

AIRPLANES GROUP

New York, August 4, 2017

Airplanes Group Settlement Discussions With Ad Hoc Group of Certificate Holders Ongoing

On May 4, 2017, Airplanes Group executed various confidentiality agreements (collectively, the "**Confidentiality Agreements**") with certain beneficial owners and/or investment advisors, representatives, or fund managers for certain beneficial owners of the fractional undivided interests in the Airplanes Subclass A-9 Pass Through Trust (the "**Ad Hoc Holder Group**") to engage in discussions regarding, among other things, a possible settlement of the action commenced by UMB Bank as Indenture Trustee, Pass Through Trustee and Security Trustee (the "**Trustee**") on October 3, 2016, against Airplanes Limited and Airplanes U.S. Trust in the United States District Court for the Southern District of New York (the "**District Court**") seeking a declaratory judgment in respect of, among other things, (a) alleged defaults and events of default under the Trust Indentures dated as of March 28, 1996, as amended and supplemented, by and among Airplanes U.S. Trust, Airplanes Limited, and Bankers Trust Company (collectively, the "**Trust Indentures**") and (b) the ability of Airplanes Group to reserve amounts under the terms of the Trust Indentures in connection with the ongoing Transbrasil litigation (the "**District Court Action**").

The purpose of this press release is to satisfy Airplanes Group's contractual obligation under the Confidentiality Agreements, which the Ad Hoc Holder Group has indicated its members entered into to, among other things, ensure compliance in all respects with United States securities laws, applicable blue sky laws, or any other applicable securities law. Pursuant to the Confidentiality Agreements, Airplanes Group agreed to publicly disclose certain information, upon the occurrence of certain events, including upon the issuance of a decision by the District Court on either or both of the motions for judgment on the pleadings filed by the parties in the District Court Action (the "**Rule 12(c) Motions**"). The District Court issued a decision and order on the Rule 12(c) Motions on May 26, 2017. Given that the parties remained in discussions, the deadline for disclosure was extended by agreement until August 4, 2017.

In accordance with the terms of the Confidentiality Agreements, Airplanes Group hereby discloses that (a) Airplanes Group and its counsel engaged in discussions with the Ad Hoc Holder Group, the Trustee and their counsel relating to a possible settlement of the District Court Action, (b) the parties had reached a tentative agreement on the dollar amount of a reserve, and were continuing to discuss other terms and contingencies, and were in the process of finalizing a term sheet memorializing those terms when the District Court issued its decision, (c) a summary of the tentative agreement that consisted of the dollar amount of the reserve and Airplanes Group's contingencies are set forth below, (d) the parties were directed by the District Court to continue to discuss the possibility of resolving consensually the District Court Action, and (e) the parties had such discussions and had reached a subsequent tentative agreement on certain terms of settlement including the dollar amount of a reserve, and were continuing to discuss other terms and contingencies. At this time, the litigation of this matter is re-commencing with Airplanes Group having filed earlier today a motion seeking reconsideration of the District Court's May 26 decision, which motion the Ad Hoc Holder Group has indicated it intends to oppose vigorously. Concurrently, the parties are discussing the possibility of mediating this dispute in the hope that an agreement can be reached between the parties as well as with the providers of liability insurance coverage to Airplanes Group and its directors/controllers (the "**Carriers**") under policies which covered claims not just against the directors and controlling trustees but Airplanes Group, itself. As of the date of this press release, the parties are not in a position to offer any

assessment of the likelihood of an agreement being reached or on the specific terms of any such agreement.

A summary of the terms of the tentative agreement **before** the District Court decision was issued, all of which were subject to negotiation and finalization of definitive documentation, is as follows:

1. Immediately upon the execution of a formal, written settlement agreement, the Trustee would rescind the Notices of Default in accordance with the terms of the governing Trust Indentures.
2. Immediately upon the execution of a formal, written settlement agreement, Airplanes Group would direct its Cash Manager to reduce the Required Expense Amount to an amount equal to (a) US\$14 million, plus (b) the amount (if any) by which the payment due from Airplanes Group, pursuant to the then pending settlement (the "**Pending AerCap Settlement**") of Airplanes Group and the Trustee with AerCap Financial Services (Ireland) Limited, AerCap Cash Manager Limited and AerCap Ireland Limited (together, "**AerCap**"), exceeded the sum that had been provisionally agreed between AerCap and the Ad Hoc Holder Group minus (c) the amount of any prior payments actually made by Airplanes Group to AerCap pursuant to the Pending AerCap Settlement.
3. On the Payment Date immediately following the execution of the settlement agreement (the "**Next Payment Date**"), all funds in the Collection Account, in excess of the agreed Required Expense Amount, were to be distributed to the holders of pass-through certificates representing interests in subclass A-9 notes in accordance with the priority of payments under the Indentures, including without limitation the reserve in the amount of approximately US\$6.534 million that the Trustee was maintaining as of the May 2016 Payment Date. In addition, Airplanes Group would waive any claim to, and otherwise assign its interests in, (y) that certain receivable, in an approximate amount of US\$1.4 million, owed to Airplanes Group in respect of litigation relating to Precision Air, and (z) that certain US\$850,000 Irish VAT refund (together, the "**Receivables**"), in each case in favor of the Trustee, for distribution to the noteholders in accordance with the priority of payments.
4. On the Next Payment Date or as soon as practicable thereafter, and in any event before Airplanes Group and its subsidiaries entered the liquidation or equivalent process described below, using exclusively and limited to funds from the agreed Required Expense Amount, Airplanes Group was to (a) pay all expenses of Airplanes Group and its subsidiaries that were due and payable as of that date, including, among other things, (i) fees and disbursements owed to Airplanes Group's legal advisers for work relating to, *inter alia*, the District Court Action, that as of that date amounted to approximately US\$1.370 million, and (ii) compensation due to the directors and controlling trustees of Airplanes Group and its subsidiaries through and including such date, that as of March 31, 2017 amounted to approximately US\$564,000; and (b) purchase run-off D&O liability insurance coverage, with aggregate policy limits of US\$40 million, for the directors and controlling trustees of Airplanes Group and its subsidiaries, at a cost of approximately US\$1.240 million.
5. Following the distribution and payments set out in paragraphs 3 and 4 above, Airplanes Group and its subsidiaries would enter a coordinated liquidation or equivalent process under the laws of the jurisdictions where they are organized. Subject to due diligence by Airplanes Group concerning, among other things, any potential conflicts of interest, representatives of Smith & Williamson or Cohn Reznick, as appropriate, would be appointed to liquidate or wind up Airplanes Limited, Airplanes U.S. Trust and their respective subsidiaries, subject to the approval of such appointments in accordance with

the relevant statutory procedures. In connection with the liquidation of Airplanes Group and its subsidiaries, Smith & Williamson and Cohn Reznick would agree not to retain as legal adviser any law firm that has represented any of the parties in connection with any matter related to Airplanes Group or the District Court Action, but could engage any such law firm solely to provide information regarding the affairs of Airplanes Group for the purposes of the liquidation process.

6. The parties would exchange mutual releases, in form satisfactory to the parties, of all claims or counterclaims they may have against one another, including unknown claims, that (a) were or reasonably could have been asserted in the District Court Action, (b) are based upon or arise in any way from any facts that were or reasonably could have been alleged in the District Court Action, or (c) are based upon or arise in any way from any act or omission of any director or controlling trustee of Airplanes Group or its subsidiaries relating to the management or operation of those entities.
7. The Trustee and the Ad Hoc Holder Group would exchange with the directors and controlling trustees of Airplanes Group and its subsidiaries mutual releases, in form satisfactory to the parties, of all claims or counterclaims they may have against one another, including unknown claims, that (a) were or reasonably could have been asserted in the District Court Action, (b) are based upon or arise in any way from any facts that were or reasonably could have been alleged in the District Court Action, or (c) are based upon or arise in any way from any act or omission of any director or controlling trustee of Airplanes Group or its subsidiaries relating to the management or operation of those entities.
8. Consummation of this settlement between the parties would be expressly conditioned on (a) a contribution from the proceeds of the liability insurance policies of Airplanes Group toward a settlement acceptable to the Ad Hoc Holder Group in their sole discretion; (b) approval of such settlement by the Carriers, as required under the relevant liability insurance policies of Airplanes Group; (c) finalization and execution of the Pending AerCap Settlement; and (d) appointment of Maples Fiduciary Services (Ireland) Limited to succeed AerCap as Administrative Agent and Cash Manager.

After the District Court's decision regarding the Rule 12(c) Motions on May 26, the Trustee indicated that it would not be moving forward with the agreement in principle as outlined above. Counsel for the parties discussed additional settlement proposals as described below.

On June 1, 2017, counsel to the Ad Hoc Holder Group and the Trustee conveyed a proposal with the following terms (which counsel to the Ad Hoc Holder Group has indicated the Ad Hoc Holder Group supported by majority vote of holdings based on the outstanding principal amount of their Subclass A-9 certificates):

1. Upon the execution of a formal, written settlement agreement the parties would submit a stipulation dismissing all claims and counterclaims in the District Court Action with prejudice and the Trustee would rescind the Notices of Default in accordance with the terms of the governing Trust Indentures. The settlement would be conditioned upon (i) a contribution from the proceeds of the liability insurance policies of Airplanes Group toward a settlement acceptable to the Ad Hoc Holder Group in their sole discretion and (ii) Airplanes Group seeking to vacate the District Court's May 26 decision with the consent of the Trustee and the Ad Hoc Holder Group (counsel to the Ad Hoc Holder Group has indicated that the Ad Hoc Holder Group supported such consent by majority vote of holdings based on the outstanding principal amount of their Subclass A-9 certificates).

