently holds all of the class E-l and E-2 notes issued by AerCo and all of the class E-1 and E-2 notes issued by ALS. AerVenture Leasing I Limited (“**AerVenture Leasing**”), a subsidiary of AerCap Holdings N.V., currently holds all of the class E-1 notes issued by ALS II. Subsidiaries of AerCap Ireland also act as administrative agent and cash manager for AerCo and as administrative agent for ALS, ALS II and AerVenture Leasing. As a result, the administrative agent and the cash manager of Airplanes Group may from time to time have conflicts of interest in performing their obligations to Airplanes Group. While the roles of the administrative agent and the cash manager are more limited than those of the servicer, any conflicts of interest that they cannot resolve could have a further adverse impact on our cashflow.

OUR LEGAL COUNSEL MAY HAVE CONFLICTS OF INTEREST IN NEGOTIATING SOME OF OUR AGREEMENTS BECAUSE THEY ALSO REPRESENT PARTIES WITH WHICH WE DEAL.

Airplanes Group and AerCap Ireland are represented by the same Jersey and Irish legal counsel, and we anticipate that this multiple representation will continue. Our legal counsel may face conflicts of interest when negotiating agreements between Airplanes Group and AerCap Ireland. If a significant dispute does arise in the future between Airplanes Group and AerCap Ireland or any of their respective affiliates, we anticipate that we will retain separate counsel to represent us.

THE DIRECTORS AND CONTROLLING TRUSTEES OF AIRPLANES GROUP MAY HAVE CONFLICTS OF INTEREST.

The Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust as well as the directors of subsidiaries of Airplanes Group may have conflicts of interest that arise as a result of their other relationships in the aviation industry. Two of the Directors and Controlling Trustees, who are also directors of certain Airplanes Group subsidiaries, are also directors of other aircraft securitization/leasing vehicles whose business activities are similar to the business activities of Airplanes Group.

One Director and Controlling Trustee, who is also a director of certain Airplanes Group subsidiaries, has been appointed by the holder of the majority in aggregate principal amount of the class E notes, currently GE Capital, and is not required to be independent of GE Capital or its affiliates. See "10A. Directors and Trustees of Airplanes Group—Directors and Controlling Trustees."

RISKS RELATING TO THE AIRCRAFT

THE COMMERCIAL AIRCRAFT MARKET IS CYCLICAL. DECREASED DEMAND FOR OR EXCESS SUPPLY OF AIRCRAFT CAN DEPRESS AIRCRAFT VALUES AND LEASE RATES, WHICH MAY CAUSE US TO BE UNABLE TO RE-LEASE OR SELL AIRCRAFT ON FAVORABLE TERMS.

The market for commercial jet aircraft is cyclical and can produce sharp increases or decreases in aircraft values and lease rates depending on the level of supply and demand. The factors discussed under "6B. Management's Discussion and Analysis of Financial Condition and Results of Operations - Background", describe the effects on our cashflows of the downturn in the airline industry following the terrorist attacks in the U.S. on September 11, 2001, our inability to benefit in any significant way from the improved industry conditions from 2005 to 2007 and the more difficult industry conditions experienced in 2008 and facing us in 2009.

The conditions in the aircraft market depend upon, among other things, the business cycle for the lessees and buyers, as well as general economic conditions worldwide or in specific regions. The condition of the market at the time when any of our aircraft are being marketed for re-lease or sale will affect our ability to re-lease or sell those aircraft on satisfactory terms. Additionally, certain aircraft types such as our turboprop, MD-80 and F-100 aircraft, are difficult to place regardless of general market conditions. This means that aircraft downtime is longer, and the lease rates and, where applicable, sales proceeds that we can obtain for these aircraft types are unfavorable and substantially less than those assumed in the 2001 Base Case.

GEOPOLITICAL EVENTS SUCH AS WAR OR TERRORIST ATTACKS AS WELL AS THE OUTBREAK OF A PANDEMIC DISEASE COULD ADVERSELY AFFECT THE AIRLINE INDUSTRY AND IMPAIR OUR ABILITY TO RE-LEASE OR SELL AIRCRAFT.

Effects of Terrorist Attacks and Geopolitical Conditions

As a result of the September 11, 2001 terrorist attacks in the United States and subsequent terrorist attacks outside the United States, airlines have increased security restrictions, airline costs for aircraft insurance and enhanced security measures have increased and airlines have faced and continue to face increased difficulties in acquiring war risk and other insurance at reasonable costs. The uncertain situation in Iraq and tension over Iran's nuclear program both continue, and either or both may lead to further instability in the Middle East or elsewhere.

In recent years, terrorist attacks and geopolitical conditions have negatively affected the airline industry. Concerns about further terrorist attacks could continue to negatively affect airlines (including the financial condition of our lessees) for the foreseeable future which could have a further negative impact on our cashflows. Such negative effects may include: (1) higher costs to airlines due to increased security measures; (2) losses in passenger revenue due to the inconvenience of additional security measures; (3) increased price and reduced availability of jet fuel as well as difficulty in obtaining fuel hedges; (4) higher financing costs and difficulty in raising financing; (5) significantly higher costs of aircraft insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance will continue to be available or may exclude events such as dirty bombs, bio-hazardous materials and electromagnetic pulsing, which may damage or destroy aircraft; (6) inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of the terrorist attacks and geopolitical conditions, including those referred to above; and (7) special charges recognized by some airlines, such as those related to the impairment of aircraft and other long lived assets stemming from the grounding of aircraft as a result of the terrorist attacks, the economic slowdown and airline reorganizations.

Although the Aircraft Transportation Safety and System Stabilization Act (the "**ATSA**") adopted in the United States and similar programs instituted by the governments of some other countries provide for limited state coverage for certain aviation insurance, there can be no assurances that these programs will continue or that any such government will pay under these programs in a timely fashion.

If the current industry conditions should continue or become exacerbated due to future terrorist attacks, acts of war or armed hostilities, they are likely to cause our lessees to incur higher costs and to generate lower revenues, resulting in an adverse impact on their financial positions. Consequently, these conditions may affect our lessees' ability to make rental and other lease payments or obtain the types and amounts of insurance required by the applicable leases (which may in turn lead to aircraft groundings), may result in additional lease restructurings and aircraft repossessions, may increase our cost of re-leasing or selling the aircraft and may further impair our ability to re-lease the aircraft or lease the aircraft on a timely basis and/or at favorable rates and may further reduce the value received for the aircraft upon any disposition. These results could have a further negative impact on our cashflows.

Effects of Pandemic Diseases

The 2003 outbreak of Severe Acute Respiratory Syndrome ("**SARS**") was linked to air travel early in its development and had a severe impact on the aviation industry which was evidenced by a sharp reduction in passenger bookings, cancellation of many flights and employee layoffs. In addition, since 2003, there have been several outbreaks of avian influenza, or bird flu, beginning in Asia and, most recently, spreading to certain parts of Africa and Europe. Although human cases of avian influenza so far have been limited in number, the WHO has expressed serious concern that a human influenza pandemic could develop from the avian influenza virus. Further, the recent outbreak of Swine Flu in Mexico is currently having a significant impact on air travel to and within the region, and its subsequent spread across the globe has the potential to present further significant challenges for the aviation industry. After an emergency meeting on June 11, 2009 the WHO raised the alert level to phase 6 to declare Swine Flu a global flu pandemic. Whilst the WHO has not to date recommended the closure of borders or the imposition of restrictions on the movement of people, goods or services, should this occur this would have a significant impact on air travel. The further spread of Swine Flu or additional outbreaks of SARS or other epidemic diseases such as avian influenza or the fear of such events, could negatively affect passenger demand for air travel, the aviation industry and ultimately could have a further negative impact on our cashflows.

THE AIRCRAFT VALUES AND LEASE RATES FOR AIRCRAFT MAY FLUCTUATE SIGNIFICANTLY BECAUSE OF FACTORS OUTSIDE OUR CONTROL.

Factors outside our control which affect our business include:

- general economic conditions affecting lessee operations as discussed above, including passenger demand and the cost of fuel and other expenses;
- geopolitical events, including war, prolonged armed conflicts and acts of terrorism;
- outbreaks of communicable, pandemic diseases and natural disasters;
- the supply of and demand for used aircraft;
- manufacturer production levels and prices for new aircraft;
- interest rates, currency exchange rates and credit availability;

- retirement and obsolescence of aircraft models;
- re-introduction into service of aircraft previously in storage;
- airline restructurings and bankruptcies;
- governmental regulations including new Airworthiness Directives ("**ADs**") and environmental regulations; and
- lack of capacity in the aircraft traffic control system.

Additional factors outside our control that may lead to sharp increases or decreases in aircraft values (which affect potential sales prices) or lease rates for specific aircraft include:

- manufacturer production levels and competition between aircraft manufacturers, such as the current competition between The Boeing Company and Airbus Industrie, which has led to an increased supply of new aircraft at lower prices;
- manufacturers merging or leaving the aircraft industry, such as the merger between Boeing and McDonnell Douglas and the bankruptcy of Fokker NV., which led to the termination of production of MD and Fokker aircraft and a resulting decrease in the values and lease rates for our MD and Fokker aircraft;
- the maintenance and operating history of the aircraft;
- the number of operators using a particular type of aircraft (which may be reduced by bankruptcy or industry consolidation) and the supply of that type of aircraft;
- legal or regulatory requirements that prevent or diminish the opportunity or ability to re-lease or sell that type of aircraft or make it more expensive to do so;
- the discovery of manufacturing defects in an aircraft model; and
- new regulatory requirements relating to an aircraft model.

INCREASES IN THE PRICE OF FUEL COULD ADVERSELY AFFECT AIRLINES AND IMPAIR OUR ABILITY TO RE-LEASE OR SELL AIRCRAFT.

Fuel costs represent a major expense to companies operating within the airline industry. Fuel prices fluctuate widely depending primarily on international market conditions, geopolitical and environmental events and currency exchange rates. In addition, natural disasters can significantly affect fuel availability and prices. As a result, fuel costs are not within the control of our lessees unless hedged and significant increases materially and adversely affect their operating results. Fuel prices in July 2008 reached a record high of $147 per barrel which has had a material adverse impact on airlines' profitability for 2008 (including that of our lessees) and has resulted in repossessions of aircraft from certain lessees and restructurings with certain other lessees. Due to the competitive nature of the airline industry, airlines have not been able to fully pass on increases in fuel prices to their customers by increasing fares. In addition, not all airlines have been able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. Although in the latter part of 2008 and early 2009 fuel prices dropped significantly to a low of approximately $30 per barrel, in recent weeks they have jumped again and as at the date of this Annual Report they have reached approximately $72 per barrel. If they return to the historically high levels or become even higher due to adverse supply and demand conditions, future terrorist attacks, acts of war, armed hostilities or natural disasters or for any other reason, this will cause our lessees to incur higher costs and to generate lower net revenues, resulting in a further adverse impact on their financial positions, and in some cases resulting in bankruptcies. Consequently, these conditions may (i) further affect our lessees' ability to make rental and other lease payments, (ii) result in additional lease restructurings, grounding of aircraft, aircraft repossessions and airline bankruptcies, (iii) increase our costs of servicing and marketing the aircraft, (iv) further impair our ability to re-lease our aircraft or re-lease or otherwise dispose of our aircraft on a timely basis and/or at favorable rates and (v) further reduce the value receivable for our aircraft upon any disposition. These events could have a further negative impact on our cashflows.

CONTINUED INDUSTRY ECONOMIC LOSSES AND FURTHER AIRLINE REORGANIZATIONS COULD IMPAIR OUR ABILITY TO RE-LEASE OR SELL AIRCRAFT.

2008 has seen a number of bankruptcies, liquidations or consolidations of airlines and this has resulted in large numbers of aircraft becoming available for lease or purchase at reduced values. Further bankruptcies, liquidations or consolidations of airlines may result in even larger numbers of aircraft becoming available for lease or purchase at further reduced lease values or sale prices and further reduce the number of potential lessees and operators of particular models of aircraft, either of which would result in inflated supply levels and consequently decreased aircraft values for any such models and lease rates in general. Historically, airlines involved in reorganizations have undertaken substantial fare discounting to maintain cash flows and to encourage continued customer loyalty. Such fare discounting has led to lower yields for all airlines, including certain of our lessees. The bankruptcies and reduced demand generally have led to the grounding of significant numbers of aircraft and negotiated reductions in aircraft lease rentals, including in respect of certain of our aircraft, with the effect of depressing aircraft market values. In addition, requests for additional labor concessions may result in significant labor disputes which could lead to strikes, slowdowns or may otherwise adversely affect labor relations, thereby worsening the financial condition of the airline industry and further reducing aircraft values and lease rates. Additional reorganizations or liquidations by airlines under Chapter 11 or Chapter 7 of the U.S. Bankruptcy Code or other bankruptcy or reorganization laws or further rejection or abandonment of aircraft by airlines in a Chapter 11 proceeding under the U.S. Bankruptcy Code or equivalent laws in other countries have already exacerbated such depressed aircraft values and aircraft lease rentals. Grounded aircraft and lower market values have already had an adverse effect on our ability to sell certain of our aircraft or re-lease other aircraft at favorable rates. Additional grounded aircraft and even lower market values would further adversely affect our ability to sell certain of our aircraft or re-lease other aircraft at favorable rates or at all which would have a further negative impact on our cashflows.

THE CONCENTRATION OF AIRCRAFT TYPES IN OUR PORTFOLIO COULD MAGNIFY THE IMPACT OF DECLINES IN LEASE RATES OR AIRCRAFT VALUES.

As of March 31, 2009, the B737-400 model of aircraft comprised more than 20% of our portfolio by appraised value as of January 31, 2009, each of the B767-300ER and A320-200 models of aircraft comprised more than 10% of our portfolio by appraised value as of January 31, 2009 and, in addition, each of the B737-300, B737-500, DHC8-300, MD-83 and F-l00 models of aircraft comprised more than 5% of our portfolio by appraised value as of January 31, 2009. Furthermore, at March 31, 2009, widebody aircraft comprised more than 10%, and turboprop aircraft comprised more than 5% of our portfolio by appraised value as of January 31, 2009. The concentration on particular models or types of aircraft magnifies the adverse impact to our cashflow of a decline in lease rates or aircraft values for these models or types of aircraft and of specific governmental or technical regulations imposed on those aircraft types or other external factors relevant to particular aircraft types. In this connection, we have seen (x) an increase in the price of fuel adversely impact the attractiveness of certain aircraft types, in particular the MD-80s, which are considered to be less fuel-efficient, (y) decreasing popularity of turboprop aircraft, the cessation of production of MD-80s and B757s, and the bankruptcy of Fokker, and (z) ADs with respect to a number of aircraft types, including the MD-80s and B737s, all as described more fully below in "2E. The Aircraft, Related Leases and Collateral — Compliance with Governmental and Technical Regulation." These events have caused, and are likely to continue to cause, our overall lease rates and aircraft values to significantly decrease and may cause us to incur significant costs. Given the preference for newer, more technologically advanced aircraft, the market for our aircraft, in particular, some of our less attractive types of aircraft such as MD-80s and F-100s, is unlikely ever to recover to previous levels.

CURRENT APPRAISED VALUES OF THE AIRCRAFT ARE LOWER THAN THE VALUES NEEDED TO REPAY A PROPORTIONATE AMOUNT OF THE NOTES AND CERTIFICATES AND THE ACTUAL MARKET VALUE OF THE AIRCRAFT IS LESS THAN THE APPRAISED VALUE.

The appraised values of our aircraft are determined based on the assumption that there is an "open, unrestricted stable market environment with a reasonable balance of supply and demand" and take into account long-term trends, including current expectations of particular models becoming obsolete more quickly, as a result of airlines switching to different models or manufacturers ceasing production, and expected declines in lease rates. Accordingly appraised values for an aircraft are hypothetical and do not reflect the market for such aircraft at a specific time. You should not therefore rely on appraised values as an indication of the price that we could obtain if we sold an aircraft. As of the date of this Annual Report the appraised value of each of our aircraft is higher and, in most cases, significantly higher than what we understand to be their likely market value.

Since we are no longer able to pay class A principal adjustment amount and since we are no longer required to sell our aircraft at or above a specified target price, the appraised values of our aircraft are now of little significance except as a basis for providing statistical information on the portfolio and for complying with certain technical provisions in the indentures.

SOME OF OUR LESSEES MAY EXERCISE PURCHASE OPTIONS AT PRICES THAT ARE LESS THAN THE PROPORTIONATE SHARE OF THE UNPAID PRINCIPAL OF THE NOTES AND CERTIFICATES ALLOCABLE TO THE RELEVANT AIRCRAFT.

As of March 31, 2009, three lessees had options to purchase a total of five aircraft, representing 2.40% of our portfolio by appraised value as of January 31, 2009. In each case, if the option is exercised the purchase price will be less than the proportionate share of the unpaid principal of the notes and certificates allocable to the aircraft being purchased.

WE MAY BE UNABLE TO REPOSSESS, RE-LEASE OR SELL THE AIRCRAFT IF THE LESSEES DO NOT DISCHARGE LIENS ON THE AIRCRAFT.

Liens which secure the payment of airport taxes, customs duties, air navigation charges, landing charges, crew wages, repairer's charges or salvage may attach to the aircraft in the normal course of operations. The sums which these liens secure may be substantial and could exceed the value of the aircraft. In some jurisdictions, a holder of aircraft liens may have the right to detain, sell or cause the forfeiture of the aircraft. While our lessees are generally required to discharge all liens arising during the term of their leases, their failure to discharge any liens may impair our ability to repossess, re-lease or sell the aircraft if the lessee defaults. If lessees do not comply with their obligations under the leases to discharge such liens Airplanes Group may, in some cases, find it necessary to pay the claims secured by such liens in order to repossess the aircraft. Such payments would be a required expense of Airplanes Group and would be paid by us prior to payments on the notes.

OUR LESSEES MAY FAIL TO MAINTAIN REGISTRATION OF OUR AIRCRAFT, WHICH MAY AFFECT THEIR ABILITY TO MAKE PAYMENTS TO US.

All aircraft in operation must be duly registered with an appropriate aviation authority. If any lessee fails to maintain a valid registration of an aircraft, the lessee operator or, in some cases, the owner or lessor may be subject to penalties which may result in a lien being placed on the aircraft. Loss of registration could also have other adverse effects, including grounding of the aircraft and loss of insurance.

THE AVAILABILITY OF NEWER, MORE TECHNOLOGICALLY ADVANCED AIRCRAFT IMPAIRS OUR ABILITY TO RE-LEASE OR SELL AIRCRAFT.

The availability of newer, more technologically advanced aircraft adversely affects our ability to re-lease or sell our aircraft because lessees and buyers of used aircraft tend to favor these newer, more technologically advanced models. Within the last number of years demand for older narrowbody Stage 3 aircraft, which make up a significant proportion of our portfolio, has been adversely affected by the availability of new generation narrowbody Stage 3 aircraft. This has been exacerbated by the current industry downturn where overcapacity in the industry as a whole has increased the availability of new generation aircraft, thereby further depressing demand for and, as a consequence, lease rates and values of, older generation aircraft. Although this risk is common to all aircraft lessors, it is particularly significant for us because we have a comparatively older portfolio (the weighted average age of the portfolio at March 31, 2009 by appraised value as at January 31, 2009 is 17.79 years) and will need to re-lease all of our aircraft at least once before the final maturity date of the certificates.

Our ability to manage these technological risks through modifications to aircraft is limited by the significant costs of modifications and by the restrictions imposed on modifications to aircraft under the indentures.

The governments of certain countries have already introduced certain regulations and policies restricting or prohibiting the import of aircraft above a certain age. Currently India has an age restriction of 15 years for passenger aircraft and 20 years for cargo aircraft. In addition, Nepal has a 15 year age restriction on aircraft being imported. The governments of certain other countries are considering introducing regulations and policies restricting or prohibiting the import of aircraft above a certain age. Given the average age of our fleet, if passed, any such additional measures would further impact our ability to re-lease our aircraft on favorable lease terms or at all.

In addition, due to industry conditions over most of the past several years, the majority of our aircraft are highly likely to become obsolete earlier than the useful life expectancies assumed in the 2001 Base Case and we do not believe that we will be able to realize the residual values assumed in the 2001 Base Case at the end of the useful lives of our aircraft.

INCREASED REGULATION OF THE AIRCRAFT INDUSTRY MAY CAUSE US TO INCUR MORE EXPENSES OR MAY IMPAIR OUR ABILITY TO RE-LEASE OR SELL AIRCRAFT.

The aircraft industry is heavily regulated and aviation authorities may adopt additional regulations in jurisdictions where our aircraft are registered or operate. In particular, governmental regulations, especially in North America and Europe, impose increasingly strict noise and emissions levels and enhanced safety and security requirements for aircraft, such as fire safety insulation, traffic collision avoidance systems and emergency locator transmitters. We may have to incur significant costs in order to comply with additional regulations. In addition, because our portfolio is composed entirely of older aircraft and we have a heavy concentration of some types of aircraft, increasingly stringent noise or emissions regulations that disproportionately affect older aircraft or particular types of aircraft, could have a significant adverse impact on our results. We could incur significant costs in order to comply with these regulations and aircraft that fail to comply with noise or emissions regulations could be prohibited from flying into some jurisdictions, which would adversely affect their values and lease rates. We may also incur significant costs in connection with other U.S. Federal Aviation Administration ("**FAA**") regulations. For example, the regulation issued in April 2006 relating to the introduction of an aircraft aging program to address widespread fatigue damage to aging airframes, may accelerate the reduction in value or obsolescence of older aircraft as they become more expensive to operate. For examples of some of the more significant regulations and their estimated costs see "2E. The Aircraft, Related Leases and Collateral—Compliance with Governmental and Technical Regulation."

EXISTING OR PROPOSED ENVIRONMENTAL REGULATIONS COULD ADVERSELY AFFECT AIRLINES AND IMPAIR OUR ABILITY TO RE-LEASE OR SELL AIRCRAFT.

Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant aircraft is registered and operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with noise level standards. In addition to the current requirements, the United States and the International Civil Aviation Organization ("**ICAO**") have adopted a new, more stringent set of standards for noise levels which applies to engines manufactured or certified on or after January 1, 2006. Currently, U.S. regulations would not require any phase-out of aircraft that qualify with the older standards applicable to engines manufactured or certified prior to January 1, 2006. These regulations could limit the economic life of our aircraft and engines, reduce their value, limit our ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require us (to the extent we have available funds for such purpose in accordance with the terms of the indentures) to make significant additional investments in the aircraft and engines to make them compliant.

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

European countries generally have relatively strict environmental regulations that can restrict operational flexibility and decrease aircraft productivity. The European Parliament has confirmed that aviation is to be included in the EU's Emissions Trading Scheme starting from 2012. This inclusion could possibly distort the European air transport market leading to higher ticket prices and ultimately a reduction in the number of airline passengers. As an answer to these concerns, European airlines have established the Committee for Environmentally Friendly Aviation to promote the positive environmental performance of airlines. A number of countries have imposed air passenger duties in recognition of the environmental costs of air travel and are considering increasing such duties.

Compliance with current or future regulations, taxes or duties imposed to deal with environmental concerns could cause our lessees to incur higher costs and to generate lower net revenues, resulting in an adverse impact on their financial positions. Consequently, such compliance may affect our lessees' ability to make rental and other lease payments and reduce the value received for the aircraft upon any disposition, which could have a further negative impact on our cashflows.

RISKS RELATING TO THE LEASES AND CASHFLOW FROM LEASE PAYMENTS

OUR OPERATIONAL AND FINANCIAL RESTRICTIONS AFFECT OUR ABILITY TO COMPETE AND GENERATE CASHFLOW.

The indentures and constitutive documents of Airplanes Limited and Airplanes Trust impose restrictions on how we operate our business. These restrictions limit our ability to compete against other lessors who are not subject to similar restrictions or who have greater financial resources than we do. For example, we are not permitted to grant concessionary rental rates to airlines in return for equity investments in the airlines. There are also restrictions on potential lessees and limits on leasing to lessees in particular geographic regions. Many competing aircraft lessors do not operate under similar restrictions or have a stronger financial position or other strengths and therefore have a competitive advantage over us when negotiating leases and sales.

Following the 2003 consent solicitation, we amended the indentures to permit sales below a specified target price where the board of directors of Airplanes Limited or the controlling trustees of Airplanes Trust, as applicable, have unanimously confirmed that such a sale is in the best interests of Airplanes Group and the noteholders and certain other conditions are met.

Whilst amendment of the indentures has removed a contractual restriction on our ability to sell aircraft, it is difficult to achieve sales in the current market environment and for some aircraft types we are only able to sell for scrap. While we have been able to generate cash sales proceeds for aircraft where the board has unanimously concluded that a sale is the best economic option for an aircraft or where aircraft have little, if any, economic future, the proceeds from such sales have not made a significant difference to our cashflow.

OUR CASHFLOWS WILL BE FURTHER ADVERSELY AFFECTED IF WE CANNOT RE-LEASE OR SELL AIRCRAFT QUICKLY AND ON FAVORABLE TERMS.

We may not be able to re-lease the aircraft upon expiration or termination of the leases without incurring significant downtime. If we cannot quickly re-lease or sell the aircraft, or if we cannot obtain favorable sales prices or lease rates and lease terms for the aircraft, our cashflows will be further adversely affected. Our ability to re-lease aircraft at acceptable lease rates or sell aircraft on acceptable terms may suffer because of a number of factors, including:

- economic conditions generally and those affecting the airline industry in particular, including the price of fuel;
- the supply of competing aircraft and demand for particular aircraft types;
- increased bargaining power of lessees as they join global alliances with other airlines;
- reduced number of potential lessees as airlines consolidate or file for bankruptcy;
- competition from other lessors; and
- restrictions on our flexibility imposed by the indentures.

The following table shows the number and type of aircraft as of March 31, 2009 that we must remarket during the next five years. The table assumes that (1) no lease terminates early, (2) there are no sales of aircraft, (3) letters of intent existing as of March 31, 2009 will result in leases. The 2009 numbers in the table below include 13 of the 16 aircraft off-lease at March 31, 2009. They do not include two aircraft which were off-lease at that date which were subject to letters of intent for lease, and do not include one aircraft which was off-lease at that date which was subject to a contract for lease. Additional aircraft may need to be remarketed if they become available through early terminations, if letters of intent do not result in leases or if new leases are for short terms.

AIRPLANES GROUP EXPECTED REMARKETING REQUIREMENT AS OF MARCH 31, 2009

	Year Ending December 31,				
Aircraft Type	**2009**	**2010**	**2011**	**2012**	**2013**
A320-200	—	—	1	1	2
ATR42-300	1	1	—	1	—
B737-300	4	—	1	—	—

Aircraft Type	Year Ending December 31, 2009	2010	2011	2012	2013
B737-300SF	—	—	—	1	1
B737-400...........	1	1	5	5	4
B737-500...........	—	3	2	3	3
B757-200...........	1	1	1	—	—
B767-200ER	—	—	1	—	—
B767-300ER	—	1	—	—	1
DHC8-100..........	—	—	—	—	1
DHC8-300..........	1	3	3	3	—
F-100	2	6	8	—	—
MD-83...............	13	—	4	1	—
Total	23	16	26	15	12

Our longest lease is scheduled to expire in August 2016. Therefore we will be required to remarket all of our aircraft at least once before the final maturity date for the certificates. We currently expect that the majority of our fleet will prove difficult to re-lease because of the factors noted above, including the age of the aircraft, and in particular turboprop and less fuel efficient aircraft. If we cannot on a timely basis re-lease the aircraft that are coming off lease or can only re-lease them at lease rates lower than the lease rates assumed in our 2001 Base Case, our cashflow will be further reduced with the potential consequences described above under "1C. Introduction—Risk Factors—Risks Relating to Payment on the Notes and Certificates." As at the date of this Annual Report, there are 17 aircraft which are scheduled to come off lease before March 31, 2010. Our forecasts assume that future lease rates for most of these aircraft will be substantially lower than currently contracted rates and that the lease rates for all of these aircraft will be substantially lower than the lease rates in our 2001 Base Case. In light of the difficulties we foresee in re-leasing these aircraft, we will also carefully consider the recommendation of the servicer as to whether in any particular case, a sale, if achievable, would maximise the cash flow generation for the particular aircraft, although, as described elsewhere in this Annual Report, due to the extremely difficult industry conditions currently prevailing, the market for the sale of our aircraft is very weak.

LESSEES MAY NOT BE ABLE TO OBTAIN REQUIRED LICENSES, CONSENTS AND APPROVALS.

A number of lessees require specific licenses, consents or approvals for different aspects of their leases. These include consents from governmental or regulatory authorities to make payments under the leases and to the import, re-export or de-registration of the aircraft. If they cannot obtain the required governmental licenses, consents and approvals, if these requirements are increased by subsequent changes in applicable law or administrative practice, or if the licenses, consents or approvals are withdrawn, we may be unable to re-lease or sell our aircraft.

LESSEES MAY NOT PERFORM REQUIRED AIRCRAFT MAINTENANCE, CAUSING THE AIRCRAFT VALUES AND LEASE RATES TO DECLINE.

The standard of maintenance observed by our lessees and the condition of the aircraft at the time of lease or sale may also affect the aircraft values and lease rates on our aircraft. If a lessee fails to perform required or recommended maintenance on an aircraft during the term of the lease or does not comply with all applicable governmental requirements, the aircraft could be grounded and we may incur substantial costs to restore the aircraft to an acceptable maintenance condition before we can offer the aircraft for re-lease or sale. Also, an increasing number of lessees no longer provide any cash maintenance reserves. If the lessees do not perform their maintenance obligations in any month, or if the maintenance costs for any month exceed the maintenance payments made by the lessees or are more than our maintenance reserves, we will have to fund these maintenance costs out of cashflow from the leases for that month. As a result, our cashflow may be reduced in any month as a result of significant maintenance costs, especially as the aircraft continue to age.

OUR AIRCRAFT INSURANCE MAY NOT BE AVAILABLE OR MAY NOT BE ADEQUATE TO COVER THE LOSSES OR LIABILITIES WE INCUR.

Our lessees are required under the leases to maintain property and liability insurance covering their operation of the aircraft and to indemnify us against any damages. Although we believe that the required levels of insurance are prudent and reasonable in the context of industry experience and practice, we cannot guarantee that losses and liabilities from one or more aviation accidents and other catastrophic events will not exceed the insurance coverage limits. If the proceeds of insurance held by the lessees or contingent policies held by us do not cover the losses or liabilities we incur, or if our lessees default in fulfilling their insurance or indemnification obligations, we would have to cover these losses or liabilities.

The effects of the terrorist attacks in the U.S. on September 11, 2001 have included, among other things, increased insurance premiums required by the insurance markets. Airlines worldwide continue to experience difficulties in maintaining war insurance cover and some other types of insurance cover in the amounts required under their leases with us and other lessors. These insurance issues have been mitigated in certain jurisdictions by a number of temporary government schemes and the emergence of a limited available insurance market, however, failure by a lessee to obtain adequate insurance cover as required under its lease could result in the relevant aircraft being grounded.

OUR HEDGING POLICY MAY NOT ADEQUATELY MANAGE OUR INTEREST RATE RISKS, INCLUDING THE ASSOCIATED LESSEE CREDIT RISKS, AND WE MAY NOT BE ABLE TO PURCHASE AN ADEQUATE PORTFOLIO OF SWAPTIONS IF REQUIRED TO MITIGATE OUR INTEREST RATE RISKS, INCLUDING THE ASSOCIATED LESSEE CREDIT RISKS. IN THIS CASE, THERE COULD BE A MISMATCH BETWEEN OUR FIXED AND FLOATING RATE ASSETS AND LIABILITIES.

We have traditionally managed our interest rate risks, including the associated lessee credit risks, through the use of interest rate swaps and more recently have begun to purchase interest rate caps. In the past we have also hedged the associated lessee credit risks through the use of swaptions. Following consultation with the rating agencies in the year ended March 31, 2002, it is not currently proposed to purchase any further swaptions primarily due to our current cashflow performance.

If we are ever required by the rating agencies to purchase swaptions, the premium would be payable at two points in the priority of payments under the indentures. Fifty percent of any swaption premium in any month is a “minimum hedge payment” and would be payable fourth in the order of priority of payments under the indentures (ahead of class A minimum principal amount). The other 50% of the premium is expended as a “supplemental hedge payment” and would be payable seventeenth in the order of priority of payments under the indentures but given our current cashflow performance we do not believe we would ever be able to make such payment.

WITHHOLDING TAXES MAY BE IMPOSED ON LEASE RENTALS, INCREASING OUR COSTS.

We have tried to structure our leases so that withholding taxes either do not apply to lease payments or, if withholding taxes do apply, the lessees are obliged to pay corresponding additional amounts so that we always receive the full lease payment. However, if withholding taxes must be paid and we cannot recover additional amounts from the lessees, that would further reduce cashflow.

RISK OF LESSEE DEFAULT

LESSEES IN WEAK FINANCIAL CONDITION COULD FAIL TO MAKE LEASE PAYMENTS.

There is a significant risk that lessees in weak financial condition (which tend to be the airlines that favour operating leases) may default on their obligations under the leases. If lessees do not make rent and maintenance payments or are significantly in arrears, our cashflow will be further reduced. The ability of each lessee to perform its obligations under its lease depends primarily on its financial condition, which may be affected by many factors beyond its control, including competition, fare levels, passenger demand, currency exchange rates, operating costs (including in particular fuel and labor costs), cost and availability of financing, and environmental and other governmental regulation. Because a substantial portion of business and, especially, leisure airline travel is discretionary, the general economic conditions of the geographic regions where our lessees operate also affect their ability to meet their lease obligations. Since the majority of our leases require lease payments in U.S. dollars, any weakness in the local currency in which a lessee operates against the U.S. dollar could also adversely affect its ability to pay us.

The downturn in the airline industry in the period immediately following the terrorist attacks in the U.S. on September 11, 2001 resulted in a number of airlines experiencing severe financial difficulties. Some carriers, including some of our lessees, filed for bankruptcy, while others, including many of our lessees, announced large losses or faced severe financial difficulties. During this period, we agreed to rental holidays, rental restructurings, the early return of aircraft and similar measures for a number of lessees. Given the difficult industry conditions again since the beginning of 2008, some of our current lessees continue to be in a weak financial position. We have experienced a number of aircraft repossessions during 2008 and a number of lease restructurings in 2008 and 2009 to date resulting in short and longer term deferrals of rent and other lease payments. In addition you should expect that a number of our lessees will continue to be in arrears on their rental or maintenance payments at any particular time.

The current level of defaults and arrears may not even be representative of future defaults and arrears, and defaults and arrears may increase if the airline industry faces continued difficulties. Given the current global recession, some regions where our lessees are based, such as Asia or Latin America, may be more susceptible than others to the impact of the economic downturn. See "2F. The Aircraft, Related Leases and Collateral—The Lessees" below for a more detailed discussion of the regional concentrations of our lessees and economic conditions which may impact further their financial condition and ability to perform their obligations to us.

Most of our existing lessees are in a weak financial position and suffer liquidity problems, and this is likely to be the case in the future and with future lessees as well. In a portfolio the size of our portfolio it should be expected that some lessees will be slow in paying or will fail to make in full their payments under the leases. Also, as a result of a variety of factors that may be specific to a lessee or industry-wide, as discussed elsewhere in this section, the financial position of certain lessees could be weakened, which in turn could cause an increase in delayed, missed or reduced rental payments. Continuation of the current economic climate, any future terrorist attacks, continued or future armed hostilities in the Middle East, North Korea, Europe or elsewhere, another outbreak of a pandemic disease or the occurrence of other natural disasters could greatly exacerbate the weakened financial condition of various of the lessees and further increase the risk of delayed, missed or reduced rental payments.

LESSEES OPERATING IN EMERGING MARKETS MAY BE SUBJECT TO A GREATER RISK OF DEFAULT.

Emerging markets often comprise countries that have under-developed legal systems and economies that are vulnerable to economic and political problems, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by governments. The resulting instability may adversely affect the ability of lessees that operate in these markets to meet their lease obligations and these lessees may be more likely to default than lessees that operate in developed economies. For a description of regions, see "2C. The Aircraft, Related Leases and Collateral—Portfolio Information".

WE MAY NOT BE ABLE TO TERMINATE LEASES OR REPOSSESS AIRCRAFT WHEN A LESSEE DEFAULTS, CAUSING US TO INCUR UNEXPECTED REPOSSESSION COSTS.

If there is an event of default under a lease, we have the right to terminate the lease and repossess the aircraft. However, it may be difficult, expensive and time-consuming for us to enforce our rights in some circumstances, especially if the lessee contests the termination or is bankrupt or under court protection. Delays resulting from proceedings to repossess an aircraft add to the period when the aircraft is not generating cashflow for us. In addition, we may incur significant costs in trying to repossess an aircraft and in performing maintenance and other work necessary to make the aircraft available for re-lease or sale, including retrieval or reconstruction of aircraft records. We may also incur swap breakage costs. Our efforts to repossess an aircraft following a lessee's default may also be limited by the laws of the local jurisdiction which may delay or prevent repossession. If we do terminate a lease and repossess the aircraft, we may be unable to re-lease the aircraft promptly and/or at a satisfactory lease rate, particularly given current market conditions.

RISKS RELATING TO TAX

OWNING THE CERTIFICATES MAY HAVE TAX CONSEQUENCES FOR CERTIFICATEHOLDERS AND MAY REDUCE CERTIFICATEHOLDERS' INCOME.

Ownership of the certificates may subject certificateholders to withholding of income taxes in the United States, Jersey or other jurisdictions in which Airplanes Group, its aircraft-owning and aircraft-leasing subsidiaries and the lessees are organized, reside or operate. The tax consequences of the purchase and holding of the certificates depend to some extent upon certificateholders' individual circumstances.

PRE-1998 AEROUSA LOSSES MAY NOT BE AVAILABLE TO OFFSET FUTURE TAXABLE INCOME OF AEROUSA, AS A RESULT OF WHICH AEROUSA MAY HAVE TO PAY ADDITIONAL U.S. FEDERAL INCOME TAX.

AeroUSA had net operating loss carryforwards for U.S. federal income tax purposes when GE Capital acquired all of the class E notes on November 20, 1998. As a result of that acquisition, AeroUSA's pre-1998 net operating loss carryforwards may only be utilized to offset up to $452,000 of taxable income per year. To the extent that the pre-1998 net operating loss carryforwards are not available to offset taxable income of AeroUSA in future years, AeroUSA will be required to pay additional U.S. federal income tax which will reduce the amount available to pay to Airplanes Trust and which will have a further negative impact on the cashflow of Airplanes Trust.

AEROUSA MAY INCUR ADDITIONAL TAX LIABILITIES AS A RESULT OF FILING CONSOLIDATED TAX RETURNS WITH GENERAL ELECTRIC COMPANY ("GE") OR AERCAP, INC. THERE WILL BE A NEGATIVE IMPACT ON THE CASHFLOW OF AIRPLANES GROUP IF AEROUSA INCURS ANY SUCH LIABILITIES.

