

## AIRPLANES GROUP

New York, June 29, 2012

### **Suspension of Payments of Subclass A-9 Minimum Principal Is Required In Order To Increase Liquidity Reserve Amount In Light of Developments In Ongoing Litigation In Brazil**

#### **Suspension of Principal Payments Is Required In Order To Increase Liquidity Reserve**

As a result of developments in the ongoing litigation with Transbrasil involving our subsidiary Airplanes Holdings Limited ("**Airplanes Holdings**"), the likelihood that there will not be any final non-appealable decision in that litigation in the reasonably foreseeable future, the existence of orders to pay money into court (published on June 26, 2012) that may or may not be stayed and our limited future cashflows, the board of directors of Airplanes Limited and the controlling trustees of Airplanes U.S. Trust (together, the "**Board**") has determined to increase the liquidity reserve held by way of the maintenance reserve amount, required to be held at the level of the "First Collection Account Top-up" in the priority of payments, from US\$45 million to US\$110 million. This increase will have the effect of suspending payments of subclass A-9 minimum principal (but not subclass A-9 interest payments), commencing July 16, 2012, until the amount of cash retained in the collection account by way of maintenance reserve amount has reached US\$110 million. The maintenance reserve amount will continue to be invested in permitted account investments in accordance with the trust indentures. The background to the decision to increase the liquidity reserve is explained in more detail below.

Notwithstanding the efforts that have been made by Brazilian legal counsel retained by the servicer on behalf of Airplanes Holdings ("**Brazilian Counsel**"), as of the date hereof, it has not been possible to stay, or have overturned on appeal, the judgment issued against Airplanes Holdings by the Appellate Court of the State of Sao Paulo in May 2010 (the "**2010 Judgment**"). Currently each of Transbrasil's former owners, its trustee in bankruptcy and its lawyers are seeking separately to enforce this judgment and, as described below, on June 21, 2012 a Lower Court judge issued to Airplanes Holdings and the other Lessor Companies (as defined below) two orders to pay (the "**Orders to Pay**"). The total amounts specified in the Orders to Pay as being directly allocable to Airplanes Holdings are approximately R\$160 million / US\$80 million (based on an exchange rate of US\$1:R\$2, although the exchange rate fluctuates regularly and will cause the US\$ amounts to vary accordingly; this is the exchange rate used for all conversions provided herein and is not necessarily the exchange rate on the date hereof). The Orders to Pay also direct that payments be made by the Lessor Companies, including Airplanes Holdings, with respect to the AerCap Leasing Note (as defined below), but the Orders to Pay do not currently assign any particular amount to be paid by Airplanes Holdings with respect to that promissory note, nor is it possible to calculate such amount without further guidance from the Lower Court. These matters are discussed further below. Any amount which may be paid pursuant to the Orders to Pay is to be held by the Lower Court while litigation regarding the 2010 Judgment continues.

The amount of US\$110 million to which the liquidity reserve is to be increased represents the best reasonable estimate we can make at this time, based upon advice provided by Brazilian Counsel, of a worst case allocation of liability to Airplanes Holdings under the 2010 Judgment (with the understanding that additional amounts could be payable but are not yet capable of being estimated), which includes both the approximately US\$80 million directly allocable to Airplanes Holdings as well as a

