



WARRANTY ASSIGNMENT AND CONSENT (VARIANT 2), 2012

Template Document prepared jointly by AWG and IATA

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PREPARATORY NOTES

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Variant 1 is intended for use with a single tier lease structure. Variant 2 is intended for use with a single tier lease structure where there is an assignment in favor of a security trustee.

Transaction parties electing to make use of this template document should consult the User's Guide and Commentary (2012) prepared in connection herewith.

Warranty Assignment and Consent

[Date]

[Security Trustee]

[Address]

[Lessee]

[Address]

Re: **Warranty Rights**

[description of aircraft / engines] (the ["Aircraft"] ["Engines"])

Dear Sir/Madam,

Reference is made to:

(a) the [Aircraft] [Engine] Lease Agreement dated [date] between [Lessor] ("**Lessor**") and [Lessee] ("**Lessee**") in respect of the [Aircraft] [Engines] (the "**Lease Agreement**"); and

(b) the Loan Agreement dated [date] between, among others, Lessor (as a borrower), [Security Trustee] ("**Security Trustee**") and Lenders (as defined therein), pursuant to which Lenders have agreed to provide financing to Lessor to assist Lessor in purchasing the [Aircraft] [Engines] (the "**Loan Agreement**").

As contemplated by the Lease Agreement and the Loan Agreement, Lessor, Lessee and Security Trustee, with the consent of [Manufacturer] ("**Manufacturer**"), agree as follows:

1. Assignment

(a) Lessor hereby assigns to Security Trustee absolutely by way of security for the full payment, performance and discharge of the Secured Obligations (as defined in the Loan Agreement) (the "**Secured Obligations**") all of Lessor's right, title, benefit and interest in and to the warranties and other rights described in part I of annex 1 to this Letter, but only to the extent they are associated with the [Aircraft] [Engines] (the "**Warranty Rights**"), including Lessor's right to receive the benefits of and to make claims under the Warranty Rights, subject always to the limitations, conditions, exclusion of liabilities and disclaimers described in part 1 of annex 1 to this Letter (the "**Limitations**"), but unless and until a Security Trustee Enforcement Notice (as defined below) is delivered in accordance with 2(a) below, reserving to Lessor the right to receive the benefits of and to make claims under the Warranty Rights subject to the Limitations. Security Trustee acknowledges and consents to the assignment of the Warranty Rights to Lessee in 1(b) below and agrees that unless and until a Lessor Termination Notice (as defined below) is delivered in accordance with 2(b) below, and whether or not a Security Trustee Enforcement Notice has been delivered, Lessee shall be entitled to receive the benefits of and to make claims under the Warranty Rights subject to the Limitations. By executing this Letter Security Trustee agrees to be bound by the terms of the Warranty Rights, including the Limitations, if and when it may exercise any Warranty Rights.

(b) Lessor hereby assigns to Lessee absolutely all of Lessor's right, title, benefit and interest in and to the Warranty Rights, including Lessor's right to receive the benefits of and to make claims under the Warranty Rights, subject always to the Limitations. By executing this Letter Lessee agrees to be bound by the terms of the Warranty Rights, including the Limitations but shall otherwise have no further obligations to any Party hereto as a consequence of entering into this Warranty Assignment and Consent.

2. Termination and Reassignment

(a) Upon written notice from Security Trustee to Manufacturer (with a copy to Lessor and Lessee) that the assignment under 1(a) above has become enforceable in accordance with its terms ("**Security Trustee Enforcement Notice**") and at all times thereafter, Security Trustee shall be entitled without further notice or demand to exercise any and all rights of Lessor in relation to the Warranty Rights, subject to the Limitations. Unless and until a Lessor Termination Notice is delivered in accordance with 2(b) below, nothing in this 2(a) shall affect Lessee's right to receive the benefits of and to make claims under the Warranty Rights, subject to the Limitations.

(b) Upon written notice from Lessor (or, if a Security Trustee Enforcement Notice has been given to Manufacturer, from Security Trustee) to Manufacturer (with a copy to Lessee) that the leasing of the [Aircraft] [Engines] pursuant to the Lease Agreement has terminated or expired or that the Lease Agreement has otherwise terminated in accordance with its terms ("**Lessor Termination Notice**"), the assignment of Warranty Rights under 1(b) above shall terminate and Lessee shall be deemed to have reassigned the Warranty Rights to Lessor.

3. No Release

Nothing in this Letter shall release Lessor from any of its obligations to Manufacturer under the agreements described in part I of annex 1 to this Letter or modify the provisions of such agreements. Save as expressly provided in this Letter, Security Trustee shall not have any obligation or liability of any kind under the agreements described in part I of annex 1 to this Letter by reason of, or arising out of, this Letter, nor shall Security Trustee be obliged to perform any of the duties or obligations of Lessor under the agreements described in part I of annex 1 to this Letter.

4. Manufacturer Protections

(a) Manufacturer is entitled to rely on the following, notwithstanding the assignments hereunder: (i) unless Manufacturer has received a Lessor Termination Notice and whether or not a Security Trustee Enforcement Notice has been delivered, Lessee shall be exclusively entitled to exercise the Warranty Rights, subject to the Limitations; and (ii) after Manufacturer has received a Lessor Termination Notice, Lessor shall be exclusively entitled to exercise the Warranty Rights, subject to the Limitations, unless and until Manufacturer has received a Security Trustee Enforcement Notice, after which Security Trustee shall be exclusively entitled to exercise the Warranty Rights, subject to the Limitations.