AeroUSA and its wholly owned subsidiary, AeroUSA 3 Inc. (together, the "**AeroUSA group**"), filed U.S. federal consolidated tax returns and certain state and local tax returns with GPA, Inc. (now known as AerCap, Inc.) and its subsidiaries (together, the "**AerCap U.S. tax group**") through November 20, 1998. Since November 20, 1998, the AeroUSA group has filed U.S. federal consolidated tax returns and certain state and local tax returns with GE and its subsidiaries (together, the "**GE U.S. tax group**"). As members of the consolidated tax groups, the AeroUSA group is jointly and severally liable for the applicable U.S. federal or state and local tax liabilities of the AerCap U.S. tax group for the period through November 20, 1998 and of the GE U.S. tax group for the period since November 20, 1998. There are no ongoing U.S. federal, state and local tax audits with respect to taxes previously reported by the AerCap U.S. tax group.

GE, AeroUSA and Airplanes Trust have entered into a tax sharing agreement pursuant to which GE has agreed to indemnify members of the AeroUSA group against any U.S. federal, state or local tax liabilities of any member of the GE U.S. tax group (other than an AeroUSA group member) which are imposed on the AeroUSA group that are related to any tax period or portion of a tax period beginning after November 20, 1998 and are tax liabilities that the AeroUSA group would not have incurred if they were not members of the GE U.S. tax group. Furthermore, under this tax sharing agreement, (1) AeroUSA has agreed to pay GE (in cash if a payment is then due by the GE U.S. tax group to a tax authority, otherwise in the form of subordinated non-interest bearing notes) its share of tax liabilities based on the amount of tax liabilities that the AeroUSA group would have incurred if it were not included in the GE U.S. tax group and (2) GE has agreed to pay AeroUSA, at the time such tax savings are realized, an amount equal to any tax savings by any member of the GE U.S. tax group (other than a member of the AeroUSA group) for any tax period after November 20, 1998 as a result of any tax asset generated by the AeroUSA group. Similar provisions contained in a tax sharing agreement between GPA Group (now known as AerCap Ireland), GPA, Inc. (now known as AerCap, Inc.), AeroUSA and Airplanes Trust which terminated on November 20, 1998 remain applicable in respect of tax periods ending on or before November 20, 1998.

The receipt by Airplanes Trust or AeroUSA of any amounts from GE, AerCap Ireland or AerCap, Inc., as applicable, pursuant to the tax sharing agreements will depend upon the financial condition and liquidity of GE, AerCap Ireland or AerCap, Inc., as applicable, at the time any claim is made. To the extent any tax claims are successfully made against the AeroUSA group and those amounts are not indemnified by GE, AerCap Ireland or AerCap, Inc. under the relevant tax sharing agreements, those claims will have a negative impact on the cashflow of Airplanes Group. In addition, because the notes and certificates are not secured directly or indirectly by the aircraft or the leases, substantially all of the assets of the AeroUSA group, including the aircraft, would be available for attachment and satisfaction of any of those claims.

AIRPLANES LIMITED, AIRPLANES HOLDINGS AND AIRPLANES HOLDINGS' NON-U.S. SUBSIDIARIES MAY BE SUBJECT TO U.S. FEDERAL INCOME TAX AS A RESULT OF ACTIONS OF THE SERVICER OR ADMINISTRATIVE AGENT OR, IN THE CASE OF AIRPLANES HOLDINGS AND ITS IRISH TAX RESIDENT AIRCRAFT OWNING SUBSIDIARIES, BECAUSE THEY MAY NOT BENEFIT FROM THE U.S.-IRISH TAX TREATY.

Whether Airplanes Limited, Airplanes Holdings and Airplanes Holdings' non-U.S. subsidiaries will be subject to U.S. federal income tax may depend on the manner in which the activities of the servicer and administrative agent are performed, and in the case of Airplanes Holdings and its Irish tax resident aircraft owning subsidiaries, will depend on qualification for the benefits of the income tax treaty between the United States and Ireland (the "**treaty**").

Prior to GE Capital's acquisition of the class E notes, Airplanes Holdings and its Irish tax resident aircraft owning subsidiaries qualified for treaty benefits by virtue of a ruling obtained by AerFi Group (now known as AerCap Ireland) from the U.S. competent authority, which applied to AerFi Group and its qualified affiliates. Following the acquisition of the class E notes by GE Capital, Airplanes Holdings and its Irish tax resident aircraft owning subsidiaries ceased to be affiliates of AerFi Group. Airplanes Holdings applied for its own ruling on similar grounds to those on which the AerFi Group ruling was based. On September 28, 2001, the ruling by the U.S. competent authority was granted to Airplanes Holdings and its Irish tax resident aircraft owning subsidiaries. There can be no assurance that the activities of the servicer or the administrative agent will not subject Airplanes Limited, Airplanes Holdings and Airplanes Holdings' non-U.S. subsidiaries to U.S. federal income tax on some or all of their income in the future.

In the event that Airplanes Limited, Airplanes Holdings or Airplanes Holdings' non-U.S. subsidiaries are subject to U.S. federal income tax on some or all of their income, their cashflow would be further reduced.

THE OPERATIONS OF AIRPLANES LIMITED, AIRPLANES TRUST AND AEROUSA MAY BECOME SUBJECT TO IRISH CORPORATE TAXES.

Airplanes Limited, Airplanes Trust and AeroUSA do not intend to be treated as doing business in Ireland and, therefore, do not expect to be subject to Irish corporate tax. However, if their operations differ from those intended, they could become subject to Irish taxes.

WE WILL NOT PAY ANY ADDITIONAL AMOUNTS TO MAKE UP FOR ANY WITHHOLDING TAX THAT MAY APPLY.

We will not make any additional payments to certificateholders for any withholding or deduction required by applicable law on payments on either the notes or the certificates. We will use reasonable efforts to avoid the application of withholding taxes or other deductions. If withholding taxes are imposed on the notes or certificates and we do not redeem them, which is likely given our current financial condition, we will reduce the net amount of any interest that is passed through to certificateholders by the amount of any withholding or deduction.

WE HAVE LOST IRISH CORPORATE TAX BENEFITS.

The preferential 10% corporate tax rate in Ireland was terminated on December 31, 2005. As a result, Airplanes Holdings and its Irish tax resident subsidiaries became subject to Irish corporate tax on their net trading income, including leasing income, at general Irish statutory rates, which are currently 12.5%. There can be no assurance that this tax rate will not be changed in the future.

RISKS RELATING TO BANKRUPTCY

OUR ASSETS MAY BE CONSOLIDATED WITH THOSE OF AERCAP IRELAND OR ITS SUBSIDIARIES IF THEY BECOME BANKRUPT OR INSOLVENT, LEAVING FEWER ASSETS AVAILABLE TO REPAY THE CERTIFICATES.

We have taken steps to structure Airplanes Group and our transactions, especially the 1996 transaction whereby we acquired our portfolio of aircraft from GPA Group (now known as AerCap Ireland), to ensure that our assets would not be consolidated with the assets of AerCap Ireland and would not become available to AerCap Ireland's creditors in any bankruptcy or insolvency proceeding involving AerCap Ireland or any of its affiliates. If AerCap Ireland or any of its subsidiaries becomes bankrupt or insolvent, there is a legal risk that a court or other authority could decide that these steps were not effective to insulate our assets from AerCap Ireland's assets or that AerCap Ireland's transfer of aircraft to us in 1996 was improper. As a result, the aircraft and our other assets could become available to repay AerCap Ireland's creditors and we could lose all of our rights in the aircraft and our other assets.

2. THE AIRCRAFT, RELATED LEASES AND COLLATERAL

A. OVERVIEW

As of March 31, 2009, our portfolio comprised a total of 116 aircraft, of which 100 aircraft were on lease to 41 lessees in 26 countries and 16 aircraft were off-lease. As of March 31, 2009, two of these off-lease aircraft were subject to letters of intent for lease and one of these off-lease aircraft was subject to a contract for lease. As of the date of this Annual Report, one of the aircraft which was subject to a letter of intent for lease at March 31, 2009 has been contracted and delivered to the lessee, the other aircraft that was subject to a letter of intent for lease at March 31, 2009 has been contracted for lease and one other aircraft which was off-lease at March 31, 2009 has become subject to a contract for lease. In addition, two other aircraft which were on lease at March 31, 2009 have redelivered early from one lessee but as of the date of this Annual Report, have been contracted for lease to a new lessee. As of March 31, 2009, the weighted average remaining contracted lease term of our portfolio (by appraised value as of January 31, 2009 and without giving effect to purchase options or extension options) was 36 months. Our longest lease is scheduled to expire in August 2016. Therefore we will be required to re-lease all of our aircraft at least once before the final maturity date of the certificates. See "1C. Introduction—Risk Factors—Risks Relating to the Leases and Cashflow from Lease Payments" for a description of the risks certificateholders could face if aircraft are not re-leased.

B. APPRAISALS

Under the indentures, we are required, at least once each year and in any case no later than March 1 of each year, to deliver to the indenture trustee, appraisals of the value of each of the aircraft in our portfolio from at least three independent appraisers. This value (the "**appraised value**") for each aircraft is the value for that aircraft at normal utilization rates in an open, unrestricted and stable market, adjusted to take account of the reported maintenance standard of that aircraft, except for the aircraft that are subject to finance leases, which are valued at their lease receivable book values. The appraisals are not based on physical inspection of the aircraft and do not take into account the value of the leases, maintenance reserves or security deposits or current market conditions.

For the appraisals as of January 31, 2009, we obtained independent appraisals from three independent appraisers and calculated the appraised value of each aircraft by taking the average of the three appraisals. On this basis, the average appraised value for our portfolio of 116 aircraft was approximately $955 million as of January 31, 2009, as compared to $1,021 million for the same 116 aircraft based on appraisals as of January 31, 2008.

The average appraised value of each aircraft in our portfolio by each of the three independent appraisers as of January 31, 2009 can be found in "Airplanes Group Portfolio Analysis" below. The aggregate appraised values calculated by each of the three independent appraisers for our portfolio, calculated by adding up the appraised value by that appraiser of each aircraft in our portfolio, are as follows:

Appraiser	Aggregate Appraised Value as of January 31, 2009
	(In $ Millions)
Ascend Limited (a division of Airclaims)..........	864.1
Aircraft Information Services, Inc.	906.4
BK Associates, Inc..	1,095.0
Average of three appraisers	955.2

You should not rely on the appraised value as a measure of the realizable value of any aircraft. See "1C. Introduction—Risk Factors—Risks Relating to the Aircraft" for a discussion of the risks associated with the appraised value.

C. PORTFOLIO INFORMATION

The tables set forth below summarize important information about our portfolio. For a more detailed analysis of the aircraft, see "Airplanes Group Portfolio Analysis" below.

As of March 31, 2009, all of the aircraft in our portfolio by appraised value as of January 31, 2009 held or were capable of holding a noise certificate issued under Chapter 3 of Volume I, Part II of Annex 16 of 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 (assuming for this purpose that turboprop aircraft are Stage 3 aircraft). We refer to this as being "**Stage 3**" compliant and call these aircraft "**Stage 3 aircraft**".

The following table lists the aircraft by type and number as of March 31, 2009 and the percentage of our portfolio they represent by appraised value as of January 31, 2009.

Manufacturer	Type of Aircraft	Number of Aircraft	Body Type	% of Portfolio by Appraised Value as of January 31, 2009
Boeing (59.39%)	B737-300	8	Narrowbody	6.96%
	B737-300SF	2	Freighter	2.09
	B737-400	22	Narrowbody	23.75
	B737-500	11	Narrowbody	9.61
	B757-200	3	Narrowbody	4.65
	B767-200ER	1	Widebody	1.70
	B767-300ER	4	Widebody	10.63
McDonnell Douglas (8.80%)	MD-82	2	Narrowbody	0.72
	MD-83	18	Narrowbody	8.08
Airbus (18.28%)	A320-200	12	Narrowbody	18.28
Fokker (7.53%)	F-l00	16	Narrowbody	7.53
De Havilland of Canada (5.26%)	DHC8-100	1	Turboprop	0.21
	DHC8-300	13	Turboprop	5.05
ATR (0.74%)	ATR42-300	3	Turboprop	0.74
Total		116		100%

The following table sets forth the exposure of our portfolio by lessee as of March 31, 2009 according to the number of aircraft and the appraised value as of January 31, 2009.

Lessee(1)	Number of Aircraft	% of Portfolio by Appraised Value as of January 31, 2009
AC Leasing	6	9.33%
Click Mexicana	16	7.53
Aerovias del Continente Americano S.A. (AVIANCA)	6	7.41
Ukraine International	5	4.86
Aeroflot Nord	5	4.54
Turk Hava Yollari A.O. (THY Turkish Airlines)	3	3.27
PT Lion Mentari Airlines	3	3.16
BH Air	2	3.09
Nouvelair Tunisie	2	3.04
Air Madagascar	1	2.86
Ural Airlines	2	2.82
VRG	1	2.71
euro Atlantic Airways	1	2.52
Liat	6	2.26
PT Sriwijaya Air	2	2.14
Aeroflot Cargo	2	2.09
PT Metro Batavia	2	2.07
Air One SpA	2	2.04
Orenair	2	2.01
Transaero Airlines	2	1.75
Titan Airways	1	1.71
China Southern Airlines Company Limited	1	1.46
Meridiana SpA	3	1.36

Lessee(1)	Number of Aircraft	% of Portfolio by Appraised Value as of January 31, 2009
Sibir Airlines	1	1.20
Skynet Asia	1	1.13
Air Asia Berhad	1	1.00
Other (15 lessees)	21	9.24
Off-lease (16)	16	11.40
Total	116	100.00%

(1) Total number of lessees = 41

(2) As of March 31, 2009, two of the off-lease aircraft were subject to letters of intent for lease and one of the off-lease aircraft was subject to a contract for lease. As of the date of this Annual Report, one of the aircraft which was subject to a letter of intent for lease at March 31, 2009 has been contracted and delivered to the lessee, the other aircraft that was subject to a letter of intent for lease at March 31, 2009 has been contracted for lease and one other aircraft which was off-lease at March 31, 2009 has become subject to a contract for lease. In addition, two other aircraft that were on lease at March 31, 2009 have redelivered early from one lessee but as of the date of this Annual Report, have been contracted for lease to a new lessee.

The following table sets forth the exposure of our portfolio by country of domicile of lessees as of March 31, 2009 according to the number of aircraft and the appraised value of the portfolio as of January 31, 2009.

Country(l)	Number of Aircraft	% of Portfolio by Appraised Value as of January 31, 2009
Russia	15	15.08%
Canada	8	10.17
Mexico	16	7.53
Colombia	6	7.41
Indonesia	7	7.38
Ukraine	5	4.86
Italy	5	3.41
Turkey	3	3.26
Bulgaria	2	3.09
Tunisia	2	3.05
Brazil	2	2.99
Madagascar	1	2.86
United Kingdom	3	2.53
Portugal	1	2.52
Antigua	6	2.26
United States of America	4	1.85
Argentina	3	1.67
China	1	1.46
Japan	1	1.12
Other (7 countries)	9	4.10
Off-lease (16)	16	11.40
Total	116	100.00%

(1) Total number of countries = 26

(2) As of March 31, 2009, two of the off-lease aircraft were subject to letters of intent for lease and one of the off-lease aircraft was subject to a contract for lease. As of the date of this Annual Report, one of the aircraft which was subject to a letter of intent for lease at March 31, 2009 has been contracted and delivered to the lessee, the other aircraft that was subject to a letter of intent for lease at March 31, 2009 has been contracted for lease and one other aircraft which was off-lease at March 31, 2009 has become subject to a contract for lease. In addition, two other aircraft that were on lease at March 31, 2009 have redelivered early from one lessee but as of the date of this Annual Report, have been contracted for lease to a new lessee.

The following table sets forth the exposure of our portfolio by regions in which lessees are domiciled as of March 31, 2009 according to the number of aircraft and the appraised value of our portfolio as of January 31, 2009.

Region	Number of Aircraft	% of Portfolio by Appraised Value as of January 31, 2009
Latin America	35	22.32%
Europe (excluding CIS Countries)	17	15.95
North America	12	12.01
Asia & Far East	11	11.32
Africa	4	6.86
Australia & New Zealand	1	0.21
Other (including CIS Countries)	20	19.94
Off-lease (16)	16	11.39
Total	116	100.00%

(1) As of March 31, 2009, two of the off-lease aircraft were subject to letters of intent for lease and one of the off-lease aircraft was subject to a contract for lease. As of the date of this Annual Report, one of the aircraft which was subject to a letter of intent for lease at March 31, 2009 has been contracted and delivered to the lessee, the other aircraft that was subject to a letter of intent for lease at March 31, 2009 has been contracted for lease and one other aircraft which was off-lease at March 31, 2009 has become subject to a contract for lease. In addition, two other aircraft that were on lease at March 31, 2009 have redelivered early from one lessee but as of the date of this Annual Report, have been contracted for lease to a new lessee.

The following table sets forth the exposure of the portfolio by year of aircraft manufacture as of March 31, 2009 according to the number of aircraft and the appraised value of the aircraft as of January 31, 2009.

Year of Manufacture	Number of Aircraft	% of Portfolio by Appraised Value as of January 31, 2009
1986	3	2.75%
1987	2	1.13
1988	10	3.76
1989	3	2.44
1990	19	12.92
1991	32	25.19
1992	45	48.95
1993	2	2.86
Total	116	100.00%

The following table sets forth the exposure of the portfolio by seat category as of March 31, 2009 according to the number of aircraft and the appraised value of the portfolio as of January 31, 2009.

Seat Category	Aircraft Types	Number of Aircraft	% of Portfolio by Appraised Value as of January 31, 2009
Less than 51	DHC8, ATR42	17	5.99%
91-120	B737-500, F-100	27	17.15
121-170	B737-300/400, MD-82/83, A320-200	62	57.80
171-240	B757-200, B767-200ER	4	6.35
241-350	B767-300ER	4	10.63
Freighter	B737-300SF	2	2.08
		116	100.00%

AIRPLANES GROUP PORTFOLIO ANALYSIS
AT MARCH 31, 2009

Region	Country	Lessee	Aircraft Type	Serial Number	Date of Manufacture	Appraised Value at January 31, 2009 ($000's)	% of Portfolio by Appraised Value as of Jan 31, 2009	Lease Commencement Date	Lease Expiry Date
Africa	Madagascar	Air Madagascar	B767-300ER	26200	1992	27,294	2.86%	3-07-08	2-01-16
	Tanzania	Precisionair	B737-300	24770	1990	9,062	0.95%	18-04-08	17-04-15
	Tunisia	Nouvelair Tunisie	A320-200	301	1992	15,198	1.59%	17-04-04	16-11-12
	Tunisia	Nouvelair Tunisie	A320-200	348	1992	13,860	1.45%	10-04-03	31-10-11
Asia & Far East	Bangladesh	GMG Airlines	DHC8-300	307	1991	3,427	0.36%	15-12-00	17-12-12
	China	China Southern	B757-200	26156	1992	13,905	1.46%	25-02-99	24-02-11
	Indonesia	Batavia Air	B737-400	24345	1989	9,775	1.02%	20-12-02	19-12-12
	Indonesia	PT Lion Mentari Airlines	B737-400	24520	1990	9,894	1.04%	13-01-05	12-01-10
	Indonesia	PT Lion Mentari Airlines	B737-400	24684	1990	10,584	1.11%	13-06-06	12-06-13
	Indonesia	Batavia Air	B737-400	24687	1990	10,037	1.05%	2-12-02	3-12-14
	Indonesia	PT Sriwijaya Air	B737-400	24689	1990	10,282	1.08%	18-12-08	17-12-15
	Indonesia	PT Sriwijaya Air	B737-400	24690	1990	10,179	1.07%	27-01-09	26-01-16
	Indonesia	PT Lion Mentari Airlines	B737-400	24911	1991	9,721	1.02%	26-07-05	25-07-12
	Japan	Skynet Asia	B737-400	26069	1992	10,774	1.13%	28-07-04	27-07-14
	Malaysia	AirAsia Berhad	B737-300	24905	1991	9,581	1.00%	5-06-02	4-06-14
Australia & New Zealand...........	Australia	National Jet Systems	DHC8-100	229	1990	1,987	0.21%	6-07-95	31-10-13
Europe...	Bulgaria	BH Air	A320-200	294	1992	14,906	1.56%	21-04-04	20-04-14
	Bulgaria	BH Air	A320-200	349	1992	14,624	1.53%	15-04-04	14-04-14
	France	Blue Line	MD83	49672	1988	3,535	0.37%	23-12-04	30-11-11
	Italy	Air One SpA	B737-400	24906	1991	9,535	1.00%	20-12-01	15-04-11
	Italy	Air One SpA	B737-400	24912	1991	9,957	1.04%	12-12-01	15-04-11
	Italy	Meridiana SpA	MD83	49792	1989	4,263	0.45%	6-03-98	5-09-11
	Italy	Meridiana SpA	MD83	49935	1990	4,490	0.47%	10-02-99	30-11-09
	Italy	Meridiana SpA	MD83	49951	1991	4,272	0.45%	8-04-99	31-12-09
	Netherlands	Capital Aviation Services B.V.	DHC8-300	244	1990	3,649	0.38%	17-06-03	20-10-10
	Netherlands	Capital Aviation Services B.V.	DHC8-300	276	1991	3,688	0.39%	29-04-04	2-07-11
	Portugal	euroAtlantic airways	B767-300ER	25411	1992	24,035	2.52%	13-08-03	15-05-13
	Turkey	Turk Hava Yollari	B737-400	25181	1992	10,450	1.09%	3-02-92	2-02-13
	Turkey	Turk Hava Yollari	B737-400	25184	1992	10,373	1.09%	2-03-92	1-05-13
	Turkey	Turk Hava Yollari	B737-400	25261	1992	10,369	1.09%	10-06-92	9-04-13

Region	Country	Lessee	Aircraft Type	Serial Number	Date of Manufacture	Appraised Value at January 31, 2009 ($000's)	% of Portfolio by Appraised Value as of Jan 31, 2009	Lease Commencement Date	Lease Expiry Date
	United Kingdom	Titan Airways Limited	B757-200	26151	1992	16,316	1.71%	11-05-03	30-05-09
	United Kingdom	Air Southwest	DHC8-300	296	1992	3,761	0.39%	23-10-03	22-10-10
	United Kingdom	Air Southwest	DHC8-300	334	1992	4,111	0.43%	30-10-03	30-11-10
Latin America	Antigua	LIAT	DHC8-300	232	1991	3,355	0.35%	23-12-03	16-03-12
	Antigua	LIAT	DHC8-300	266	1991	3,587	0.38%	28-11-03	11-05-12
	Antigua	LIAT	DHC8-300	267	1991	3,552	0.37%	19-07-01	18-12-11
	Antigua	LIAT	DHC8-300	283	1991	3,496	0.37%	5-07-02	30-09-09
	Antigua	LIAT	DHC8-300	298	1992	3,833	0.40%	11-03-04	29-01-14
	Antigua	LIAT	DHC8-300	300	1992	3,760	0.39%	6-02-04	2-08-11
	Argentina	Aerolineas Argentinas S.A.	B737-500	24897	1991	7,165	0.75%	29-07-05	11-09-10
	Argentina	Austral Lineas Aereas	MD83	49941	1990	4,453	0.47%	16-12-05	15-12-11
	Argentina	Austral Lineas Aereas	MD83	49943	1991	4,390	0.46%	27-10-05	26-10-11
	Brazil	TRIP Linhas Aereas	ATR42-300	284	1991	2,743	0.29%	13-08-07	12-08-12
	Brazil	VRG	B767-300ER	26204	1992	25,888	2.71%	24-12-07	25-05-15
	Colombia	Avianca	B757-200	26154	1992	14,166	1.48%	3-10-92	12-11-10
	Colombia	Avianca	B767-200ER	25421	1992	16,221	1.70%	5-11-99	4-05-11
	Colombia	Avianca	B767-300ER	24948	1991	24,311	2.55%	16-11-04	15-09-10
	Colombia	Avianca	MD83	49946	1991	4,999	0.52%	26-03-92	21-07-09
	Colombia	Avianca	MD83	53120	1992	5,821	0.61%	5-08-92	1-12-09
	Colombia	Avianca	MD83	53125	1992	5,251	0.55%	17-06-92	23-11-09
	El Salvador	Taca International	ATR42-300	109	1988	2,154	0.23%	8-12-04	7-12-09
	El Salvador	Taca International	ATR42-300	113	1988	2,128	0.22%	12-01-05	11-01-10
	Mexico	Click Mexicana	F100	11266	1990	3,803	0.40%	29-06-98	25-02-10
	Mexico	Click Mexicana	F100	11284	1990	5,404	0.57%	20-05-08	19-05-11
	Mexico	Click Mexicana	F100	11285	1990	3,644	0.38%	28-05-08	27-05-11
	Mexico	Click Mexicana	F100	11304	1991	3,825	0.40%	18-07-08	17-07-11
	Mexico	Click Mexicana	F100	11305	1991	5,056	0.53%	12-03-08	11-03-11
	Mexico	Click Mexicana	F100	11309	1991	4,380	0.46%	12-05-93	11-03-10
	Mexico	Click Mexicana	F100	11319	1991	4,431	0.46%	26-05-93	24-04-10
	Mexico	Click Mexicana	F100	11336	1991	4,041	0.42%	26-06-08	25-06-11
	Mexico	Click Mexicana	F100	11339	1991	4,146	0.43%	5-07-98	4-02-10
	Mexico	Click Mexicana	F100	11347	1991	5,209	0.55%	24-01-08	23-01-11
	Mexico	Click Mexicana	F100	11348	1991	5,024	0.53%	30-05-08	29-05-11

Region	Country	Lessee	Aircraft Type	Serial Number	Date of Manufacture	Appraised Value at January 31, 2009 ($000's)	% of Portfolio by Appraised Value as of Jan 31, 2009	Lease Commencement Date	Lease Expiry Date
	Mexico	Click Mexicana	F100	11371	1991	4,268	0.45%	2-09-08	1-07-11
	Mexico	Click Mexicana	F100	11374	1992	4,729	0.50%	10-12-92	25-01-10
	Mexico	Click Mexicana	F100	11375	1992	4,250	0.44%	17-12-92	26-03-10
	Mexico	Click Mexicana	F100	11382	1992	4,880	0.51%	29-01-93	10-11-09
	Mexico	Click Mexicana	F100	11384	1992	4,875	0.51%	29-01-93	23-12-09
North America	Canada	AC Leasing	A320-200	174	1991	14,302	1.50%	12-04-91	30-09-15
	Canada	AC Leasing	A320-200	175	1991	13,975	1.46%	30-04-91	31-01-15
	Canada	AC Leasing	A320-200	232	1991	14,672	1.54%	3-10-91	30-11-15
	Canada	AC Leasing	A320-200	284	1991	13,957	1.46%	10-03-92	31-10-15
	Canada	AC Leasing	A320-200	309	1992	15,530	1.63%	13-05-92	30-11-15
	Canada	AC Leasing	A320-200	404	1993	16,684	1.75%	24-01-94	24-03-15
	Canada	Air Canada Jazz	DHC8-300	293	1991	3,806	0.40%	13-12-07	10-08-16
	Canada	Air Canada Jazz	DHC8-300	342	1992	4,177	0.44%	22-01-08	10-08-16
	United States of America	Pace Airlines	B737-300	23749	1987	7,383	0.77%	9-11-01	8-03-15
	United States of America	Allegiant Air Inc.	MD82	49660	1988	3,289	0.34%	13-08-07	13-08-11
	United States of America	Allegiant Air Inc.	MD82	49667	1988	3,588	0.38%	20-08-07	20-08-11
	United States of America	TWA Airlines LLC	MD83	49575	1987	3,383	0.35%	9-08-94	8-11-12
Other	Russia	Ural Airlines	A320-200	203	1991	14,175	1.48%	4-06-08	3-06-13
	Russia	Ural Airlines	A320-200	220	1991	12,772	1.34%	7-05-08	6-05-13
	Russia	KD avia	B737-300	23177	1986	6,378	0.67%	27-05-05	26-05-11
	Russia	Aeroflot Cargo	B737-300SF	23499	1986	9,839	1.03%	7-03-08	6-03-13
	Russia	Aeroflot Cargo	B737-300SF	23500	1986	10,106	1.06%	4-12-07	3-12-12
	Russia	Orenair	B737-400	24683	1990	9,952	1.04%	24-03-06	23-03-11
	Russia	Orenair	B737-400	24691	1990	9,273	0.97%	1-06-06	31-05-11
	Russia	Sibir Airlines	B737-400	26071	1992	11,505	1.20%	30-09-08	30-05-15
	Russia	Transaero Airlines	B737-500	25183	1992	8,345	0.87%	8-12-06	7-12-11
	Russia	Aeroflot Nord	B737-500	25185	1992	8,589	0.90%	16-11-06	15-11-12
	Russia	Aeroflot Nord	B737-500	25186	1992	8,452	0.88%	24-08-06	23-08-12
	Russia	Transaero Airlines	B737-500	25188	1992	8,334	0.87%	12-01-07	11-01-12
	Russia	Aeroflot Nord	B737-500	25191	1992	9,224	0.97%	18-01-07	17-01-13
	Russia	Aeroflot Nord	B737-500	25288	1992	8,536	0.89%	26-05-07	25-05-13
	Russia	Aeroflot Nord	B737-500	25289	1992	8,570	0.90%	20-07-07	19-07-13
	Ukraine	Ukraine International	B737-400	25190	1992	11,190	1.17%	15-05-03	14-05-12

Region	Country	Lessee	Aircraft Type	Serial Number	Date of Manufacture	Appraised Value at January 31, 2009 ($000's)	% of Portfolio by Appraised Value as of Jan 31, 2009	Lease Commencement Date	Lease Expiry Date
	Ukraine	Ukraine International	B737-400	26081	1993	10,674	1.12%	18-02-06	17-02-11
	Ukraine	Ukraine International	B737-500	25182	1992	7,729	0.81%	9-12-06	8-12-11
	Ukraine	Ukraine International	B737-500	25192	1992	8,042	0.84%	30-04-02	29-04-10
	Ukraine	Ukraine International	B737-500	26075	1992	8,825	0.92%	30-05-02	29-05-10
Off Lease (1)..............................	Off Lease	Off Lease	B737-300	23923	1988	7,066	0.74%	n/a	n/a
	Off Lease	Off Lease	B737-300	24907	1991	8,641	0.90%	n/a	n/a
	Off Lease	Off Lease	B737-300	25179	1992	9,060	0.95%	n/a	n/a
	Off Lease	Off Lease	B737-300	25187	1992	9,333	0.98%	n/a	n/a
	Off Lease	Off Lease	B737-400	24493	1989	9,229	0.97%	n/a	n/a
	Off Lease	Off Lease	B737-400	24917	1991	11,371	1.19%	n/a	n/a
	Off Lease	Off Lease	B737-400	25180	1992	9,922	1.04%	n/a	n/a
	Off Lease	Off Lease	B737-400	26065	1992	11,824	1.24%	n/a	n/a
	Off Lease	Off Lease	MD83	49620	1988	3,559	0.37%	n/a	n/a
	Off Lease	Off Lease	MD83	49624	1988	3,564	0.37%	n/a	n/a
	Off Lease	Off Lease	MD83	49626	1988	3,410	0.36%	n/a	n/a
	Off Lease	Off Lease	MD83	49709	1988	3,613	0.38%	n/a	n/a
	Off Lease	Off Lease	MD83	49936	1990	4,321	0.45%	n/a	n/a
	Off Lease	Off Lease	MD83	49938	1990	4,000	0.42%	n/a	n/a
	Off Lease	Off Lease	MD83	49939	1990	5,042	0.53%	n/a	n/a
	Off Lease	Off Lease	MD83	49950	1991	4,845	0.51%	n/a	n/a
						955,188	100.00%		

(1) As of March 31, 2009, two of the off-lease aircraft were subject to letters of intent for lease and one of the off-lease aircraft was subject to a contract for lease. As of the date of this Annual Report, one aircraft which was subject to a letter of intent for lease at March 31, 2009 has been contracted and delivered to the lessee, the other aircraft that was subject to a letter of intent for lease at March 31, 2009 has been contracted for lease and one other aircraft which was off-lease at March 31, 2009 has become subject to a contract for lease. In addition, two other aircraft that were on lease at March 31, 2009 have redelivered early from one lessee but as of the date of this Annual Report, have been contracted for lease to a new lessee.

D. THE LEASES

Most of the leases are operating leases under which we generally retain the benefit, and bear the risk, of the residual value of the aircraft at the end of the lease. As of March 31, 2009, 100 aircraft were on lease and 16 aircraft were off-lease. As of March 31, 2009, two of the off-lease aircraft were subject to letters of intent for lease and one of the off-lease aircraft was subject to a contract for lease. As of the date of this Annual Report, one of the aircraft which was subject to a letter of intent for lease at March 31, 2009 has delivered to the lessee, the two other aircraft that were subject to letters of intent for lease at March 31, 2009 have been contracted for lease and one other aircraft which was off-lease at March 31, 2009 has become subject to a contract for lease. In addition, two other aircraft that were on lease at March 31, 2009 have redelivered early from one lessee but as of the date of this Annual Report, have been contracted for lease to a new lessee. All leases are managed by the servicer according to the servicing agreement.

Although the lease documentation is fairly standardized in many respects, significant variations do exist as a result of negotiation with each lessee.

Under a majority of our leases, the lessee is responsible, either directly or through indemnification of the lessor, for all operating expenses, including maintenance, operating, overhaul, fuel, crews, airport and navigation charges, taxes, licenses, consents and approvals, aircraft registration and hull and liability insurance. In addition, the lessees must remove all liens on the aircraft except liens that are permitted by the lease.

Each of our current leases requires the lessee to make periodic rental payments during the term of the lease. Some of the leases also require the lessee to pay periodic amounts as maintenance reserves or to deliver letters of credit or guarantees for this purpose. Almost all the leases require the lessees to make payments to us without set-off or counterclaim, and most of them include an obligation for the lessee to gross-up payments under the lease if the lease payments are subject to withholding or other taxes. The leases also generally contain indemnification of the lessor for tax liabilities such as value added tax and stamp duty tax, but not income tax.

Each lease also contains provisions which specify our rights and remedies if the lessee defaults in making payments or performing its other obligations under the lease. These remedies include terminating the lease and repossessing the aircraft.

The following is a summary of the principal terms of the leases as of March 31, 2009, with reference to appraised values as of January 31, 2009.

Lease Term .... As of March 31, 2009, the weighted average remaining contracted lease term of the aircraft (weighted by appraised value as of January 31, 2009 and without giving effect to purchase options, early terminations or extensions) was 36 months. The longest lease was scheduled to expire in August 2016.

Rentals .... As of March 31, 2009, rent under 97 of the leases, representing 89.89% by appraised value of our portfolio as of January 31, 2009, was payable monthly in advance, and rent under three of the leases, representing 1.07% by appraised value of our portfolio as of January 31, 2009, was payable monthly in arrears.

These rental payments are calculated based on a floating rate or a fixed rate or may change from one to the other over the course of the lease. The rent under all of the leases is currently payable in U.S. dollars, although in the future, rent on some new leases may be payable in euros. Some rental payments are based on the number of flight hours an aircraft is operated or may vary depending on the time of year during which the aircraft is operating.

Extension Options .... Some of the leases contain an extension option pursuant to which, depending on the negotiations with the lessee at the time of signing of the lease, either we or the lessee could extend the term of the lease at either the existing lease rate or at the future market rate. As of March 31, 2009, five of the leases representing 4.02% of our portfolio by appraised value as of January 31, 2009, included an extension option.

Early Termination Options.. Some of the leases contain an early termination option pursuant to which the lessee may terminate the lease before the scheduled expiration date if specified conditions are met. As of March 31, 2009, four of the leases representing 3.29% of our portfolio by appraised value as of January 31, 2009 include an early termination option. Assuming that all these options are exercised for the earliest possible termination, the weighted average remaining lease term of our portfolio would be 36 months.

Purchase Options... As of March 31, 2009, three lessees had outstanding options to purchase a total of five aircraft, representing 2.40% of our portfolio by appraised value as of January 31, 2009. The latest date on which a purchase option could be exercised is May 21, 2011 for the purchase of an MD82.

Security Deposits.. As of March 31, 2009, lessees under 93 of the leases representing 81.82% of our portfolio by appraised value as of January 31, 2009 have provided security for their obligations. As of March 31, 2009, we had $18.1 million in cash security deposits in respect of 62 aircraft representing 55.48% of our portfolio by appraised value as of January 31, 2009, and $12.8 million in letters of credit in respect of 36 aircraft representing 34.81% of our portfolio by appraised value as of January 31, 2009.

Guarantees.. In 35 of the leases representing 28.46% of our portfolio by appraised value as of January 31, 2009, we have received guarantees of the lessee's performance obligations under the lease. These guarantees were issued by the lessee's parent company or shareholders.

Maintenance.. The leases contain detailed provisions specifying maintenance standards and aircraft redelivery conditions generally to be met at the lessees' expense. During the term of each lease, we require the lessee to maintain the aircraft in accordance with an agreed maintenance program designed to ensure that the aircraft meets applicable airworthiness and other regulatory requirements. Lessees must provide monthly maintenance reserves under approximately 78 of the leases. Under the balance of the leases, the lessee or the lessor may be required to make certain adjustment payments to one another if at redelivery the aircraft or specified items do not meet the required standards under 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 this maintenance may be material in relation to the value of the aircraft, with the overhaul of a single 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.

Depending on the credit of the lessee and other factors, we may require that the lessee pay cash maintenance reserves (78 leases as of March 31, 2009, representing 66.94% of our portfolio by appraised value as of January 31, 2009) or provide a combination of maintenance reserves and letters of credit (as of March 31, 2009 no lessee provided maintenance letters of credit). If the lessee pays maintenance reserves, we will have to reimburse it for maintenance it actually performs on the aircraft. Our obligation to reimburse maintenance is classified as an expense and therefore ranks senior to any payments on the notes and certificates.

If the lessee is not required to pay maintenance reserves or provide letters of credit or guarantees, we have to rely on the lessee's credit and its ability to maintain the aircraft during the lease term and return it in good condition or make any maintenance payments required at the end of the lease. If maintenance is required on the aircraft but not performed, or the lessee fails to pay, we have to fund this maintenance ourselves.

Maintenance payments by lessees will depend upon numerous factors including the financial condition of the lessee 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.

Redelivery Conditions .... At least 90% of the leases provide for the aircraft to be redelivered in a specified condition upon expiration of the lease and/or stipulate the payments to be made by the lessee to us or, in some cases, by us 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.

Insurance .... The lessees bear responsibility through an operational indemnity to carry insurance for liabilities arising out of the operation of the aircraft. The indemnity includes liabilities for death or injury to persons and damage to property that ordinarily would attach to the operator of the aircraft. The lessees are also required to carry comprehensive liability insurance and hull insurance, and any further insurance that is customary in the commercial aircraft industry, and to indemnify us against all liabilities, including where the liability to us as owner and lessor attaches by law. Generally, the leases require us to be named as an additional insured on hull and liability policies. Most of the leases also require the lessee to maintain the liability insurance for a specified period between one and two years after termination of that lease. Under the servicing agreement, the servicer is required to monitor the lessees' performance of obligations with respect to the insurance provisions of the applicable leases. We also carry contingent hull and liability insurance consistent with industry practice which acts as a backup for Airplanes Group's interests in instances where a lessee's policy does not satisfy the requirements of the lease and acts as excess coverage above that provided by a lessee's policy. The amount of the contingent liability policies may not be the same as the insurance required under the lease. The amount of war third party contingent insurance and other types of cover are subject to a number of limitations imposed by the aviation insurance industry particularly following the terrorist attacks of 9/11.