worst-case scenario estimate of amounts for which Airplanes Holdings could be held liable with respect to the AerCap Leasing Note. Notwithstanding the lack of merit, fairness or rationale in the 2010 Judgment and the Orders to Pay and their imprecision, the Board has determined, after lengthy consideration and in consultation with its service providers and legal counsel, that it has no option but to take steps that will allow Airplanes Holdings to comply with the 2010 Judgment, as well as the Orders to Pay, if and when enforced against Airplanes Holdings. We do not, however, have cash available today sufficient to pay any of these amounts and we would only be able to fund such amounts by retaining over time a significant percentage of our future cashflows. Because our future cashflows are necessarily limited, we need to begin retention now so that Airplanes Holdings is capable of meeting its liability should Transbrasil ultimately prevail. Since, under the trust indentures, claims on Airplanes Group subsidiaries, such as the judgment against Airplanes Holdings, are senior to the subclass A-9 notes and certificates, such claims are required to be satisfied before we can make payments on the subclass A-9 notes and certificates. If we do not reserve a portion of our future cashflows, we will likely prevent Airplanes Holdings from being able to satisfy its liability and will instead have made payments of subclass A-9 minimum principal (ranking below this claim in the priority of payments) in contravention of our contractual requirements and of applicable law. Our future cashflows are highly unlikely to be sufficient to allow us both to continue to pay subclass A-9 minimum principal as we have, and also allow us to pay a claim of up to US\$110 million at an indeterminate future date. This action to increase the liquidity reserve in no way diminishes Airplanes Holdings' determination to continue vigorously to dispute liability in the litigation with Transbrasil in an effort to have as much as possible of these reserves paid ultimately to the subclass A-9 noteholders if the litigation is ultimately resolved in favor of Airplanes Holdings or if Airplanes Holdings' ultimate liability is for a lower amount, although no assurances can be given as to the ultimate outcome of the litigation or as to the timing of any resolution thereof.

### **Possible Event of Default**

If it is determined that the amounts set forth in the Orders to Pay, insofar as they relate to amounts payable by Airplanes Holdings, are in excess of US\$100 million and either proceedings to enforce the Orders to Pay are commenced or we are unable to obtain a stay of enforcement of the Orders to Pay, an event of default may occur under the trust indentures. Additional orders to pay or clarification of the amounts payable by Airplanes Holdings pursuant to the 2010 Judgment may also cause the US\$100 million threshold amount to be exceeded. Such an occurrence could cast substantial doubt on Airplanes Group's ability to continue as a going concern even though Airplanes Holdings is challenging the Orders to Pay and the 2010 Judgment and would challenge any such additional orders, as it has challenged other adverse orders and judgments in the Transbrasil litigation to date. If such an event of default occurs, the senior trustee (the indenture trustee of the senior class of notes, namely the class A notes), may, and if directed by holders of at least 25% of the outstanding principal balance of the senior class of notes, must, issue a default notice declaring the outstanding principal balance of all notes to be due and payable.

### **The Transbrasil Litigation**

Airplanes Holdings leased two aircraft to Transbrasil, a now defunct Brazilian airline, in the 1990s. At the same time, other aircraft were leased to Transbrasil by General Electric Capital Corporation ("**GE Capital**"), two affiliates of GE Capital (Alcyone FSC Corporation ("**Alcyone**") and Aviation Financial Services Inc. ("**AFS**")) (collectively, with GE Capital, the "**GE Lessors**"), AerFi Group plc (now renamed AerCap Ireland Limited) and an affiliate of AerFi Group plc (AerFi Leasing USA II Inc. (now renamed AerCap Leasing USA II Inc.) ("**AerCap Leasing**")). Airplanes Holdings, GE Capital,

Alcyone, AFS, AerFi Group plc and AerCap Leasing are collectively referred to as the "**Lessor Companies**". GE Capital Aviation Services Limited ("**GECAS**" or the "**Servicer**"), the Servicer of Airplanes Group, was the servicer for all of the leases entered into between the Lessor Companies and Transbrasil at that time.

