

NOTICE OF ASSIGNMENT TO THE LESSEE

To: [•] (the "Lessee")
[address]

Dated: [•]

Dear Sirs

[Aircraft Operating Lease Agreement] dated [•] between [insert name of lessor] (the "Lessor") and the Lessee in relation to one (1) [insert aircraft type] aircraft with MSN [•] (the "Aircraft") (the "Lease Agreement")

1. We hereby give you notice (this "**Notice**") that by a security [agreement]/[assignment] (the "**Security Agreement**") dated [•] between the Lessor and [•] as security trustee for and on behalf of itself and each of the other parties financing the Aircraft (the "**Security Trustee**"), the Lessor has granted a security interest in all its rights, title and interest in and to the Lease Agreement to the Security Trustee for and on behalf of itself and each of the other parties financing the Aircraft.
2. Upon receipt by you of written notice from the Security Trustee stating that the security constituted by the Security Agreement has become enforceable in accordance with its terms (any such notice, an "**Enforcement Notice**"), (i) all moneys that may be payable by you under the Lease Agreement shall be paid to such account as may be specified by the Security Trustee in such Enforcement Notice or in the invoice relating to the relevant payment which shall be provided by the Security Trustee to the Lessee; and (ii) all rights, powers, options and discretions conferred on the Assignor and all consents, approvals, waivers and confirmations to be given by the Assignor under the Lease Agreement shall be exercisable only by or as directed by the Security Trustee as if the Security Trustee were named as lessor therein.
3. ¹Prior to the service by the Security Trustee of an Enforcement Notice, [you shall continue to pay all amounts due and payable to the Lessor under the Lease Agreement to the account specified in the Lease Agreement] / [you shall pay all amounts due and payable to the Lessor under the Lease Agreement to the accounts specified in the Annex].
4. The Lessor shall continue to be solely responsible for the performance of its obligations under or in connection with the Lease Agreement. The Security Trustee shall not become subject to any liability or obligation of the Lessor under the Lease Agreement by virtue of the assignments and charges contained in the Security Agreement, but to the extent that the Security Trustee seeks to exercise any rights, remedy or privilege of the Lessor under the Lease Agreement, the Security Trustee

¹ Paragraph 3 to be adapted to reflect the agreed payment structure for the underlying financing. In some financings there may also be certain defined trigger events (which may not be linked to enforcement of security) following which reserves/deposits/rent must be paid to pledged accounts. If necessary for a particular financing, this concept can be reflected also in paragraph 3.

shall be bound by all of the terms of the Lease Agreement which are applicable to any such exercise.

5. You shall perform all your obligations under the Lease Agreement in favour of the Lessor and shall recognise the exercise by the Lessor of the Lessor's rights, powers and discretions under the Lease Agreement unless and until you have received an Enforcement Notice whereupon you will not recognise the exercise by the Lessor of any of its rights and powers under the Lease Agreement and you shall perform all of your obligations under the Lease Agreement in favour of the Security Trustee. You shall be entitled to rely on any such notification purporting to have been given by the Security Trustee without enquiry as to whether or not such Enforcement Notice is validly given. You shall have no liability to the Lessor for complying with any instruction or direction received from the Security Trustee after receipt of an Enforcement Notice.
6. [Insert quiet enjoyment undertaking and other confirmations required by the Lease from Security Trustee to the Lessee. The quiet enjoyment wording should match exactly the wording of the covenant given by the lessor in the Lease Agreement].
7. We represent and warrant that we have duly authorized and executed this Notice after completion of all necessary corporate action.
8. [We hereby give you notice of the matters set forth in the Appendix hereto.]²
9. This Notice shall be construed in accordance with, and this Notice and all matters arising out of or relating in any way whatsoever to this Notice (whether in contract, tort or otherwise) shall be governed by the laws of the State of New York.
10. This Notice and the instructions contained herein cannot be amended, revoked or modified without the express written consent of the Security Trustee.
11. Please acknowledge receipt of this notice by signing the enclosed acknowledgement of assignment and charge.
12. [This Notice shall constitute a [Transaction Document] for the purposes of the Lease Agreement]³.