Most insurance certificates contain a breach of warranty endorsement so that an additional insured party remains protected even if the lessee violates any of the terms, conditions or warranties of the insurance policies, provided that the additional insured party has not caused, contributed to or knowingly condoned the breach.

Third Party Liability Insurance .... The minimum third party liability limits under the leases range from $250 million in respect of turboprop aircraft to $750 million in respect of widebody aircraft. In some cases, the lessee carries more insurance than the minimum specified in the lease. Following the terrorist attacks of 9/11, the aviation insurance markets applied a $50 million limit on war third party (non-passenger) liability insurance. We require lessees to either buy additional insurance in the commercial markets or obtain equivalent protection under applicable governmental schemes. These insurance issues have been mitigated in certain jurisdictions by a number of temporary government schemes and the emergence of limited available insurance markets, however, failure by a lessee to obtain adequate insurance cover as required under its lease could result in the relevant aircraft being grounded. This would likely further reduce our cashflows if as a result aircraft were returned early and/or we do not receive rental payments from lessees which are affected by such developments.

Aircraft Property Insurance .... In all cases, the sum of the stipulated loss value and our own additional coverage in place is at least equal to the appraised value of the aircraft. Permitted deductibles, which generally apply only in the case of a partial loss, range from $50,000 for turboprop aircraft to $1 million for widebody aircraft. Following insurance market developments in the aftermath of the terrorist attacks of 9/11, the insurance market, on January 1, 2002, ceased offering cover for Confiscation by the State of Registration (as generally required under the leases). Such cover is now available again, for certain jurisdictions but at increased costs. However, the lack of general availability of cover for Confiscation by the State of Registration risk in all jurisdictions means that this requirement is not currently satisfied under all of the leases. Recently, the insurance market has introduced new limitations under airline hull war policies in circumstances where aircraft are on the ground for losses arising from Weapons of Mass Destruction ("**WMD**") devices – electromagnetic pulse, emission, discharge, release or escape of any chemical, biological or biochemical material. The insurers' concern is the potential accumulation of WMD losses in one event. Alternative cover either from the commercial insurance markets or governments is not currently available for these risks except for US airlines insured under the Federal Aviation Authority insurance programme.

Political Risk Insurance................................. With respect to some leases, we may arrange separate political risk repossession insurance for our own benefit, covering (a) confiscation, nationalization and requisition of title of the relevant aircraft by the government of the country of registration 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.

Subleases And Wet Leases .... Under most of our current leases, the lessee may sublease the aircraft without our consent if specified conditions are met. Under most of our current leases, the lessee may also "**wet lease**" the aircraft (leasing the aircraft to another airline with a crew and services provided by the lessee) without our consent so long as the lessee does not part with operational control of the aircraft. Where there is a sublease or a wet lease, the lessee remains fully liable to us for all its payment and performance obligations under the lease and we have no contractual relationship with the sublessee or the wet lessee. Leases with new lessees are based on a pro forma lease that includes restrictions on subleases and wet leases into specified prohibited countries.

E. COMPLIANCE WITH GOVERNMENTAL AND TECHNICAL REGULATION

COMPLIANCE WITH MANDATORY REQUIREMENTS

The air transportation industry is highly regulated. In addition to general requirements regarding maintenance of aircraft, aviation authorities issue ADs requiring the operators of aircraft to take particular maintenance actions. This can include specific inspections or modifications to a number of aircraft of designated types. ADs normally specify a period in which to carry out the required action or modification and, except for emergency ADs with very short compliance periods, enough time is allowed to permit the implementation of the ADs in connection with scheduled maintenance of the aircraft or engines. Each aircraft must comply with the ADs issued by the aviation authority of the state of registration.

Generally the aviation authority of the state of registration will mandate those ADs issued by the state of design of an aircraft, engine or appliance. For example, Federal Aviation Authority ("**FAA**") ADs for Boeing or McDonnell Douglas aircraft and for General Electric and Pratt & Whitney engines, and European Aviation Safety Agency ("**EASA**") ADs for Airbus aircraft and Rolls Royce engines. However, the aviation authority of the state of registration may also originate their own ADs or issue ADs which supersede the ADs issued by the state of design.

In addition to ADs there may be operational requirements that require the aircraft operator to install certain equipment on an aircraft. In the US commercial aircraft operational requirements are generally governed by Federal Aviation Regulations ("**FAR**") Part 91 and Part 121. In Europe the equivalent requirement is European Union Operations ("**EU-OPS**") which has recently replaced Joint Aviation Requirement on Commercial Air Transportation ("**JAR-OPS**").

The lessee usually bears the cost of compliance with ADs or operational requirements. We may be required to contribute a portion of such costs over a specified threshold. However, if a lessee fails to perform an AD required on an aircraft or the aircraft transfers to an area with different operational requirements or the aircraft is off-lease then Airplanes Group, as owner, would bear the cost of compliance necessary for the aircraft to maintain its certificate of airworthiness and be correctly configured for operations.

In addition to these direct costs, significant new requirements with respect to noise standards, emission standards and other aspects of aircraft or their operation could cause the value of an aircraft type to decrease. 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. In addition, most countries' aviation laws require aircraft to be maintained under an approved maintenance program having defined procedures and intervals for inspection, maintenance and repair. To the extent that an aircraft is off lease or a lessee defaults in effecting such compliance, we will be required to comply with such requirements.

FLEET NOISE AND EMISSIONS REQUIREMENTS

A new noise standard has been adopted in Annex 16, Volume 1, Chapter 4 of the Chicago Convention. It is currently only applicable to aircraft manufactured after January 1, 2006. All of our aircraft were manufactured prior to that date. At present there is no requirement to phase out aircraft manufactured prior to 2006 which do not comply with the Chapter 4 standard. However, if such a requirement is mandated in the future, it may adversely affect the value of or the ability to remarket these aircraft. It is likely that the majority of the aircraft can be made compliant with the new standard; however, some may require modification at a cost that is currently unknown since the manufacturers have not undertaken the work to define what, if any, changes are required.

Annex 16, Volume 2 of the Chicago Convention also contains standards and recommendations regarding limitations on vented fuel, smoke and gaseous emissions from 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.

FLEET AGING AIRCRAFT REQUIREMENTS

The fleet aging aircraft programmes are being continuously updated. One concept that has come out of the research and development effort into mitigating the occurrence of Widespread Fatigue Damage ("**WFD**") in large transport aircraft is applying a Limit of Validity ("**LOV**") to an aircraft's maintenance program. This is a point in an aircraft's operational life beyond which there may be insufficient engineering data to support continued operation due to fatigue considerations. In other words, the inspections in the maintenance program may not detect fatigue damage before the strength levels are reduced below the regulatory requirements. The proposed LOV for a B737 for instance is 100,000 flight cycles. No B737 aircraft has yet reached this threshold and it would equate to at least 35 years of typical operations. The rulemaking which the FAA and EASA are considering in this area would result in substantially higher maintenance costs for aircraft that have passed their LOV and effectively make economic operation of the aircraft unviable. In December 2008 the FAA issued a revised draft of the proposed rule. The revised draft amended several key requirements in respect of WFD evaluation of existing repairs and structural modifications. Revisions to the original proposal combined with the high threshold of the LOV will limit the financial impact of the rule and it is now not expected to have a significant financial impact on the majority of leased aircraft.

The FAA has issued a rule applicable to US registered aircraft mandating an Aging Aircraft Record Review and Inspection by FAA representatives for an aircraft once it has exceeded 14 years since manufacture. Thresholds are provided for aircraft that are already more than 14 years since manufacture at the time the rule was introduced. Thereafter, Aging Aircraft Record Reviews and Inspections for the aircraft are to be repeated every seven years. There is also the possibility of additional maintenance work resulting from an adverse finding during these reviews. It is expected that the cost of such Aging Aircraft Record Reviews and Inspections will, in general, be borne by the lessees. However if the aircraft is transitioning onto the US register or the lessee is unable to fulfill its obligations the responsibility for this review would rest with us.

Effective from January 11, 2008 the FAA amended FAR Part 26 Subpart E and Part 121.1109. Amongst other things, these rules require manufacturers to establish a model specific list of Fatigue Critical Baseline Structure (“**FCBS**”) and make damage tolerance based maintenance programs available for all applicable unpublished repair approvals. From December 20, 2010 operators operating under part 121 must ensure their maintenance programme addresses any adverse effects of repairs to FCBS. This ruling will require operators to review existing repairs. The cost of such reviews and associated inspections will, in general, be borne by the operator. However if the aircraft is transitioning onto the US register or the lessee is unable to fulfill its obligations the responsibility for this review would rest with us.

FLEET SECURITY REQUIREMENTS

As a result of the terrorist attacks in the United States on September 11, 2001, and the subsequent threat of similar attacks, aviation authorities may adopt new security directives. The FAA and EASA already require the installation of reinforced cockpit doors. In addition, the International Civil Aviation Organisation requires contracting states to mandate the incorporation of cockpit doorway surveillance systems. The average cost of an installation for a reinforced cockpit door and cockpit doorway surveillance system for a non-compliant aircraft would be approximately $85,000 and $35,000 respectively.

The FAA has issued a Notice of Proposed Rulemaking (“**NPRM**”), whereby they are proposing to introduce a set of new design certification requirements which would require the incorporation of enhanced security provisions for new aircraft designs. The proposal includes requirements to strengthen bulkheads between the passenger cabin and the cockpit (in addition to current requirements to strengthen the cockpit door), to limit the penetration of smoke/fumes/gases from incendiary devices from entering the cockpit from the passenger cabin, to quickly evacuate smoke/fumes/gases from the cockpit and passenger cabin, and to maximize survivability after an explosion or fire. The current proposal does not propose retrospective action for existing aircraft and as such no additional costs for in service aircraft are envisaged at this time.

FLEET OPERATIONAL AND AIRSPACE REQUIREMENTS

Aircraft may need to comply with certain operational requirements that are mandated by the state of the operating airline (which, in some cases, may be different from the state of registration) or the states into which or over which an aircraft will be flown. An aircraft operating in a particular jurisdiction may require new modifications as they are mandated by the responsible authorities. Similarly, an aircraft that will be operated in a new jurisdiction may require modifications to bring it up to the standard of the new jurisdiction. Depending on whether the costs of complying with these requirements are borne by the lessees or us, installation of these systems could result in significant cash expenditures by us, primarily during aircraft transitioning. Major examples of such requirements are as follows:-

The installation of Enhanced Ground Proximity Warning System (“**EGPWS**”), otherwise known as Terrain Awareness System (“**TAWS**”) was made mandatory by 2005 for aircraft operating in regions governed by the FAA or JAA. EGPWS is an avionics system that detects an aircraft’s proximity to the ground. The enhanced version enables the system to correlate the aircraft’s current position with a database of obstructions in the horizontal plane (high mountain peaks, buildings, antennae etc). All new generation Airbus and Boeing aircraft have EGPWS and require only a software upgrade. The estimated cost to implement the full modification is $100,000 to $120,000 per aircraft.

In July 2008 the FAA issued an amendment to FAR Part 121 & Part 129 introducing a new operational requirement to reduce fuel tank ullage (vacant container space) flammability, and thus reduce the possibility of fuel tank explosion. Specifically named aircraft types include the B737, B747, B757, B767 and Airbus A300, A310, A320, A330 and A340 models. Although the FAA has not mandated a specific method of achieving the requirement, one particular proposal is a Nitrogen Generation System (“**NGS**”) for insertion of nitrogen into the affected fuel tanks. Operators are required to incorporate the requirements on at least 50% of their fleet of the specified types of aircraft by December 31, 2011, and on 100% of their fleet of the specified types of aircraft within an additional three years. The regulation applies to US operators operating under FAR 121 and also to foreign operators operating into the US under FAR 129. At this point EASA has not indicated that it is intending to mandate NGS. Retrofit of an NGS is estimated to cost between $200,000 for a narrow body aircraft to $300,000 for a wide body aircraft.

Traffic Collision Avoidance System (TCAS) is already a requirement in the United States, the European Union and other JAA countries. The majority of the aircraft are already compliant or will have some provisions already installed. The average cost of an installation for a noncompliant aircraft would be approximately $100,000 - $130,000.

A Cargo Compartment Fire Detection and Suppression System is already a requirement in the United States for all underfloor cargo compartments. It is currently not required by EASA or the JAA for certain narrow bodied aircraft, but a proposal for a new requirement is expected in the near future. The average cost of an installation for a non-compliant aircraft would be approximately $100,000 - $120,000.

Additional Flight Data Recorder Parameters and extended cockpit voice recorder recording duration are a requirement in the United States. The effect of these requirements varies depending on year of manufacture and existing provisions. The cost of additional inputs is totally dependent on the current aircraft configuration but installation for a non-compliant aircraft could be up to $90,000.

Aircraft operating in Eurocontrol airspace required the installation of Enhanced Mode S ATC Transponders by March 2007. The average cost of an installation for a non-compliant aircraft is approximately $50,000 - $80,000.

From October 2009 newly manufactured aircraft originally designed under 9G rules, such as the A320 and B737NG, and operated under Part 121, will have to meet stricter cabin attendant and passenger seating crash requirements. While there is no requirement for any retrospective action, fleet commonality and equipment availability issues will make it likely that non-compliant aircraft built before the October 2009 deadline will ultimately be affected. Similarly, parts of the revised Part 382 requirements on non discrimination on the basis of disability in air travel are applicable to existing aircraft being reconfigured. These rule changes will have the effect of increasing transition costs and modification leadtimes for aircraft moving between operators.

TYPE SPECIFIC REQUIREMENTS
BOEING 737

On December 2, 2008 the FAA issued amendment Part 121.344 to increase the number of digital flight data recorder (DFDR) parameters required for Boeing 737 series aircraft manufactured after August 18, 2000. This is to allow for monitoring and recording of the rudder system on these aircraft. Although the cost to retrofit a B737 is estimated to be $45,000 the majority of affected aircraft were so equipped at build and will require no additional work. As we do not own any aircraft manufactured after the above date, the financial impact of this rule is expected to be nil.

The FAA has issued an AD affecting all B737 aircraft, mandating the installation of a new rudder power control unit and changes to adjacent systems in order to rectify an unsafe condition that has led to a jammed or restricted control of the rudder in the past. The manufacturer will supply most of the parts of engineering as this is a recognized design problem. The average cost per aircraft of the labour is expected to be approximately $15,000 and is to be completed before May 2009.

In early 2004 Boeing discovered cracks at the lap joint areas on a number of B737-200/300/400/500 aircraft (B737 Classic aircraft), which were caused by scribe marks from sharp instruments used in paint, sealant and decal removal. Scribe marking has also been found on B747, B757 and B767 aircraft. The FAA issued AD 2006-07-12 on March 31, 2006 mandating a zonal inspection program for scribe marks on B737 classic aircraft. The threshold for accomplishing the inspection for each individual zone on an individual aircraft is dependent on the aircraft’s maintenance history, total cycles and cycles since first painting. In the event significant “scribe lines” are detected, significant repair and aircraft out of service time may be required. The potential cost of terminating the requirements of the service bulletin is totally dependant on findings on individual aircraft but could cost up to $300,000 per aircraft. An aircraft with unrepaired scribe mark damage may become more difficult or expensive to remarket or such damage may impact the re-lease rate.

The FAA has issued AD 2002-07-08 mandating the modification of crown lap joints on Boeing 737 aircraft when an aircraft has completed 50,000 cycles. The estimated cost to implement those modifications for each aircraft is approximately $250,000. In addition repairs to scribe damaged areas that must take place at the same time could raise the total repair costs for crown lap joints and scribe damage to $450,000.

The FAA issued AD 2008-23-09 on October 24, 2008 mandating the replacement of insulation blankets. The affected insulation covering is installed on B737-200, 300 and 400 aircraft originally built between July 1981 and December 1988 inclusive. This insulation blanket covering does not meet the new FAA requirement involving resistance of materials to ignition from an electrical arc or spark. The final compliance date of December 15, 2016 means that the youngest affected aircraft will be almost 28 years old at this time. Compliance cost is estimated to be up to $300,000 per aircraft.

The FAA issued AD 2005-20-39 in November 2005 requiring an inspection of landing gear on all variants of Boeing 737 Classic aircraft to determine whether a certain compound that may have been used during manufacture or overhaul has caused corrosion. If an inspection reveals damage, a premature overhaul of the landing gear might be required, which might lead to earlier than anticipated reserve claims.

BOEING 757

The FAA issued AD 2008-23-09 on October 24, 2008 mandating the replacement of insulation blankets. The affected insulation covering is installed on B757 aircraft originally built between July 1981 and December 1988 inclusive. This insulation blanket covering does not meet the new FAA requirement involving resistance of materials to ignition from an electrical arc or spark. The final compliance date of December 15, 2016 means that the youngest affected aircraft will be almost 28 years old at this time. Compliance cost is estimated to be up to $350,000 per aircraft.

The FAA issued AD 2007-19-07 on November 28, 2007 mandating a zonal inspection program for scribe marks on B757 aircraft. The threshold for accomplishing the inspection for each individual zone on an individual aircraft is dependent on the aircraft's maintenance history, total cycles and cycles since first painting. In the event significant "scribe lines" are detected, significant repair and aircraft out of service time may be required. The potential cost of terminating the requirements of the service bulletin is totally dependant on findings on individual aircraft but could cost up to $200,000 per aircraft. Unrepaired scribe mark damage may result in an affected aircraft becoming more difficult or expensive to remarket, or may impact the re-lease rate.

The FAA has issued an AD that requires the modification of the nacelle strut and wing structure on B757 series aircraft equipped with Rolls Royce RB211 engines. The modification must be accomplished prior to the aircraft reaching 20 years since manufacture. The estimated cost for such modification is $70,000 per aircraft.

BOEING 767

The FAA issued AD 2008-23-09 on October 24, 2008 mandating the replacement of insulation blankets. The affected insulation covering is installed on B767 aircraft originally built between July 1981 and December 1988 inclusive. This insulation blanket covering does not meet the new FAA requirement involving resistance of materials to ignition from an electrical arc or spark. The final compliance date of December 15, 2016 means that the youngest affected aircraft will be almost 28 years old at this time. Compliance cost is estimated to be up to $500,000 per aircraft.

The FAA issued AD 2004-05-10 requiring an inspection of the aft pressure bulkhead on certain B767 aircraft. Boeing have indicated that they are likely to recommend to the FAA that in addition to the existing mandated inspections the aft pressure bulkheads on B767 aircraft up to line number 175 be replaced once the aircraft reach 45,000 flight cycles. For aircraft averaging a typical 1,400 flight cycles per year, this equates to 30 years of service. Approximate costs associated with replacement of the bulkhead are likely to exceed $1 million per aircraft.

Boeing has indicated that they are likely to initiate a scribe mark inspection programme for the B767 aircraft. No specifics of what this programme will entail are currently available.

AIRBUS A320

EASA has issued an AD mandating inspection of Airbus A318/A319/A320/A321 aircraft for cracking in the main landing gear support rib of the wing. A terminating modification is available and has been mandated, but requires the aircraft to be out of service for a minimum of five days. Provided the incorporation of such terminating modification is accomplished in time, the significant cost of rib replacement can be avoided. In the event significant damage is detected prior to incorporation of the terminating modification, resulting in the necessity to replace the rib, the cost of such rib replacement would be approximately $500,000 per affected wing and would cause the aircraft to be out of service for approximately five weeks.

FOKKER 100

EASA have indicated that they will issue an AD mandating the fitment of a new main fitting and sliding member for Fokker 100 aircraft fitted with Messier Dowty main landing gear. This is to eliminate a fatigue cracking issue which could result in gear failure. The new components will be available from the first quarter 2010. Embodiment is expected to be required during the next overhaul following availability of new components, but in any case not later than the end of 2013. Cost of the installation of these parts combined with cost of the concurrent overhaul is expected to be $500,000 per aircraft.

The incurrence by us of any of the foregoing costs will further adversely impact our results of operations.

New ADs or specific requirements may be adopted in the future and these could result in significant costs to Airplanes Group or adversely affect the value of our aircraft and our ability to re-lease our aircraft.

F. THE LESSEES

As of March 31, 2009, 100 of our aircraft were on lease to 41 lessees in 26 countries throughout the world. See "Portfolio Information" above for the countries and regions where our lessees reside.

A number of our lessees are in a relatively weak financial position. As of March 31, 2009, 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 cash in transit) amounted to $2.7 million in respect of 10 lessees (who leased a combined total of 31 aircraft representing 20.6% of our portfolio by appraised value as of January 31, 2009). Of the total $2.7 million, $2.1 million was in arrears for a period between 30 and 60 days and $0.6 million was in arrears for a period greater than 60 days.

As of March 31, 2009, in addition to the $2.7 million in respect of payments past due more than 30 days, we had agreed to allow three lessees which leased a total of four aircraft to defer payments totaling $1.2 million in respect of rental payments, maintenance reserves and other miscellaneous amounts due under the leases for periods ranging from four months in respect of two lessees and up to nine months in respect of one lessee. Subsequent to March 31, 2009 the servicer has agreed further restructurings and deferral arrangements with a further five lessees in respect of a further 26 aircraft and as at the date of this Annual Report is in negotiations for the restructuring of leases of a further 2 aircraft. In addition, as at the date of this Annual Report, these two aircraft for which lease restructurings are being negotiated have redelivered early from one lessee and contracted for lease to a new lessee. Restructurings typically involve delaying rental payments for certain periods and/or the reduction of current rentals. In addition, some restructurings involve forgiveness of amounts of past due rent, voluntary terminations of leases prior to lease expiration, the replacement of aircraft with less expensive aircraft and the arrangement of subleases from the lessee to another aircraft operator. In other cases, it has been necessary to repossess aircraft from lessees which have defaulted. The servicer continually monitors all lessee receivables and in addition to the restructurings referred to above, further restructurings could be agreed with a consequent adverse effect on operating revenues.

In addition to difficulties which have affected lessees in a given region, individual lessees have experienced periodic difficulties in meeting their maintenance obligations under the related leases. The difficulties have arisen from, among other things, the failure of the lessee to have in place a sufficiently well established maintenance program, adverse climate and other environmental conditions in the locations where the related aircraft is 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 could result in a grounding of the aircraft, cause us to incur substantial costs in restoring the aircraft to an acceptable maintenance condition before we can offer the aircraft for re-lease and adversely affect the value of the aircraft.

The following is a discussion of the lessees experiencing difficulty by region in which they are located.

EUROPE

At March 31, 2009 we leased 17 aircraft representing 15.95% of our portfolio by appraised value at January 31, 2009 to operators in Europe.

The European market has marched in lock-step with the US market in this financial crisis and while the region managed to end 2008 positively with passenger traffic growing at 1.2% for the year according to the Association of European Airlines ("**AEA**"), for the first quarter of 2009 there has been a dramatic decline of 7.3% in passenger traffic and 20% in freight traffic according to the AEA. The AEA expects the declines to continue for several months with no sign of easing or up-turn apparent at the moment. According to the AEA, carriers in Europe have only managed to shed 3.7% of their capacity and as such load factors are dropping significantly and with them fares and revenue. Hardest hit are international long-haul flights across the Atlantic and to and from Asia where traffic has fallen dramatically and premium travel has been severely curtailed. IATA currently forecasts that carriers in the European region are expected to post losses of $1.8 billion for 2009.

In September 2008, a Spanish lessee of three B737 aircraft representing 3.2% of our portfolio by appraised value as of January 31, 2009 filed for bankruptcy. The servicer repossessed and re-leased the aircraft and is monitoring the financial status of this former lessee to determine the most appropriate course of action regarding the former lessee's obligations.

In December 2008, a Spanish lessee returned six MD83 aircraft including three aircraft prior to their original lease expiry date. The six aircraft represented 2.4% of our portfolio by appraised value as of January 31, 2009. The servicer agreed early settlement terms with the lessee and the lessee has met its obligations under this agreement.

Subsequent to March 31, 2009 the servicer has entered into restructuring and deferral agreements with two other European lessees in respect of three aircraft representing 3.46% of our portfolio by appraised value as of January 31, 2009.

NORTH AMERICA

At March 31, 2009 we leased 12 aircraft representing 12.01% of our portfolio by appraised value as of January 31, 2009 to operators in North America.

The North American market has been particularly hard-hit in this downturn and has seen traffic decline by almost 10% in the first quarter of 2009 over the same period of 2008 according to the US Bureau of Transportation Statistics. The financial crisis has severely curtailed business travel and carriers are experiencing severe degradation of revenue and yields. Somewhat fortuitously, the US carriers proactively removed large amounts of capacity in the face of high fuel prices during 2008 and as such were better positioned to handle the severe decline in traffic. Nonetheless, traffic is falling faster than capacity has reduced and all carriers are struggling. While the first round of parkings and retirements occurred in the fourth quarter of 2008 and the first quarter of 2009, it appears likely now that a second round will be following in the third quarter of 2009. IATA currently forecasts that carriers in the North American region will report a loss of $1 billion for the full year 2009. This is significantly better than the $5.1 billion loss posted for 2008.

LATIN AMERICA

At March 31, 2009, lessees of 35 aircraft with respect to 22.32% of our portfolio by appraised value as of January 31, 2009 operated in Latin America, principally Brazil, Mexico, Colombia, Argentina and Antigua. The prospects for lessee operations in these countries depend in part on the general level of political stability and economic activity and policies in those countries. Further developments in the political systems or economies of these countries or the implementation of future governmental policies in these countries may materially affect these lessees' operations.

The Latin American air travel market performed very well throughout 2008 and continued to post strong traffic figures well into the end of the year. Traffic in the region for 2008 grew by approximately 9% as compared to 2007 according to Asociación Latinoamericana de Transporte Aereo ("**ALTA**"). The first quarter of 2009 has begun to see deterioration however in the traffic figures, though not yet to the same degree as other regions. According to ALTA traffic is down 1% to 2% for quarter one of 2009, essentially flat over the first quarter of 2008. Traditionally, the Latin American market has mimicked the GDP and air travel growth of the North American market relatively closely, so one would expect further deterioration in these figures throughout the year. Furthermore, the Swine Flu outbreak in Mexico will have a notable effect on April traffic especially to and from Mexico and will be reflected in the region's figures on aggregate. IATA currently forecasts that carriers in the Latin American region will post losses of $900 million for 2009.

During the year ended March 31, 2009 one of our former Brazilian lessees which had leased eight aircraft representing 3.82% of our portfolio by appraised value at January 31, 2009 and which had previously signed a restructuring agreement redelivered all of the aircraft on lease expiry as scheduled and has met all its obligations under the agreement.

At March 31, 2009 we leased 16 aircraft representing 7.53% of our portfolio by appraised value at January 31, 2009 to a Mexican lessee. This lessee is currently in arrears and is experiencing financial difficulties and subsequent to March 31, 2009 the servicer has entered into a restructuring agreement with the lessee regarding its lessee obligations.

At March 31, 2009, we leased six aircraft, representing 7.41% of our portfolio by appraised value at January 31, 2009 to a Colombian lessee. Continued weakness in the value of the Colombian Peso, as well as general deterioration in the Colombian economy, may mean that this lessee will be unable to generate sufficient revenues in the Colombian currency to pay the U.S. dollar denominated rental payments under the leases.

At March 31, 2009 we leased two aircraft representing 0.93% of our portfolio by appraised value at January 31, 2009 to one Argentinean lessee. The lessee has been experiencing financial difficulties, and whilst currently up to date, the lessee continues to be monitored closely.

ASIA AND THE FAR EAST

As at March 31, 2009, we leased 11 aircraft representing 11.32% of our portfolio by appraised value as of January 31, 2009 to seven lessees in this region.

According to the Association of Asia Pacific Airlines ("**AAPA**"), passenger traffic in Asia and the Far East is down 12% while freight traffic is down 25% for the year to date through March 2009 compared to the equivalent period in 2008. Having finished 2008 essentially flat, the Asian carriers have been blindsided by the rapidity in traffic degradation both intra-Asia and to and from the region, especially from the US and Europe. According to AAPA, some degree of domestic traffic is holding up while the bulk of the declines are coming from the long-haul segment of the business. Premium traffic in this region has been hit especially hard and a recovery does not appear imminent. Carriers there continue to assess their capacity overages and decide how many and when they will remove aircraft from their schedules. Profits for these long-haul carriers are expected to be significantly hit this year and potentially next. IATA, in its latest forecast, predicts losses of $3.3 billion for the Asia Pacific region for 2009. This is marginally better than in 2008, when they lost $3.9 billion, however, this region is where IATA forecasts that airlines will post the largest losses for 2009.

On February 15, 2008 a Taiwanese lessee of one MD83 aircraft representing 0.51% of our portfolio by appraised value as of January 31, 2009 filed for bankruptcy protection. The servicer repossessed the aircraft and is monitoring the former lessee's financial status to determine the most appropriate course of action regarding its outstanding obligations. As at the date of this Annual Report this aircraft is the subject of sale negotiations.

During March 2008 we repossessed three aircraft representing 2.91% of our portfolio by appraised value as of January 31, 2009 from one of our Indonesian lessees. As of the date of this Annual Report one of these three aircraft has been re-leased but the other two aircraft remain off-lease. The servicer is currently monitoring the former lessee's financial status to determine the most appropriate course of action regarding its outstanding obligations. As at the date of this Annual Report these two aircraft are the subject of sale negotiations.

During November 2008, the Thai lessee of two aircraft, representing 2.43% of our portfolio by appraised value at January 31, 2009 returned the aircraft early. The lessee had been experiencing financial difficulties. Following negotiations with the lessee one of the aircraft has been redelivered back to the lessee and the other is due to be redelivered back to the lessee before the end of June 2009.

During November 2008, we signed a restructuring agreement with one Bangladesh lessee of one DHC8 aircraft representing 0.36% of our portfolio by appraised value at January 31, 2009.

The servicer is currently in discussions with one Indonesian lessee of two B737 aircraft representing 2.07% of our portfolio by appraised value at January 31, 2009, following an incident in April 2009 involving extensive damage to one of the aircraft to determine the most appropriate course of action and has also signed a deferral agreement with the lessee in respect of certain of its lease obligations.

AFRICA

At March 31, 2009 we leased four aircraft representing 6.86% of our portfolio by appraised value at January 31, 2009 to three lessees in Africa.

According to statistics published by IATA African carriers are expected to post losses of $500 million for 2009 in total for this region as a result of a loss of market share combined with the impact of the recession.

OTHER

At March 31, 2009 we leased 15 aircraft representing 15.08% of our portfolio by appraised value as of January 31, 2009 to seven lessees in Russia.

In the first quarter of 2009 passenger traffic in Russia is down 20% when compared to the first quarter of 2008 according to the Russian Aviation Authority. Having finished 2008 with a growth figure of 10%, this reversal has been especially hard-hitting for the region. Carriers there are attempting to defer deliveries where possible and adjust their capacity to better reflect the severe decline in traffic that occurred so rapidly.

During September 2008, we repossessed three aircraft representing 2.91% of our portfolio by appraised values as of January 31, 2009, from one of our Russian lessees. The servicer is currently monitoring the former lessee's financial status to determine the most appropriate course of action regarding its outstanding obligations.

As of March 31, 2009, we had signed two restructuring agreements with two Russian lessees which leased a total of three B737 aircraft representing 2.95% of our portfolio by appraised value as of January 31, 2009. Subsequent to March 31, 2009 we have signed a restructuring agreement with one further Russian lessee of five B737 aircraft representing 4.54% of our portfolio by appraised value as of January 31, 2009.

Subsequent to March 31, 2009, two B737 aircraft which were on lease to one Russian lessee have been redelivered early. The aircraft represent 2.09% of our portfolio by appraised value as of January 31, 2009. The servicer is currently monitoring the former lessee's financial status to determine the most appropriate course of action regarding its outstanding obligations.

At March 31, 2009 we also leased five aircraft representing 4.86% of our portfolio by appraised value as of January 31, 2009 to a lessee in Ukraine and one aircraft representing 0.21% of our portfolio by appraised value as of January 31, 2009 to a lessee in Australia.

G. COMMERCIAL OPPORTUNITIES FOR CERTAIN TYPES OF OUR AIRCRAFT

In line with the decline in the industry noted under "6B. Management's Discussion and Analysis of Financial Condition and Results of Operations—Background," the leasing market for most aircraft models (and in particular turboprop aircraft, F-100 aircraft and MD-83 aircraft), is currently very weak and is expected to remain so.

The servicer continues to look for opportunities to sell aircraft where the expected sales proceeds may be greater than the net present value of estimated cash flows from continued leasing, as well as aircraft with little or no re-lease prospects which require expenditure for storage, maintenance and insurance. The board does not approve the sale of an aircraft unless the servicer has concluded that the better economic option for that aircraft is a sale rather than a re-lease or where no re-lease prospects realistically exist. In determining whether to approve any proposed aircraft sale, the board reviews a written analysis from the servicer which, among other things, compares expected sales proceeds against the net present value of estimated cash flows from continued leasing including, inter alia, the estimated transition costs. The servicer's overall objective in this analysis is to maximize the cash flow generation for the relevant aircraft. Board approval of any sale is based on the recommendation of the servicer. Given the overall weakness in the airline industry as a result of the worldwide recession, sales opportunities for all aircraft types in the year ended March 31, 2009 have however been extremely limited and are expected to continue to be limited for the duration of the recession.

Since the 2003 consent solicitation we have sold 61 aircraft for an aggregate amount of $131.2 million. For each of these aircraft there was either no leasing market or the sale proceeds received were greater than the net present value of estimated cash flows from continued leasing, including the estimated transition costs. Aircraft sold since the 2003 consent solicitation have typically been older aircraft, including B737-200As, DC8s, DC9s, and turboprop aircraft. At March 31, 2009, our portfolio contained a total of 16 aircraft (12 of which were on the ground and four of which were expected to become available for remarketing in the 15 months to June 30, 2010) for which the current expectation is that sale rather than re-leasing will maximize cashflows.

In the year to March 31, 2009, we sold one DC8-71F aircraft, three DHC8-100 aircraft and one MD83 aircraft.

3. LEGAL PROCEEDINGS

Following the default by the Brazilian airline VASP under its leases, AerCap Ireland (formerly known as GPA Group) sought and obtained in November 1992 a preliminary injunction for repossession of 13 aircraft and three engines, and subsequently repossessed these aircraft and engines. Airplanes Group acquired seven of these aircraft from GPA Group in March 1996, two of which remain in our portfolio, representing 1.69% of our portfolio by appraised value as of January 31, 2009 and which are currently on lease to a Russian lessee and an Indonesian lessee.

In December 1996, the Sao Paolo Court of Justice, Brazil, found in favor of VASP on appeal and granted it the right to the return of the aircraft and engines or the right to seek damages against AerCap Ireland. AerCap Ireland challenged this decision and in January 2000, the Court of Justice granted a stay of the 1996 judgment while it considered AerCap Ireland's rescission action. In April 2002, the High Court found in favour of AerCap Ireland's rescission action and overturned the 1996 judgment in favour of VASP. VASP has actively pursued appeals to this decision and in June 2004, the Superior Court of Justice found in favour of VASP, granting VASP's special appeal with the consequential dismissal of AerCap Ireland's rescission action. AerCap Ireland has indicated that it will continue to actively pursue all available courses of action, including appeals and if necessary initiating a new rescission action. In July 2006 AerCap Ireland commenced legal proceedings in England to recover losses suffered as a result of VASP's breach of seven lease agreements and repossession of the aircraft thereunder. In response VASP filed an application to challenge the jurisdiction of the English court but AerCap Ireland has been successful in having this application struck out. On March 16, 2009, AerCap Ireland was awarded default judgment by the English courts whereby VASP has been ordered to pay AerCap Ireland approximately $40 million for loss of profit and accrued interest under seven lease agreements. AerCap Ireland is now seeking to have this judgment enforced in Brazil.

In July 2008, the majority of VASP's creditors approved a motion to have VASP declared bankrupt and in September 2008, the bankruptcy court in Sao Paulo ordered the bankruptcy of VASP. This decision has been appealed by VASP and it is currently unclear when this appeal will be heard.

A risk of repossession by VASP of the two aircraft in our portfolio would only arise if VASP were successful on appeal (in Brazil) in seeking repossession of the aircraft and the aircraft were located in Brazil. Brazilian counsel to AerCap Ireland believe that VASP may not commence repossession action as VASP has indicated that it may instead file a motion for damages suffered as a result of the repossession by AerCap Ireland of the aircraft. In February 2006 VASP commenced a procedure for the calculation of the award for damages and since then both AerCap Ireland and VASP have appointed experts to assist the court in assessing what (if any) damages VASP suffered. AerCap Ireland cannot at this time quantify the amount of this potential damages claim. However, AerCap Ireland's external counsel has advised that should it be found that AerCap Ireland is in fact responsible for damages, they do not believe that VASP will be able to demonstrate that it has suffered any loss as a result of AerCap's repossession. In July 2008, in addition to the English proceedings, AerCap Ireland commenced legal proceedings in Ireland to recover losses suffered as a result of VASP's breach of certain lease agreements where it was agreed in such lease agreements that Irish courts would have jurisdiction over disputes arising out of those lease agreements. Although none of our lessees which lease any of the relevant aircraft is based in Brazil, some of them may operate those aircraft into Brazil from time to time.

4. MARKET FOR AIRPLANES GROUP'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Airplanes Limited has an authorized share capital of 10,000 ordinary shares, with $1 par value per share. 30 ordinary shares of Airplanes Limited have been issued and are outstanding. The ordinary shares of Airplanes Limited are not listed on any national exchange or traded in any established market. These shares are held by Juris Limited and Lively Limited, each a Jersey limited liability company, as bare nominees for the benefit of the following three charitable trusts (the "**charitable trusts**"):

Title of Class	Name and Address	Number of Shares	Percent of Class
Common stock	Mourant & Co. Trustees Limited as trustee of Holdings Trust I, 22 Grenville Street, St. Helier, Jersey, Channel Islands	10 Shares	33 1/3%
Common stock	Mourant & Co. Trustees Limited as trustee of Holdings Trust II, 22 Grenville Street, St. Helier, Jersey, Channel Islands	10 Shares	33 1/3%
Common stock	Mourant & Co. Trustees Limited as trustee of Holdings Trust III, 22 Grenville Street, St. Helier, Jersey,	10 Shares	33 1/3%

Title of Class	Name and Address	Number of Shares	Percent of Class
	Channel Islands		

Under its articles of association, Airplanes Limited pays an annual fixed cumulative preferential dividend of $4,500 (the "**annual dividend amount**") to the holders of its capital stock, but only when it has distributable profits which may lawfully be paid as dividends and provided that no event of default has occurred and is continuing.

Mourant & Co. Trustees Limited, as trustee of each of the three charitable trusts, has agreed pursuant to a shareholders' agreement with Airplanes Limited and the indenture trustee not to transfer any part of the capital stock of Airplanes Limited without the prior written approval of the indenture trustee and all the directors of Airplanes Limited, unless the transferee is a trustee of a substantially identical charitable trust and enters into a substantially identical shareholders' agreement.

5. SELECTED COMBINED FINANCIAL DATA

The selected combined financial data set out below for each of the years in the five year period ended March 31, 2009 have been extracted or derived from the financial statements of Airplanes Group, which have been audited by KPMG, independent chartered accountants. These financial statements have been prepared in accordance with generally accepted accounting principles in the United States.