In 1998 and 1999, following default by Transbrasil under its leases with the Lessor Companies, GECAS, on behalf of the Lessor Companies, restructured the debt owed to them by Transbrasil, which issued seven promissory notes to the Lessor Companies as guarantees of the payment obligations under such restructured debt. The Servicer has informed Airplanes Holdings that the promissory note issued to Airplanes Holdings is in the amount of US\$7,196,700 (the "**Holdings Note**"). In 2000, Transbrasil defaulted on the promissory notes. In January 2001, GECAS, acting on behalf of Airplanes Holdings, took steps toward initiating a collection against Transbrasil by presenting the Holdings Note to a notary public for payment (also known as a 'protest'). At the same time, GECAS, acting on behalf of the other Lessor Companies, presented five of the other six promissory notes to a notary public for payment. Shortly thereafter (though Airplanes Holdings was not informed of this until well after the fact), in response to the presentment of the Holdings Note, as well as the promissory notes presented on behalf of the other Lessor Companies, Transbrasil sought an injunction to stay the protest of the six promissory notes and, thereafter, commenced a lawsuit (the "**Declaratory Action**") against Airplanes Holdings and the other Lessor Companies (i) seeking a declaration that the promissory notes which Airplanes Holdings and the other Lessor Companies were seeking to collect had already been paid by Transbrasil (initially arguing that they were, at least, partially paid, but subsequently asserting that they were fully paid) and were therefore invalid and (ii) seeking the imposition of a penalty against Airplanes Holdings and the other Lessor Companies of twice the amount of the promissory notes. In addition, Transbrasil sought to have Airplanes Holdings and the other Lessor Companies indemnify Transbrasil for the losses resulting from the alleged wrongful collection of the promissory notes.

In July 2001, GE Capital, as a Lessor Company holding one of the promissory notes, initiated an action in its own name seeking the declaration of the bankruptcy of Transbrasil, which was granted on appeal. This decision was challenged by Transbrasil through a special appeal filed before the Federal Court of Appeals and an extraordinary appeal filed before the Supreme Court. This special appeal was denied and the motion to clarify subsequently filed by Transbrasil was also denied. Currently, an appeal by Transbrasil against the decision on the motion to clarify is pending (based on a dissenting opinion previously rendered by the Federal Court of Appeals in a case that Transbrasil alleges to be similar to the request for its bankruptcy). The appeal before the Supreme Court remains dormant until the Federal Court of Appeals decides the appeal premised upon the referenced dissenting opinion.

In November 2001, GECAS, on behalf of five of the Lessor Companies (including Airplanes Holdings, but excluding GE Capital), commenced separate suits (the "**Collection Proceedings**") against Transbrasil seeking to collect on the Lessor Companies' respective promissory notes. Some of the Collection Proceedings have been suspended until the Declaratory Action is finally decided.

On May 3, 2007, the Declaratory Action of 2001 was decided in favour of Transbrasil by the 22nd Lower Court of the county of Sao Paulo, Brazil (the "**Lower Court**"). Both Transbrasil and GECAS, on behalf of the Lessor Companies appealed that judgment (the "**2007 Judgment**"), which was confirmed by the 2010 Judgment rendered by the Appellate Court of the State of Sao Paulo (the "**State Appellate Court**") in February 2010, which ruling was not made public by the State Appellate Court until May 25, 2010. The 2010 Judgment ordered that the Lessor Companies (including Airplanes Holdings) pay to Transbrasil twice the amount of the promissory notes plus damages for the loss suffered by Transbrasil due to the attempted enforcement/collection of the

promissory notes (including the loss suffered due to the declaration of Transbrasil's bankruptcy) as well as court mandated legal fees and court costs. The 2010 Judgment confirmed the ruling in the 2007 Judgment which provided for, among other things, certain interest and monetary adjustments for inflation to be applied. The 2010 Judgment allowed the calculation of the amounts to be completed at a later stage. In the case of Airplanes Holdings, twice the amount of the Holdings Note is approximately US\$15 million. The State Appellate Court provided no basis for calculating the amount of damages or the loss suffered as a result of the declaration of Transbrasil's bankruptcy. The court mandated legal fees were awarded in an amount equal to ten percent of the total liability due under the other elements of the 2010 Judgment, but an exact dollar amount is not capable of calculation at this time given the lack of clarity in the amount of the other elements of the 2010 Judgment.

Airplanes Holdings, together with the other Lessor Companies, also held a portion of another one of the six promissory notes (the "**AerCap Leasing Note**") that is the subject of a collection action commenced only in the name of AerCap Leasing. Airplanes Holdings is not a party to that case, and Brazilian Counsel has advised that Airplanes Holdings is unlikely to have liability with respect to actions taken to collect on the AerCap Leasing Note, but Airplanes Holdings understands that AerCap Leasing nevertheless may seek to hold it responsible for a percentage of AerCap Leasing's exposure to Transbrasil arising from the collection action commenced in its name. The AerCap Leasing Note (of which Airplanes Holdings' share would be approximately 42%) was in the amount of approximately US\$5.3 million. As noted above, if Airplanes Holdings were found to be responsible for a portion of AerCap Leasing's exposure, its potential liability would increase.