² Include where required (see notes on the Appendix)

³ Include where the notice and acknowledgement is not already a transaction document/operative document for the purposes of the Lease Agreement

Yours faithfully

[•]

as Lessor

By: _____

Title: _____

[•]

as Security Trustee⁴

By: _____

Title: _____

⁴ The default position assumed in this form is that the security assignment will run in favour of, and all rights under the lease will be assigned to, a security trustee acting for all finance parties. To the extent that the underlying financing structure differs, and there is a need for other financing parties to sign the notice, the signature blocks (and references to Security Trustee) may be updated accordingly

[ANNEX

[In many cases, the inclusion of a financing will require notice to be given to the Lessee in relation to certain matters. Often these issues may be addressed through a lease novation agreement (if the financing is happening in conjunction with a sale), but to the extent that they are not it may be useful to include an adapted form of this Annex.

Examples of the sorts of issues which may need to be addressed include:

1. ***Bank Accounts.*** *To the extent that the Lessee is being asked to pay rentals or other amounts to bank accounts which are not set out in the lease, include details here of the new accounts to which payments should be made.*
2. ***Insurance Parties.*** *It may be useful to list and name each finance party who needs to be named as a contract party and/or an additional insured on the hull and liability insurances for the Aircraft, and to specify (if not already covered expressly in the underlying Lease Agreement) whether the loss payee for insurance proceeds is the Lessor or the Security Trustee.*
3. ***Finance Parties/Indemnitees.*** *The underlying Lease Agreement will often only include a generic definition of "finance parties" for the purposes of the indemnity and other provisions of the Lease Agreement – if that is the case, it is prudent to specifically notify the Lessee and give full details of all financing parties who will be named as "finance parties", "lessor lender" or "indemnatee" for the purposes of the lease agreement.*
4. ***Nameplates.*** *A notification that the nameplates on the airframe/engines need to be changed to identify the new Security Trustee.*
5. ***Replacement ancillary documents.*** *If the circumstances of the financing would require the lessee to replace any existing ancillary documents (such as, for instance, a Eurocontrol letter or IDERA) following enforcement (which may be necessary if they only name the lessor and the ST cannot utilise them as a result) include a notification to the Lessee to replace these on receipt of an Enforcement Notice.*

Note that in some instances the underlying lease may not adequately cover finance parties – take for example an underlying lease that does not name all finance parties as "Indemnitees" already (some may only reference the security trustee) or which does not include all finance parties in the insurance section. In this situation the Annex should be used to address these gaps (with drafting to be included on a case by case basis/]

ACKNOWLEDGEMENT OF ASSIGNMENT FROM THE LESSEE

To: [•], lessor
[•], in its capacity as security trustee

Dated: [•]

Dear Sirs

[Aircraft Operating Lease Agreement] dated [as of][] between [insert name of lessor] (the "Lessor") and the Lessee in relation to one (1) [insert aircraft type] aircraft with MSN [] (the "Lease Agreement")

We acknowledge receipt of the notice given by the Security Trustee and the Lessor to ourselves dated [•] (the "Notice") in respect of the Lease Agreement. We hereby consent to the security interest thereby notified and agree to the terms and conditions of the Notice.

We:

- (a) agree to comply in full with the instructions contained therein and the obligations expressed thereunder to be assumed by the Lessee (including with respect to matters contained in the Annex)⁵; and
- (b) [confirm that we have not received any previous notice of assignment in respect of the Lease Agreement]⁶.

We represent and warrant that we have duly authorised and executed this acknowledgement after completion of all necessary corporate action.

Terms defined in the Notice have the same meanings when used herein.

[This acknowledgement shall constitute a [Transaction Document] for the purposes of the Lease Agreement]⁷.

This acknowledgment shall be construed in accordance with, and this acknowledgement and all matters arising out of or relating in any way whatsoever to this acknowledgement (whether in contract, tort or otherwise) shall be governed by the laws of the State of New York.

Yours faithfully

⁵ To the extent that any of the matters contained in the Annex require more than just a simple acceptance from the Lessee (for instance if there is a need to amend the underlying Lease to update the definition of "Indemnatee", consider adding specific wording to the Acknowledgement to address the issue)

⁶ Include where there is no existing security assignment of the Lease. If there is an existing security assignment, adapt to reflect that

⁷ Include where the notice and acknowledgement is not already a transaction document/operative document for the purposes of the Lease Agreement

[Lessee]

By: _____

Title: _____