The selected combined financial data set forth below combine the operating results, assets, liabilities and cashflows of Airplanes Limited and Airplanes Trust. The separate balance sheets, statements of operations, statements of comprehensive income/(loss), statements of changes in shareholders' deficit/net liabilities and statements of cashflows, and notes thereto, of Airplanes Limited and Airplanes Trust are contained in the financial statements included in Exhibit 1. The directors of Airplanes Limited and the controlling trustees of Airplanes Trust believe that a combined presentation is most appropriate because:

- the assets of Airplanes Limited and Airplanes Trust are 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.

You should note that the notes and the guarantees comprise obligations of two different legal entities owning different assets. However, the notes and guarantees have been structured in the indentures to ensure that no payments are made on a junior class of notes or guarantees of Airplanes Trust before all amounts due and payable on a more senior class of notes or guarantees of Airplanes Limited have been paid, and no payments are made on a junior class of notes or guarantees of Airplanes Limited before all amounts due and payable on a more senior class of notes or guarantees of Airplanes Trust have been paid.

Aircraft assets are stated on the "predecessor cost basis," that is, reflecting AerCap Ireland's historical cost less accumulated depreciation and impairment provisions. The difference between the predecessor cost basis and the amount of Airplanes Group's indebtedness is a significant component of total shareholders' deficit in the combined balance sheet data.

Airplanes Group's accounting policies are consistent with previous years except as detailed in note 4 to the financial statements. During the year ended March 31, 2008, certain aircraft and related balances were reclassified between Airplanes Limited and Airplanes Trust. The reclassification had no impact on the overall financial statements of Airplanes Group.

COMBINED STATEMENT OF OPERATIONS DATA(1)

	Fiscal Year Ended March 31,				
	2005	2006(2)	2007(2)	2008	2009
		As Restated			
		(In $ Millions)			
Revenues (note 3**)**					
Aircraft leasing	182	233	240	218	227
Aircraft sales	63	17	20	19	9
Other income	8	4	—	2	6
Expenses					
Cost of aircraft sold	(31)	(15)	(19)	(13)	(7)
Depreciation	(83)	(81)	(78)	(73)	(63)

	Fiscal Year Ended March 31,				
	2005	2006(2)	2007(2)	2008	2009
		As Restated			
	(In $ Millions)				
Impairment charge	(47)	—	(39)	(64)	(116)
Net interest expense (note 4)	(1,064)	(1,373)	(1,787)	(2,344)	(3,084)
Bad and doubtful debts	5	(3)	—	2	1
Other lease costs	(7)	(48)	(70)	(79)	(61)
Selling general and administrative expenses	(33)	(31)	(29)	(28)	(28)
Tax (charge)/benefit	(3)	—	—	—	—
Net loss	(1,010)	(1,297)	(1,762)	(2,360)	(3,116)

COMBINED BALANCE SHEET DATA(1)

	As of March 31,				
	2005	2006(2)	2007(2)	2008	2009
		As Restated			
	(In $ Millions)				
Aircraft, net, and net investment in capital and sales-type leases	1,342	1,194	1,059	903	717
Total assets	1,486	1,332	1,208	1,062	874
Indebtedness (note 4)	(2,922)	(2,815)	(2,710)	(2,619)	(2,501)
Provision for maintenance	(264)	—	—	—	—
Total liabilities	(7,083)	(8,000)	(9,647)	(11,883)	(14,808)
Net liabilities	(5,597)	(6,668)	(8,439)	(10,821)	(13,934)

COMBINED STATEMENT OF CASHFLOW DATA(1)

	Fiscal Year Ended March 31,				
	2005	2006	2007	2008	2009
	(In $ Millions)				
Cash paid in respect of interest (note 4)	62	60	61	62	34
Net cash provided by operating activities (after payment of interest)	185	107	105	105	120
Net cash used in financing activities	(182)	(109)	(106)	(91)	(118)
Net increase/(decrease) in cash	(3)	(2)	(1)	14	2

OTHER DATA(1)

	Fiscal Year Ended March 31,				
	2005	2006(2)	2007(2)	2008	2009
		As Restated			
	(In $ Millions)				
Deficiency of combined earnings after combined fixed charges (note 5)	(1,007)	(1,297)	(1,762)	(2,360)	(3,116)

Notes:

(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) The results for the fiscal years ended March 31, 2006 and 2007 have been restated. The results for the fiscal years ended prior to this have not been restated.

(3) Revenues, as restated, include maintenance reserve receipts.

(4) Net interest expense is significantly higher than cash paid in respect of interest in all periods reflecting the high interest rate accruing on the class E notes (20% adjusted for inflation) relative to the lower amount of cash interest payable on the class E

notes for so long as the other classes of notes remain outstanding. Net interest expense is stated after crediting interest income of $2 million in 2005, $3 million in 2006, $4 million in 2007, $4 million in 2008 and $2 million in 2009.

(5) Deficiency of combined earnings after combined fixed charges represents the amount by which Airplanes Group's loss before income taxes and fixed charges exceeded fixed charges. Fixed charges consist of interest expense. Because our fixed charges exceeded earnings for all periods presented, a ratio of earnings to fixed charges is not presented.

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

A. INTRODUCTION

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. You should note 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:

- 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 notes and guarantees have been structured in the indentures 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 all amounts due and payable on a more senior class of notes of Airplanes Limited or Airplanes Trust, respectively, have been paid pursuant to the terms of the more senior classes of notes or the guarantees of these notes.

Substantially all of Airplanes Group's future business is expected to consist of aircraft operating lease activities and sales. Airplanes Group's revenues and operating cashflows are determined by a number of significant factors, including:

- trading conditions in the civil aviation industry and, in particular, the market for aircraft on operating leases,

- the mix, relative age and popularity of the various aircraft types in our portfolio, and

- Airplanes Group's financial resources and liquidity position relative to its competitors who may possess substantially greater financial resources.

Except to the extent that the strength of the U.S. dollar against some local currencies may adversely affect the ability of some of our lessees who operate in those currencies to pay us, the effect of changes in currency rates on Airplanes Group is minimal because Airplanes Group conducts its business almost entirely in U.S. dollars.

B. BACKGROUND

Industry Overview

2007 may well have recorded the airline industry's best year in terms of profitability since 1999, but 2008 proved to be extremely difficult for most carriers, with record high average fuel prices for part of the year and the near collapse of the worldwide banking system, which has led to simultaneous recession in the EU, US and Japan for the first time since World War II. With the average price of jet fuel peaking in July 2008 airlines were forced to enter a phase of capacity drawbacks, staff reductions and service cuts. Several airlines across the globe have filed for bankruptcy protection or ceased operations. During 2008 a number of airlines worldwide such as Aloha, Eos, Skybus Spain's Futura and the UK's XL Group as well as two of our Asian and one African lessees ceased trading and others, such as Frontier, filed for bankruptcy. The latest forecast from IATA estimates that the global losses experienced by the aviation industry in 2008 will follow on into 2009 with economic indicators now pointing towards a severe recession. When reporting in September 2008, IATA had expected modest economic growth in 2009 to generate some level of growth in both air traffic and revenues. IATA now believes that a deep recession will lead to the most challenging revenue environment for the commercial aviation industry in fifty years, resulting in larger losses in 2009 than in 2008 in most regions. IATA expects combined losses of $9 billion globally in 2009. For the U.S., IATA forecasts losses of $1 billion, which is significantly better than the $5.1 billion loss posted in

2008. IATA forecasts that the biggest impact in 2009 will be in the Asia-Pacific region, where airlines are expected to post the largest losses of $3.3 billion. This is marginally better than in 2008, when they lost $3.9 billion. IATA expects that fuel costs will remain an issue even though they are expected to decline by $59 billion to $106 billion in 2009. Passenger traffic increased by 1.6% and cargo traffic fell by 4% in 2008 (as compared to 2007) and IATA expects to see significant traffic declines in 2009, with passenger traffic forecast to fall by 8%, and cargo traffic forecast to fall by 17%. Total worldwide revenues are forecast to fall by 15% in 2009 as compared to 2008, while at the same time new aircraft order during the profitable years 2005-2007 will come on stream in increasingly large numbers. This influx of new aircraft combined with declining traffic has lead to excess capacity and is further impacting our ability to re-lease our aircraft at favourable rates, with a consequent effect on their value. As most aircraft types within our fleet are out of production niche-type aircraft, the improvement on lease rates and downtime that we experienced as a result of the stronger market in 2005 to 2007 was not sufficient to improve our cashflows significantly and these aircraft types have been more significantly affected by the weaker market in 2008 and that predicted by IATA for 2009. Further, the recent outbreak of Swine Flu in Mexico is currently having a significant impact on air travel to and within the region, and its subsequent spread across the globe has the potential to present further significant challenges for the aviation industry. After an emergency meeting on June 11, 2009 the WHO raised the alert level to phase 6 to declare Swine Flu a global flu pandemic. Whilst the WHO has not to date recommended the closure of borders or the imposition of restrictions on the movement of people, goods or services, should this occur this would have a significant impact on air travel. Even in the absence of such restrictions, passenger demand for air travel may be affected, with a consequent negative impact on the aviation industry including our lessees. As of the date of this Annual Report we have 17 aircraft on the ground and for 12 of these aircraft we have no commitment for their sale or lease. In the year ended March 31, 2009, the servicer repossessed or took early redelivery of 16 aircraft and restructured (or commenced negotiations for restructuring) leases in respect of four aircraft. Subsequent to March 31, 2009 the servicer has entered into restructurings in respect of leases of a further 26 aircraft and as at the date of this Annual Report is in negotiations for the restructuring of leases of a further two aircraft. In addition, as at the date of this Annual Report, these two aircraft for which lease restructurings are being negotiated have redelivered early from one lessee and been contracted for lease to a new lessee. When we have been able to enter into new leases, while we have sometimes, most notably during the 2005 to 2007 period, achieved higher lease rates than those previously contracted for the same aircraft, these rates have been lower, and in many cases, substantially lower, than the rates assumed in the 2001 Base Case. For new leases entered into in the year ended March 31, 2009 the lease rates have, in most cases, been substantially lower than the lease rates assumed in the 2001 Base Case.

Aircraft Appraised Values

There has been a decline of $66 million (6.4%) in the appraised value of our fleet in the year to January 31, 2009, which is $101 million less than the decline of $166 million (9.4%) assumed in our 1996 Base Case assumptions. However, even after allowing for sales of aircraft which were not assumed in the 1996 Base Case, the average appraised value of our fleet as of January 31, 2009 is $629 million lower than the portfolio value assumed in the 1996 Base Case. The appraised values are hypothetical values based upon the value of the aircraft at normal utilization rates in an open, unrestricted and stable market, and take into account long-term trends, including current expectations of particular models becoming obsolete more quickly, as a result of airlines switching to different models, or lease values for aircraft declining more rapidly than previous predictions. Notwithstanding the significant decline in appraised values, the appraised value of each of our aircraft is still higher and, in most cases, significantly higher than what we understand to be its likely market value. Therefore, as a theoretical value, the appraised value should not be viewed as indicative of market value and thus there is no guarantee that we would obtain the appraised value upon sale of any aircraft. As discussed in “lC. Introduction — Risk Factors — Risks Relating to Payment on the Notes and Certificates”, decreases in appraised values have previously resulted in the requirement to pay class A principal adjustment amount to the extent of available cashflows. Due to industry conditions over the past several years, the majority of our aircraft are highly likely to become obsolete earlier than the useful life expectancies assumed in the 2001 Base Case assumptions, which would negatively impact appraised values further. Since we are no longer able to pay class A principal adjustment amount and since, as a result of our 2003 consent solicitation, we are no longer required to sell our aircraft at or above a specified target price, the appraised values of our aircraft are now of little significance, except as a basis for providing statistical information on the portfolio and for complying with certain technical provisions in the indentures.

Performance

We have been unable to meet all of the 1996 Base Case assumptions or the 2001 Base Case assumptions. Even before the terrorist attacks in the U.S. on September 11, 2001, the worldwide economy had begun to weaken and the events of September 11, 2001 exacerbated that weakness. Since then, despite a brief period (2005 - 2007) in which the aircraft industry strengthened, the industry has been challenged overall. For our portfolio of older, less fuel-efficient aircraft, the effects of years of weakness in the industry are felt more acutely; whatever demand exists will tend to favour newer, more efficient aircraft and our lease rates and aircraft values consequently suffer. Because of earlier restructurings and the fact that not all of our leases came up for renewal in the period 2005 - 2007, we could not benefit fully from the temporary improvements in lease rates and values that even some of the older aircraft experienced in that period. We are thus generating revenues at significantly lower levels than we had assumed and at levels which have been inadequate to pay minimum principal on the class A notes in full, or to pay any interest or minimum principal on the class B notes or any interest on the class C and class D notes since the December 15, 2003 payment date. Even though, as a result of the 2003 consent solicitation, we are now able to sell aircraft which we may not have been able to sell previously, such sales are difficult to achieve and where sales have been completed, the sales proceeds have not made a significant difference to our cashflow. On each payment date, we are currently only paying in full our administrative and lease expenses and certain other payments in the ordinary course of business, interest on the class A notes and swap payments, and the "First Collection Account Top-Up". We use any remaining cashflows towards payment of minimum principal on the class A notes which at May 15, 2009 was $553.2 million in arrears. We do not believe that we will ever be able to resume making payments of interest or principal on the class B, C and D notes. For a detailed background, see "lC. Introduction - Risk Factors — Risks Relating to Payments on the Notes and Certificates — Our reduced cashflows mean that we are unable to make payments on junior notes and certificates."

Remedies

As discussed in 1C above, notwithstanding the default in payment of interest on the class B, C and D notes, the holders of those notes (and thus, the corresponding certificates) are not permitted to enforce their rights until all amounts owing under any more senior class of notes outstanding and certain other amounts have been paid in full. The class A notes are the most senior class of notes currently outstanding.

Ratings

Set out in the table in "lC. Introduction - Risk Factors — Risks relating to payment on the Notes and Certificates — Ratings" are the ratings of our certificates at June 15, 2009.

Remarketing

At March 31, 2009, in addition to the 16 aircraft on the ground we had 17 aircraft scheduled to come off lease before March 31, 2010. Of these 33 aircraft, 16 aircraft (as noted under "2G. The Aircraft, Related Leases and Collateral — Commercial Opportunities for Certain Types of our Aircraft") have been identified as likely sales candidates, one has subsequently been delivered to a lessee, one is the subject of a signed lease agreement, one is the subject of a signed letter of intent for lease and the remaining 14 (comprising two ATR42s, one DHC8-300, seven F100s, one B737-400, one B757-200 and five MD83s) are being remarketed for lease. No assurance can be given that a letter of intent will result in a binding lease agreement. As a result of the preference for newer, more technologically advanced and fuel-efficient aircraft, as well as the current over supply of almost all types of aircraft in the market place and the factors discussed above, we will experience difficulties in placing the majority of these aircraft given their age. In particular remarketing the less fuel-efficient and less technologically advanced models such as the MD-83s and the F100s will be extremely challenging.

Furthermore, in light of the financial condition of certain lessees and the overall weakness in the airline industry as a result of the worldwide recession, in addition to the aircraft repossessed and redelivered early in the year to March 31, 2009 and subsequently thereto up to the date of this Annual Report, it is likely that we will also experience further repossessions and/or redeliveries of aircraft prior to their contractual lease expiries, resulting in additional remarketing obligations. Aircraft which are repossessed or returned early are unlikely to meet return conditions under the related lease, so we may also be required to incur significant redelivery and transition costs. To the extent that we suffer significant delays in placing these aircraft, we will incur substantial downtime. In addition new lease rates are also likely to be substantially lower than both the lease rates assumed in the 2001 Base Case and lease rates which have been in force for leases entered into pre-2001.

With respect to each of our aircraft identified as a sale opportunity, we will apply the methodology described above under "2G. The Aircraft, Related Leases and Collateral—Commercial Opportunities for Certain Types of Our Aircraft" on a case by case basis to determine whether sale of the aircraft may be in the best interests of Airplanes Group and the noteholders. Given the overall weakness in the airline industry as a result of the worldwide recession, sales opportunities for all aircraft types in the last year have however been extremely limited and are expected to continue to be limited for the duration of the recession.

Critical Accounting Policies

Airplanes Group determines the critical policies by considering accounting policies that involve the most subjective decisions or assessments. The most critical accounting policies are those related to depreciation methods and impairment of aircraft values, since both of these involve elements which require Airplanes Group to make assumptions as to matters that are highly uncertain at the time the estimates are made.

Depreciation:

Aircraft are recorded at cost and depreciated on a straight line basis over the estimated life to their estimated residual value. The determinations of useful life and residual value are critical to the calculation of depreciation. The estimates of residual values are 15% of cost or the estimated recoverable amount and the useful lives are as follows:

	Years	From
Turboprop aircraft	22.5	Manufacture date
All other aircraft	25	Manufacture date

The estimates of useful lives and residual values are reviewed at least annually.

Impairment:

Aircraft are periodically reviewed for impairment in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets" ("**SFAS 144**"). An impairment review is required whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. An impairment loss is evaluated when the undiscounted estimated future cashflows of the aircraft are less than its carrying value, and the loss is measured as the excess of the carrying value over the fair value.

The fair value of the aircraft is generally based on independent appraisals of aircraft. These appraisals are determined based on the assumption that there is an "open, unrestricted stable market environment with a reasonable balance of supply and demand". In assessing fair value, consideration is also given to other available information, including past experience, actual lease rates, sales prices achievable in the current market, the servicer's experience in the market and estimated discounted cash flows. Where the other available information indicates a lower value for an aircraft than its appraised value, such information is evaluated in detail in making the determination of the fair value for that aircraft. In some instances, estimated discounted cash flows may be used as a more accurate indication of fair value. The estimated discounted future cashflows assume, among other things, market lease rates at the end of the existing lease term, other lease costs, downtime and the risk inherent in the cashflows.

C. RESULTS OF OPERATIONS — YEAR ENDED MARCH 31, 2009 COMPARED WITH YEAR ENDED MARCH 31, 2008

Details of Airplanes Group's results are set out below:

	2008	2009	%
	($ Millions)		Change
Revenues			
Aircraft leasing	218	227	4.1
Other income	2	6	200.0
Aircraft sales	19	9	(52.6)
Expenses			
Depreciation	(73)	(63)	13.6
Cost of aircraft sold	(13)	(7)	46.1
Impairment charge	(64)	(116)	(81.3)
Net interest expense	(2,344)	(3,084)	(31.5)
Bad and doubtful debts	2	1	(50.0)
Other lease costs	(79)	(61)	22.7

	2008	2009	%
	($ Millions)		Change
Selling general and administrative expenses	(28)	(28)	—
Tax benefit/(expense)	—	—	—
Net loss	(2,360)	(3,116)	(32.0)

The results for the year ended March 31, 2009 reflected a continuation of the very difficult trading conditions for Airplanes Group. Unsatisfactory market conditions, particularly for less attractive aircraft such as our turboprop, MD-80 and F-100 aircraft gave rise to a requirement for impairment charges in the year ended March 31, 2009 of $116 million (2008: $64 million). We have sold aircraft where the servicer's analysis showed that the proceeds from the sale would be greater than the net present value of estimated cash flows from continued leasing, including the estimated transition expenditures, but at prices which have not made a significant difference to our cashflow. These factors will continue to have a significant adverse impact in future periods, although various factors, including the timing of receipts and expenditures and non-recurring items, can result in short-term swings in any particular reporting period.

Airplanes Group generated $120 million in cash from operations in the year ended March 31, 2009, compared to $105 million in the year ended March 31, 2008. There was an increase in lease revenues as a result of an increase in maintenance reserve receipts and a decrease in interest paid as a result of decreased average LIBOR rates for the year ended March 31, 2009 as compared to the year ended March 31, 2008. There were five aircraft sales in the year ended March 31, 2009, compared to the year ended March 31, 2008, when there were six sales. There was a net loss for the year ended March 31, 2009 of $3,116 million (Airplanes Limited: $2,850 million; Airplanes Trust: $266 million) compared to a net loss for the year ended March 31, 2008 of $2,360 million (Airplanes Limited: $2,155 million; Airplanes Trust: $205 million). Excluding accrued but unpaid class E note interest, the decrease in the net loss for the period of $3 million was primarily attributable to lower interest expense on the class A-D notes due to LIBOR reductions, increased supplemental income receipts due to lease end upsy adjustments, partially offset by an increased aircraft impairment charge in the year.

LEASING REVENUES

Leasing revenues (which include maintenance reserve receipts which we receive from certain of our lessees) for the year ended March 31, 2009 were $227 million (Airplanes Limited: $214 million; Airplanes Trust: $13 million), compared with $218 million (Airplanes Limited: $209 million; Airplanes Trust: $9 million) for the year ended March 31, 2008. The increase was primarily attributable to the increase in maintenance reserve receipts as a result of the lease-end adjustments, partially offset by the reduction in the number of aircraft on lease as a consequence of aircraft sales in previous periods and aircraft repossessions in the current period. At March 31, 2009, we had 100 of our 116 aircraft on lease (Airplanes Limited: 96 aircraft; Airplanes Trust: 4 aircraft), compared to 117 of our 121 aircraft on lease (Airplanes Limited: 117 aircraft; Airplanes Trust: 4 aircraft) at March 31, 2008.

OTHER INCOME

During the year ended March 31, 2009, Airplanes Group received $6 million (Airplanes Limited: $6 million; Airplanes Trust: $nil) of income from agreements signed with lessees following their emergence from bankruptcy protection, as compared to $2 million (Airplanes Limited: $2 million: Airplanes Trust $nil) during the year ended March 31, 2008.

IMPAIRMENT CHARGES

Aircraft carrying values are periodically assessed for impairment in accordance with SFAS 144. An impairment review is required whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The statement requires an assessment for impairment when an asset's carrying value is greater than its estimated undiscounted future cashflows. Impairments are measured by the excess of carrying value over fair value. Following consideration of the independent appraisers' values and estimated future cashflows from rental or sales proceeds to be generated by our aircraft, an SFAS 144 assessment resulted in a requirement for an impairment charge of $116 million (Airplanes Limited: $116 million; Airplanes Trust: $ nil) in the year ended March 31, 2009 as compared with an impairment charge of $64 million (Airplanes Limited: $60 million; Airplanes Trust: $4 million) for the year ended March 31, 2008.

DEPRECIATION

The charge for depreciation in the year ended March 31, 2009 amounted to $63 million (Airplanes Limited: $61 million; Airplanes Trust: $2 million) as compared with $73 million (Airplanes Limited: $69 million; Airplanes Trust: $4 million) for the year ended March 31, 2008. The reduction in the charge resulted primarily from the reduced depreciable value of the fleet following aircraft sales in previous periods.

AIRCRAFT SALES

Sales proceeds of $9 million (Airplanes Limited: $9 million; Airplanes Trust: $nil) in respect of the sale of one DC8-71F aircraft, one MD83 aircraft and three DHC8-100 aircraft were received in the year ended March 31, 2009. The net book value of the aircraft sold was $7 million (Airplanes Limited: $7 million; Airplanes Trust: $nil). In the year ended March 31, 2008, sales proceeds of $19 million (Airplanes Limited: $11 million; Airplanes Trust: $8 million) in respect of the sale of one B737-200A aircraft, one DC8-71F aircraft, one MD83 aircraft, one MD87 aircraft, one DHC8-100 aircraft and one DC8-73F aircraft were received. The net book value of the aircraft sold was $13 million (Airplanes Limited: $9 million; Airplanes Trust: $4 million).

NET INTEREST EXPENSE

Net interest expense was $3,084 million (Airplanes Limited: $2,809 million; Airplanes Trust: $275 million), of which $159 million related to interest on the class A to D notes and interest rate swap payments and $2,925 million related to interest on the class E notes, in the year ended March 31, 2009 compared to $2,344 million (Airplanes Limited: $2,135 million; Airplanes Trust: $209 million), of which $178 million related to interest on the class A to D notes and interest rate swap payments and $2,166 million related to interest on the class E notes, in the year ended March 31, 2008. The increase in the amount of interest charged was primarily due to interest on accrued but unpaid class E note interest of $759 million partially offset by lower average debt and a lower average interest rate in the year ended March 31, 2009.

The weighted average interest rate on the class A to D notes (taking into account the interest rate swaps entered into by Airplanes Group but excluding the class E supplemental interest amount and the remainder of the class E adjusted interest) during the year ended March 31, 2009 was 5.71% and the average debt in respect of the class A to D notes outstanding during the period was $1,954 million. The class E notes together with the accrued but unpaid class E note interest, accrue interest at a rate of 20% per annum, as adjusted (by reference to the U.S. consumer price index, effective March 28, 1996) to the current level of 31.63%.

The weighted average interest rate on the class A to D notes (on the same basis as above) during the year to March 31, 2008 was 6.63% and the average debt in respect of the class A to D notes outstanding during the period was $2,065 million.

The difference for the year ended March 31, 2009 between Airplanes Group's net interest expense of $3,084 million (Airplanes Limited: $2,809 million; Airplanes Trust: $275 million) and cash paid in respect of interest of $34 million (Airplanes Limited: $31 million; Airplanes Trust: $3 million) is substantially accounted for by the fact that interest on the class E notes is accrued but unpaid, and interest on the class B, C and D notes is now also being accrued and not paid.

Net interest expense is stated after deducting interest income earned during the relevant period. In the year ended March 31, 2009, Airplanes Group earned interest income (including lessee default interest) of $2 million (Airplanes Limited: $2 million; Airplanes Trust: $nil), compared with $4 million in the year ended March 31, 2008 (Airplanes Limited: $4 million; Airplanes Trust: $nil).

BAD DEBT PROVISIONS

Airplanes Group's practice is to provide specifically for any amounts due but unpaid by lessees based primarily on the amount due in excess of security held and also taking into account the financial strength and condition of a lessee and the economic conditions existing in the lessee's operating environment. While a number of Airplanes Group's lessees failed to meet their contractual obligations in the year ended March 31, 2009, this did not result in a requirement for loss provisions in respect of bad and doubtful debts in respect of these lessees. The credit exposure with regard to certain other carriers improved over the period and overall, there was a net decrease in the provisions in respect of bad and doubtful debts in the year ended March 31, 2009 of $1 million (Airplanes Limited: $1 million; Airplanes Trust: $nil), compared with a net decrease in provisions for the year ended March 31, 2008 of $2 million (Airplanes Limited: $1 million; Airplanes Trust: $1 million).

OTHER LEASE COSTS

Other lease costs, comprising mainly aircraft related technical expenditure associated with remarketing the aircraft and maintenance costs incurred by certain of our lessees, in the year ended March 31, 2009 amounted to $61 million (Airplanes Limited: $60 million; Airplanes Trust: $1 million), compared with other lease costs of $79 million (Airplanes Limited: $78 million; Airplanes Trust: $1 million) in the year ended March 31, 2008.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the year ended March 31, 2009 amounted to $28 million (Airplanes Limited: $27 million; Airplanes Trust: $1 million) as compared to the year ended March 31, 2008 of $28 million (Airplanes Limited: $27 million; Airplanes Trust: $1 million).

The most significant element of selling, general and administrative expenses is the aircraft servicing fees paid to GECAS as servicer. Substantially all of these amounts represent asset-based fees calculated as an annual percentage of agreed values of aircraft under management pursuant to a servicing agreement. Selling, general and administrative expenses in the year ended March 31, 2009 include $20 million (Airplanes Limited: $19 million; Airplanes Trust: $1 million) related to servicing fees, as compared with $20 million (Airplanes Limited: $19 million; Airplanes Trust: $1 million) in the year ended March 31, 2008.

A further significant element of Airplanes Group's actual selling, general and administrative expenses reported in the year ended March 31, 2009 was $5 million (Airplanes Limited: $5 million; Airplanes Trust: $nil) in respect of administrative agency and cash management fees payable to subsidiaries of AerCap Ireland, as compared with the charge of $5 million (Airplanes Limited: $5 million; Airplanes Trust: $nil) for the year ended March 31, 2008.

OPERATING LOSS

The operating loss on continuing operations for the year ended March 31, 2009 was $3,116 million (Airplanes Limited: $2,850 million; Airplanes Trust: $266 million), compared with an operating loss on continuing operations of $2,360 million for the year ended March 31, 2008 (Airplanes Limited: $2,155 million; Airplanes Trust: $205 million). Airplanes Limited and Airplanes Trust are expected to continue to report substantial losses in the future.

TAXES

There was a tax charge of $nil (Airplanes Limited: $nil; Airplanes Trust: $nil) in the year ended March 31, 2009, as compared with a tax charge of $nil (Airplanes Limited: $nil; Airplanes Trust: $nil) for the year ended March 31, 2008.

NET LOSS

The net loss after taxation on continuing operations for the year ended March 31, 2009 was $3,116 million (Airplanes Limited: $2,850 million; Airplanes Trust: $266 million), compared with a net loss after taxation on continuing operations for the year ended March 31, 2008 of $2,360 million (Airplanes Limited: $2,155 million; Airplanes Trust: $205 million).

D. RESULTS OF OPERATIONS — YEAR ENDED MARCH 31, 2008 COMPARED WITH YEAR ENDED MARCH 31, 2007

Details of Airplanes Group's results are set out below:

	2007	2008	%
	($ Millions)		
	As Restated		Change
Revenues			
Aircraft leasing	240	218	(9.2)
Other income	—	2	—
Aircraft sales	20	19	(5.0)
Expenses			
Depreciation	(78)	(73)	6.4
Cost of aircraft sold	(18)	(13)	31.6
Impairment charge	(39)	(64)	(64.1)
Net interest expense	(1,787)	(2,344)	(31.2)
Bad and doubtful debts	—	2	—
Other lease costs	(70)	(79)	(12.9)
Selling general and administrative expenses	(29)	(28)	3.4
Tax benefit/(expense)	—	—	—
Net loss	(1,762)	(2,360)	(33.9)

During the year ended March 31, 2008 Airplanes Group adopted the "direct expense" method of accounting for maintenance reserves as outlined in note 4 to the financial statements. As a result of this change in accounting policy we have restated our historical results for the year ended March 31, 2007 to reflect the application of the new policy.

The results for the year ended March 31, 2008 reflected a continuation of the difficult trading conditions for Airplanes Group, notwithstanding the improved trading conditions from 2005 to 2007 for the aviation industry as a whole. Unsatisfactory market conditions, particularly for less attractive aircraft such as our turboprop, MD-80 and F-100 aircraft gave rise to a requirement for impairment charges in the year ended March 31, 2008 of $64 million (2007: $39 million). We have sold aircraft where the servicer's analysis showed that the proceeds from the sale would be greater than the net present value of estimated cash flows from continued leasing, including the estimated transition expenditures, but at prices which have not made a significant difference to our cashflow. These factors will continue to have a significant adverse impact in future periods, although various factors, including the timing of receipts and expenditures and non-recurring items, can result in short-term swings in any particular reporting period.

Airplanes Group generated $105 million in cash from operations in the year ended March 31, 2008, compared to $105 million in the year ended March 31, 2007. There was a reduction in lease revenues as a result of aircraft sales in previous periods and an increase in interest paid as a result of increased average LIBOR rates for the year ended March 31, 2008 as compared to the year ended March 31, 2007, offset by increased accruals for maintenance costs and reduced selling, general and administrative costs, again as a result of aircraft sales in previous periods. There were six aircraft sales in the year ended March 31, 2008, compared to the year ended March 31, 2007, when there were 15 sales. There was a net loss for the year ended March 31, 2008 of $2,360 million (Airplanes Limited: $2,155 million; Airplanes Trust: $205 million) compared to a net loss for the year ended March 31, 2007 of $1,762 million (Airplanes Limited: $1,615 million; Airplanes Trust: $147 million). Excluding accrued but unpaid class E note interest, the increase in the net loss for the period of $45 million was primarily attributable to a reduction in revenue due primarily to reduced rentals as a result of aircraft sales in previous periods, and an increased aircraft impairment charge of $64 million (Airplanes Limited: $60 million; Airplanes Trust: $4 million) in the year ended March 31, 2008 as compared to an impairment charge of $39 million (Airplanes Limited: $39 million; Airplanes Trust: $nil) in the year ended March 31, 2007.

LEASING REVENUES

Leasing revenues (which include maintenance reserve receipts which we receive from certain of our lessees) for the year ended March 31, 2008 were $218 million (Airplanes Limited: $209 million; Airplanes Trust: $9 million), compared with $240 million (Airplanes Limited: $219 million; Airplanes Trust: $21 million) for the year ended March 31, 2007. The decrease was primarily attributable to the reduction in the number of aircraft on lease as a consequence of aircraft sales in previous periods. At March 31, 2008, we had 117 of our 121 aircraft on lease (Airplanes Limited: 117 aircraft; Airplanes Trust: four aircraft), compared to 122 of our 127 aircraft on lease (Airplanes Limited: 119 aircraft; Airplanes Trust: eight aircraft) at March 31, 2007.

OTHER INCOME

During the year ended March 31, 2008, Airplanes Group received $2 million (Airplanes Limited: $2 million; Airplanes Trust: $nil) of income from agreements signed with lessees following their emergence from bankruptcy protection, as compared to no income during the year ended March 31, 2007.

IMPAIRMENT CHARGES

Aircraft carrying values are periodically assessed for impairment in accordance with SFAS 144. An impairment review is required whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The statement requires an assessment for impairment when an asset's carrying value is greater than its estimated undiscounted future cashflows. Impairments are measured by the excess of carrying value over fair value. Following consideration of the independent appraisers' values and estimated future cashflows from rental or sales proceeds to be generated by our aircraft, an SFAS 144 assessment resulted in a requirement for an impairment charge of $64 million (Airplanes Limited: $60 million; Airplanes Trust: $4 million) in the year ended March 31, 2008 as compared with an impairment charge of $39 million (Airplanes Limited: $39 million; Airplanes Trust: $nil) for the year ended March 31, 2007.

DEPRECIATION

The charge for depreciation in the year ended March 31, 2008 amounted to $73 million (Airplanes Limited: $69 million; Airplanes Trust: $4 million) as compared with $78 million (Airplanes Limited: $73 million; Airplanes Trust: $5 million) for the year ended March 31, 2007. The reduction in the charge resulted primarily from the reduced depreciable value of the fleet following aircraft sales in previous periods.

AIRCRAFT SALES

Sales proceeds of $19 million (Airplanes Limited: $11 million; Airplanes Trust: $8 million) in respect of the sale of one B737-200A aircraft, one DC8-71F aircraft, one MD83 aircraft, one MD87 aircraft, one DHC8-100 aircraft and one DC8-73F aircraft were received in the year ended March 31, 2008. The net book value of the aircraft sold was $13 million (Airplanes Limited: $9 million; Airplanes Trust: $4 million). In the year ended March 31, 2007, sales proceeds of $20 million (Airplanes Limited: $5 million; Airplanes Trust: $15 million) in respect of the sale of seven DC8-7lF aircraft, seven B737-200A aircraft, and the airframe for one ATR-42 aircraft were received. The net book value of the aircraft sold was $19 million (Airplanes Limited: $4 million; Airplanes Trust: $15 million).

NET INTEREST EXPENSE

Net interest expense was $2,344 million (Airplanes Limited: $2,135 million; Airplanes Trust: $209 million), of which $178 million related to interest on the class A to D notes and interest rate swap payments and $2,166 million related to interest on the class E notes, in the year ended March 31, 2008 compared to $1,787 million (Airplanes Limited: $1,627 million; Airplanes Trust: $160 million), of which $174 million related to interest on the class A to D notes and interest rate swap payments and $1,613 million related to interest on the class E notes, in the year ended March 31, 2007. The increase in the amount of interest charged was primarily due to interest on accrued but unpaid class E note interest of $552 million and a higher average interest rate, partially offset by lower average debt in the year ended March 31, 2008.

The weighted average interest rate on the class A to D notes (taking into account the interest rate swaps entered into by Airplanes Group but excluding the class E supplemental interest amount and the remainder of the class E adjusted interest) during the year ended March 31, 2008 was 6.63% and the average debt in respect of the class A to D notes outstanding during the period was $2,065 million. The class E notes together with the accrued but unpaid class E note interest, accrue interest at a rate of 20% per annum, as adjusted (by reference to the U.S. consumer price index, effective March 28, 1996) to the current level of 30.59%.

The weighted average interest rate on the class A to D notes (on the same basis as above) during the year to March 31, 2007 was 6.67% and the average debt in respect of the class A to D notes outstanding during the period was $2,188 million.

The difference for the year ended March 31, 2008 between Airplanes Group's net interest expense of $2,344 million (Airplanes Limited: $2,135 million; Airplanes Trust: $209 million) and cash paid in respect of interest of $62 million (Airplanes Limited: $57 million; Airplanes Trust: $5 million) is substantially accounted for by the fact that interest on the class E notes is accrued but unpaid, and interest on the class B, C and D notes is now also being accrued and not paid.

Net interest expense is stated after deducting interest income earned during the relevant period. In the year ended March 31, 2008, Airplanes Group earned interest income (including lessee default interest) of $4 million (Airplanes Limited: $4 million; Airplanes Trust: $nil), compared with $5 million in the year ended March 31, 2007 (Airplanes Limited: $5 million; Airplanes Trust: $nil).

BAD DEBT PROVISIONS

Airplanes Group's practice is to provide specifically for any amounts due but unpaid by lessees based primarily on the amount due in excess of security held and also taking into account the financial strength and condition of a lessee and the economic conditions existing in the lessee's operating environment. While a number of Airplanes Group's lessees failed to meet their contractual obligations in the year ended March 31, 2008, this did not result in a requirement for loss provisions in respect of bad and doubtful debts in respect of these lessees. The credit exposure with regard to certain other carriers improved over the period and overall, there was a net decrease in the provisions in respect of bad and doubtful debts in the year ended March 31, 2008 of $2 million (Airplanes Limited: $1 million; Airplanes Trust: $1 million), compared with no net change in provisions for the year ended March 31, 2007.

OTHER LEASE COSTS

Other lease costs, comprising mainly aircraft related technical expenditure associated with remarketing the aircraft and maintenance costs incurred by certain of our lessees, in the year ended March 31, 2008 amounted to $79 million (Airplanes Limited: $78 million; Airplanes Trust: $1 million), compared with other lease costs of $70 million (Airplanes Limited: $68 million; Airplanes Trust: $2 million) in the year ended March 31, 2007.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the year ended March 31, 2008 amounted to $28 million (Airplanes Limited: $27 million; Airplanes Trust: $1 million) as compared to the year ended March 31, 2007 of $29 million (Airplanes Limited: $28 million; Airplanes Trust: $1 million).

The most significant element of selling, general and administrative expenses is the aircraft servicing fees paid to GECAS as servicer. Substantially all of these amounts represent asset-based fees calculated as an annual percentage of agreed values of aircraft under management pursuant to a servicing agreement. Selling, general and administrative expenses in the year ended March 31, 2008 include $20 million (Airplanes Limited: $19 million; Airplanes Trust: $1 million) related to servicing fees, as compared with $21 million (Airplanes Limited: $20 million; Airplanes Trust: $1 million) in the year ended March 31, 2007.

A further significant element of Airplanes Group's actual selling, general and administrative expenses reported in the year ended March 31, 2008 was $5 million (Airplanes Limited: $5 million; Airplanes Trust: $nil) in respect of administrative agency and cash management fees payable to subsidiaries of AerCap Ireland, as compared with the charge of $5 million (Airplanes Limited: $5 million; Airplanes Trust: $nil) for the year ended March 31, 2007.