Following the decisions in the Declaratory Action in Transbrasil's favor, Transbrasil filed a motion to dismiss the Collection Proceedings commenced by GECAS on behalf of Airplanes Holdings and the other Lessor Companies. This motion was denied by the Lower Court judge and the interlocutory appeal filed against such decision was also denied by the State Appellate Court. A motion to clarify filed by Transbrasil against such decision was denied, and a special appeal filed by Transbrasil is pending.

On June 8, 2010, GECAS, on behalf of Airplanes Holdings as well as the GE Lessors, filed two appeals against the 2010 Judgment. One appeal (the "**Special Appeal**") was filed with the Federal Court of Appeals of Brazil (Superior Tribunal de Justica). The other appeal was filed by way of a Request for Certiorari coupled with an Extraordinary Appeal addressed to the Supreme Court of Brazil (Supremo Tribunal Federal). The appeal to the Supreme Court stays dormant until the Federal Court of Appeals decides the Special Appeal. The Special Appeal was expected to be heard by the end of the second quarter of 2012, however the hearing has been delayed and the timing of such hearing is now unclear.

On July 13, 2011, a lower court in the county of Sao Paulo, State of Sao Paulo, Brazil made public a motion filed by the bankruptcy trustee for Transbrasil (the "**Bankruptcy Trustee**") for provisional enforcement of the 2010 Judgment, in which the Bankruptcy Trustee provided the court with its calculation of the amounts owed. The Bankruptcy Trustee's calculation covered twice the amount of the promissory notes plus interest and monetary adjustments, but did not include any amount for court mandated legal fees and court costs or for damages for the loss suffered by Transbrasil as a result of it being placed into bankruptcy. The Bankruptcy Trustee's calculation of twice the amount of the promissory notes plus interest and monetary adjustments is approximately R\$330 million / US\$165 million in the aggregate for all Lessor Companies. Airplanes Holdings believes, based on advice from Brazilian Counsel, that the amount sought by the Bankruptcy Trustee is grossly overstated because the calculation has been made in a manner inconsistent with the applicable law and the terms of the 2010 Judgment. The aggregate amount of approximately US\$165 million calculated by the Bankruptcy Trustee did not differentiate between the

amounts owed by each of the Lessor Companies and the 2010 Judgment did not address whether there was joint and several liability as between each of the Lessor Companies and the proportion that should be observed for the split of the liability among the Lessor Companies.

Two other similar motions for provisional enforcement of the 2010 Judgment were also filed – one by the former owners of Transbrasil and another by Transbrasil's lawyers. The amount calculated by the former owners of Transbrasil as being payable by the Lessor Companies also seeks twice the amount of the promissory notes (plus interest and monetary adjustments), but their calculation of such amount is approximately R\$397 million / US\$198.5 million. The Brazilian court has not so far addressed the fact that the motions filed by the Bankruptcy Trustee and the former owners of Transbrasil are manifestly duplicative, although the State Appellate Court has indicated that the Bankruptcy Trustee may not have standing to continue its motion. A motion to clarify has been filed with the State Appellate Court by Brazilian Counsel to decide this point, however, it is not clear at this stage whether one of these two motions for provisional enforcement will be terminated. The motion for provisional enforcement of the 2010 Judgment filed by Transbrasil's lawyers seeks payment of court mandated legal fees in an aggregate amount of approximately R\$40 million / US\$20 million, which amount represents ten percent of their own calculation of twice the amount of the promissory notes plus interest and monetary adjustments.