(b) Manufacturer shall: (i) not be deemed to have knowledge of any Lessor Termination Notice or Security Trustee Enforcement Notice until it has received such written notice to the address specified in part II of annex 1 to this Letter; (ii) be entitled to rely without further enquiry on any such written notice that it receives; (iii) be entitled to rely upon the agreements set out in this Letter; and (iv) not, merely as a consequence of this Letter, be subject to any liability to which it would not otherwise be subject under the Warranty Rights or be subject to any multiple or duplicative liability under the Warranty Rights.

5. Security

(a) Lessor covenants to pay, perform and discharge the Secured Obligations and acknowledges that the amount secured by this Letter is enforceable in the full amount of the Secured Obligations for the time being and from time to time. The security created by this Letter shall be continuing security for the full amount of the Secured Obligations for the time being and from time to time and shall not be released or discharged by any intermediate payment or discharge of any part of the Secured Obligations.

(b) Upon full discharge and satisfaction of the Secured Obligations, Security Trustee shall, upon written request and at the cost of the Lessor, and without prejudice to Lessee's rights hereunder prior to delivery to Manufacturer of a Lessor Termination Notice: (i) reassign the Warranty Rights to Lessor; and (ii) execute such documents as Lessor may reasonably require in order to effect such re-assignment.

6. Miscellaneous

(a) This Letter constitutes the entire agreement and understanding of the Security Trustee, Lessor, Lessee and Manufacturer with respect to its subject matter.

(b) No amendment, modification or waiver in respect of this Letter will be effective unless in writing, nor will it be effective as to the Manufacturer without the Manufacturer's written consent.

(c) Any notices or other communication hereunder shall be in English. They (a) shall be in writing, (b) may be given in any manner specified in part III of annex 1 and (c) will be deemed effective as indicated:

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by facsimile transmission, on the date that transmission is received in legible form;

(iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered; or

(iv) if sent by electronic messaging system, on the date that an electronic message is received,

in each case unless the date of that delivery or that receipt, as applicable, is not a Business Day (as defined in part IV of annex I) for the recipient or that communication is delivered or received, as applicable, after 5 pm local time on a Business Day in the location specified for the recipient in part III of annex 1, in which case that communication shall be deemed given and effective on the first following day that is a Business Day for the recipient.

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

(e) With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Letter ("**Proceedings**"), each party irrevocably: (i) submits to the jurisdiction of the Supreme Court of the State of New York sitting in the Borough of Manhattan and the United States District Court for the Southern District of New York, and any appellate court from any thereof, on an exclusive or nonexclusive basis, as specified in part V of annex 1; (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum, waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party, and further waives any right to assert sovereign immunity with respect to jurisdiction or enforcement (including in accordance with Article 51 of the Cape Town Convention, if applicable); and (iii) if a nonexclusive basis is specified in part V of annex 1 then it is agreed that nothing in this Letter precludes either party from bringing Proceedings in any other jurisdiction, nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(f) EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDINGS. Each of the parties hereby (i) certifies that no representative, agent or attorney of any other parties has represented, expressly or otherwise, that such other parties would not, in the event of a Proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it has been induced to enter into this Letter by, among other things, the mutual waivers and certifications in this paragraph.

(g) If a provision of this Letter is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the legality, validity or enforceability (i) in that jurisdiction of any other provision of this Letter or (ii) in any other jurisdiction of that or any other provision of this Letter.

(h) This Letter may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. This Letter may be executed and delivered by facsimile and/or electronic media.

(i) Lessor, Lessee and Security Trustee agree to take all actions reasonably requested by the other to carry out the intent of this Letter, provided that all costs of pursuing any claims under or enforcing the Warranty Rights shall be borne by Lessee prior to delivery to Manufacturer of a Lessor Termination Notice and by Lessor thereafter.

(j) The parties shall keep this Letter and the terms of the Warranty Rights confidential, provided that disclosure may be made (i) to affiliates and permitted assignees (ii) to professional advisers or auditors, (iii) as required by relevant laws, including filing and registration requirements, (iv) to Lenders and the prospective transferees of Lenders who may in each case disclose such terms to their respective professional advisers or auditors, who shall not further disclose such terms, and (iv) with the prior written consent of the other parties. . Any Party making a disclosure under (i), (ii) or (iv) shall be responsible for ensuring that the person to whom disclosure has been made also maintains confidentiality in relation to the disclosed information.

(k) Lessee shall not assign or transfer any Warranty Rights to any person other than Lessor (or, if a Security Trustee Enforcement Notice has been given to Manufacturer, Security Trustee) without Lessor's, Security Trustee's and Manufacturer's prior written consent. Security Trustee shall not assign or transfer any Warranty Rights to any person other than Lessor without Lessor's and Manufacturer's prior written consent and any such transfer shall be without prejudice to Lessee's rights hereunder prior to delivery to Manufacturer of a Lessor Termination Notice. This Letter is binding on and inures to the benefit of successors and assigns permitted hereunder.

Yours faithfully

Executed for and on behalf of [Lessor]

By: _____

Date: _____

In the presence of: _____

Address: _____

Accepted and agreed:

For and on behalf of [Security Trustee]

By: _____

Date: _____

For and on behalf of [Lessee]

By: _____

Date: _____

[Receipt of the foregoing Letter hereby acknowledged, and consent to the terms thereof hereby given:

For and on behalf of [Manufacturer]

By: _____

Date: _____]

Annex 1

Part I – Description of Warranty Rights and Limitations

Part II – Manufacturer's Address

Part III – Manner and Addresses for each Party

Part IV – Business Days

Part V – Jurisdiction