OPERATING LOSS

The operating loss for the year ended March 31, 2008 was $2,360 million (Airplanes Limited: $2,155 million; Airplanes Trust: $205 million), compared with an operating loss on continuing operations of $1,762 million for the year ended March 31, 2007 (Airplanes Limited: $1,615 million; Airplanes Trust: $147 million). Airplanes Limited and Airplanes Trust are expected to continue to report substantial losses in the future.

TAXES

There was a tax charge of $nil (Airplanes Limited: $nil; Airplanes Trust: $nil) in the year ended March 31, 2008, as compared with a tax charge of $nil (Airplanes Limited: $nil; Airplanes Trust: $nil) for the year ended March 31, 2007.

NET LOSS

The net loss after taxation for the year ended March 31, 2008 was $2,360 million (Airplanes Limited: $2,155 million; Airplanes Trust: $205 million), compared with a net loss after taxation on continuing operations for the year ended March 31, 2007 of $1,762 million (Airplanes Limited: $1,615 million; Airplanes Trust: $147 million).

E. FINANCIAL RESOURCES AND LIQUIDITY

Our primary source of liquidity is rental payments made by lessees under the leases. Our principal uses of cash rental payments are expenses related to the aircraft and their servicing, corporate expenses and the payment of interest, principal and any premium on indebtedness. See "6H. Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Indebtedness" for more information regarding our outstanding debt.

Airplanes Group's cash balances at March 31, 2009 amounted to $99 million (Airplanes Limited: $93 million; Airplanes Trust: $6 million), compared to cash balances at March 31, 2008 of $97 million (Airplanes Limited: $91 million; Airplanes Trust: $6 million).

Under the terms of Airplanes Group's indebtedness we are required, to the extent we have sufficient cashflows, to maintain cash balances, which we refer to as the "liquidity reserve amount", equal to (1) the amount of security deposits ($18 million at March 31, 2009) and (2) a maintenance reserve. See "6K. — The Accounts — Liquidity Reserve Amount" for circumstances under which these amounts may be increased or decreased. When we have cash to fund these reserves, the terms of Airplanes Group's indebtedness restrict the use of this cash so that it is generally not available to service debt. The liquidity reserve amount was determined largely based on an analysis of historical experience, assumptions regarding Airplanes Group's future performance and the frequency and cost of certain contingencies in respect of the aircraft. It was intended to provide liquidity for meeting the cost of maintenance obligations and non-maintenance, aircraft-related contingencies, such as removing liens, complying with ADs and repossessing and re-leasing aircraft.

Since December 15, 2003, however, we have been unable to fund the $20 million maintenance reserve fund and the security deposit reserve fund, and we have only been able to retain cash at the "First Collection Account Top-Up" level in the priority of payments.

F. OPERATING ACTIVITIES

Operating cashflows depend on many factors, including the performance of lessees and Airplanes Group's ability to re-lease aircraft, the average cost of the notes, the efficacy of Airplanes Group's interest rate hedging policies, the ability of Airplanes Group's swap and cap providers to perform under the terms of their swap and cap obligations and maintenance cashflows which, although expected to be neutral over time, may not balance in any given year.

Net cash provided by operating activities in the year ended March 31, 2009 amounted to $120 million (Airplanes Limited: $107 million; Airplanes Trust: $13 million) compared with $105 million in the year ended March 31, 2008 (Airplanes Limited: $99 million; Airplanes Trust: $6 million). This includes cash paid in respect of interest of $34 million in the year ended March 31, 2009 (Airplanes Limited: $31 million; Airplanes Trust: $3 million) compared with $62 million in the year ended March 31, 2008 (Airplanes Limited: $57 million; Airplanes Trust: $5 million). There was an increase in lease revenues as a result of an increase in maintenance reserve receipts, a decrease in interest paid as a result of decreased average LIBOR rates and a decrease in accruals for maintenance costs.

In the year ended March 31, 2009, Airplanes Group also received net sales proceeds of $9 million (Airplanes Limited: $9 million; Airplanes Trust: $nil), compared to $19 million (Airplanes Limited: $11 million; Airplanes Trust: $8 million) in the year ended March 31, 2008.

G. FINANCING ACTIVITIES

Cashflows from financing activities in the year ended March 31, 2009 reflect the repayment of $118 million of principal on the subclass A-8 notes by Airplanes Group (Airplanes Limited: $105 million; Airplanes Trust: $13 million), compared with $91 million of principal repaid on the subclass A-8 notes by Airplanes Group (Airplanes Limited: $85 million; Airplanes Trust: $6 million) in the year ended March 31, 2008.

There was a decrease in the amount of cash paid as interest during the year ended March 31, 2009 of $28 million, as a result of a lower average interest rate in addition to lower average debt.

H. INDEBTEDNESS

Airplanes Group's outstanding indebtedness consisted of class A, B, C, D and E notes in the amount of $2,501 million (Airplanes Limited: $2,280 million; Airplanes Trust: $221 million) at March 31, 2009 and $2,619 million (Airplanes Limited: $2,385 million; Airplanes Trust: $234 million) at March 31, 2008. Airplanes Group had $591 million of class E notes outstanding at March 15, 2009 and 2008. The terms of each class or subclass of notes, including the outstanding principal amount as of March 15, 2009 and estimated fair market value as of March 31, 2009, are as follows:

Class or Subclass of Certificates and Notes	Outstanding Principal Amount as of March 15, 2009	Annual Interest Rate (Payable Monthly)	Final Maturity Date	Estimated Fair Market Value as of March 31, 2009(4)
	($ Millions)			($ Millions)
Subclass A-8(1)	189.5	LIBOR+0.375%	March 15, 2019	142.1
Subclass A-9(2)	750.0	LIBOR+0.550%	March 15, 2019	262.5
Class B	226.8	LIBOR+0.750%	March 15, 2019	2.3
Class C	349.8	8.150%	March 15, 2019	0.9
Class D	395.1	10.875%	March 15, 2019	—
Class E (notes only)(3)	591.2	20.000%	March 15, 2019	—

(1) Airplanes Group was due to refinance the subclass A-8 certificates and notes on March 15, 2003. Given market conditions and the impact these conditions have had on our performance, as compared to the 2001 Base Case, a refinancing at that time was not economically viable. Step-up interest has therefore accrued on the subclass A-8 certificates and notes since March 15, 2003. However, due to insufficient cashflows and the low priority of step-up interest in the priority of payments, no step-up interest has been paid.

Prior to March 15, 2003, on each payment date, the priority of the principal amounts outstanding in respect of the various subclasses of class A certificates and notes was subclass A-6, subclass A-9 and subclass A-8 in that order. Because there was no refinancing of the subclass A-8 notes by March 15, 2003, the priority of the principal amounts outstanding in respect of the various subclasses of class A certificates and notes is now subclass A-8 and subclass A-9 in that order, the subclass A-6 certificates and notes having been repaid in full on October 15, 2004.

(2) The subclass A-9 certificates and notes were issued on March 15, 2001.

(3) The annual interest rate on the class E notes is adjusted by reference to changes in the U.S. Consumer Price Index since March 28, 1996. As of March 31, 2009, the annual interest rate on the class E notes was 31.63%. Except for the class E minimum interest amount and supplemental interest amount, payable at 1% and 10% per annum respectively, no principal or interest is payable on the class E notes until the more senior classes of notes have all been paid in full. As of March 31, 2009, the accrued and unpaid class E minimum interest amount and supplemental interest amount was $11,579 million.

(4) Although the estimated fair values of the class A to D notes outstanding have been determined by reference to prices as at March 31, 2009 provided by an independent third party, these estimated fair values do not reflect the market value of these notes at a specific time and should not be relied upon as a measure of the value that could be realized by a noteholder upon sale.

I. NEW ACCOUNTING PRONOUNCEMENTS

For new accounting-related pronouncements, please refer to paragraph 4(l) in the notes to our consolidated financial statements for the year ended March 31, 2009, which are attached as an exhibit hereto.

J. COMPARISON OF ACTUAL CASHFLOWS VERSUS THE 2001 BASE CASE FOR THE FOUR MONTH PERIOD FROM JANUARY 10, 2009 TO MAY 15, 2009 AND FOR THE PERIOD FROM MARCH 10, 2001 TO MAY 15, 2009 (98 MONTHS).

The discussion and analysis which follow are based on the results of Airplanes Limited and Airplanes Trust and their subsidiaries as a single entity (collectively "**Airplanes Group**").

The cashflow information set forth below was not prepared in accordance with generally accepted accounting principles of the United States. This information must be read in conjunction with Airplanes Group's most recent financial information prepared in accordance with generally accepted accounting principles of the United States. For this, you should refer to pages F-1 to F-27 of Exhibit 1 to this Annual Report.

For the purposes of this report, the "**Four Month Period**" comprises information from the monthly cash reports as published on our website for the relevant months ended February 17, 2009, March 16, 2009, April 15, 2009 and May 15, 2009. The financial data in these reports includes cash receipts from January 10, 2009 (first day of the Calculation Period for the February 2009 report) to May 11, 2009 (last day of the Calculation Period for the May 2009 report). Page 62 presents the cumulative cashflow information from March 2001 to the May 2009 payment date. This report, however, limits its commentary to the Four Month Period.

The 2001 Base Case contained assumptions in respect of Airplanes Group's future cashflows and expenses. Since these assumptions were developed, global economic conditions, and particularly conditions in the commercial aviation industry, worsened significantly in the years immediately following the terrorist attacks in the U.S. on September 11, 2001, improved between 2005 and 2007, but have deteriorated again in 2008 and 2009, as discussed under "1B. Introduction - Overview of Current Financial Condition". Accordingly, the performance of Airplanes Group has been, and we expect it to continue to be, worse than the 2001 Base Case, particularly as far as the assumptions regarding aircraft re-lease rates, aircraft values, aircraft downtime and lessee defaults are concerned.

The following is a discussion of the Total Cash Collections, Total Cash Expenses, Interest Payments and Principal Payments in the Four Month Period and should be read in conjunction with the analysis on page 61.

CASH COLLECTIONS

"***Total Cash Collections***" include Net Lease Rental, Interest Earned, Aircraft Sales, Net Maintenance and Other Receipts (each as defined below). In the Four Month Period, Airplanes Group generated approximately $54.5 million in Total Cash Collections, $57.7 million less than the 2001 Base Case. This difference is due to a combination of the factors set out below (the numbers in square brackets below refer to the line item number shown on page 61).

[2] RENEGOTIATED LEASES

"***Renegotiated Leases***" is a measure of the loss in rental revenue caused by a lessee negotiating a reduction in the lease rental, in the period to the original contracted expiry date of the lease prior to the renegotiation of the terms of that lease. In the Four Month Period, there was no revenue loss attributed to Renegotiated Leases, which was in line with $nil assumed in the 2001 Base Case.

[3] RENTAL RESETS — RE-LEASING EVENTS WHERE NEW LEASE RATE DEVIATED FROM THE 2001 BASE CASE

"***Rental Resets***" is a measure of the difference in rental revenue when new lease rates are different from those assumed in the 2001 Base Case, including lease rate adjustments for changes in interest rates on floating rate leases and lease rates achieved where revenues are dependent on aircraft usage. The loss of rental revenue as a result of Rental Resets amounted to $28.8 million in the Four Month Period, as compared to $nil assumed in the 2001 Base Case. Although between 2005 and 2007 lease rates for some of the aircraft types in our portfolio had improved over the rates we obtained for these aircraft in the years following the terrorist attacks in the U.S. on September 11, 2001, the rates we are able to achieve on new leases have been substantially lower than lease rates assumed in the 2001 Base Case.

[4] LEASE RENTALS — AIRCRAFT SALES

"***Lease Rentals — Aircraft Sales***" represents rental revenue foregone in respect of aircraft sold prior to their assumed sale date in the 2001 Base Case, net of rental revenue received in respect of aircraft remaining on lease after their assumed sale date in the 2001 Base Case. In the 2001 Base Case, all aircraft are assumed to be sold either at the end of their useful economic life or, where an aircraft was subject to a lease with the lease expiry date falling after the end of its useful economic life, on the contracted lease expiry date. Since March 2001, three MD11 aircraft, five MD83 aircraft, one MD87 aircraft, one B747-200SF aircraft, three DC9-51 aircraft, two DC9-32 aircraft, eighteen DC8-7lF aircraft, one DC8-73CF aircraft, two DHC8-300C aircraft, five DHC8-100A aircraft, eight B727-200A aircraft, twelve B737-200A aircraft, three Metro-III aircraft, two A300B4-200 aircraft and one ATR42-300 aircraft have been sold prior to their assumed sale date in the 2001 Base Case, resulting in a negative variance of $29.5 million in lease rentals, compared to the 2001 Base Case in the Four Month Period.

[5] CONTRACTED LEASE RENTALS

"***Contracted Lease Rentals***" represents the current contracted lease rental rollout which is equal to the 2001 Base Case Lease Rentals less adjustments for Renegotiated Leases, Rental Resets and Lease Rentals — Aircraft Sales. For the Four Month Period, Contracted Lease Rentals were $58.7 million, which was $58.3 million less than assumed in the 2001 Base Case. The difference is due to losses from Rental Resets and Lease Rentals — Aircraft Sales as discussed above.

[6] MOVEMENT IN CURRENT ARREARS BALANCE

"***Current Arrears***" is the total Contracted Lease Rentals outstanding from current lessees at a given date but excluding any amounts classified as Bad Debts. There was a net decrease of $2.6 million in the Current Arrears balance over the Four Month Period, as compared to $nil assumed in the 2001 Base Case.

[7] NET STRESS-RELATED COSTS

"***Net Stress-Related Costs***" is a combination of all the factors which can cause actual lease rentals to vary from the Contracted Lease Rentals. The 2001 Base Case assumed Net Stress-Related Costs equal to 6.0% of the 2001 Base Case Lease Rentals in the Four Month Period. For the Four Month Period, Net Stress-Related Costs incurred amounted to a net cash outflow of $12.1 million (10.3% of Lease Rentals) compared to $7.0 million outflow assumed in the 2001 Base Case, a variance of $5.1 million that is due to the five factors described in items [8] to [12] below.

[8] BAD DEBTS

"***Bad Debts***" are lease rental arrears owed by lessees which have defaulted and which are deemed irrecoverable. Bad Debts were $nil for the Four Month Period, $1.2 million less than the 2001 Base Case assumption of $1.2 million (1.0% of Lease Rentals).

[9] DEFERRED ARREARS BALANCE

"***Deferred Arrears Balance***" refers to current arrears that have been capitalized and restructured into a deferred balance. In the Four Month Period, payments received in accordance with these restructurings were $nil which is in line with the 2001 Base Case.

[10] AIRCRAFT ON GROUND ("AOG")

"***AOG***" is defined as the 2001 Base Case Lease Rentals lost when an aircraft is off-lease or deemed non-revenue earning. Airplanes Group had seventeen aircraft AOG at various times during the Four Month Period. The 2001 Base Case Lease Rentals loss attributed to AOG in the Four Month Period was $12.1 million (10.3% of Lease Rentals), as compared to $4.9 million (4.2% of Lease Rentals) assumed under the 2001 Base Case.

[11] OTHER LEASING INCOME

"***Other Leasing Income***" consists of miscellaneous income received in connection with a lease other than contracted rentals, maintenance receipts and security deposits, such as early termination payments or default interest. In the Four Month Period, Other Leasing Income receipts were $nil which is in line with the 2001 Base Case.

[12] REPOSSESSION COSTS

"***Repossession Costs***" cover legal and aircraft technical costs incurred as a result of repossessing an aircraft. In the Four Month Period, Repossession Costs amounted to $nil, as compared to $0.9 million assumed under the 2001 Base Case.

[14] NET LEASE RENTAL

"***Net Lease Rental***" is Contracted Lease Rentals less any movement in Current Arrears balance and Net Stress-Related Costs. In the Four Month Period, Net Lease Rental amounted to $44.0 million, $66.0 million less than that assumed in the 2001 Base Case. The variance was attributable to the combined effect of the factors outlined in items [2] to [4] and in items [6] to [12] above.

[15] INTEREST EARNED

"***Interest Earned***" relates to interest received on cash balances held in the Collection and Expense Accounts. Cash held in the Collection Account consists of the cash liquidity reserve amount ($80 million plus the security deposit amount, subject to available cashflows), in addition to the intra-month cash balances for all the rentals and maintenance payments collected prior to the monthly payment date. The Expense Account contains cash set aside to pay for expenses which are expected to be payable over the next month. In the Four Month Period, Interest Earned amounted to $0.2 million, $2.0 million less than that assumed in the 2001 Base Case. The difference is due to a lower cash balance in the Collection Account as available cashflows were adequate to allocate only $60 million to the cash liquidity reserve amount on each payment date in the Four Month Period (refer to item [29A] below), and due to a lower average reinvestment rate than assumed in the 2001 Base Case. The average actual reinvestment rate for the Four Month Period was 1.3% (excluding a $5 million guaranteed investment contract), as compared to the 5.2% assumed in the 2001 Base Case.

[16] AIRCRAFT SALES

There were no aircraft sales in the Four Month Period, which is in line with the 2001 Base Case. In the 2001 Base Case, all aircraft are assumed to be sold either at the end of their useful economic life or, where an aircraft was subject to a lease with the lease expiry date falling after the end of its useful economic life, on the contracted lease expiry date.

[17] NET MAINTENANCE

"***Net Maintenance***" refers to maintenance reserve revenue received less any maintenance reimbursements paid to lessees. In the Four Month Period, positive net maintenance cashflows of $4.7 million (comprising maintenance reserve receipts totaling $20.2 million and maintenance reserve reimbursements totaling $15.5 million) were received. The 2001 Base Case makes no assumptions for Net Maintenance, as it assumes that, over time, maintenance revenue will equal maintenance expenditure. However, it is unlikely that in any particular reporting period, maintenance revenue will exactly equal maintenance reimbursements.

[18] OTHER RECEIPTS

"Other Receipts" were $5.6 million in the Four Month Period, as compared to $nil in the Base Case. The positive variance of $5.6 million relates to $5.6 million cash collateral previously held in a blocked cash account under the terms of an escrow agreement entered into in connection with an aircraft lease, which was returned due to the termination of the escrow agreement.

CASH EXPENSES

"***Total Cash Expenses***" include Aircraft Operating Expenses and Selling, General and Administrative ("**SG&A**") Expenses. In the Four Month Period, Total Cash Expenses were $16.4 million compared to $16.5 million assumed in the 2001 Base Case giving a positive variance of $0.1 million. A number of factors discussed below have given rise to this.

"**Aircraft Operating Expenses**" includes all operational costs related to the leasing of aircraft, including costs of insurance, re-leasing and other overhead costs.

[20] RE-LEASING AND OTHER OVERHEAD COSTS

"***Re-Leasing and Other Overhead Costs***" consist of miscellaneous re-delivery and leasing costs associated with re-leasing events, costs of insurance and other lessee-related overhead costs. In the Four Month Period, these costs amounted to $6.5 million (or 5.6% of Lease Rentals), compared to $5.9 million (or 5.0% of Lease Rentals) assumed in the 2001 Base Case. Actual Re-Leasing and Other Overhead Costs were higher than the 2001 Base Case assumption, primarily due to higher payments made in the form of lessor contributions to defray certain technical costs during the term of certain leases.

"***SG&A Expenses***" relate to fees paid to the servicer and to other service providers.

[21] AIRCRAFT SERVICER FEES

"***Aircraft Servicer Fees***" are defined as amounts paid to the servicer in accordance with the terms of the servicing agreement. In the Four Month Period, the total Aircraft Servicer Fees paid were $6.0 million, $1.5 million less than that assumed in the 2001 Base Case, primarily due to the timing of the payment of the Minimum Incentive Fee.

Aircraft Servicer Fees consist of:

	$M
Retainer Fee	6.0
Minimum Incentive Fee	0.0
Core Cashflow/Sales Incentive Fee	0.0
Total Aircraft Servicer Fee	6.0

The Retainer Fee is a fixed amount per month per aircraft and changes only as aircraft are sold.

[23] OTHER SERVICER FEES AND OTHER OVERHEADS

"***Other Servicer Fees and Other Overheads***" relate to fees and expenses paid to other service providers including the administrative agent, the cash manager, financial advisers, legal advisers and accountants and to the directors/controlling trustees. In the Four Month Period, Other Servicer Fees and Other Overheads amounted to $3.9 million, $0.8 million greater than an assumed expense of $3.1 million in the 2001 Base Case.

[29A] SHORTFALL IN LIQUIDITY RESERVE

Airplanes Group is required to maintain a cash balance in the collection account under the indentures, subject to available cashflows, in an amount equal to the sum of:

- the maintenance reserve amount ($80 million); and
- a security deposit reserve amount.

Under the priority of payments applicable to Airplanes Group, this cash balance is retained at point (iii) First Collection Account Top-up (maintenance reserve amount — $60 million) and at point (x) Second Collection Account Top-up (maintenance reserve amount — $20 million plus security deposit reserve amount).

"***Shortfall in Liquidity Reserve***" relates to any shortfall in the funds allocated to the "First Collection Account Top-up" and "Second Collection Account Top-up" as a result of Airplanes Group not having sufficient balance of funds after payment of expenses and all required payments on the notes which rank prior to the applicable liquidity reserve amount under the priority of payments applicable to Airplanes Group. Since the May 2003 payment date, there has been a depletion of the "Second Collection Account Top-up", and, beginning on the December 15, 2003 payment date, cashflows have been insufficient to allocate any funds to the "Second Collection Account Top-up". On the May 15, 2009 payment date, there was a shortfall in the liquidity reserve amount of $37.0 million as compared to a shortfall of $37.9 million on the January 15, 2009 payment date, representing an overall decrease of $0.9 million in the Shortfall in Liquidity Reserve for the Four Month Period. This decrease in the Shortfall in Liquidity Reserve is explained by a net decrease of $0.9 million in the security deposit reserve amount in the Four Month Period. Under the 2001 Base Case, a Shortfall in Liquidity Reserve was not anticipated.

[30] INTEREST PAYMENTS

In the Four Month Period, interest payments to the holders of the class A, B, C and D notes amounted to $3.0 million, which is $33.5 million lower than assumed under the 2001 Base Case.

Interest payments on the floating rate class A notes amounted to $3.0 million, $9.1 million lower than assumed under the 2001 Base Case, reflecting a lower level of average interest rates on the class A notes than assumed in the 2001 Base Case, albeit a higher principal balance outstanding on these notes than assumed in the 2001 Base Case. The 2001 Base Case assumed LIBOR to be 5.2%, whereas the average monthly LIBOR rate in the Four Month Period was 0.5%. Our cashflows have been inadequate to pay any interest on the class B, C and D notes in the Four Month Period. Interest payments assumed under the 2001 Base Case in the Four Month Period amounted to $2.3 million, $7.7 million and $14.3 million respectively, on the class B, C and D notes. Interest is accruing on the unpaid interest on the class B, C and D notes in accordance with the terms of these notes and will continue to accrue until the arrears of interest are paid in full. Accrued and unpaid interest (including interest accrued on unpaid interest) amounted to

$57.7 million, $197.0 million and $321.5 million, respectively, on the class B, C and D notes following the May 15, 2009 payment date.

In the Four Month Period, there was a continued suspension of payments of the class E minimum interest amount of 1% (refer to item [33] below). No payments of class E minimum interest were anticipated in the 2001 Base Case.

Airplanes Group's $700 million subclass A-8 notes had an expected final payment date of March 15, 2003. At the time the subclass A-8 notes were issued the expected final payment date was established based on an assumption that these notes would be refinanced on March 15, 2003. Given market conditions and the impact these conditions have had on our performance, we believed that such a refinancing at that time was not economically viable and therefore it did not proceed as scheduled. In accordance with the terms of the subclass A-8 notes, step-up interest of 0.5% per annum began to accrue on these notes from March 17, 2003 (the first business day following the expected final payment date) and will continue to accrue until they are repaid in full or refinanced. Under the priority of payments applicable to Airplanes Group, step-up interest is payable after payment of expenses, interest, minimum principal and scheduled principal on class A, B, C and D notes and any aircraft modification payments. To the extent that step-up interest is not paid, it will accrue in accordance with the terms of the subclass A-8 notes. Available cashflows have not been sufficient to allow payment of step-up interest on any of the payment dates since March 2003 and this is expected to continue to be the case. Total step-up interest (including interest accrued on unpaid step-up interest) accrued and unpaid on the subclass A-8 notes at May 15, 2009 was $18.2 million.

[31] SWAP AND CAP CASHFLOWS

Airplanes Group's net swap and cap payments during the Four Month Period were $4.2 million, compared to $nil assumed in the 2001 Base Case.

[33] PRINCIPAL PAYMENTS

In the ninety-eight month period from March 10, 2001 to May 15, 2009, total principal payments amounted to $1,026.4 million (comprising $974.9 million on the class A notes and $51.5 million on the class B notes), $480.7 million less than assumed in the 2001 Base Case. The breakdown of the $480.7 million variance is set out on page 63. In the Four Month Period, total principal payments amounted to $33.0 million, (comprising $33.0 million on the class A notes), $26.2 million less than assumed in the 2001 Base Case. The breakdown of the $26.2 million variance is set out on page 61.

Applying the declining value assumptions in the 1996 Base Case to the original March 1996 fleet appraisals and adjusting for aircraft sales, the total appraised value of the aircraft was assumed to be $1,527.1 million at May 15, 2009. Our portfolio is appraised annually and the most recent appraisal was obtained on January 31, 2009 and valued the current portfolio at $955.2 million. Applying the declining value assumptions to this appraisal, the total appraised value was $923.6 million at May 15, 2009.

As a consequence of the cumulative excess decline in appraised values experienced since March 1996, combined with overall cash performance in that period, we have been required to pay class A principal adjustment amount to the extent of available cashflows throughout the ninety-eight month period since the 2001 refinancing. However, we have not always had sufficient cashflows to pay class A principal adjustment amount in full, and, since the April 15, 2003 payment date, we have not had sufficient cashflows to pay any class A principal adjustment amount. Class A principal adjustment amount is intended to accelerate the principal amortization schedule of the class A notes when the appraised value of the aircraft declines at a greater rate than the decline in appraised values assumed in the 1996 Base Case by reference to certain loan to current appraised value ratios. Since the class A principal adjustment amount ranks ahead of the scheduled principal payments on the class C and D notes, and since available cashflows were not sufficient to pay all of the class A principal adjustment amount, scheduled principal payments on the class C and D notes have been deferred on each payment date during the ninety-eight month period since the 2001 refinancing. Total deferrals of class C and class D scheduled principal amounts amounted to $254.9 million and $217.6 million, respectively, as of May 15, 2009.

Based on the most recent annual appraisal dated January 31, 2009, the decline in appraised values in the year to January 31, 2009 was approximately $100.6 million less than the decline assumed in the 1996 Base Case. The decline in appraised values in this period has resulted in a decrease in the arrears of class A principal adjustment amount at the February 17, 2009 payment date of $14.4 million. The class A principal adjustment arrears were $553.2 million as at May 15, 2009.

To the extent that we have sufficient available funds, we are required to pay a minimum principal amount on the class A notes in order to maintain certain loan to initial appraised value ratios. As a result of earlier payments of class A principal adjustment amount, described above, we remained ahead of the required class A minimum principal payment schedule. However, as described above, we have not always had sufficient cashflows to pay class A principal adjustment amount in full, and, since the April 15, 2003 payment date, we have not had sufficient cashflows to pay any class A principal adjustment amount. As a result, since the August 15, 2003 payment date, we have no longer been ahead of the required class A minimum principal payment schedule. Therefore on that date we had to recommence payments of minimum principal on the class A notes to the extent of available cashflows and we were consequently unable to fund the “Second Collection Account Top-up” in full. Beginning on the December 15, 2003 payment date, our cashflows were insufficient to allocate any funds at all to the “Second Collection Account Top-up” or to pay minimum principal on the class A notes in full.

Since the January 31, 2007 appraisals the outstanding principal balance of the class A notes has exceeded the adjusted portfolio value (determined by reference to the annual appraised value). As a result, the methodology for calculation of class A minimum principal amounts has changed under the terms of the trust indentures, resulting in an increase in the amount of class A minimum principal payable on each payment date and accordingly, an increase in the arrears thereof. It is unlikely that the outstanding principal balance of the class A notes will be less than the adjusted portfolio value on any future payment dates and therefore the corresponding calculation of class A minimum principal will remain applicable. Actual payments to class A noteholders, however, are dependent on available cash flows and are not affected by the calculation of class A minimum principal payments or the annual aircraft appraisals.

Since minimum principal on the class A notes ranks ahead of interest and minimum principal on the class B notes and interest on the class C and D notes in the priority of payments, our cashflows have been inadequate to pay any interest or minimum principal on the class B notes or any interest on the class C and D notes, since the December 15, 2003 payment date. Minimum principal arrears on the class B notes were $130.0 million following the May 15, 2009 payment date.

The appraised values are based upon the value of our aircraft at normal utilization rates in an open, unrestricted and stable market, and take into account long-term trends, including current expectations of particular models becoming obsolete more quickly, as a result of airlines switching to different models, manufacturers ceasing production or lease values for aircraft declining more rapidly than previous predictions. As a theoretical value, the appraised value is not indicative of market value and thus there is no guarantee that we would obtain the appraised value upon sale of any aircraft. The current market value of each of our aircraft is less than, and in many cases significantly less than the appraised value. Due to industry conditions over the past several years, the majority of our aircraft are highly likely to become obsolete earlier than the useful life expectancies assumed in the 2001 Base Case assumptions, which would negatively impact appraised values further. However, since we are no longer able to pay class A principal adjustment amount and since, as a result of our 2003 consent solicitation, we are no longer required to sell our aircraft at or above a specified target price, the appraised values of our aircraft are now of little significance except as a basis for providing statistical information on the portfolio and for complying with certain technical provisions in the indentures.

OTHER ISSUES

For a discussion of our current expectations as to our future ability to make payments on our notes and certificates in light of our weaker than expected performance as well as a discussion of rating actions on the certificates, see “1B. Introduction—Overview of Current Financial Condition” above.

Note	Report Line Name	Description
	CASH COLLECTIONS	
[1]	Lease Rentals	Assumptions as per the 2001 Base Case
[2]	— Renegotiated Leases	Change in contracted rental cashflow caused by a renegotiated lease
[3]	— Rental Resets	Re-leasing events where new lease rate deviated from the 2001 Base Case
[4]	— Lease Rentals — Aircraft Sales	Revenue foregone on aircraft sold prior to their assumed sale date in the 2001 Base Case net of revenue received on aircraft remaining on lease after their assumed sale date in the 2001 Base Case
[5] $\sum$ [1]...[4]	Contracted Lease Rentals	Current Contracted Lease Rentals due as at the latest Calculation Date
[6]	Movement in Current Arrears Balance	Current Contracted Lease Rentals not received as at the latest Calculation Date, excluding Bad Debts
[7]	Less Net Stress Related Costs	
[8]	— Bad Debts	Arrears owed by former lessees and deemed irrecoverable
[9]	— Deferred Arrears Balance	Current arrears that have been capitalised and restructured as a Note Payable
[10]	— AOG	Loss of rental due to an aircraft being off-lease and non-revenue earning
[11]	— Other Leasing Income	Includes lease termination/restructuring payments, rental guarantees and late payments charges
[12]	— Repossession	Legal and technical costs incurred in repossessing aircraft.
[13] $\sum$ [8]...[12]	Sub-total	
[14] [5]+[6]+[13]	Net Lease Rental	Contracted Lease Rentals less Movement in Current Arrears Balance and Net Stress Related Costs
[15]	Interest Earned	Interest earned on monthly cash balances
[16]	Aircraft Sales	Proceeds, net of fees and expenses, from the sale of aircraft.
[17]	Net Maintenance	Maintenance Revenue Reserve received less reimbursements to lessees
[18]	Other Receipts	Receipts from GE Capital under the Tax Sharing Agreement and collateral release
[19] $\sum$ [14]..[18]	Total Cash Collections	Net Lease Rental + Interest Earned + Aircraft Sales + Net Maintenance + Other Receipts
	CASH EXPENSES	
	Aircraft Operating Expenses	All operational costs related to the leasing of aircraft
[20]	Releasing and Other Overheads	Costs associated with transferring an aircraft from one lessee to another, costs of insurance and other lessee-related overheads
	SG&A Expenses	
[21]	Aircraft Servicer Fees	Monthly and annual fees paid to servicer
	— Retainer Fee	Fixed amount per month per aircraft
	— Minimum Incentive Fee	Minimum annual fee paid to servicer for performance above an annually agreed target
	— Core Cashflow/Sales Incentive Fee	Fees (in excess of Minimum Incentive Fee above) paid to servicer for performance above an annually agreed target/on sale of an aircraft
[22] [21]	Sub-total	
[23]	Other Servicer Fees and Other Overheads	Administrative Agent, trustee and professional fees paid to other service providers and other overheads
[23A]	Other SG&A Expenses	Costs relating to the assumed refinancing of the subclass A-8 notes in March 2003, as assumed under the 2001 Base Case and costs relating to the 2003 consent solicitation for indenture amendment
[24] [22]+[23]+[23A]	Sub-total	
[25] [20]+[24]	Total Cash Expenses	Aircraft Operating Expenses + SG&A Expenses
	NET CASH COLLECTIONS	
[26] [19]	Total Cash Collections	Line 19 above
[27] [25]	Total Cash Expenses	Line 25 above
[28]	Movement in Expense Account	Relates to reduction in accrued expense amounts
[29]	Reduction in Liquidity Reserve	Reduction of the miscellaneous reserve amount from $40m to $nil in April 2001
[29A]	Shortfall in Liquidity Reserve	Reduction in the balance of funds on deposit in the collection account below the liquidity reserve amount
[30]	Interest Payments	Interest paid on all outstanding debt
[31]	Swap / Cap Cashflows	Net swap and cap payments (paid)/received
[32] $\sum$ [26]...[31]	Total	
[33]	PRINCIPAL PAYMENTS	Principal payments on debt

AIRPLANES GROUP CASHFLOW PERFORMANCE FOR THE PERIOD FROM JANUARY 10, 2009 TO MAY 15, 2009 (4 MONTHS)

Comparison of Actual Cashflows Versus 2001 Base Case Cashflows

			Actual	2001 Base Case	Variance	% of Lease Rentals under the 2001 Base Case — Actual	2001 Base Case	Variance
				($ Millions)				
		CASH COLLECTIONS						
1		Lease Rentals	117.0	117.0	0.0	100.0%	100.0%	0.0%
2		— Renegotiated Leases	0.0	0.0	0.0	0.0%	0.0%	0.0%
3		— Rental Resets	(28.8)	0.0	(28.8)	(24.6%)	0.0%	(24.6%)
4		— Lease Rentals — Aircraft Sales	(29.5)	0.0	(29.5)	(25.2%)	0.0%	(25.2%)
5	∑ 1-4	**Contracted Lease Rentals**	58.7	117.0	(58.3)	50.2%	100.0%	(49.8%)
6		Movement in Current Arrears Balance	(2.6)	0.0	(2.6)	(2.2%)	0.0%	(2.2%)
7		less Net Stress Related Costs						
8		— Bad Debts	0.0	(1.2)	1.2	0.0%	(1.0%)	1.0%
9		— Deferred Arrears Balance	0.0	0.0	0.0	0.0%	0.0%	0.0%
10		— AOG	(12.1)	(4.9)	(7.2)	(10.3%)	(4.2%)	(6.2%)
11		— Other Leasing Income	0.0	0.0	0.0	0.0%	0.0%	0.0%
12		— Repossession	0.0	(0.9)	0.9	0.0%	(0.8%)	0.8%
13	∑ 8-12	Sub-total	(12.1)	(7.0)	(5.1)	(10.3%)	(6.0%)	(4.3%)
14	5+6+13	**Net Lease Rental**	44.0	110.0	(66.0)	37.6%	94.0%	(56.4%)
15		Interest Earned	0.2	2.2	(2.0)	0.2%	1.9%	(1.7%)
16		Aircraft Sales	0.0	0.0	0.0	0.0%	0.0%	0.0%
17		Net Maintenance	4.7	0.0	4.7	4.0%	0.0%	4.0%
18		Other Receipts	5.6	0.0	5.6	4.8%	0.0%	4.8%
19	∑ 14-18	**Total Cash Collections**	54.5	112.2	(57.7)	46.6%	95.9%	(49.3%)
		CASH EXPENSES						
		Aircraft Operating Expenses						
20		— Re-leasing and other overheads	(6.5)	(5.9)	(0.6)	(5.6%)	(5.0%)	(0.6%)
		SG&A Expenses						
21		Aircraft Servicer Fees						
		— Retainer Fee	(6.0)	(7.0)	1.0	(5.1%)	(6.0%)	0.9%
		— Minimum Incentive Fee	0.0	(0.5)	0.5	0.0%	(0.4%)	0.4%
		— Core Cashflow/Sales Incentive Fee	0.0	0.0	0.0	0.0%	0.0%	0.0%
22	21	Sub-total	(6.0)	(7.5)	1.5	(5.1%)	(6.4%)	1.3%
23		Other Servicer Fees and Other Overheads	(3.9)	(3.1)	(0.8)	(3.3%)	(2.6%)	(0.7%)
23A		Other SG&A Expenses	0.0	0.0	0.0	0.0%	0.0%	0.0%
24	22+23+23A	Sub-total	(9.9)	(10.6)	0.7	(8.5%)	(9.1%)	0.6%
25	24+20	**Total Cash Expenses**	(16.4)	(16.5)	0.1	(14.0%)	(14.1%)	0.1%
		NET CASH COLLECTIONS						
26	19	Total Cash Collections	54.5	112.2	(57.7)	46.6%	95.9%	(49.3%)
27	25	Total Cash Expenses	(16.4)	(16.5)	0.1	(14.0%)	(14.1%)	0.1%
28		Movement in Expense Account	3.0	0.0	3.0	2.6%	0.0%	2.6%
29		Reduction in Liquidity Reserve	0.0	0.0	0.0	0.0%	0.0%	0.0%
29A		Shortfall in Liquidity Reserve	(0.9)	0.0	(0.9)	(0.8%)	0.0%	(0.8%)
30		Interest Payments	(3.0)	(36.5)	33.5	(2.6%)	(31.2%)	28.6%
31		Swap/Cap Cashflows	(4.2)	0.0	(4.2)	(3.6%)	0.0%	(3.6%)
32	∑ 26-31	TOTAL	33.0	59.2	(26.2)	28.2%	50.6%	(22.4%)
33		**PRINCIPAL PAYMENTS**						
		Class A	33.0	43.3	(10.3)	28.2%	37.0%	(8.8%)
		Class B	0.0	6.7	(6.7)	0.0%	5.7%	(5.7%)
		Class C	0.0	9.2	(9.2)	0.0%	7.9%	(7.9%)
		Total	33.0	59.2	(26.2)	28.2%	50.6%	(22.4%)

AIRPLANES GROUP CASHFLOW PERFORMANCE FOR THE PERIOD FROM MARCH 10, 2001 TO MAY 15, 2009 (98 MONTHS)