2. The Required Expense Amount would be reduced to an amount equal to US\$6.621 million reflecting certain amounts for settlement with AerCap, amounts for Airplanes Group's advisors and service providers, amounts for director/controller trustee fees, amounts to cover obtaining run-off D&O insurance, amounts to pay Airplanes Group's replacement Administrative Agent and Cash Manager, and amounts to cover winding up expenses.
3. On the Next Payment Date, all funds in the Collection Account, in excess of the Required Expense Amount (as reduced pursuant to paragraph 2 above), would be distributed to the holders of pass-through certificates representing interests in subclass A-9 notes in accordance with the priority of payments under the Trust Indentures, including without limitation, the reserve in the amount of approximately US\$6.534 million that the Trustee was maintaining as of the May 2016 Payment Date. In addition, Airplanes Group would waive any claim to, and otherwise assign its interests in, the Receivables, in each case in favor of the Trustee, for distribution to the noteholders in accordance with the priority of payments.
4. On the Next Payment Date or as soon as practicable thereafter, and in any event before Airplanes Group and its subsidiaries entered the liquidation or equivalent process described below, using exclusively and limited to funds from the agreed Required Expense Amount, Airplanes Group was to (a) pay expenses of Airplanes Group and its subsidiaries that were due and payable as of that date, including, among other things, (i) fees and disbursements owed to Airplanes Group's legal advisors for work relating to, *inter alia*, the District Court Action, and (ii) compensation due to the directors and controlling trustees of Airplanes Group and its subsidiaries through and including such date; and (b) purchase run-off D&O liability insurance coverage, with aggregate policy limits of US\$40 million, for the directors and controlling trustees of Airplanes Group and its subsidiaries, at a cost of approximately US\$1.240 million.
5. Following the distribution and payments set out in paragraphs 3 and 4 above, Airplanes Group and its subsidiaries would enter a coordinated liquidation or equivalent process under the laws of the jurisdictions where they are organized. Subject to due diligence by Airplanes Group concerning, among other things, any potential conflicts of interest, representatives of Smith & Williamson or Cohn Reznick, as appropriate, would be appointed to liquidate or wind up Airplanes Limited, Airplanes U.S. Trust and their respective subsidiaries, subject to the approval of such appointments in accordance with the relevant statutory procedures. In connection with the liquidation of Airplanes Group and its subsidiaries, Smith & Williamson and Cohn Reznick would agree not to retain as legal adviser any law firm that has represented any of the parties in connection with any matter related to Airplanes Group or the District Court Action, but could engage any such law firm solely to provide information regarding the affairs of Airplanes Group for the purposes of the liquidation process.
6. The parties would exchange mutual releases, in form satisfactory to the parties, of all claims or counterclaims they may have against one another, including unknown claims, that (a) were or reasonably could have been asserted in the District Court Action, (b) are based upon or arise in any way from any facts that were or reasonably could have been alleged in the District Court Action, or (c) are based upon or arise in any way from any act or omission of any director or controlling trustee of Airplanes Group or its subsidiaries relating to the management or operation of those entities.
7. The Trustee and the Ad Hoc Holder Group would exchange with the directors and controlling trustees of Airplanes Group and its subsidiaries mutual releases, in form satisfactory to the parties, of all claims or counterclaims they may have against one

another, including unknown claims, that (a) were or reasonably could have been asserted in the District Court Action, (b) are based upon or arise in any way from any facts that were or reasonably could have been alleged in the District Court Action, or (c) are based upon or arise in any way from any act or omission of any director or controlling trustee of Airplanes Group or its subsidiaries relating to the management or operation of those entities.

In response to the June 1 proposal, on June 2, counsel to Airplanes Group indicated that Airplanes Group's board of directors and controlling trustees would be generally amenable to the economic terms of the June 1 proposal if the Required Expense Amount were increased from US\$6.621 million by US\$680,000 to US\$7.301 million to cover certain miscellaneous service providers, VAT obligations, and anticipated costs of Maples Fiduciary Services (Ireland) Limited as successor Administrative Agent and Cash Manager, but was still considering vacatur of the District Court's May 26 decision.

Thereafter, on June 12, 2017, counsel to the Ad Hoc Holder Group, subject to the Trustee and the Ad Hoc Holder Group comment and approval in all respects, conveyed a further modified proposal, which contemplated substantially the same terms as the June 2 proposal subject to the following:

1. The proposed Required Expense Amount would be reduced to US\$6.301 million; provided however that US\$1.0 million would be reserved by the Trustee, in its sole discretion, pending negotiations with GE Capital Aviation Services Limited.
2. In addition, Airplanes Group would either (a) admit liability to the Trustee in an amount of US\$70,541,260 on account of the establishment of reserving funds in connection with the Transbrasil litigation or (b) obtain the written endorsement of the Carriers of Airplanes Group's interest under Airplanes Group's liability insurance policies to the Trustee, without prejudice to the directors' and officers' interests under such policies.

Airplanes Group rejected this most recent proposal. The parties continued to discuss the possibility of a settlement though no further proposals were circulated. As mentioned, the parties are considering mediation as part of their efforts to reach an agreed resolution between themselves and with Airplanes Group's insurance carriers. As of the date of this press release, the Carriers have stated they are willing to mediate but are not available to do so until September, and a mediator has not been selected.

For further information about Airplanes Group, please see our periodic reports and other information published on our website at www.airplanes-group.com.