The motions presented by the former owners of Transbrasil and Transbrasil's lawyers both indicate the Lessor Companies' liability as several (save with regard to the AerCap Leasing Note, where the allocation of liability as between the Lessor Companies is unclear) and indicate the amounts being sought from each Lessor Company. The amounts payable by Airplanes Holdings with respect to the Holdings Note are listed in the motions as follows: approximately R\$146 million / US\$73 million (representing twice the amount of the Holdings Note plus interest and monetary adjustments) and approximately R\$14 million / US\$7 million (representing court mandated legal fees related to the Holdings Note plus interest and monetary adjustments). Brazilian Counsel has indicated to Airplanes Holdings that in its opinion both figures are grossly overstated because in each case the calculation has been made in a manner inconsistent with the applicable law and with the terms of the 2010 Judgment.

While Airplanes Holdings, based on advice from Brazilian Counsel, believes it has strong arguments (i) in support of a significantly lower liability than that calculated by the Bankruptcy Trustee, the former owners of Transbrasil and Transbrasil's lawyers and (ii) that exposure under the AerCap Leasing Note is unlikely, the determination of whether Airplanes Holdings and the other Lessor Companies actually have any liability will not be known at least until the main Special Appeal is heard and, if the Lessor Companies are successful there, the matter is retried or otherwise disposed of in accordance with the terms of such decision. The ability to effectively contest the calculation of the amount of damages under the 2010 Judgment may be impacted by compliance (or a failure to comply) by the Lessor Companies with the Orders to Pay, described herein, that require payment of these higher amounts into court.

Since commencement of the provisional enforcement proceedings in July 2011 to enforce the 2010 Judgment, Brazilian Counsel has taken several measures seeking to suspend such proceedings pending the decision on the Special Appeal. Brazilian Counsel, on behalf of the GE Lessors and Airplanes Holdings, filed an interlocutory appeal in the provisional enforcement proceeding initiated by the Bankruptcy Trustee, which although it was preliminarily granted in favor of such Lessor Companies, was ultimately denied by the State Appellate Court. Brazilian Counsel, on behalf of the GE Lessors and Airplanes Holdings, further filed two writs of mandamus against the

decisions in two other motions filed by Transbrasil in the context of two interlocutory appeals (which were heard in December 2011) that had been filed by Transbrasil. Two requests for injunction filed by Brazilian Counsel on behalf of Airplanes Holdings and the GE Lessors before the Federal Court of Appeals seeking the suspension of the decision rendered on the Declaratory Action and a stay of the provisional enforcement proceedings were preliminarily denied. Interlocutory appeals challenging those denials were filed and also denied.

Brazilian Counsel, on behalf of Airplanes Holdings and the GE Lessors, has filed three motions to clarify against the decisions in such interlocutory appeals – one in connection with the interlocutory appeal filed by Airplanes Holdings and the GE Lessors and one in each of the two interlocutory appeals filed by Transbrasil. The decisions on such motions, rendered in May of 2012, were unfavorable to Airplanes Holdings and the GE Lessors. Against such decisions, Brazilian Counsel, on behalf of Airplanes Holdings and the GE Lessors, expects to file three special appeals and three related requests for injunction (seeking to suspend any further developments in the provisional enforcement proceedings until a final decision in connection with the Special Appeal).

In an effort to speed up the development of the provisional enforcement proceedings in respect of the 2010 Judgment, Transbrasil filed three new interlocutory appeals (one in each provisional enforcement proceeding) against the decision by the Lower Court judge of March 2012 that required certain steps to be taken prior to moving ahead with the provisional enforcement proceedings. On June 19, 2012, the reporting judge of the State Appellate Court issued decisions finding two of the three interlocutory appeals to be without grounds, but directing the third provisional enforcement proceeding (brought by Transbrasil's former owners seeking twice the amount of the promissory notes) to move forward. Notwithstanding the more limited decision of the reporting judge of the State Appellate Court, Transbrasil nevertheless presented this decision to the Lower Court not only in respect of that provisional enforcement proceeding, but also in respect of the provisional enforcement proceeding brought by Transbrasil's lawyers seeking to recover court mandated legal fees.