Comparison of Actual Cashflows Versus 2001 Base Case Cashflows

						% of Lease Rentals under the 2001 Base Case		
			Actual	2001 Base Case	Variance	Actual	2001 Base Case	Variance
				($ Millions)				
		CASH COLLECTIONS						
1		Lease Rentals	3,240.1	3,240.1	0.0	100.0%	100.0%	0.0%
2		— Renegotiated Leases	(88.7)	0.0	(88.7)	(2.7%)	0.0%	(2.7%)
3		— Rental Resets	(884.1)	0.0	(884.1)	(27.3%)	0.0%	(27.3%)
4		— Lease Rentals — Aircraft Sales	(373.8)	0.0	(373.8)	(11.5%)	0.0%	(11.5%)
5	∑ 1-4	**Contracted Lease Rentals**	1,893.5	3,240.1	(1,346.6)	58.4%	100.0%	(41.6%)
6		Movement in Current Arrears Balance	9.2	0.0	9.2	0.3%	0.0%	0.3%
7		less Net Stress Related Costs						
8		— Bad Debts	(11.3)	(32.5)	21.2	(0.3%)	(1.0%)	0.7%
9		— Deferred Arrears Balance	25.0	3.1	21.9	0.8%	0.1%	0.7%
10		— AOG	(181.1)	(136.2)	(44.9)	(5.6%)	(4.2%)	(1.4%)
11		— Other Leasing Income	31.2	0.0	31.2	1.0%	0.0%	1.0%
12		— Repossession	(4.1)	(25.9)	21.8	(0.1%)	(0.8%)	0.7%
13	∑ 8-12	Sub-total	(140.3)	(191.5)	51.2	(4.3%)	(5.9%)	1.6%
14	5+6+13	**Net Lease Rental**	1,762.4	3,048.6	(1,286.2)	54.4%	94.1%	(39.7%)
15		Interest Earned	24.3	55.9	(31.6)	0.7%	1.7%	(1.0%)
16		Aircraft Sales	156.6	81.3	75.3	4.8%	2.5%	2.3%
17		Net Maintenance	217.2	0.0	217.2	6.7%	0.0%	6.7%
18		Other Receipts	22.2	0.0	22.2	0.7%	0.0%	0.7%
19	∑ 14-18	**Total Cash Collections**	2,182.7	3,185.8	(1,003.1)	67.4%	98.3%	(31.0%)
		CASH EXPENSES						
		Aircraft Operating Expenses						
20		— Re-leasing and other overheads	(180.5)	(162.3)	(18.2)	(5.6%)	(5.0%)	(0.6%)
		SG&A Expenses						
21		Aircraft Servicer Fees						
		— Retainer Fee	(167.8)	(173.4)	5.6	(5.2%)	(5.4%)	0.2%
		— Minimum Incentive Fee	(12.0)	(12.3)	0.3	(0.4%)	(0.4%)	0.0%
		— Core Cashflow/Sales Incentive Fee	(0.2)	0.0	(0.2)	(0.0%)	0.0%	(0.0%)
22	21	Sub-total	(180.0)	(185.7)	5.7	(5.6%)	(5.7%)	0.2%
23		Other Servicer Fees and Other Overheads	(83.4)	(84.2)	0.8	(2.6%)	(2.6%)	(0.0%)
23A		Other SG&A Expenses	(2.0)	(4.7)	2.7	(0.1%)	(0.1%)	0.1%
24	22+23+23A	Sub-total	(265.4)	(274.6)	9.2	(8.2%)	(8.5%)	0.3%
25	24+20	**Total Cash Expenses**	(445.9)	(436.9)	(9.0)	(13.8%)	(13.5%)	(0.3%)
		NET CASH COLLECTIONS						
26	19	Total Cash Collections	2,182.7	3,185.8	(1,003.1)	67.4%	98.3%	(31.0%)
27	25	Total Cash Expenses	(445.9)	(436.9)	(9.0)	(13.8%)	(13.5%)	(0.3%)
28		Movement in Expense Account	(7.5)	0.0	(7.5)	(0.2%)	0.0%	(0.2%)
29		Reduction in Liquidity Reserve	40.0	40.0	0.0	1.2%	1.2%	0.0%
29A		Shortfall in Liquidity Reserve	37.0	0.0	37.0	1.1%	0.0%	1.1%
30		Interest Payments	(591.6)	(1,253.6)	662.0	(18.3%)	(38.7%)	20.4%
31		Swap/Cap Cashflows	(188.3)	(28.2)	(160.1)	(5.8%)	(0.9%)	(4.9%)
32	∑ 26-31	TOTAL	1,026.4	1,507.1	(480.7)	31.7%	46.5%	(14.8%)

	Actual	2001 Base Case	Variance	% of Lease Rentals under the 2001 Base Case: Actual	2001 Base Case	Variance
		($ Millions)				
33 **PRINCIPAL PAYMENTS**						
Class A	974.9	1,270.1	(295.2)	30.1%	39.2%	(9.1%)
Class B	51.5	166.2	(114.7)	1.6%	5.1%	(3.5%)
Class C	0.0	70.8	(70.8)	0.0%	2.2%	(2.2%)
Total	1,026.4	1,507.1	(480.7)	31.7%	46.5%	(14.8%)

	Actual	2001 Base Case	Variance
		($ Millions)	
Debt Balances at May 15, 2009			
Subclass A-8	170.5	625.3	454.8
Subclass A-9	750.0	0.0	(750.0)
Class B	226.8	112.0	(114.8)
Class C	349.8	279.1	(70.7)
Class D	395.1	395.1	0.0
	1,892.2	1,411.5	(480.7)

		Mar-01 Closing	Actual	2001 Base Case	
		($ Millions)	($ Millions)	($ Millions)	
	Net Cash Collections		1,026.4	1,507.1	
	Add Back Interest Payments and Swap/Cap Cashflows		779.9	1,281.8	
a	Net Cash Collections (excl. interest payments and swap/cap cashflows)		1,806.3	2,788.9	
b	Swap/Cap Cashflows		188.3	28.2	
c	Class A Interest		380.5	579.2	
d	Class A Minimum		720.0	0.0	
e	Class B Interest		20.5	97.8	
f	Class B Minimum		51.5	166.2	
g	Class C Interest		76.0	225.7	
h	Class D Interest		114.6	350.9	
i	Class A Principal Adjustment		254.9	1,270.1	
j	Class C Scheduled		0.0	70.8	
k	Class D Scheduled		0.0	0.0	
l	Permitted Aircraft Modifications		0.0	0.0	
m	Step-up Interest		0.0	0.0	
n	Class E Minimum Interest		0.0	0.0	
o	Class B Supplemental		0.0	0.0	
p	Class A Supplemental		0.0	0.0	
	Total		1,806.3	2,788.9	
[1]	**Interest Coverage Ratio**				
	Class A		3.2	4.6	= a/(b+c)
	Class B		N/A	4.0	= a/(b+c+d+e)
	Class C		N/A	2.5	= a/(b+c+d+e+f+g)
	Class D		N/A	1.9	= a/(b+c+d+e+f+g+h)
[2]	**Debt Coverage Ratio**				
	Class A		N/A	4.6	= a/(b+c+d)
	Class B		N/A	3.2	= a/(b+c+d+e+f)

		Mar-01 Closing	Actual	2001 Base Case	
		($ Millions)	($ Millions)	($ Millions)	
	Class C		N/A	N/A	= a/(b+c+d+e+f+g+h+i+j)
	Class D		N/A	N/A	= a/(b+c+d+e+f+g+h+i+j+k)
[3]	**Loan to Value Ratios (in U.S. dollars)**				
	Adjusted Portfolio Value	3,108.6	923.6	1,551.3	
	Liquidity Reserve Amount of which				
	— Cash	156.9	60.0	116.0	
	— Accrued Expenses	12.6	12.0	0.0	
	Subtotal	169.5	72.0	116.0	
	Less Lessee Security Deposits	36.9	0.0	36.0	
	Subtotal	132.6	72.0	80.0	
[4]	**Total Asset Value**	3,241.2	995.6	1,631.3	

Note Balances as at:	Actual March 15, 2001		Actual May 15, 2009		2001 Base Case May 15, 2009	
	($ millions)	(% of [4])	($ millions)	(% of [4])	($ millions)	(% of [4])
Class A	1,895.4	58.5%	920.5	92.5%	625.3	38.3%
Class B	278.3	67.1%	226.8	115.2%	112.0	45.2%
Class C	349.8	77.9%	349.8	150.4%	279.1	62.3%
Class D	395.1	90.0%	395.1	190.1%	395.1	86.5%
	2,918.6		1,892.2		1,411.5	

[1] "**Interest Coverage Ratio**" is equal to Net Cash Collections (excluding interest payments and swap/cap cashflows) expressed as a ratio of the interest payments payable on each subclass of notes plus the interest and minimum principal payments payable on each subclass of notes that rank senior in priority of payment to the relevant subclass of notes, Actual Interest Coverage Ratios have not been provided for the class B, C and D notes as interest amounts have not been paid on these notes since the December 2003 payment date.

[2] "**Debt Coverage Ratio**" is equal to Net Cash Collections (excluding interest payments and swap/cap cashflows) expressed as a ratio of the interest and minimum/scheduled principal payments payable on each subclass of notes plus the interest and minimum/scheduled principal payments payable on each subclass of notes that ranks equally with or senior to the relevant subclass of notes in the priority of payments. In respect of the class A notes, principal adjustment amount payments have been excluded as they are a function of aircraft values. Actual Debt Coverage Ratios have not been provided for the class A, B, C and D notes as minimum principal amounts on the class A and B notes have not been paid in full and no scheduled principal amounts have been paid on the class C and D notes in the period since March 2001. 2001 Base Case Debt Coverage Ratios have not been provided for the class C and D notes as no principal payments were assumed.

[3] "**Adjusted Portfolio Value**" represents the base value of each aircraft in the portfolio as determined by the most recent appraisal multiplied by the depreciation factor at payment date divided by the depreciation factor as of the relevant appraisal date.

[4] "**Total Asset Value**" is equal to adjusted portfolio value plus liquidity reserve amount minus lessee security deposits.

K. THE ACCOUNTS

The indentures and the security trust agreement provide that substantially all of Airplanes Group's cash inflows and outflows occur through the rental accounts, collection account, lessee funded account and expense account which the cash manager, acting on behalf of the security trustee, has established and maintains at a bank having:

- a long-term unsecured debt rating of not less than AA, or the equivalent, by the rating agencies, or
- a certificate of deposit rating of A-l+ by Standard & Poor's, P-l by Moody's and Fl by Fitch,

except that, where required by the terms of the relevant leases, some 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, P-l by Moody's and Fl by Fitch.

Except where local legal or regulatory reasons do not permit, all of these accounts are held in the names of the security trustee, who has sole dominion and control over the accounts, including the sole power to direct withdrawals from or transfers among the accounts. Subject to conditions set forth in the cash management agreement, the security trustee has delegated its authority over the accounts to the cash manager but the security trustee is not responsible for the acts or omissions of the cash manager.

For so 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 has been delegated to the cash manager pursuant to 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 interest payment date on the notes after those investments are made. 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 the related leases in the case of funds in the lessee funded account) be deposited in the collection account and treated as collections.

RENTAL ACCOUNTS

The lessees make all payments under the leases directly into the applicable rental accounts. Pursuant to the cash management agreement, the cash manager transfers, or causes 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

All of the following "**collections**" received by Airplanes Group have to be deposited in the collection account:

- rental payments;
- 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;
- the liquidity reserve amount;
- amounts received in respect of claims for damages or in respect of any breach of contract for any nonpayment (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 a lessee's restructuring);
- net proceeds of any aircraft sale or amounts received under purchase options and other agreements;
- proceeds of any insurance payments in respect of any aircraft or any indemnification proceeds;
- amounts transferred from the lessee funded account to the collection account;
- net payments to Airplanes Group under any swap or cap agreement;
- investment income on all amounts on deposit in the accounts (in each case to the extent consistent with the terms of applicable related leases); and
- any other amounts received by any member of Airplanes Group, except specified funds required to be segregated from Airplanes Group's other funds, applied in connection with a redemption, received in connection with a refinancing issue of notes and required to be paid over to any third party.

Collections on deposit in the collection account are calculated by the cash manager on the fourth business day immediately preceding each interest payment date. On each payment date, the cash manager transfers from the collection account to the expense account the portion of Airplanes Group expenses that are due and payable or are anticipated to become due and payable over the next interest accrual period on the notes (the "**required expense amount**") and that have not been paid directly by the cash manager to expense payees. The cash manager may also transfer other amounts into the expense account for unanticipated expenses falling due and payable within that interest accrual period. If there are available funds in accordance with the priority of payments on any payment date, the cash manager will also transfer amounts in respect of expenses and costs that are not regular, monthly recurring expenses but are anticipated to become due and payable in any future interest accrual period ("**permitted accruals**") to the expense account. Amounts received in respect of segregated security deposits and maintenance reserves are transferred directly into the lessee funded account.

LIQUIDITY RESERVE AMOUNT

To the extent of available cashflows, Airplanes Group is required to maintain a cash balance in the collection account under the indentures in an amount equal to the sum of:

- the maintenance reserve amount ($60 million for purposes of the "First Collection Account Top-up" plus an additional $20 million for purposes of the "Second Collection Account Top-up" as of March 15, 2009 as further described below), and
- a security deposit reserve amount (equal to approximately $18.1 million as of March 15, 2009).

The indentures permit the required maintenance reserve amount to be increased or decreased from time to time by an action of the board of directors of Airplanes Limited and the controlling trustees of Airplanes Trust in light of significant changes in, among other things, the condition of the aircraft, the terms and conditions of future leases, the financial condition of the lessees or prevailing industry conditions. Any proposed reduction by the board of directors or the controlling trustees is subject to confirmation in advance in writing from the rating agencies that the proposed reduction in the liquidity reserve amount will not result in a lowering or withdrawal of their ratings of any class of certificates.

If funds on deposit in the collection account are insufficient to satisfy the liquidity reserve amount at any time, as has been the case since December 15, 2003, we may continue to make all payments, including required payments on the notes and the guarantees, which rank prior to or equally with payments of accrued but unpaid interest on the class D notes and any permitted accruals so long as the balance of funds in the collection account does not fall below the amount required to be retained for the purpose of the "First Collection Account Top-up" in the priority of payments (currently $60 million). If the balance of funds in the collection account falls below the amount required to be retained for the purpose of the "First Collection Account Top-up" in the priority of payments, we may continue to make all payments, including required payments on the notes and the guarantees, of (a) all accrued but unpaid interest and, on the final maturity date, principal of the class or subclass of the most senior class of notes then outstanding to avoid a note event of default and (b) payments under our swap agreements.

THE LESSEE FUNDED ACCOUNT

Some leases require that certain lessee security deposits and supplemental rent payments to provide for maintenance reserves be segregated from other Airplanes Group funds. These security deposits and maintenance reserves are held in the "**lessee funded account**" and are accounted for (and, if required by any lease, segregated) on a per lease basis.

Funds on deposit in the lessee funded account are used to make specified maintenance payments, security deposit repayments and other specified or permitted payments and will not be used to make payments in respect of the notes or the certificates at any time, including after a note event of default. In some circumstances where lessees relinquish their rights to receive certain maintenance and security deposit payments upon the expiration of a lease, surplus funds may be transferred from the lessee funded account to the collection account.

THE EXPENSE ACCOUNT

On each payment date, the cash manager withdraws the required expense amount from the collection account to pay the expenses. To the extent that the required expense amount has not been paid directly to expense payees, it is deposited into the expense account. Further withdrawals of cash from the collection account by the cash manager to satisfy expenses due and payable prior to the next payment date that were not previously anticipated are also deposited in the expense account. If funds on deposit in the collection account are less than the required expense amount on any payment date, we will be unable to pay the required expense amount in full, which may lead to a default under our various service agreements or other contracts under which the expenses arise.

7. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

INTEREST RATE SENSITIVITY

Airplanes Group's principal market risk exposure is to changes in interest rates. This exposure arises from the notes (as illustrated in the table above at "6H. Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness") and the derivative instruments used by Airplanes Group to manage interest rate risk.

INTEREST RATE RISK AND MANAGEMENT

In general, an interest rate exposure arises to the extent that Airplanes Group's fixed and floating interest obligations in respect of notes and certificates do not correlate to the mix of fixed and floating rental receipts for different rental periods. We manage this interest rate exposure through the use of interest rate swaps and interest rate caps.

Since we are no longer paying interest on the class B notes and certificates, we hedge our interest rate exposure in respect of the class A notes and certificates only as our receipts of rental income are based largely on a fixed interest rate which does not correlate to the floating payments due on the class A notes and certificates. Our cashflows have been insufficient to enable any funds to be allocated to the "Second Collection Account Top-up" in the priority of payments since December 15, 2003. We have therefore not included this cash balance in our hedging calculations since the end of 2003.

Under the interest rate swaps, Airplanes Group pays fixed amounts and receives floating amounts on a monthly basis. The swaps amortize having regard to a number of factors, including the expected pay down schedule of the class A notes, the expiry dates of the leases under which lessees are contracted to make fixed rate rental payments and the LIBOR reset dates under the floating rate leases. In the past, the administrative agent sought to enter into additional swaps or sell at market value or unwind swaps in order to rebalance the floating interest obligations and the fixed and floating mix of rental receipts. However, because of our financial condition, since early 2006 we have no longer been able to find eligible counterparties who are willing to enter into new swaps with us, and as a result from late 2004, we have begun purchasing caps. The cash manager seeks to enter into caps on a periodic basis in order to hedge our floating interest obligations and our fixed and floating mix of rental receipts. Under the interest rate caps, Airplanes Group receives the excess, if any, of one month LIBOR, reset monthly on an actual/360 adjusted basis over the strike rate of the relevant cap.

As of March 31, 2009, Airplanes Group had unamortized swaps and caps with an aggregate notional principal balance of $657 million. The aggregate notional principal balance of these swaps and caps reduce by their terms to an aggregate notional principal balance of $432 million by March 31, 2010, to an aggregate notional principal balance of $357 million by March 31, 2011 and to an aggregate notional principal balance of $32 million by March 31, 2012. None of the swaps and caps has a maturity date extending beyond May 2012. The aggregate fair market value of the portfolio of seven swaps and seven caps as of March 31, 2009 was estimated at ($8.9) million (that is, the swaps and caps were "out-of-the-money," meaning that if the swaps and caps were sold, a loss of $8.9 million would result) as detailed below:

AIRPLANES GROUP INTEREST RATE SWAPS AT MARCH 31, 2009

Interest Rate Swap	Notional Amount(1)	Effective Date	Final Maturity Date	Fixed Rate Payable (2)	Estimated Fair Market Value as of March 31, 2009
	(in $ millions)				(in $)
1	50	15-Jun-05	15-Oct-09	3.8625%	(962,540)
2	50	15-Jul-05	15-Nov-09	4.0775%	(1,155,607)
3	50	15-Aug-05	15-Jan-10	4.0913%	(1,433,968)
4	50	15-Sep-05	15-Mar-10	4.6088%	(1,944,182)
5	50	15-Apr-05	15-Apr-10	4.0800%	(1,822,752)
6	50	15-Oct-05	15-Apr-10	4.3525%	(1,971,304)
7	50	15-Nov-05	15-Apr-09	4.3425%	(157,676)
Swap Total	350				(9,448,029)

AIRPLANES GROUP INTEREST RATE CAPS AT MARCH 31, 2009

Interest Rate Cap	Notional Amount(1)(3)	Effective Date	Final Maturity Date	Strike Rate(4)	Estimated Fair Market Value as of March 31, 2009
	(in $ millions)				(in $)
1	50	15-Dec-04	15-Jun-09	5.0000%	0
2	0	15-Nov-09	15-Nov-10	5.0000%	53,574
3	125	15-Jun-06	15-May-11	6.0000%	47,291
4	70	15-Oct-06	15-Sep-11	5.5000%	71,251
5	0	15-Nov-10	15-Jan-12	5.5000%	107,644
6	30	15-Feb-07	15-Jan-12	5.5500%	111,968
7	32	15-Apr-08	15-May-12	6.0000%	204,173
Cap Total	307				595,901
Swap and Cap Total	657				(8,852,128)

(1) While some of the above swaps and caps have a fixed notional amount, many amortize over the period to their final maturity date.

(2) Under all swaps, Airplanes Group receives floating rate payments at one month LIBOR, reset monthly on an actual/360 adjusted basis.

(3) The initial amounts for caps numbers 2 and 5 are $75 million and $100 million respectively.

(4) Under all caps, Airplanes Group receives the excess, if any, of one month LIBOR, reset monthly on an actual/360 adjusted basis over the strike rate of the cap.

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 swaptions. If Airplanes Group purchases swaptions, these, if exercised, will allow Airplanes Group to enter into interest rate swap transactions under which it would pay floating amounts and receive fixed amounts. These swaptions could be exercised in the event of defaults by lessees owing fixed rate rental payments in circumstances where interest rates had declined since the contract date of such leases. Following consultation with the rating agencies in the year ended March 31, 2002, it is not currently proposed to purchase any swaptions due primarily to our current cashflow performance.

There can be no assurance that Airplanes Group’s interest rate risk management strategies will be effective to manage its exposure to adverse changes in interest rates.

Our indentures require that any counterparty with whom we enter into a swap or cap have at least a short-term unsecured debt rating of A-1+ from Standard & Poor’s and a long-term unsecured debt rating of A2 from Moody’s or otherwise as approved by the Board with the prior agreement of the rating agencies. However, because of our financial condition, we are no longer able to find eligible counterparties who are willing to enter into new swaps with us, and as a result of this we have begun purchasing caps.

The directors of Airplanes Limited and the controlling trustees of Airplanes Trust are responsible for reviewing and approving the overall interest rate management policies and transaction authority limits. Specific hedging contracts are approved by officers of the cash manager acting within the overall policies and limits. Counterparty risk is monitored on an ongoing basis. Counterparties are subject to the prior approval of the directors of Airplanes Limited and the controlling trustees of Airplanes Trust. Airplanes Group’s counterparties consist of the affiliates of major U.S. and European financial institutions who have credit ratings, or provide collateralization arrangements, which are consistent with maintaining the ratings of the class A certificates.

At March 31, 2009 Airplanes Group held $13.0 million by way of cash collateral in relation to a swap counterparty the credit rating of which had been downgraded during the year ended March 31, 2009.

On April 1, 2001 we adopted Statement of Financial Accounting Standards (SFAS) 133, *“Accounting for Derivative Instruments and Certain Hedging Activities”* and SFAS 138, *“Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of SFAS 133.”* As a result, all derivatives are now recognized on the balance sheet at their fair value. All derivatives are designated as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (“fair value” hedge), a hedge of a forecasted transaction or of the variability of cashflows to be received or paid related to a recognized asset or liability (“cashflow” hedge), a foreign-currency fair value or cashflow hedge (“foreign currency” hedge) or a “held for trading” instrument. At March 31, 2009 all of Airplanes Group’s interest rate swaps were designated as “cashflow” hedges and all of Airplanes Group’s interest rate caps were designated as “held for trading” instruments.

As noted above, we have a detailed hedging policy, which has been approved by the board of directors of Airplanes Limited and controlling trustees of Airplanes Trust and the rating agencies. As part of this hedging policy we have formally documented all relationships between hedging instruments and hedged items as well as our risk-management objective and strategy for undertaking various hedge transactions.

This process includes linking all derivatives that are designated as cashflow hedges to specific liabilities on the balance sheet. We formally assess, both at the hedge’s inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cashflows of hedged items.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cashflow hedge are included in the item “Net change in cashflow hedges” in “other comprehensive income” (“**OCI**”), until earnings are affected by the variability in cashflows of the designated hedged item.

Hedge accounting is discontinued prospectively when it is determined that the derivative is no longer highly effective in offsetting changes in the cashflows of the hedged item, the derivative expires or is sold, terminated, or exercised, or it is determined that designation of the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued, the derivative will continue to be carried at its fair value on the balance sheet, and any changes in its fair value will be recognized in earnings. In all situations where derivatives are designated as “held for trading” instruments, they are carried at fair value on the balance sheet and any changes in fair value are recorded in the Income Statement.

The opening effect as at April 1, 2001 of the adoption of SFAS 133 was $(38) million in other comprehensive income (i.e., if the swaps were sold then a loss of $38 million would have resulted) and $5 million in earnings (being the deferred gain on early termination of interest and related derivatives). The net change in the value of cashflow hedges for the year ended March 31, 2009 was an increase of $3 million.

As at March 31, 2009 all of the interest rate caps held by Airplanes Group were designated as “held for trading” instruments. The net change in the value of held for trading instruments for the year ended March 31, 2009 was a decrease of $3.1 million and is recorded in the Income Statement.

8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

9. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures

The Chairman of the Board of Directors of Airplanes Limited and Chairman of the Controlling Trustees of Airplanes Trust, acting on the recommendation of the Board of Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust, after evaluating the effectiveness of Airplanes Group’s “disclosure controls and procedures” (as defined in Exchange Act Rules l3a-15(e) and l5d-15(e)) as of the end of the period covered by this Annual Report, has concluded that our disclosure controls and procedures were effective based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules l3a-15 or 15d-15.

Airplanes Group’s disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, and the Board of Directors of Airplanes Limited and the Controlling Trustees of Airplanes Trust have concluded that these controls and procedures are effective at the “reasonable assurance” level. However, Airplanes Group believes that a control system, no matter how well designed or operated, cannot provide absolute assurance that the objectives of the control system are met, and that no evaluation of controls can provide absolute assurance that various types of corporate operational risks within a company particularly one such as this that relies exclusively on third parties for all services, will be detected in a timely manner.

(b) Changes in internal controls

There were no changes in the internal controls of Airplanes Group over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules l3a-15(e) or 15(d)-15(e) that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

10. DIRECTORS AND TRUSTEES OF AIRPLANES GROUP

A. DIRECTORS AND CONTROLLING TRUSTEES

The Directors and the Controlling Trustees of Airplanes Limited and Airplanes Trust, respectively, their respective ages and principal activities are as follows:

		Offices Held	
Name	Age	Airplanes Limited	Airplanes Trust
Roy M. Dantzic	64	Independent director	Independent controlling trustee
Joseph E. Francht, Jr.	58	Independent director	Independent controlling trustee
William M. McCann	65	Chairman and independent director	Chairman and independent controlling trustee
Isla M. Smith	57	Independent director	Independent controlling trustee
Brian T. Hayden	61	Class E note director	Class E note controlling trustee

Roy Dantzic is Chairman of Interior Services Group and a non-executive director of a number of other companies. He qualified as a chartered accountant in 1968 having started his career with Coopers & Lybrand. Between 1970 and 1980, he engaged in corporate advisory work, principally as a director of Samuel Montagu. In 1980, Mr. Dantzic was appointed by the British Government as the finance director of British National Oil Corporation and he served in this 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 directors of Stanhope Properties and became its finance director from 1992 until the company was acquired in 1995. Thereafter he served as managing director of British Gas Properties Limited until his retirement in 2003.

Joseph Francht has been a private investor and consultant since 1998. Mr. Francht also serves as a controlling trustee and as chairman of the audit committee of Lease Investment Flight Trust (another aircraft securitization vehicle). He was Senior Vice President-Finance and Treasurer at Northwest Airlines from 1990 to 1998, where he was responsible for, among other things, all capital markets transactions, aircraft financing activities and fleet planning and analysis. He has also served as chairman of Northwest's Pension Investment Committee and was on the Board of Directors of Champion Air, Inc. and Northwest Aerospace Training Corporation. Prior to that, from 1972 to 1990, Mr. Francht was employed as a corporate lending officer at Chase Manhattan Bank, now JP Morgan Chase, and later, at Banque Paribas, now BNP Paribas, in several senior lending positions, including Senior Vice President-Leveraged Capital Group.

William McCann is a former chartered accountant. From 1987 to 1995 he was the Managing Partner of Price Waterhouse in Ireland and from 1991 to 1995 he was a member of the Price Waterhouse World Board. He was chairman of the Electricity Supply Board, Ireland from 1996 to 2001 and was a director of the Central Bank of Ireland from 1993 to 1998. He is currently Chairman of Galco Steel Limited and is a non-executive director of Allianz plc, UBS International Life Limited and of a number of other companies.

Isla Smith qualified as an attorney in South Africa before moving to London and qualifying as a solicitor in 1980 and a member of the Institute of Taxation in 1981. She joined Norton Rose as an associate in 1980 and became a Commercial Tax Partner in 1985. Ms. Smith was a member of the firm's management board for seven years and Global Head of Tax from 2002. She left Norton Rose in 2004 to pursue a portfolio career. From 2005 until it became privately owned in June 2008, she was a non-executive director of Abbot Group plc. She is now a non-executive director of Rensburg Sheppards plc and Chair of Breast Cancer Campaign, a charity that funds breast cancer research, and is a trustee of two other charitable institutions, Citylife and Resources Africa (UK).

Brian Hayden qualified as a mechanical engineer in 1970 and started his career with Aer Lingus. He worked in various management positions within Aer Lingus during the next 19 years. In 1989, he moved to GPA Group (now known as AerCap Ireland) to head the technical division as Senior Vice President Technical. In 1993, he joined GECAS as Executive Vice President with responsibility for technical management of the GECAS owned and managed fleet. He retired from GECAS in 2008. He is a former director of GECAS and Irish Helicopters and is currently a director of Genesis Lease Limited, an aircraft leasing company.

The Directors and Controlling Trustees of Airplanes Limited and Airplanes Trust, as well as other individuals, serve as directors of various of our subsidiaries.

B. THE SERVICER

GECAS provides various aircraft-related services to us as servicer under the servicing agreement. On November 20, 1998, GECAS' affiliate, GE Capital, acquired the class E notes previously held by GPA Group (now known as AerCap Ireland) and its subsidiaries. As the holder of the majority of the class E notes, GE Capital has the right to appoint one director to the board of Airplanes Limited and one controlling trustee of Airplanes Trust. GECAS holds 5% of the ordinary share capital of Airplanes Holdings, and GE Capital, an affiliate of GECAS, has an option to acquire the residual interest in Airplanes Trust from AerCap, Inc.

GECAS is a global commercial aviation financial services company that offers a broad range of aircraft financial products and provides management, marketing and technical support services to airlines, aircraft owners, lenders and investors and various of its affiliates, including the GE Group, and other third parties, including Aircraft Finance Trust, Lease Investment Flight Trust and Airplanes Group. As of March 31, 2009, GECAS and its affiliates serviced a portfolio consisting of 1,845 owned and managed aircraft on lease to over 250 lessees in over 70 countries.

GECAS and its affiliates offer such financial products as finance leases (including both direct financing and leveraged leases), operating leases and other structured finance products (including aircraft securitization vehicles). Its management services include collecting rental payments, arranging and monitoring aircraft maintenance performed by others, limited technical inspection of aircraft, arranging and monitoring insurance, arranging for aircraft valuations, registration and de-registration, monitoring compliance with leases, enforcement of lease provisions against lessees, confirming compliance with applicable ADs and facilitating delivery and redelivery of aircraft. GECAS also arrange sales of aircraft to third parties. GECAS, its affiliate, GE Capital, or any of its other affiliates may acquire debt or beneficial interests in other securitization vehicles that own a portfolio of aircraft assets.

GECAS is headquartered in Shannon, Ireland where it had 139 employees as of March 31, 2009. The Aviation Services business of GE, which includes GECAS, has a further 347 employees worldwide and has operations in Stamford, Connecticut; Shannon, Ireland; Miami, Florida and a number of other locations.

THE SERVICING AGREEMENT

GECAS provides services with respect to all of the aircraft in our portfolio pursuant to the servicing agreement. The servicing agreement provides that the servicer will act in accordance with applicable law and with our directions in performing the aircraft services described below. In addition, the servicer has agreed to perform its services in accordance with the following "**GECAS services standard**" and "**GECAS conflicts standard**":

- GECAS must use reasonable care and diligence at all times in the performance of the services.

- If a conflict of interest arises regarding GECAS's management, servicing or marketing of (a) any two aircraft in our portfolio or (b) any aircraft in our portfolio and any other aircraft managed by GECAS, GECAS will perform its services in good faith. If the two aircraft or the aircraft in our portfolio and the other aircraft managed by GECAS are substantially similar in terms of objectively identifiable characteristics that are relevant for the particular services to be performed, GECAS will not discriminate among the aircraft or between any of the aircraft in our portfolio and any other aircraft managed by GECAS on an unreasonable basis. GECAS is not obliged to inform us of any conflicts of interest.

The servicer does not have any fiduciary duty or other implied duties to us or any other person, including any certificateholders, and its obligations will be limited to the express terms of the servicing agreement. GECAS will not be liable to us for any of our losses arising out of, in connection with or related to, GECAS's management of our portfolio, except where those losses are finally adjudicated to have resulted directly from GECAS's gross negligence or willful misconduct. The servicer is not obliged to take any action that it believes is reasonably likely to violate any applicable law with respect to GECAS or its affiliates, violate any established written policies of GE related to legal, ethical and social matters in business practices, or lead to an investigation by any governmental authority. In addition, the servicer does not assume any liability or accountability for (a) the terms and conditions of the notes, (b) the ability of Airplanes Limited or Airplanes Trust to comply with the terms and conditions of the notes or the guarantees and (c) the structuring or implementation of any aspect of the various transactions described in this Annual Report.

Airplanes Limited, Airplanes Trust, Airplanes Holdings and AeroUSA have agreed to indemnify the servicer and its affiliates on an after-tax basis for any of its losses arising out of, in connection with or related to its performance of the services, except where those losses are finally adjudicated to have resulted directly from GECAS's gross negligence or willful misconduct in respect of its obligation to apply the GECAS services standard or GECAS conflicts standard in respect of its performance of the services.

AIRCRAFT SERVICES

The main categories of the services that are provided by the servicer are:

- lease marketing, including re-marketing, lease negotiation and execution;
- aircraft management, including lease rent collection, ensuring aircraft maintenance, insurance monitoring and procurement, contract compliance by, and enforcement against, lessees, and accepting delivery and re-delivery of aircraft;
- aircraft sales as we direct;
- monitoring of maintenance reporting, and provision of records and information about the aircraft;
- arranging valuations and monitoring regulatory developments;
- commercially reasonable assistance in complying with covenants relating to the aircraft under the indentures;
- assistance in connection with public or private offerings of certificates;
- legal and other professional services in the ordinary course of the operating lease business; and
- periodic reporting of operational information relating to the aircraft.

The servicer has also agreed to give us and our agents access to information and its personnel for monitoring purposes, and to separate its own funds from our funds.

OPERATING GUIDELINES

Under the servicing agreement, GECAS is entitled to exercise the authority necessary to give it a practicable and working autonomy in performing the services. Airplanes Holdings, acting on behalf of Airplanes Group through the administrative agent, has established monitoring and control procedures to enable the servicer to properly manage our business and assets.

All transactions the servicer enters into on our behalf must be at arm's-length and on fair market value terms unless we agree otherwise. Some transactions or matters involving the aircraft require the prior written approval of Airplanes Holdings. These include:

- sales of aircraft unless required by a lease;
- entering into any leases, renewals or extensions on terms that do not comply with the operating covenants under the indentures;
- terminating any lease or leases to any single lessee with respect to aircraft having an aggregate depreciated net book value in excess of $200 million;
- entering into any contract for the modification or maintenance of aircraft where the costs to be incurred (a) exceed the greater of (1) the estimated aggregate cost of a heavy maintenance check for a similar aircraft and (2) available maintenance reserves or other collateral under the related lease, or (b) are outside the ordinary course of our business;
- issuing any guarantee for us, or otherwise pledging our credit, other than with respect to trade payables in the ordinary course of business; and
- any transaction with GE Capital or any of its affiliates not contemplated in the servicing agreement.

BUDGET

Airplanes Holdings adopts an annual budget, developed with the servicer, each year with respect to the aircraft. The servicer has agreed to use reasonable commercial efforts to attempt to achieve the budget each year.

SERVICING FEES

Airplanes Limited, Airplanes Holdings and AeroUSA pay an annual index-linked fee to the servicer, payable monthly in arrears for the period each aircraft is under management. For the year to March 31, 2009, this fee was 0.66% of the agreed book value of each aircraft, payable monthly in arrears for the period of time that aircraft is under GECAS's management. The servicer is entitled to additional incentive fees based on annual cashflow generated by leases in excess of targets and sales of aircraft, with a minimum fee of $1.5 million annually. The servicer is also entitled to additional fees in connection with the services required to be provided by GECAS in respect of any offerings and sales by us of certificates. Airplanes Limited, Airplanes Holdings and AeroUSA also pay expenses incurred or approved by the servicer on our behalf, including aircraft maintenance costs and insurance, outside professional advisory fees and other out-of-pocket expenses, which are a significant component of our overhead costs. In the year ended March 31, 2009, aircraft maintenance reserve expenses were $40.5 million. Other expenses, including servicer fees, outside professional advisory fees, insurance and other out-of-pocket expenses amounted to $19.2 million for the same period.

TERM AND TERMINATION

The initial term of the servicing agreement expires on the earlier of March 28, 2014 and the payment in full of all amounts outstanding under the notes. Each party has the right to terminate under specified circumstances. The servicer has the right to terminate the servicing agreement if any of the following occur:

- Airplanes Limited, Airplanes Trust, Airplanes Holdings and/or AeroUSA fail to pay when due any servicing fees or other amounts owed to the servicer after appropriate notice;
- Airplanes Limited, Airplanes Trust, Airplanes Holdings and/or AeroUSA fail to perform or observe or violate in any material respect any material term, covenant, condition or agreement under the servicing agreement;
- any of Airplanes Limited, Airplanes Trust, Airplanes Holdings, AeroUSA or their respective subsidiaries or affiliates has made a false or misleading representation or warranty in the servicing agreement or any related document that is reasonably likely to have a material adverse effect on the servicer or on its rights and obligations under the servicing agreement;
- an involuntary proceeding under applicable bankruptcy, insolvency, receivership or similar law against Airplanes Limited, Airplanes Trust, Airplanes Holdings, AeroUSA or any of their significant subsidiaries continues for 75 days or if any of these entities goes into liquidation or suffers a receiver or mortgagee to take possession of all or substantially all of our or its assets, or if any of these entities commences a voluntary proceeding under bankruptcy, insolvency, receivership or similar law or makes a general assignment for the benefit of their creditors;
- Airplanes Limited, Airplanes Trust, AeroUSA, Airplanes Holdings and their respective subsidiaries and affiliates no longer own any aircraft;
- the indentures cease to be in full force and effect; or
- any guarantee in favor of the servicer by any of Airplanes Limited, Airplanes Trust, AeroUSA, Airplanes Holdings and their respective subsidiaries and affiliates ceases to be legal, valid and binding.

Airplanes Holdings, on behalf of itself, AeroUSA and Airplanes Limited, has the right to terminate the servicing agreement if any of the follow occur:

- the servicer ceases to be at least 75% owned, directly or indirectly, by GE or GE Capital;
- the servicer fails in any material respect to perform any material services required by the servicing agreement in accordance with the GECAS services standard or the GECAS conflicts standard, and this failure has a material adverse effect on Airplanes Group as a whole; or
- an involuntary proceeding under bankruptcy, insolvency, receivership or similar law against GE, GE Capital or the servicer continues undismissed for 75 days or any of those entities goes into liquidation or suffers a receiver or mortgagee to take possession of all or substantially all of its assets, or if GE, GE Capital or the servicer commences a voluntary proceeding under bankruptcy, insolvency, receivership or similar law or makes a general assignment for the benefit of its creditors.

Airplanes Limited, AeroUSA and Airplanes Holdings also have the right to terminate the servicing agreement upon six months' written notice to the servicer if:

- the servicer fails to perform any of its specified tax related undertakings to preserve the Shannon tax benefits as described below; and
- as a result, we experience a material adverse tax event as defined in the servicing agreement.

The servicer may resign if it determines that directions given, or services required, would, if carried out:

- be unlawful under applicable law;
- violate GE policy as written and in effect for GE and its controlled subsidiaries at that time;
- be likely to lead to an investigation by any governmental authority;
- expose the servicer to liabilities for which, in the servicer's good faith opinion, it is not adequately indemnified; or
- place the servicer in a conflict of interest so that, in the servicer's good faith opinion, it could not continue to perform its obligations under the servicing agreement according to its terms.

Generally, the servicer may only resign, and the parties may only terminate the servicing agreement, if a replacement servicer has been appointed and the rating agencies have confirmed that the current ratings of any certificates will not be lowered or withdrawn.

TAX STATUS

Because GECAS owns 5% of the outstanding issued ordinary share capital of Airplanes Holdings and it maintains particular employment levels in Shannon, Ireland, Airplanes Holdings and its Irish tax-resident subsidiaries enjoyed reduced rates of corporation tax, and improved entitlements to capital allowances until December 31, 2005. In addition, these Shannon tax benefits included the right to pay interest in various circumstances without paying Irish withholding tax, and to deduct payments of interest in calculating corporate tax liability. While Airplanes Holdings and our Irish tax resident subsidiaries continued to benefit from their status as Shannon certified companies until the termination of the preferential tax regime on December 31, 2005, we cannot guarantee that the management of the aircraft by the servicer will not expose Airplanes Holdings or the Irish tax resident companies to tax liabilities outside Ireland. The servicing agreement sets out various tax-related undertakings of the servicer to maintain a favorable tax treatment in Ireland for Airplanes Holdings and its Irish tax resident subsidiaries. These include:

- maintaining minimum levels of employment in Ireland if required for Airplanes Holdings or its Irish tax resident subsidiaries to maintain their Shannon licenses and tax certification;
- holding meetings of the board of directors of the servicer in Shannon at least quarterly, and only occasionally outside Shannon; and not outside Ireland;
- holding meetings of the servicer's transaction approval committee in Shannon at least monthly and only occasionally outside Ireland;
- a majority of the committee members must be employees of the servicer;
- generally signing aircraft-related contracts in Ireland or outside of Ireland pursuant to a limited power of attorney;
- compensating any of the servicer's affiliates for services provided outside Ireland in respect of the aircraft only to the extent those services are provided by express agreement;
- ensuring the managing director of the servicer is an officer and employee based in Shannon; and
- maintaining no offices outside Shannon.

If the servicer breaches a tax-related undertaking as a result of its gross negligence or willful misconduct and we experience a material tax event, our sole remedy is to terminate the servicing agreement after notice. The servicer has the right for any good faith commercial reason to modify the tax-related undertakings, which could lead to a loss of favorable tax treatment for Airplanes Holdings and its Irish tax resident subsidiaries.

On expiry of the preferential 10% corporate tax regime on December 31, 2005, Airplanes Holdings and its Irish tax resident subsidiaries became subject to Irish corporate tax on their net trading income, including leasing income, at the general Irish statutory rate for trading income which is currently 12.5%. The Irish Government has introduced amendments to Irish tax legislation over the last number of years to minimize the impact for companies on termination of the IFSC and Shannon regimes.

Overall, as a result of these amendments, it is not anticipated that the termination of the Shannon tax regime will have a material impact on Airplanes Holdings and its subsidiaries' Irish tax position although the absence of specific exemptions will require continued attention from the group to certain tax issues.

ASSIGNMENT OF SERVICING AGREEMENT

None of the servicer, Airplanes Limited, Airplanes Holdings or AeroUSA can assign their rights and obligations under the servicing agreement without the other parties' consent. However, the servicer may delegate a 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 OF PAYMENT OF SERVICING FEES AND REIMBURSABLE EXPENSES

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

The obligations of Airplanes Limited, Airplanes Holdings and AeroUSA under the servicing agreement have been guaranteed by each other, Airplanes Trust and their respective subsidiaries and affiliates.

GECAS's address is GE Commercial Aviation Services Limited, Aviation House, Shannon, Ireland and its telephone number is +353-61-706500.

C. THE ADMINISTRATIVE AGENT AND CASH MANAGER

AERCAP IRELAND

Subsidiaries of AerCap Ireland serve as our administrative agent and cash manager. AerCap Ireland is a wholly-owned indirect subsidiary of AerCap Holdings N.V., a major participant in the global commercial aviation industry. AerCap Holdings N.V., directly and through AerCap Ireland and other subsidiaries, also owns and manages aircraft, both for its own account and for third parties, including AerCo, ALS and ALS II, three other aircraft securitization vehicles. At March 31, 2009, AerCap Holdings N.V. owned and managed a portfolio of 221 aircraft which were on lease to 96 lessees in 42 countries. AerCap Ireland is also the holder of all of the class E-1 and E-2 notes of AerCo and all of the class E-1 and E-2 notes issued by ALS. AerVenture Leasing currently holds all of the class E-1 notes issued by ALS II. AerCap Ireland and its subsidiary act as servicer for the portfolio of aircraft owned by AerCo, ALS and ALS II. Subsidiaries of AerCap Ireland also act as administrative agent and cash manager to AerCo and as administrative agent to ALS and ALS II.

On April 27, 2005, the shareholders of AerCap Holdings N.V. announced that they had reached agreement in relation to the sale of the entire issued share capital of the company to Cerberus Capital Management L.P.

AerCap Holdings N.V. acquired AeroTurbine in April 2006. AeroTurbine is a non original equipment manufacturer affiliated provider of after-market commercial transport category engines for sale, lease and exchange and also offers engine and airframe parts trading.

On November 27, 2006, AerCap Holdings N.V. and certain shareholders each sold a portion of the ordinary shares in AerCap Holdings N.V. in a public offering listed on the New York Stock Exchange.

On July 31, 2007 AerCap Holdings N.V. and certain shareholders each sold a further portion of the ordinary shares in AerCap Holdings N.V. in a secondary offering. Shares held by public investors have now increased to 54%.

At March 31, 2009, AerCap Holdings N.V. employed 388 people worldwide, with 45 employees in Shannon, Ireland, where AerCap Ireland is located. AerCap Holdings N.V. has its headquarters in Amsterdam, the Netherlands and it also has offices and facilities in Florida, Arizona, Texas, Beijing, Singapore and the United Kingdom.

ADMINISTRATIVE AGENT

AerCap Financial Services (Ireland) Limited, as administrative agent, is responsible for providing administrative and accounting services to the directors and controlling trustees. Its duties include:

- monitoring the performance of the servicer;
- liaising with rating agencies;
- maintaining accounting ledgers (although we retain responsibility for all discretionary decisions and judgments relating to the preparation and maintenance of ledgers and accounts, and we retain responsibility for, and prepare, our financial statements);
- preparing and presenting annual budgets to us for approval;
- authorizing payment of various expenses;
- coordinating any amendments to the transaction documents other than the leases;
- supervising outside counsel and coordinating legal advice;
- preparing and coordinating reports to investors and managing investor relations with the assistance of outside counsel and auditors, if appropriate;
- preparing, or coordinating the preparation of, all required tax returns for our approval and filing;
- maintaining, or monitoring the maintenance of, our books and records that are not maintained by our company secretary or the Delaware trustee;
- preparing agendas and any required papers for meetings of the governing bodies of Airplanes Group entities;
- assisting us in (i) developing and implementing our interest rate management policy and developing financial models, cashflow projections and forecasts, and (ii) making aircraft lease, sale and capital investment decisions;
- advising us as to the appropriate levels of the liquidity reserve amount; and
- assisting us in the refinancing of all or a portion of the notes and certificates.

We may also ask the administrative agent to provide additional services.

Under the administrative agency agreement, the administrative agent is entitled to a fixed annual fee and an annual fee which varies depending on the number of aircraft we own. These fees are paid monthly in arrears. The fixed annual fee during the year ended March 31, 2009 was $3.1 million and the variable fee was approximately $1.4 million. These fees have been index-linked with effect from April 1, 2003. The amount of the fixed annual fee payable to the administrative agent was renegotiated with effect from April 1, 2005. Such fee was reduced (on a non-cumulative basis before indexation) by $0.6 million for each of the years ended March 31, 2006, 2007 and March 31, 2008 and by $0.92 million for the year ended March 31, 2009 and will be reduced (on a non-cumulative basis before indexation) by $0.92 million per annum on a non-cumulative basis for each of the next six financial years and by $1.5 million per annum on a non-cumulative basis for each subsequent financial year. We reimburse the administrative agent for expenses incurred on our behalf and indemnify the administrative agent for any liability it incurs, other than through its own deceit, fraud, willful default or gross negligence.

The administrative agent may resign upon 60 days' written notice in defined circumstances. We may remove the administrative agent upon 180 days' written notice with or without cause. However, the resignation or removal of the administrative agent will not become effective until a successor administrative agent has been appointed with the consent of the servicer and has accepted appointment as the successor administrative agent under the administrative agency agreement.

CASH MANAGER

AerCap Cash Manager Limited, as cash manager, provides cash management and related services to us, including establishing and administering our accounts, providing information about our accounts and investing the funds held by us in the collection account and the lessee funded account in prescribed investments ("**permitted account investments**") on permitted terms. These accounts (but not the rental accounts) are maintained in the name of the security trustee. See "6K. Management's Discussion and Analysis of Financial Condition and Results of Operations - The Accounts" for a more detailed description of our accounts.

The cash manager calculates monthly payments and makes other calculations required under the cash management agreement based on data it receives from the servicer. The cash manager also provides the trustee with the information required for the monthly reports to the certificateholders. It is the responsibility of the cash manager to ensure that the proceeds from the lease or sale of our assets are deposited in the collection account. Upon the occurrence of a note event of default, the cash manager will distribute funds in the manner set forth in the indentures.

We paid the cash manager an annual fee of $1.01 million for the year ended March 31, 2009, which has been index-linked with effect from April 1, 2003, and indemnify the cash manager against any loss or liability it incurs, other than through its own deceit, fraud, willful default or gross negligence, or simple negligence in the handling of funds.

The cash manager may resign upon 30 days' written notice so long as a replacement cash manager has been appointed. We may remove the cash manager at any time upon 180 days' written notice with or without cause.

COMPANY SECRETARY

Mourant & Co. Secretaries Limited, as company secretary for Airplanes Limited, provides secretarial services for, and maintains the books and records, including minute books and stock transfer records, of Airplanes Limited.

DELAWARE TRUSTEE

Wilmington Trust Company, as the Delaware Trustee for Airplanes Trust, maintains the books and records, including minute books and trust certificate records, of Airplanes Trust.

CODE OF ETHICS

Each of Airplanes Limited and Airplanes Trust has adopted a code of ethics. The code is applicable only to the directors of Airplanes Limited and the controlling trustees of Airplanes Trust, respectively, as Airplanes Limited and Airplanes Trust are special purpose vehicles that do not employ any principal executive officer or principal financial officer or other employees. We have been informed by each of the servicer and the administrative agent that it is governed by a code of ethics instituted to fulfill its corporate governance requirements. Copies of the code of ethics for each of Airplanes Limited and Airplanes Trust are available upon request from Airplanes Group's administrative agent, AerCap Financial Services (Ireland) Limited, AerCap House, Shannon, Ireland.

D. COMPENSATION

All directors of Airplanes Limited and controlling trustees of Airplanes Trust are compensated for travel and other expenses incurred in the performance of their duties. Each independent director and independent controlling trustee is paid an index-linked annual fee, currently $102,855, for their services in both capacities. The chairman of Airplanes Limited and Airplanes Trust also receives an additional index-linked annual fee, currently $68,570, for his services in that capacity. The fees are index-linked and were last adjusted for inflation on April 1, 2008 for the period to March 31, 2011 by reference to the increase in the US CPI from April 1, 2005 to March 31, 2008. The aggregate fees paid to the independent directors and independent controlling trustees by Airplanes Trust and Airplanes Limited may not exceed $550,000 in any year. In addition, Mr. Dantzic, Mr. McCann and Mr. Hayden each receive index-linked annual amounts, currently $10,286, for their services as directors of Airplanes Holdings and certain of its subsidiaries and Ms. Smith receives an index-linked annual amount, currently $3,429, for her services as a director of a subsidiary of Airplanes

Holdings. Mr. Dantzic, Mr. McCann, Mr. Hayden and Ms. Smith are also each entitled to receive an additional $1,371 in respect of each board meeting of these companies which they attend, subject to a maximum payment of $6,857 annually for each of them. Mr. Francht and Mr. Dantzic are also each entitled to receive an index-linked annual fee, currently $3,429, from AeroUSA and AeroUSA 3 for their services as directors of these companies and are also entitled to receive an additional $1,371 in respect of each board meeting of these companies which they attend, subject to a maximum payment of $6,857 annually. The directors and controlling trustees are reimbursed for travel and other expenses, and premiums for directors' and officers' insurance are paid on their behalf. The director and controlling trustee appointed by the holder of a majority in aggregate principal amount of the class E notes does not receive any remuneration from Airplanes Limited or Airplanes Trust for his services to Airplanes Limited or Airplanes Trust, except reimbursement of travel and other expenses and payment of premiums for directors' and officers' insurance.

The directors and the controlling trustees do not receive any additional cash or non-cash compensation from Airplanes Limited or Airplanes Trust (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 has any beneficial ownership in any of the equity securities of Airplanes Limited, Airplanes Trust or any of their subsidiaries.

None of the directors, controlling trustees or any member of their families, or any person owning five percent or more of Airplanes Limited's capital stock, has been party to any transaction, or is party to any currently proposed transaction, with Airplanes Limited, Airplanes Trust or any of their subsidiaries. No director or controlling trustee or any member of his family, or any corporation, organization or trust in which that director or controlling trustee is an executive officer, partner, trustee or has a beneficial interest, has been indebted in any amount to Airplanes Limited or Airplanes Trust.

11. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Airplanes Group has had and currently maintains various relationships with GE Capital and GECAS. First, GECAS acts as servicer for Airplanes Group. Secondly, GECAS is the holder of 5% of the ordinary share capital of Airplanes Holdings. Thirdly, Mr. Hayden, previously an employee of GECAS, is a director of Airplanes Limited and a controlling trustee of Airplanes Trust. Fourthly, GE Capital holds the majority of the Airplanes Group class E notes and has an option over the residual interest in Airplanes Trust.

Airplanes Group has had and currently maintains various relationships with AerCap Ireland Limited, formerly known as AerFi Group plc which was previously known as GPA Group plc. First, AerCap Ireland acted as promoter in establishing the entities that comprise Airplanes Group. Second, Airplanes Group purchased substantially all of its assets from AerCap Ireland. See "1A. Introduction—Overview of Capital Structure." Third, AerCap Ireland was the holder of 5% of the ordinary share capital of Airplanes Holdings until November 20, 1998. Fourth, AerCap, Inc., a subsidiary of AerCap Ireland, holds the residual interest in Airplanes Trust (subject to an option granted over such interest in favour of GE Capital as described above). Fifth, subsidiaries of AerCap Ireland act as the administrative agent and cash manager for Airplanes Group. See "10C. Directors and Trustees of Airplanes Group—The Administrative Agent and Cash Manager." In addition, on November 20, 1998, GE Capital acquired the Airplanes Group class E notes previously held by AerCap Ireland.

12. PRINCIPAL ACCOUNTANT'S FEES AND SERVICES

A. ACCOUNTANT'S FEES

	Year Ended March 31, 2009		Year Ended March 31, 2008	
	$	**% approved by Audit Committee**	**$**	**% approved by Audit Committee**
Audit Fees	446,742	100%	440,997	100%
Audit-Related Fees	176,548	100%	122,459	100%
Tax Fees	252,523	100%	328,014	100%
All Other Fees	70,228	100%	64,145	100%
Total	946,041	100%	955,615	100%

Audit-Related Fees in the table above for the years ended March 31, 2009 and 2008 relate to quarterly reviews, review of our Annual Report and Audit Committee work.

All "Other Fees" in the table above for the years ended March 31, 2009 and 2008 relate to accounting advice and statutory filings for our subsidiaries. All fees include out of pocket expenditure and Value Added Tax (VAT).

B. AUDIT COMMITTEE

Audit committees of Airplanes Limited and Airplanes Trust were established in August 2000, consisting of their four independent directors or controlling trustees, respectively. In light of the Sarbanes-Oxley Act of 2002, we have adopted revised terms of reference for a single audit committee acting for Airplanes Group, currently consisting of the four independent directors/controlling trustees since the financial statements combine the operating results, assets, liabilities and cashflows of Airplanes Limited and Airplanes Trust. The duties of the audit committee include the following:

- to retain, oversee and terminate the independent auditors of Airplanes Group, including, the approval of all audit and engagement fees and terms;
- to discuss and agree with the external auditor before the audit commences the nature, staffing and scope of the audit;
- to pre-approve all permissible non-audit services performed by the external auditors. (Audit services include the statutory audit of group and subsidiary companies, the review of annual reports and other related work). Pre-approval is delegated to any member to cater for matters arising between meetings, however, the full committee shall approve at the next scheduled meeting;
- to review from time to time the cost effectiveness of the audit and the independence and objectivity of the external auditor;
- to review submissions to the boards in relation to any audited accounts, focusing particularly on:

— critical accounting policies and practices and any changes in accounting policies and practice;

— all alternative treatments of financial information presented that have been or are to be discussed with the boards;

— any unadjusted audit differences;

— the going concern assumption;

— compliance with accounting standards (and in particular accounting standards adopted in the financial year for the first time);

— compliance with applicable legal requirements;

- to review, on behalf of the boards, Airplanes Group's system of internal control over financial reporting and disclosure controls and procedures (including financial, operational compliance and risk management, and whether there are any significant deficiencies in the design or operation of such controls and procedures, material weaknesses and any fraud involving any persons with a significant role in such controls and procedures) and make recommendations to the boards;
- to review the statement proposed to be included in each quarterly and annual report on the review of the system of internal and disclosure controls and procedures (including financial, operational compliance and risk management, and whether there are any significant deficiencies in the design or operation of such controls and procedures, material weaknesses and any fraud involving any persons with a significant role in such controls and procedures) prior to endorsement by the boards;
- to consider other matters as defined by the boards;
- to report on all of the above matters to the boards.

SIGNATURES

Date: June 15, 2009

For and on behalf of Airplanes Limited

By: /s/William M. McCann

Name: William M. McCann
Title: Chairman of the Board of Directors

For and on behalf of Airplanes U.S. Trust

By: /s/William M. McCann

Name: William M. McCann
Title: Chairman of the Board of Controlling Trustees

AIRPLANES GROUP

INDEX TO FINANCIAL STATEMENTS

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 ("**Airplanes Group**") as of March 31, 2009 and 2008, and the related statements of operations, comprehensive loss, changes in shareholders' deficit/net liabilities and cashflows for each of the years in the three-year period ended March 31, 2009. 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 auditing standards generally accepted in the United States of America. Those 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Airplanes Group's internal control over financial reporting. Accordingly, we express no such opinion. 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.

As described more fully in notes 8 and 10 to the financial statements, post September 11, 2001, a number of factors have had a significant adverse effect on the aircraft industry in general and on Airplanes Group which has resulted in reductions in aircraft values and lease rates. These conditions have affected Airplanes Group's ability to make scheduled principal and interest payments on the various classes of notes.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Airplanes Group as at March 31, 2009 and 2008, and the results of their operations and cashflows for each of the years in the three-year period ended March 31, 2009, in conformity with generally accepted accounting principles in the United States.

Dublin, Ireland
June 15, 2009

KPMG
Chartered Accountants

AIRPLANES GROUP

BALANCE SHEETS

	March 31, 2008			March 31, 2009		
	Airplanes Limited	Airplanes Trust	Combined	Airplanes Limited	Airplanes Trust	Combined
		($ millions)			($ millions)	
ASSETS						
Cash (Note 5)	91	6	97	93	6	99
Accounts receivable						
Trade receivables (Note 6)	8	1	9	4	—	4
Allowance for doubtful debts	(1)	—	(1)	—	—	—
Amounts due from Airplanes Limited (Note 7)	—	46	46	—	47	47
Prepaid expenses	3	—	3	3	—	3
Other Current Assets	5	—	5	4	—	4
Total Current Assets	106	53	159	104	53	157
Aircraft, Held for Use (Note 8)	847	31	878	678	28	706
Aircraft, Held for Sale (Note 8)	25	—	25	11	—	11
Total assets	978	84	1,062	793	81	874
LIABILITIES						
Accrued expenses and other liabilities (Note 9)	8,374	821	9,195	11,141	1,096	12,237
Amounts due to Airplanes Trust (Note 7)	46	—	46	47	—	47
Total Current Liabilities	8,420	821	9,241	11,188	1,096	12,284
Indebtedness (Note 10)	2,385	234	2,619	2,280	221	2,501
Deferred income taxes	—	23	23	—	23	23
Total liabilities	10,805	1,078	11,883	13,468	1,340	14,808
Common Stock, $1 par value per share, Authorised 10,000 shares; issued and outstanding 30 shares (Note 11)	—	—	—	—	—	—
Net liabilities	(9,827)	(994)	(10,821)	(12,675)	(1,259)	(13,934)
Shareholders' deficit and total liabilities	(978)	(84)	(1,062)	(793)	(81)	(874)

Commitments and Contingent Assets/Liabilities (Notes 17 and 18)

The accompanying notes are an integral part of the financial statements.

AIRPLANES GROUP

STATEMENTS OF OPERATIONS

	Year Ended March 31,								
	2007 (As Restated)			2008			2009		
	Airplanes Limited	Airplanes Trust	Combined	Airplanes Limited	Airplanes Trust	Combined	Airplanes Limited	Airplanes Trust	Combined
	($ millions)			($ millions)			($ millions)		
Revenues									
Aircraft leasing (Note 12)	219	21	240	209	9	218	214	13	227
Other Income	—	—	—	2	—	2	6	—	6
Aircraft Sales	5	15	20	11	8	19	9	—	9
Expenses									
Cost of aircraft sold	(4)	(15)	(19)	(9)	(4)	(13)	(7)	—	(7)
Impairment charge	(39)	—	(39)	(60)	(4)	(64)	(116)	—	(116)
Depreciation and amortization	(73)	(5)	(78)	(69)	(4)	(73)	(61)	(2)	(63)
Net interest expense (Note 13)	(1,627)	(160)	(1,787)	(2,135)	(209)	(2,344)	(2,809)	(275)	(3,084)
Bad and doubtful debts	—	—	—	1	1	2	1	—	1
Other lease costs (Note 14)	(68)	(2)	(70)	(78)	(1)	(79)	(60)	(1)	(61)
Selling, general and administrative expenses (Note 15)	(28)	(1)	(29)	(27)	(1)	(28)	(27)	(1)	(28)
Operating loss before provision for income taxes	(1,615)	(147)	(1,762)	(2,155)	(205)	(2,360)	(2,850)	(266)	(3,116)
Income tax charge (Note16)	—	—	—	—	—	—	—	—	—
Net Loss	(1,615)	(147)	(1,762)	(2,155)	(205)	(2,360)	(2,850)	(266)	(3,116)

The accompanying notes are an integral part of the financial statements.

AIRPLANES GROUP

STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

	Year Ended March 31,								
	2007 (As Restated)			2008			2009		
	Airplanes Limited	Airplanes Trust	Combined	Airplanes Limited	Airplanes Trust	Combined	Airplanes Limited	Airplanes Trust	Combined
	($ millions)			($ millions)			($ millions)		
Loss for the period	(1,615)	(147)	(1,762)	(2,155)	(205)	(2,360)	(2,850)	(266)	(3,116)
Other Comprehensive Income/(Loss)									
Net change in cashflow hedges	(8)	(1)	(9)	(20)	(2)	(22)	2	1	3
Total Comprehensive Loss	(1,623)	(148)	(1,771)	(2,175)	(207)	(2,382)	(2,848)	(265)	(3,113)

The accompanying notes are an integral part of the financial statements.

AIRPLANES GROUP

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT/NET LIABILITIES
Years ended March 31, 2007, 2008 and 2009

	Airplanes Limited				Airplanes Trust			Combined
	Share Capital	Accumulated Loss	Other Comprehensive Loss	Shareholders' Deficit	Accumulated Loss	Other Comprehensive Loss	Shareholders' Deficit	Shareholders' Deficit/Net Liabilities
	($ millions)	($ millions)	($ millions)	($ millions)	($ millions)	($ millions)	($ millions)	($ millions)
Balance at March 31, 2006 (as restated)	—	6,046	(17)	6,029	641	(2)	639	6,668
Net loss for the period	—	1,615	—	1,615	147	—	147	1,762
Other Comprehensive Income	—	—	8	8	—	1	1	9
Balance at March 31, 2007 (as restated)	—	7,661	(9)	7,652	788	(1)	787	8,439
Net loss for the period	—	2,155	—	2,155	205	—	205	2,360
Other Comprehensive Loss	—	—	20	20	—	2	2	22
Balance at March 31, 2008	—	9,816	11	9,827	993	1	994	10,821
Net loss for the period	—	2,850	—	2,850	266	—	266	3,116
Other Comprehensive Loss	—	—	(2)	(2)	—	(1)	(1)	(3)
Balance at March 31, 2009	—	**12,666**	**9**	**12,675**	**1,259**	—	**1,259**	**13,934**

The accompanying notes are an integral part of the financial statements.

AIRPLANES GROUP

STATEMENTS OF CASHFLOWS

	Year Ended March 31,								
	2007 (As Restated)			2008			2009		
	Airplanes Limited	Airplanes Trust	Combined	Airplanes Limited	Airplanes Trust	Combined	Airplanes Limited	Airplanes Trust	Combined
		($ millions)			($ millions)			($ millions)	
Cash flows from operating activities									
Net loss	(1,615)	(147)	(1,762)	(2,155)	(205)	(2,360)	(2,850)	(266)	(3,116)
Adjustment to reconcile (net loss) to net cash provided by operating activities:									
Depreciation	73	5	78	69	4	73	61	2	63
Impairment charge	39	—	39	60	4	64	116	—	116
Profit on disposal of aircraft	(1)	—	(1)	(2)	(4)	(6)	(2)	—	(2)
Provision for bad debts	—	—	—	(1)	(1)	(2)	(1)	—	(1)
Accrued and deferred interest expense	1,572	155	1,727	2,084	206	2,290	2,774	276	3,050
Changes in operating assets and liabilities:									
Purchase/Sale of aircraft	5	15	20	11	8	19	9	—	9
Accounts receivable, net	17	(18)	(1)	5	(4)	1	2	—	2
Other accruals and liabilities	(4)	(1)	(5)	14	(1)	13	(2)	1	(1)
Other assets	10	—	10	13	(1)	12	—	—	—
Net cash provided by operating activities	96	9	105	99	6	105	107	13	120
Cash flows from financing activities									
Repayment of indebtedness	(97)	(9)	(106)	(85)	(6)	(91)	(105)	(13)	(118)
Net cash used in financing activities	(97)	(9)	(106)	(85)	(6)	(91)	(105)	(13)	(118)
Net increase/(decrease) in cash	(1)	—	(1)	14	—	14	2	(—)	2
Cash at beginning of year	78	6	84	77	6	83	91	6	97
Less: restricted cash (note 5)	—	(6)	(6)	—	(6)	(6)	—	(6)	(6)
Cash and cash equivalents at beginning of year	78	—	78	77	—	77	91	—	91
Net increase in restricted cash	—	—	—	—	—	—	(13)	—	(13)
Net (decrease)/increase in cash and cash equivalent	(1)	—	(1)	14	—	14	(11)	—	(11)
Cash and cash equivalents paid at end of year	77	—	77	91	—	91	80	—	80
Cash paid in respect of:									
Interest	57	4	61	57	5	62	31	3	34

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SECURITIZATION TRANSACTION

On March 28, 1996 (the "**closing date**"), AerCap Ireland Limited (then known as GPA Group plc) and its subsidiary undertakings ("**AerCap**") re-financed on a long term basis certain indebtedness due to commercial banks and other senior secured debt. The re-financing was effected through a major aircraft securitization transaction (the "**Transaction**").

Under the terms of the 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 trust formed under the laws of Delaware ("**Airplanes Trust**") acquired directly or indirectly from AerCap a portfolio of 229 commercial aircraft (collectively the "**aircraft**") and related leases (the "**leases**"). The Transaction was effected by transferring existing subsidiaries of AerCap that owned 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 Airplanes Trust on a combined or individual basis, as applicable.

Airplanes Group is in the business of leasing and selling aircraft. At March 31, 2009, the Airplanes Group fleet consisted of 116 aircraft, 100 of which were on lease to 41 lessees in 26 countries (2008: 121 aircraft, 117 on lease to 46 lessees in 30 countries).

Simultaneously with the transfers described above, Airplanes Group issued notes of $4,048 million in aggregate principal amount in four classes: class A, class B, class C and class D ("**notes**") with approximately 91% of the principal amount of notes in each class being issued by Airplanes Limited and approximately 9% by Airplanes Trust. Airplanes Group also issued class E notes ranking after the notes and these were taken up by AerCap as part consideration for the transfer of the aircraft and certain related lease receivables. Airplanes Limited and Airplanes Trust have each fully and unconditionally guaranteed each others' obligations under the relevant notes.

On March 16, 1998 Airplanes Group successfully completed a refinancing of $2,437 million related to class A and class B notes.

On November 20, 1998 AerCap (then known as AerFi Group plc) transferred its holding of class E notes to GE Capital Corporation ("**GE Capital**").

On March 15, 2001 Airplanes Group successfully completed a refinancing of $750 million related to class A notes.

2. BASIS OF PREPARATION

The accompanying financial statements of Airplanes Limited, Airplanes Trust and the combined balance sheets, statements of operations, statements of comprehensive loss, statements of changes in shareholders' deficit/net liabilities and statements of cashflows of Airplanes Group (together the "**Financial Statements**") have been prepared on a going concern basis in accordance with the accounting policies set out in Note 4 and in conformity with United States of America generally accepted accounting principles. As set out in Note 10, "Indebtedness," Airplanes Group has not maintained payments to all classes of noteholders, however all interest payments (other than step-up interest) to class A noteholders as required under the Trust Indentures remain up to date.

Airplanes Group accounting policies are consistent with previous periods. The Financial Statements are stated in United States Dollars which is Airplanes Group's functional currency.

3. RELATIONSHIP WITH GE COMMERCIAL AVIATION SERVICES LIMITED ("GECAS") AND AERCAP AND MANAGEMENT ARRANGEMENTS

GECAS provides, in consideration for management fees, certain management services to Airplanes Group pursuant to a servicing agreement entered into by GECAS with certain members of Airplanes Group. In 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, in certain circumstances, have the right to terminate the servicing agreement.

As the holder of the majority of the class E notes, GE Capital has the right to appoint one director to the board of Airplanes Limited and one of the controlling trustees of Airplanes Trust. Airplanes Limited has a board of directors of five directors, including the director appointed by the holders of the class E notes. The controlling trustees of Airplanes Trust are the same individuals.

Certain cash management and administrative services are being provided by AerCap subsidiaries to Airplanes Group, pursuant to a cash management agreement and administrative agency agreement entered into by such AerCap subsidiaries with Airplanes Group.

In the year to March 31, 2009, fees of $19.9 million and $5.2 million (2008: $20.1 million and $5.4 million) were charged by GECAS and AerCap, respectively. At March 31, 2009, included in accrued expenses are fee amounts of $2.6 million and $0.3 million payable to GECAS and AerCap, respectively.

Although Airplanes Group's portfolio will at all times be held in two different entities, Airplanes Limited and Airplanes Trust, Airplanes Group is managed and the note covenants structured on the basis of a single economic entity owning a single aircraft portfolio.

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) Principles of consolidation

The financial statements separately consolidate the financial statements of Airplanes Limited and all of its subsidiary undertakings and the financial statements of Airplanes Trust and all of its subsidiary undertakings. All significant intercompany balances and transactions have been eliminated in each consolidation. The individual consolidated accounts are then aggregated to give a "combined" position for Airplanes Group as a whole. The combined accounts show the intercompany loan receivable and payable balances between Airplanes Limited and Airplanes Trust separately.

(b) Revenue recognition

Revenue from aircraft on operating leases is recognized as income on a straight line basis over the term of the leases. Airplanes Group accounts for lease agreements that include stepped rentals on a straight line basis. In certain cases, leases provide for rentals based on usage. Unearned revenue from capital and sales type leases is amortized and included in income under the interest/effective yield method.

Most of Airplanes Group's lease agreements require payment in advance. Rentals received, but unearned under these lease agreements are recorded as unearned revenue on the balance sheet.

Maintenance contributions for the period are recognized as supplemental income and are included in lease income as they arise.

At the time Airplanes Group disposes of assets, the cost, accumulated depreciation and impairments are removed from the related accounts and recorded as cost of aircraft sold. The proceeds are recorded in revenue as aircraft sales.

(c) Aircraft

Aircraft held for use, including engines, are stated at cost, less accumulated depreciation and, where considered necessary, impairment provisions. 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.

Aircraft are periodically reviewed for impairment in accordance with SFAS No. 144, *"Accounting for the Impairment or Disposal of Long Lived Assets* ("**SFAS 144**"). An impairment loss is evaluated when the undiscounted estimated future cashflows of the aircraft are less than its carrying value, and the loss is measured as the excess of the carrying value over the fair value.

The fair value of the aircraft is generally based on independent appraisals of aircraft. The appraised values are determined based on the assumption that there is an "open unrestricted stable market environment with a reasonable balance of supply and demand". On the basis of past experience including actual lease rates and sales prices achievable and the servicer's experience of the market, estimated discounted future cashflows are used as a more accurate indication of fair value. The estimated discounted future cashflows assume, among other things, market lease rates at the end of the existing lease term, other lease costs, downtime and the risk inherent in the cashflows.

The current estimates for residual values are 15% of cost or the estimated recoverable amount, and for useful lives are as follows:

	Years	From
Turboprop aircraft	22.5	Manufacture date
All other aircraft	25	Manufacture date

Aircraft classified as held for sale are recorded at the lower of carrying amount or fair value, less costs to sell. Aircraft are not depreciated while classified as held for sale. Costs to sell are the incremental direct costs to transact a sale, that is, the costs that result directly from and are essential to a sale transaction and that would not have been incurred by the entity had the decision to sell not been made.

(d) Accounts receivable

Accounts receivable represent only amounts billed and currently due from customers. Deferred lease receivables represent deferral of rent, maintenance and miscellaneous payments due from lessees due to a restructuring of the receivable. Interest is charged on deferred receivables.

(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 expected value of security held together with an assessment of the financial strength and condition of a lessee and the economic conditions existing in the lessee's operating environment at the balance sheet date.

(f) Taxation

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. 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.

Income tax is provided based on the results for the year. Airplanes Limited's underlying taxable entities in Ireland were subject to Irish corporate income tax on approved trading operations at a rate of 10% until December 31, 2005 and thereafter, at general Irish statutory rates, which are currently 12.5%. Airplanes Trust's underlying taxable entities in the U.S. are subject to U.S. federal and state taxes on their trading operations. The US federal statutory tax rate was 35% for 2007, 2008 and 2009.

(g) Concentrations of credit risk

Financial instruments which potentially subject Airplanes Group to significant concentrations of credit risk consist primarily of trade accounts receivable, interest rate swaps and interest rate caps. Details of Airplanes Group's interest rate swaps and interest rate caps are set out at 4(h) below.

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, 2009, Airplanes Group owned 116 aircraft, 100 of which were on lease to 41 lessees in 26 countries, with 16 aircraft off-lease. The geographic concentrations of leasing revenues are set out in Note 12.

The exposure of Airplanes Group to particular countries and customers is managed partly through concentration limits provided for under the terms of the notes and through obtaining security from lessees by way of deposits, letters of credit and guarantees. Airplanes Group will continue to manage its exposure to particular countries, regions and lessees through concentration limits. In the normal course of its business Airplanes Group has reached agreements with certain of its lessees to restructure their leases and defer certain receivable balances. Details of accounts receivable, deferred balances and provision for bad and doubtful debts are set out in Note 6. Any repossession of aircraft by Airplanes Group could result in the redelivery condition of the aircraft being significantly worse than expected. Given the age of the aircraft within the Airplanes Group portfolio this could have a significant adverse impact on the ability of Airplanes Group to re-market the aircraft and on Airplanes Group's cashflows.

(h) Fair Value of Financial Instruments

SFAS 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 realise 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.

(ii) The fair value of the class A, B, C and D notes issued by Airplanes Group outstanding at March 31, 2009 and 2008 was $407.8 million and $771.2 million respectively (carrying value at March 31, 2009 and 2008 was $1,910 million and $2,028 million respectively). Although the estimated fair values of the class A to D notes outstanding have been determined by reference to prices as at March 31, 2009 provided by an independent third party, these fair values do not reflect the market value of these notes at a specific time and should not be relied upon as a measure of the value that could be realised by a noteholder upon sale. While the amount subscribed for the class E notes was based on the appraised value of the aircraft at the closing date, the fair value of these notes at March 31, 2009 cannot be determined, as it represents the holders' residual interest in the aircraft owned by Airplanes Group.

(iii) Airplanes Group manages its interest rate exposure through the use of interest rate swaps ("**swaps**") and interest rate caps ("**caps**") and in the past has also used options to enter into interest rate swaps ("**swaptions**"). At March 31, 2009 and 2008, Airplanes Group had entered into swaps with an aggregate notional principal amount of $350 million and $580 million, respectively. Under these swaps, Airplanes Group will pay fixed, and receive floating, amounts on a monthly basis. At March 31, 2009 and 2008, Airplanes Group had entered into caps with an aggregate notional principal amount of $307 million and $345 million, respectively. Under these caps, Airplanes Group will receive the excess, if any, of one month LIBOR, reset monthly on an actual /360 adjusted basis over the strike rate of the relevant cap. Before November 17, 2003, the primary objective of Airplanes Group's interest rate risk management policy was to correlate fixed and floating rate interest payments on the notes and certificates to the mix of contracted fixed and floating rental receipts for different rental periods. Since November 17, 2003, however, Airplanes Group has ceased paying interest on the class B notes and certificates (a floating rate obligation) and on the class C and D notes and certificates (both fixed rate obligations). At that date, the hedges that were deemed to be ineffective were marked to market through the Income Statement. During the year ended March 31, 2004, Airplanes Group therefore reviewed and modified its hedging policy with the approval of the rating agencies and no longer enters into hedges of the class B notes and certificates. The fair values of swaps and caps are provided by third parties and are calculated by discounting expected cashflows using market interest rates over the remaining term of the relevant instrument. The fair value of these swaps at March 31, 2009 and 2008 was ($9.4) million and ($12.4) million, respectively. The fair value of these caps at March 31, 2009 and 2008 was $0.6 million and $1.7 million, respectively.

Interest rate exposures which may arise in the event that lessees paying fixed rate rentals default have in the past been managed in part through the purchase of swaptions. At March 31, 2009 and 2008, Airplanes Group had no swaptions in place.

Airplanes Group is exposed to losses in the event of non-performance by counterparties to interest rate swap agreements and interest rate cap agreements. However, Airplanes Group does not anticipate non-performance by these counterparties.