On June 21, 2012, the Lower Court judge responsible for hearing the provisional enforcement proceedings issued the following two Orders to Pay: (i) ordering the Lessor Companies to make a payment to the Lower Court of twice the amount of the promissory notes (plus interest and monetary adjustments) and (ii) ordering the Lessor Companies to make a payment to the Lower Court for court mandated legal fees (plus interest and monetary adjustments). Brazilian counsel has advised that Airplanes Holdings' share of these amounts is approximately R\$146 million / US\$73 million and approximately R\$14 million / US\$7 million, respectively, for amounts directly attributable to the Holdings Note. Brazilian Counsel has also advised that the Orders to Pay direct payment of approximately R\$107 million / US\$53.5 million to be made by the Lessor Companies with respect to the AerCap Leasing Note, but that it is not possible to attribute any particular amount to any particular Lessor Company nor do the Orders to Pay contain any provision providing for joint liability. As a result, without further clarification from the Lower Court, it is impossible for Airplanes Holdings to discern what amount, if any, is due from it under the terms of the Orders to Pay with respect to the AerCap Leasing Note. Brazilian Counsel, on behalf of Airplanes Holdings and the GE Lessors, has filed both a writ of mandamus and complaint with the State Appellate Court seeking to deny the effect of the reporting judge's June 19, 2012 decision and, by extension, the Lower Court judge's June 21, 2012 Orders to Pay. Brazilian Counsel has also filed a request for the suspension of the decisions rendered by the Lower Court judge, which were published in the Brazilian official gazette on June 26, 2012. On June 27, 2012, both the writ of mandamus and the aforementioned complaint were dismissed. Brazilian Counsel, on

behalf of Airplanes Holdings and the GE Lessors, is now pursuing additional remedies to stay the effect of the Orders to Pay and to otherwise oppose efforts to continue the development of the provisional enforcement proceedings prior to a final decision being rendered in connection with the Special Appeal. If those efforts are also unsuccessful, the Lessor Companies, including Airplanes Holdings, could be required under Brazilian law to make a payment into court or post a bond to satisfy the Orders to Pay, within fifteen days of June 27, 2012 (namely July 11, 2012). In the event of a failure to pay or to post such a bond, interest would accrue on the amounts which the Lessor Companies have been ordered to pay and the Lessor Companies could be liable for a fine. Brazilian Counsel is advising Airplanes Holdings of its limited options in the event these various efforts are unsuccessful.

Although Airplanes Holdings has filed a proof of claim with the estate of Transbrasil's bankruptcy for amounts it is owed by Transbrasil, it is unlikely that Airplanes Holdings will recover any such amounts because such claims rank in priority behind claims for labor and taxes. Transbrasil has opposed such filing by Airplanes Holdings and has recently obtained a decision favorable to it, which includes the order for Airplanes Holdings to pay court mandated legal fees, court costs and fines. Brazilian Counsel, on behalf of Airplanes Holdings, has appealed this decision to the State Appellate Court.

In accordance with US Generally Accepted Accounting Principles, a provision of US\$15 million in respect of the Transbrasil litigation was made in the financial statements as at March 31, 2010 and March 31, 2011. As at March 31, 2012, the amount of this provision has been increased by US\$4 million to US\$19 million, reflecting further clarity in respect of certain fees and costs not included in the earlier provision. This provision of US\$19 million has been made, based on the advice of Brazilian Counsel, notwithstanding the Orders to Pay issued by the Lower Court judge on June 21, 2012 as referred to above. This provision of US\$19 million, however, only reflects the first element of the award against Airplanes Holdings under the 2010 Judgment (namely twice the amount of the promissory notes held by Airplanes Holdings) and certain of the amounts owed under the other proceedings referred to above. Other amounts owed under the 2010 Judgment and the other proceedings, including any amount payable by Airplanes Holdings as damages for the loss suffered by Transbrasil resulting from the alleged wrongful collection of the promissory notes (including the loss suffered due to the declaration of Transbrasil's bankruptcy), as well as certain court costs, are not included in the US\$19 million provision as they are not capable of being reasonably estimated at this time. The 2010 Judgment allowed the calculation of the amounts to be completed at a later stage and the basis for such calculations remains unclear. In addition, the provision of US\$19 million does not include any amount that may ultimately be payable as a result of any decision in relation to Airplanes Holdings' proof of claim in the Transbrasil bankruptcy proceeding.

The representation of Airplanes Holdings in each of the legal proceedings referenced above has been and continues to be directed by GECAS as the Servicer of Airplanes Group. GECAS, as Servicer, together with Brazilian Counsel, are obligated to keep Airplanes Group fully informed as to developments in this matter.

**Airplanes Group to Continue to Closely Monitor Developments and to Schedule Call with Noteholders**

Whilst, as noted above, Airplanes Holdings, based on the advice of Brazilian Counsel, believes it has strong defenses against the substantive issues raised in the proceedings brought by Transbrasil's former owners, the Bankruptcy Trustee and Transbrasil's lawyers, there can be no certainty as to the final outcome of this litigation, both as regards whether the Brazilian courts will ultimately rule in favor of Airplanes Holdings and, even in the event they do not do so, as regards the amount

which could ultimately be adjudged to be payable by Airplanes Holdings. There is considerable uncertainty as to the legitimacy and calculation of the claims made in the provisional enforcement proceedings as evidenced by the duplication among the Brazilian parties and the differences in their calculations as well as the inconsistencies in rulings from the State Appellate Court and the Lower Court. In addition, the timing of the hearing of the Special Appeal as well as any further proceedings in the provisional enforcement proceedings themselves remains unclear. Therefore, the timing of when any amount ultimately adjudged to be payable by Airplanes Holdings would be due also remains unclear, although as discussed above, under the Orders to Pay, approximately US\$80 million (plus an indeterminate amount related to the AerCap Leasing Note) may be due as early as July 11, 2012. Airplanes Holdings believes that the legal proceedings may not be concluded for several years.

In light of the continuing uncertainty referred to above, both as to whether an amount could ultimately be adjudged to be payable by Airplanes Holdings and the amount of that judgment, as well as the timing of when any judgment amount would be due, the possible requirement to comply with the Orders to Pay approximately US\$80 million (plus an indeterminate amount related to the AerCap Leasing Note) and any further orders to pay and our limited cashflows, as discussed above, the Board (having taken legal advice, including as to the position of Airplanes Holdings as a matter of Irish law and the position of Airplanes Limited as a matter of Jersey law and New York law) has determined that, commencing July 16, 2012, it is necessary to increase the level of the liquidity reserve amount held by Airplanes Group. The increase in the liquidity reserve should ensure that in all currently reasonably foreseeable circumstances Airplanes Holdings would eventually have funds available to be able to comply with any order to pay (including those published on June 26, 2012), to challenge calculations made by Transbrasil in the provisional enforcement proceedings, and/or to pay any judgments ultimately awarded against Airplanes Holdings in the Transbrasil litigation. Whilst no assurance can be given as to whether any of the liquidity reserve may ultimately need to be utilised to make payments under the Transbrasil proceedings, to the extent not so utilised, such liquidity reserve would ultimately be available to fund payments of subclass A-9 minimum principal (to the extent not otherwise required to discharge any other liability of Airplanes Group ranking senior thereto in the priority of payments).

The Board has determined that this action is necessary to ensure compliance with Airplanes Group's contractual requirements and applicable law while at the same time continuing to vigorously dispute liability in an effort to have as much as possible of these reserves paid ultimately to the subclass A-9 noteholders if the litigation is ultimately resolved in favor of Airplanes Holdings or if Airplanes Holdings' ultimate liability is for a lower amount. The Board will continue to keep these matters under close review and to make adjustments as appropriate and necessary.

Given the complexity of the Transbrasil litigation and the implications for noteholders, we intend to schedule a conference call in the coming weeks to address questions noteholders may have regarding this situation. We will notify noteholders via press release and by posting this information on our website, [www.airplanes-group.com](http://www.airplanes-group.com), as to the date and time for such conference call.

For further information about Airplanes Group, please contact: Paul Rofe or Eimear Gilmartin of Airplanes Group's Administrative Agent at tel: +31 20 655 9655 or +353 61 723600, respectively, or visit Airplanes Group's website at <http://www.airplanes-group.com>.