Counterparty risk is monitored on an ongoing basis. Counterparties are subject to the prior approval of the directors of Airplanes Limited and the controlling trustees of Airplanes Trust. Airplanes Group's counterparties at March 31, 2009 comprise major U.S/European financial institutions.

(i) Foreign Currency Transactions

Airplanes Group's foreign currency transactions are not significant, as virtually all revenues and most costs are denominated in U.S. dollars.

(j) Derivative Instruments and Hedging Activities

Airplanes Group has adopted SFAS No. 133, *"Accounting for Derivative Instruments and Certain Hedging Activities"* and SFAS No. 138, *"Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of SFAS 133."* As a result, all derivatives are recognized on the balance sheet at their fair value. All derivatives are designated as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge), a hedge of a forecasted transaction or of the variability of cashflows to be received or paid related to a recognized asset or liability ("cashflow" hedge), a foreign-currency fair value or cashflow hedge ("foreign currency" hedge) or a "held for trading" instrument. At March 31, 2009, all of Airplanes Group's interest rate swaps were designated as "cashflow" hedges, and all of Airplanes Group's interest rate caps were designated as "held for trading" instruments.

Airplanes Group has a detailed hedging policy, which has been approved by the board of directors of Airplanes Limited and controlling trustees of Airplanes Trust and the rating agencies. As part of this hedging policy, Airplanes Group has formally documented all relationships between hedging instruments and hedged items as well as its risk-management objective and strategy for undertaking various hedge transactions.

This process includes linking all derivatives that are designated as cashflow hedges to specific liabilities on the balance sheet. Airplanes Group formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cashflows of hedged items.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cashflow hedge are included in "Net change in cashflow hedges" in "other comprehensive income" ("**OCI**"), until earnings are affected by the variability in cashflows of the designated hedged item.

Hedge accounting is discontinued prospectively when it is determined that the derivative is no longer highly effective in offsetting changes in the cashflows of the hedged item, the derivative expires or is sold, terminated, or exercised, or it is determined that designation of the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued, the derivative will continue to be carried at its fair value on the balance sheet, and any changes in its fair value will be recognized in earnings. In all situations where derivatives are designated as "held for trading" instruments, they are carried at fair value on the balance sheet and any changes in fair value are recorded in the Income Statement.

As described more fully in Note 10, Airplanes Group's cashflows have been inadequate to pay interest on the class B, C and D notes since the November 2003 payment date. Accordingly derivatives which have been documented as having a hedging relationship with the interest payments on the class B notes and certificates can no longer be classed as highly effective cashflow hedges, and therefore the decrease in value of these derivatives for the year ended March 31, 2004 of $2.0 million was recorded in the Income Statement in accordance with SFAS 133. These derivatives continued to be a hedge of Airplanes Group's interest rate exposure in respect of the class B notes and certificates until the date interest ceased being paid. During the year ended March 31, 2004, Airplanes Group accordingly reviewed and modified its hedging policy as more fully described in Note 4(h) above.

As of March 31, 2009, all of the interest rate caps held by Airplanes Group were designated as "held for trading" instruments. Interest rate caps are marked to market at each quarter end. Changes in the fair value of the caps are recorded in the Income Statement.

At March 31, 2009, Airplanes Group held swaps and caps with a maximum maturity of 12 months and 38 months respectively to hedge its exposure to interest rate risk.

(k) Use of Estimates

The preparation of financial statements in conformity with United States of America generally accepted accounting principles ("**U.S. GAAP**") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. For Airplanes Group, the use of estimates is or could be a significant factor affecting the reported carrying values of aircraft, accounts receivable, deferred tax assets and accruals and reserves. Management utilize professional appraisers and valuation specialists, where possible, to support estimates, particularly with respect to aircraft valuation. Despite management's best efforts to accurately estimate such amounts, actual results could differ from those estimates. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, energy markets, and declines in consumer spending have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

(l) New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("**FASB**") issued Statement on Financial Accounting Standards No. 157, "Fair Value Measurements" ("**SFAS 157**"). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Under SFAS No. 157, Airplanes Group determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is Airplanes Group's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements in accordance with the fair value hierarchy as described below. Where limited or no observable market data exists, fair value measurements for assets and liabilities are based primarily on management's own estimates and are calculated based upon Airplanes Group's pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results may not be realized in actual sale or immediate settlement of the asset or liability.

Airplanes Group adopted SFAS 157 for all financial assets and liabilities required to be measured at fair value on a recurring basis, prospectively from January 1, 2008. The application of SFAS 157 for financial instruments which are periodically measured at fair value did not have a material effect on Airplanes Group's results of operations or financial position.

Under SFAS 157, there is a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value. The three broad levels defined by the SFAS 157 hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as at the reported date.

Level 2 – The fair values determined through Level 2 of the fair value hierarchy are derived principally from or corroborated by observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that allow value to be determined.

Level 3 – The fair values pertaining to Level 3 of the fair value hierarchy are derived principally from unobservable inputs from Airplanes Group's own assumptions about market risk developed based on the best information available, subject to cost benefit analysis, and may include Airplanes Group's own data.

When there are no observable comparables, inputs used to determine value derived through extrapolation and interpolation and other Airplanes Group-specific inputs such as projected financial data and Airplanes Group's own views about the assumptions that market participants would use.

In February 2008, the FASB issued FASB Staff Position No. 157-1, *"Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements that Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*", which amends the scope of SFAS 157, to exclude FASB Statement No. 13, *Accounting for Leases*, and other accounting standards that address fair value measurements for purposes of lease classification or measurement under Statement 13. The FSP is effective on initial adoption of SFAS 157.

In February 2008, the FASB issued FASB Staff Position No. 157-2, "*Effective Date of FASB Statement No. 157*" ("**FSP 157-2**"). The application of FSP 157-2 for financial instruments which are periodically measured at fair value did not have a material effect on Airplanes Group's results of operations or financial position. For non-financial assets and liabilities which are not periodically recognised or disclosed at fair value, the effective date for SFAS 157 has been deferred one year.

In October 2008, the FASB issued FASB Staff Position No. 157-3, "*Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*" ("**FSP 157-3**"). FSP 157-3 clarifies the application of SFAS No. 157, "Fair Value Measurements", in a market that is not active and is intended to address the following application issues:

- How the reporting entity's own assumptions (that is, expected cash flows and appropriately risk-adjusted discount rates) should be considered when measuring fair value when relevant observable inputs do not exist.

- How available observable inputs in a market that is not active should be considered when measuring fair value.

- How the use of market quotes (for example, broker quotes or pricing services for the same or similar financial assets) should be considered when assessing the relevance of observable and unobservable inputs available to measure fair value.

FSP 157-3 is effective on issuance, including prior periods for which financial statements have not been issued. As such, FSP 157-3 is effective for Airplanes Group for the year ended March 31, 2009. Adoption of FSP 157-3 did not have a significant impact on Airplanes Group's financial statements.

Airplanes Group's policy is to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy of SFAS 157. The fair values determined by Airplanes Group are derived principally from or corroborated by observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that allow fair value to be determined. Due to the prevailing market conditions, Airplanes Group applied additional inputs to the fair value determination in the form of credit spreads, credit default swaps and an assessment of the probability of its own non-performance and of default by either of the swap counterparties.

In February 2007, the FASB issued Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"—including an amendment of FASB Statement No. 115 ("**SFAS 159**"). SFAS 159 permits entities to choose to measure many financial instruments and certain warranty and insurance contracts at fair value on a contract-by-contract basis. The Statement applies to all reporting entities, including not-for-profit organizations, and contains financial statement presentation and disclosure requirements for assets and liabilities reported at fair value as a consequence of the election. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. SFAS 159 did not have any effect on Airplanes Group's balance sheet or statement of operations, since Airplanes Group did not choose to fair value any financial instrument or items not currently measured at fair value.

In March 2008, the FASB issued Statement of Financial Accounting Standard No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("**SFAS 161**"). SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The application of SFAS 161 is required for fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. At this time, Airplanes Group is evaluating the implications of SFAS 161 and its impact on Airplanes Group's financial statements has not yet been determined.

In June 2006, the FASB issued FIN 48, *Accounting for Uncertainty in Income Taxes* which clarifies the criteria for recognizing tax benefits under FASB Statement No. 109, *Accounting for Income Taxes*. It also requires additional financial statement disclosures about uncertain tax positions. FIN 48 was intended to be effective for fiscal years beginning after December 15, 2006. In December 2008, the FASB issued FIN 48-3, *Effective Date of FASB Interpretation No 48 for Certain Public Enterprises* which permits non public entities to defer applying FIN 48 until they prepare annual financial statements for years beginning after December 15, 2008. Airplanes Group is evaluating the implications of FIN 48 and its impact on Airplanes Group's financial statements.

In May 2008, the FASB issued SFAS No. 162, "*The Hierarchy of Generally Accepted Accounting Principles*" ("**SFAS 162**"). The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. GAAP for non-governmental entities. SFAS 162 will become effective 60 days following the Securities and Exchange Commission's approval of the Public

Company Accounting Oversight Board amendments to AU Section 411, "*The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*." The adoption of SFAS 162 will have no material impact on Airplanes Group's Financial Statements.

(m) Maintenance

In most lease contracts the lessee has the obligation to pay for maintenance costs on airframes and engines which arise during the term of the lease and in many lease contracts the lessee makes a full or partial prepayment calculated at an hourly rate. Under our new policy we have adopted the "direct expense" method of accounting for maintenance which involves recognizing maintenance contributions as supplemental incomes included in lease income as they arise and cost of overhauls as an expense as it is incurred. Any uncollected supplemental rent is included in debtors at period end and assessed for recoverability as part of the balance.

In other lease contracts, the lessee is required to redeliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at redelivery.

(n) Security Deposits on Leases

Security Deposits on leases are made by the lessee on the execution of the lease and are non-refundable during the term of the lease. The amounts are held as a security for the timely and faithful performance by the lessee of its obligations during the lease. The deposit may be applied against amounts owing from the lessee for rent or returned to the lessee on the termination of the lease.

5. CASH

	March 31			
	2008		**2009**	
	Airplanes Limited	**Airplanes Trust**	**Airplanes Limited**	**Airplanes Trust**
	($ Millions)		**($ Millions)**	
Cash	91	6	93	6

Substantially all of the cash balances at March 31, 2009 and 2008 are held for specific purposes under the terms of the Transaction. Included in the cash balances at March 31, 2009 and 2008 is restricted cash of $6 million, which is held in a blocked cash account under the terms of an escrow arrangement entered into in connection with an aircraft lease. Subsequent to March 31, 2009 Airplanes Group was released from its obligations and the escrow agreement terminated, resulting in the $6 million being released from the blocked cash account. During the year, the credit rating of one of Airplanes Group's swap counterparties was downgraded and in accordance with the requirements of the interest rate swap agreement in place with Airplanes Group, cash collateral was placed with Airplanes Group by the swap counterparty and deposited in a blocked cash collateral account maintained with the Security Trustee. The balance on the blocked cash collateral account as of March 31, 2009 was $13.0 million.

6. ACCOUNTS RECEIVABLE

	March 31			
	2008		**2009**	
	Airplanes Limited	**Airplanes Trust**	**Airplanes Limited**	**Airplanes Trust**
	($ Millions)		**($ Millions)**	
Trade receivables	8	1	4	—
Allowance for doubtful debts	(1)	—	—	—
	7	1	4	—
Included in trade receivables are deferred amounts as follows:				
Gross deferred lease receivables	5	—	1	—
Allowance for doubtful debts	(1)	—	—	—
	4	—	1	—

Deferred lease receivables at March 31, 2009 represent deferrals of rent, maintenance and miscellaneous payments due from lessees in accordance with the terms of restructuring agreements signed with such lessees. The most significant of these lessees are located in Russia. (See Note 4(g).)

Receivables, before allowance for doubtful debts, include amounts classified as due after one year of $nil (Airplanes Limited: $nil; Airplanes Trust: $nil) at March 31, 2009 and $5.5 million (Airplanes Limited: $5.1 million; Airplanes Trust: $0.4 million) at March 31, 2008.

A number of Airplanes Group's lessees are in a weak financial position. As of March 31, 2009, 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 cash in transit) amounted to $2.7 million in respect of 10 lessees (who leased a combined total of 31 aircraft representing 20.6% of the portfolio by appraised value as of January 31, 2009). Of the total $2.7 million, $2.1 million was in arrears for a period between 30 and 60 days and $0.6 million was in arrears for a period greater than 60 days.

As of March 31, 2009, in addition to the $2.7 million in respect of payments past due more than 30 days, Airplanes Group had agreed to allow three lessees to defer payments totaling $1.2 million in respect of rental payments, maintenance reserves and other miscellaneous amounts due under the leases for periods ranging from up to four months for two lessees in respect of $1.1 million and up to nine months for one lessee in respect of $0.1 million.

7. AMOUNTS DUE FROM AIRPLANES LIMITED TO AIRPLANES TRUST

	March 31			
	2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)	
Amount receivable from Airplanes Limited/Payable to Airplanes Trust	(46)	46	(47)	47

Included in the balance at March 31, 2009 and March 31, 2008 was $35 million and $35 million, respectively, payable from Airplanes Trust to Airplanes Limited in respect of aircraft sales and purchases. The remaining balance of $82 million (2008: $81 million) represents the net amount due to Airplanes Trust in respect of Airplanes Trust's trading activities, including servicing of its debt obligations.

8. AIRCRAFT

	March 31			
	2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)	
Aircraft — Held for use				
Cost	2,740	100	2,589	100
Less impairment charge	(556)	(18)	(567)	(18)
Less accumulated depreciation	(1,337)	(51)	(1,344)	(54)
	847	31	678	28
Aircraft — Held for sale				
Cost	196	—	298	—
Less impairment charge	(31)	—	(116)	—
Less accumulated depreciation	(140)	—	(171)	—
	25	—	11	—
Fleet Analysis				
On operating lease for a further period of:				
More than five years	219	—	198	—
From one to five years	535	5	375	28
Less than one year	78	26	74	—

	March 31			
	2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)	
Non revenue earning aircraft:				
Available for lease	15	—	42	—
Held for sale	25	—	—	—
	872	31	689	28

At March 31, 2009, five aircraft were subject to purchase options granted to existing lessees. The latest date on which a purchase option could be exercised was May 21, 2011.

	Year ended March 31					
	2007(As Restated)		2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)		($ Millions)	
Depreciation expense	73	5	69	4	61	2
Impairment charge	39	—	60	4	116	—
	112	5	129	8	177	2

At March 31, 2009, Airplanes Group owned 116 (2008:121) aircraft.

At March 31, 2009, 16 aircraft were off-lease and two of these aircraft were subject to letters of intent for lease and one was subject to a contract for lease. As of the date of these financial statements, one of the aircraft which was subject to a letter of intent for lease at March 31, 2009 has been contracted and delivered to the lessee, the other aircraft that was subject to a letter of intent for lease at March 31, 2009 has been contracted for lease and one other aircraft which was off-lease at March 31, 2009 has become subject to contract for lease. In addition, two other aircraft which were on lease at March 31, 2009 have redelivered early from one lessee but as of the date of this Annual Report, have been contracted for lease to a new lessee.

In the year ended March 31, 2009, Airplanes Group has continued to suffer as a result of difficult leasing conditions.

As of March 31, 2009, the B737-400 model of aircraft comprised more than 20% of our portfolio by appraised value as of January 31, 2009, each of the B767-300ER and A320-200 models of aircraft comprised more than 10% of Airplanes Group’s portfolio by appraised value as of January 31, 2009 and, in addition, each of the B737-300, B737-500, DHC8-300, MD-83 and F-100 models of aircraft comprised more than 5% of Airplanes Group’s portfolio by appraised value as of January 31, 2009. Furthermore, at March 31, 2009, widebody aircraft comprised more than 10%, and turboprop aircraft comprised more than 5% of Airplanes Group’s portfolio by appraised value as of January 31, 2009.

During the years ended March 31, 2009 and March 31, 2008, Airplanes Group evaluated all aircraft for impairment and this impairment analysis resulted in 42 and 35 aircraft, respectively, being identified with a carrying value greater than the fair value for such aircraft. An impairment loss was calculated for these aircraft based on consideration of independent appraisers’ values and the estimated discounted future cashflows from rentals or sales proceeds for each aircraft. For certain aircraft the estimated discounted future cashflows were lower than the corresponding independent appraised value. The appraised values were determined based on the assumption that there is an “open unrestricted stable market environment with a reasonable balance of supply and demand.” Since this assumption is not appropriate in current market conditions, in respect of a number of aircraft estimated discounted future cashflows were used as a more accurate indication of fair value.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	March 31			
	2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)	
Accrued expenses and other liabilities include:				
Unearned revenue	5	—	5	—
Other accruals	45	—	46	—
Interest accrued	8,303	820	11,072	1,096
Deposits received	21	1	18	—
	8,374	821	11,141	1,096
Of which:				
Payable within one year	232	1	75	—
Payable after one year	8,144	820	11,066	1,096
	8,376	821	11,141	1,096

10. INDEBTEDNESS

The components of the debt are as follows:

	March 31			
	2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)	
Indebtedness in respect of notes issued:				
Subclass A-8	280	29	174	16
Subclass A-9	683	67	683	67
Class B	207	20	207	20
Class C	320	30	320	30
Class D	360	35	360	35
Class E	538	53	538	53
	2,388	234	2,282	221
Discounts/costs arising on issue of notes	(3)	—	(2)	—
	2,385	234	2,280	221

Debt maturity

The repayment terms of the class A, B, C and D notes are such that certain principal amounts were expected to be repaid on certain dates based on certain assumptions (each such date, the "**expected final payment date**") or refinanced through the issue of new notes by specified expected final payment dates but in any event are ultimately due for repayment on specified final maturity dates (each such date, the "**final maturity date**"). The expected final payment dates, final maturity date, principal amount and interest rates applicable to each class of note are set out below:

Class/Subclass of Notes	Interest Rates	Outstanding Principal Balance at March 31, 2009	Expected Final Payment Date*	Final Maturity Date
		($ Millions)		
Subclass A-8	(LIBOR+.375%)	190	March 15, 2003	March 15, 2019
Subclass A-9	(LIBOR+.55%)	750	November 15, 2008	March 15, 2019
Class B	(LIBOR+.75%)	227	February 15, 2017	March 15, 2019
Class C	8.15%	350	December 15, 2013	March 15, 2019
Class D	10.875%	395	February 15, 2017	March 15, 2019
Class E	See below	591	See below	See below

Class/Subclass of Notes	Interest Rates	Outstanding Principal Balance at March 31, 2009	Expected Final Payment Date*	Final Maturity Date
		($ Millions)		
		2,503		

* The expected final payment dates were determined in March 2001 based on the base case assumptions in Airplanes Group's offering memorandum dated March 15, 2001 (the "**2001 Base Case**").

Discounts on notes issues and costs arising on refinanced notes are netted against debt on the balance sheet. These amounts are accreted to the income statement over the expected life of the refinancing notes.

On March 15, 2001, Airplanes Group successfully completed a $750 million refinancing of its subclass A-4 and subclass A-7 notes into subclass A-9 notes using the effective interest method.

The dates on which principal repayment on the notes will actually occur will depend on the cash generated by Airplanes Group. Airplanes Group was due to refinance the subclass A-8 notes in the capital markets on March 15, 2003. Given market conditions and the impact these conditions have had on Airplanes Group's performance as compared to the 2001 Base Case, a refinancing was not economically viable. In the absence of a refinancing of the subclass A-8 notes, step-up interest at a rate of 0.5% per annum became payable from March 15, 2003. The expected final payment date for the subclass A-8 notes under the 2001 Base Case has thus proved incorrect. Due to insufficient cashflows and the low priority of step-up interest in the priority of payments, no step-up interest has been paid and it is not expected to be paid in the future, but full accrual has been made in the financial statements. The subclass A-9 notes have also not been repaid by their expected final payment date of November 15, 2008 however no step-up interest accrues in respect of the subclass A-9 notes.

LIBOR on the class A and class B notes equates to the London interbank offered rate for one month U.S. dollar deposits.

Interest on the class C and class D fixed rate notes is calculated on the basis of a 360-day year, consisting of twelve 30-day months.

The class E notes accrue interest for each interest accrual period at a rate of 20% per annum. The stated interest rate on the class E notes is 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 are payable at a rate of 1% and 19% multiplied by the outstanding principal balance of the class E notes, 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. The principal on the class E notes will be repaid, subject to adequate funds being available, after the interest on the class E notes.

In general the priority of the principal payments on the notes is as set out below:

1. Specified minimum principal amounts on the class A and the class B notes in that order.

2. Additional amounts on the class A notes in the event that the value of the portfolio falls below specified amounts.

3. Scheduled principal repayments on the class C and class D notes in that order.

4. Specified additional amounts on the class B notes and the class A notes in that order.

5. Thereafter cash available to repay the principal on the notes is applied on each payment date to repay the outstanding principal on the class D notes, the class C notes, the class B notes and the class A notes in that order.

Prior to March 15, 2003, on each payment date the priority of the principal amounts outstanding in respect of the various subclasses of class A notes was subclass A-6, subclass A-9 and subclass A-8 in that order. Because there was no refinancing of the subclass A-8 notes by March 15, 2003, the priority of the principal amounts outstanding in respect of the various subclasses of class A notes is now subclass A-8 and subclass A-9 in that order, the subclass A-6 notes having been repaid in full on October 15, 2004.

The concentration on particular models or types of aircraft magnifies the adverse impact to Airplanes Group's cashflow of a decline in lease rates or aircraft values for these models or types of aircraft and of specific governmental or technical regulations imposed on those aircraft types or other external factors relevant to particular aircraft types. In this connection, Airplanes Group has seen (x) an increase in the price of fuel adversely impact the attractiveness of certain aircraft types, in particular the MD-80s, which are considered to be less fuel-efficient, (y) decreasing popularity of the turboprop aircraft, the cessation of production of MD-80s and B757s, and the bankruptcy of Fokker, and (z) Airworthiness Directives with respect to a number of aircraft types, including the MD-80s and B737s. These events have caused, and are likely to continue to cause, overall lease rates and aircraft values to significantly decrease and may cause Airplanes Group to incur significant costs which would further reduce its cashflow.

Administrative and lease expenses and certain other payments in the ordinary course of business are senior to the notes in priority of payment and are therefore payable before any payments are made on the notes (and thus the corresponding certificates).

Class A principal adjustment amount

As a result of Airplanes Group's low revenues and a greater than assumed decline in the appraised value of the aircraft in its portfolio, Airplanes Group has been required to pay class A principal adjustment amount to the extent of available cashflows in order to maintain certain loan to current appraised value ratios on the class A notes. Airplanes Group has not always had sufficient cashflows to pay class A principal adjustment amount in full and since the April 15, 2003 payment date, Airplanes Group has not had sufficient cashflows to pay any class A principal adjustment amount, resulting in accumulating arrears. In the year to January 31, 2009, there has been a decline of 7.6% in the appraised value of Airplanes Group's fleet, being $100.6 million less than the decline assumed in setting the payment schedules on Airplanes Group's notes. This has resulted in a decrease in the arrears of class A principal adjustment amount of $14.4 million at February 15, 2009 (the first payment date following the 2009 appraisals).

Class A principal adjustment amount ranks ahead of scheduled principal payments on the class C and D notes. If, on any payment date, Airplanes Group was unable to make payment in full of class A principal adjustment amount, then by definition Airplanes Group was unable to make any scheduled principal payments on the class C and D notes. Between February 1999 and March 2000, Airplanes Group was unable to make some scheduled principal payments on the class C and D notes and since April 2000 Airplanes Group has not paid any scheduled principal on the class C and D notes (or paid any minimum interest on the class E notes) which continues to be deferred.

Class A minimum principal amount

To the extent that Airplanes Group has sufficient available funds, Airplanes Group is also required to pay a minimum principal amount on the class A notes in order to maintain certain loan to initial appraised value ratios. (Since class A minimum principal amount is determined by reference to initial appraised values, it is unaffected by the annual appraisals referred to above.) As a result of earlier payments of class A principal adjustment amount described above Airplanes Group remained ahead of the required class A minimum principal payment schedule. However as described above, Airplanes Group has not always had sufficient cashflows to pay class A principal adjustment amount in full and since the April 15, 2003 payment date, Airplanes Group has not had sufficient cashflows to pay any class A principal adjustment amount. As a result, since the August 15, 2003 payment date Airplanes Group has no longer been ahead of the required class A minimum principal payment schedule. Therefore on that date Airplanes Group had to recommence payments of minimum principal on the class A notes to the extent of available cashflows and Airplanes Group was consequently unable to fund the "Second Collection Account Top-up" in full. Beginning on the December 15, 2003 payment date its cashflows were insufficient to allocate any funds at all to the "Second Collection Account Top-up" or to pay minimum principal on the class A notes in full.

Since the January 31, 2007 appraisals, the outstanding principal balance of the class A notes has exceeded the adjusted portfolio value (determined by reference to the annual appraised value). As a result, the methodology for calculation of class A minimum principal amounts has changed under the terms of the trust indentures, resulting in an increase in the amount of class A minimum principal payable on each payment date and accordingly, an increase in the arrears thereof. It is unlikely that the outstanding principal balance of the class A notes will be less than the adjusted portfolio value on any future payment dates and therefore the corresponding calculation of class A minimum principal will remain applicable. Actual payments to class A noteholders, however, are dependent on available cash flows and are not affected by the calculation of class A minimum principal payments or the annual aircraft appraisals. Since minimum principal on the class A notes ranks ahead of interest and minimum principal on the class B notes and interest on the class C and D notes in the priority of payments, Airplanes Group's cashflows have been inadequate to pay any interest or minimum principal on the class B notes or any interest on the class C and D notes, since the December 15, 2003 payment date. Airplanes Group's failure to make payments on a class of notes results in failure to make payments on the corresponding class of certificates.

Class B, C and D notes

Airplanes Group does not believe that it will ever be able to resume making payments of interest or principal on the class B, C and D notes. Given Airplanes Group's failure to pay interest when due on these notes beginning on the December 15, 2003 payment date, interest has begun to accrue on the unpaid interest in accordance with the terms of the notes and will continue to accrue until all interest arrears are paid in full. Since interest (and minimum principal) on the class A notes is payable prior to payment of interest and minimum/scheduled principal on the class B, C and D notes (and all other amounts of principal on the class B, C and D notes), available cashflows will be used first to service interest and, to the extent possible, minimum principal on the class A notes. The minimum principal arrears on the class A notes on each payment date have been and will continue to be carried over to the next payment date causing the amount payable to increase over time, making it more difficult to make payments in full. Even if cash were available at any subsequent time to make payments ranking below class A minimum principal, cashflows would first be used to pay interest on the class B notes, which would then include all the accrued interest from the period when no payments were made on these notes. Thus the likelihood of remaining cashflows over the life of Airplanes Group being sufficient to resume any payments ranking below class B interest is even further diminished.

If Airplanes Group were able to resume making payments on the class B, C and D notes, payments would be made according to the priority of payments, commencing with the then most senior class and only making payments on more junior classes to the extent of available cashflows. The more junior the class of notes is in the order of priority, the greater the risk that Airplanes Group would be unable to make further payments on that class of notes. Airplanes Group's failure to make payments on a class of notes results in failure to make payments on the corresponding class of certificates.

Ratings

This vulnerability of the various classes of notes and corresponding certificates has been reflected in actions taken by the rating agencies which continue to re-evaluate structured aircraft financings.

Set out in the table below are the ratings of Airplanes Group's certificates at the date of these financial statements:

Certificate	Outstanding Principal Balance as at May 15, 2009	S&P	Fitch	Moody's (S&P equivalent)
Subclass A-8	$170.5m	BB-	BB	Baa3 (BBB-)
Subclass A-9	$750.0m	CCC	CCC	B1 (B+)
Class B	$226.8m	D	C	Ca (CC)
Class C	$349.8m	D	C	Ca (CC)
Class D	$395.1m	D	C	C (C)

On July 23, 2008 Fitch downgraded the subclass A-9 certificates from B+ to CCC.

Given the continuing difficulties in the aircraft industry and their impact on the factors which determine Airplanes Group's revenues, there can be no assurance that the rating agencies will not further downgrade any class of Airplanes Group's 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. A rating is not a recommendation to buy, sell or hold certificates because ratings do not comment as to market price or suitability for a particular investor. A rating may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

11. SHARE CAPITAL

	Airplanes Limited March 31, 2008	Airplanes Limited March 31, 2009
	($)	
Ordinary shares, par value $1		
Authorised 10,000	10,000	10,000
Issued 30	30	30

The holders of the issued ordinary shares are entitled to an annual cumulative preferential dividend of $4,500. As Airplanes Limited does not have distributable profits, this dividend has not been paid. As at March 31, 2009, the total unpaid cumulative preferential dividend amounted to $58,500.

12. REVENUES

The following table sets forth the amount and percentage of total revenues attributable to the indicated geographic areas based on each airline's principal place of business for the years indicated:

	Year ended March 31,					
	2007 (As Restated)		2008		2009	
	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	72	3	54	3	54	6
North America	21	27	21	10	17	—
South America	53	6	58	4	67	3
Asia/rest of world	78	—	89	—	91	4
	224	36	222	17	229	13
Of which, aircraft sales revenue to third parties represents	(5)	(15)	(11)	(8)	(9)	—
Leasing revenue	219	21	209	9	214	13
Of which, maintenance reserve receipts represents	67	12	62	2	73	7

As of March 31, 2009, in addition to the 16 aircraft which were off-lease, there were 17 aircraft which were scheduled to come off lease before March 31, 2010.

At March 31, 2009, Airplanes Group had contracted to receive the following minimum rentals under operating leases:

	2009	
	Airplanes Limited	Airplanes Trust
	($ Millions)	
Year ending March 31,		
2010	122	6
2011	107	6
2012	83	5
2013	61	5
2014	37	1
2015	28	—
2016	13	—

	2009	
	Airplanes Limited	Airplanes Trust
	($ Millions)	
	451	23

Contracted rentals are based on actual rates up to the first recalculation date, and thereafter are based on a budget LIBOR of 1.2%.

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 any of the years ended March 31, 2007, 2008 or 2009 respectively. For Airplanes Trust: (a) two lessees accounted for more than 10% of leasing revenue for the year ended March 31, 2007 and individually these lessees accounted for 67% and 10% of leasing revenue, respectively, (b) two lessees accounted for more than 10% of leasing revenue for the year ended March 31, 2008 and individually these lessees accounted for 44% and 28% of leasing revenue, respectively, and (c) two leases accounted for more than 10% of leasing revenue for the year ended March 31, 2009 and individually these lessees accounted for 47% and 32% of leasing revenue, respectively.

13. NET INTEREST EXPENSE

	Year ended March 31,					
	2007 (As restated)		2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)		($ Millions)	
Interest on notes issued	1,631	160	2,139	209	2,811	275
Interest income	(4)	—	(4)	—	(2)	—
	1,627	160	2,135	209	2,809	275
Cash paid in respect of interest	57	4	57	5	31	3

14. OTHER LEASE COSTS

	Year ended March 31,					
	2007 (As Restated)		2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)		($ Millions)	
Maintenance costs	51	—	69	—	40	—
Other lease costs	17	2	9	1	20	1
	68	2	78	1	60	1

15 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended March 31,					
	2007 (As restated)		2008		2009	
	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust	Airplanes Limited	Airplanes Trust
	($ Millions)		($ Millions)		($ Millions)	
GECAS management fees	20	1	19	1	19	1
Other selling, general and administrative expenses	8	—	8	—	8	—
	28	1	27	1	27	1

In the year ended March 31, 2009, other selling, general and administrative expenses included an amount of $5 million (Airplanes Limited: $5 million; Airplanes Trust: $nil) payable to AerCap in respect of administration and cash management fees as compared to the amount of $5 million (Airplanes Limited: $5 million; Airplanes Trust: $nil) payable in the year ended March 31, 2008 and $5 million (Airplanes Limited: $5 million; Airplanes Trust: $nil) payable in the year ended March 31, 2007.

16. PROVISION FOR INCOME TAXES

References to Airplanes Limited and Airplanes Trust in the context of this note refer to the underlying taxable entities of Airplanes Limited (primarily Irish entities) and Airplanes Trust (primarily U.S. entities).

There was a tax charge in the year ended March 31, 2009 of $nil (Airplanes Limited: $nil; Airplanes Trust: $nil), as compared with a tax charge of $nil (Airplanes Limited: $nil; Airplanes Trust: $nil) for the year ended March 31, 2008.

In respect of Airplanes Limited, as at March 31, 2009, no current tax or deferred tax provisions are being recognized in the financial statements. A deferred tax provision is deemed unnecessary due to the level of losses carried forward and additional forecasted losses.

Airplanes Trust has deferred tax assets relating to net operating loss carry forwards at March 31, 2009 of $21.0 million. These deferred tax assets are offset by deferred tax liabilities on aircraft, alternative minimum tax losses utilized by GE Capital, and a valuation allowance. The result is a net deferred tax liability of $23 million (2008: $23 million) as at March 31, 2009.

(a) Airplanes Limited

Income tax benefit of Airplanes Limited consists of the following:

	Year ended March 31,		
	2007	2008	2009
	($ Millions)		
Current income tax	—	—	—
Deferred income tax	—	—	—
	—	—	—

Airplanes Limited’s income from trading activities is taxable at general statutory rates which are currently 12.5%.

A reconciliation of differences between actual income tax benefit of Airplanes Limited for 2007, 2008 and 2009 and the expected tax benefit based on a tax rate of 12.5% is shown below:

	Year ended March 31,		
	2007	2008	2009
	($ Millions)		
Tax benefit at tax rate	200	242	369
Non-deductible class E note interest	(200)	(242)	(369)
Actual tax credit	—	—	—

Class E note interest is not deductible for tax purposes in Ireland.

Airplanes Limited has net operating loss carryforwards of approximately $2,031 million as of March 31, 2009 (2008: $3,125 million), which are available for offset against future taxable income with no restrictions to expiration.

The deferred tax assets and liabilities of Airplanes Limited are summarised below:

	March 31,	
	2008	2009
	($ Millions)	
Deferred tax assets relating to:		
Net operating loss carryforwards	391	254
Valuation allowance	(297)	(180)
	94	74
Deferred tax liability relating to:		
Aircraft	94	74
	94	74
Net deferred tax	—	—

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that Airplanes Limited will not realize the benefits of these deductible differences, net of the existing valuation allowances at March 31, 2009.

(b) Airplanes Trust

Income tax benefit/(expense) of Airplanes Trust consists of the following:

	Year ended March 31,		
	2007	2008	2009
	($ Millions)		
Current income tax:			
Federal	—	—	—
Total current	—	—	—
Deferred income tax:			
Federal	(1)	(6)	(1)
State	—	(1)	—
Increase in valuation allowance	(1)	7	1
Total deferred	—	—	—
	—	—	—

A reconciliation of differences between actual income tax benefit of Airplanes Trust for 2007, 2008 and 2009 and the expected tax benefit/(expense) based on the U.S. federal statutory tax rate of 35% in 2007, 2008 and 2009 is shown below:

	Year ended March 31,		
	2007	2008	2009
	($ Millions)		
Tax benefit at statutory rate	51	72	92
Non-deductible class E note interest	(50)	(68)	(91)
Increase in valuation allowance	1	(4)	1
Other	—	—	(2)
	—	—	—

Airplanes Trust has federal and state net operating loss ("**NOL**") carryforwards of approximately $56.1 million as of March 31, 2009 (2008: $58.2 million). Due to an ownership change in November 1998, $2.1 million of Airplanes Trust's aforementioned federal

NOL's became limited under Section 382 of the Internal Revenue Code of 1986, as amended (Section 382). Under Section 382, NOL's will generally be limited annually to the product of the long-term tax-exempt rate (published monthly by the Service) and the value of the AeroUSA Inc. outstanding stock immediately before the ownership change (excluding certain capital contributions). However, the Section 382 limitation for a taxable year any portion of which is within the five-year period following the effective date (November 20, 1998) will be increased by the amount of any "recognized built-in gains" for such tax year (subject to certain limitations). With the lapsing of the five-year period to recognize built-in gains in November 2003, Airplanes Trust determined that $37.4 million in NOL's would never be realized and has thus written off the NOL's.

Deferred tax assets and liabilities of Airplanes Trust are summarised below:

	Year ended March 31,	
	2008	2009
	($ Millions)	
Deferred tax assets relating to:		
Net operating loss carryforwards	22	21
Valuation allowance	(11)	(11)
	11	10
Deferred tax liabilities relating to:		
Aircraft	11	10
AMT NOL Liability	23	23
	34	33
Net deferred tax liability	23	23

Based on Airplanes Trust's consideration, given the reversal of deferred tax liabilities and available tax planning strategies, the valuation allowance for deferred tax assets was $11 million as of March 31, 2009 (2008: $11 million; 2007: $17 million). A valuation allowance was warranted for the year ended March 31, 2009 to reduce federal and state NOLs to a level that was more likely than not to be realizable.

Pursuant to a tax sharing agreement dated March 28, 1996, between Airplanes Trust and AerCap, Airplanes Trust was liable to AerCap for its share of the consolidated tax liability in years subsequent to the completion of the Transaction, in which Airplanes Trust generated taxable income. However, Airplanes Trust was obliged to satisfy this liability in cash only to the extent that payments due to tax authorities from AerCap were attributable to Airplanes Trust's share of the consolidated tax liability; the remainder was to be paid in the form of subordinated notes. Conversely, Airplanes Trust was entitled to be reimbursed by AerCap for any tax benefits provided subsequent to the completion of the Transaction, to AerCap from Airplanes Trust's tax losses. AerCap 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.

Subsequent to November 20, 1998, AeroUSA, Inc. and AeroUSA 3, Inc. now file consolidated United States federal tax returns and certain local tax returns with General Electric Company ("**GE**"), such returns being filed on a calendar basis. In addition, on November 20, 1998, Airplanes Trust entered into a tax sharing agreement with GE which is substantially similar to the tax sharing agreement between Airplanes Trust and AerCap which was in place prior to that date and which terminated on November 20, 1998, except with respect to those provisions relating to the position prior to the date on which AeroUSA, Inc. and AeroUSA 3, Inc. were deconsolidated from AerCap, Inc.

17. COMMITMENTS

Capital Commitments

Airplanes Group did not have any material contractual commitments for capital expenditures at March 31, 2009.

18. CONTINGENT ASSETS/LIABILITIES

Guarantees

Airplanes Limited and Airplanes Trust have unconditionally guaranteed each others' obligations under all classes of notes (as disclosed in Note 10) issued by Airplanes Trust and Airplanes Limited, respectively, pursuant to the Transaction, details of which are set out in Note 1.

Foreign Taxation

The international character of Airplanes Group's operations gives rise to some uncertainties with regard to the impact of taxation in certain countries. The position is kept under continuous review and Airplanes Group provides for all known liabilities. See Note 16 for tax warranties.

19. POST BALANCE SHEET EVENTS

Since March 31, 2009 Airplanes Group has signed restructuring agreements with five lessees relating to 26 aircraft. In addition, since March 31, 2009 one of Airplanes Group's B737 aircraft was involved in an incident involving extensive damage to the aircraft and two B737 aircraft which were on lease at that date have redelivered early but, as at the date of these financial statements, have been contracted for lease to a new lessee.