
Hughes Hubbard & Reed

Guggenheim's \$350 Million Deal With AerCap Cleared for Takeoff

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Hughes Hubbard & Reed cleared the runway for global financial services firm Guggenheim Partners LLC to purchase \$1 billion worth of aviation loans from AerCap Holdings N.V., one of the largest aircraft leasing companies in the world.

Under the terms of the Nov. 14 transaction, Guggenheim acquired AerCap's equity interest in Aircraft Lease Securitization Limited ("ALS"), an asset-backed securitization vehicle with an aircraft portfolio valued at approximately \$1 billion. The portfolio is leased to 26 different airlines. AerCap completed the transaction by transferring 100 percent of its interest in the equity securities issued by ALS to a subsidiary of Guggenheim for approximately \$350 million.

"We believe that aviation finance is an attractive investment sector and this transaction provided a compelling investment opportunity for a segment of our clients," said Scott Minerd, chief investment officer of Guggenheim.

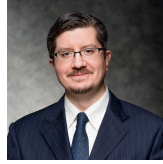
As part of the agreement, AerCap will remain as servicer of the portfolio following the transfer, and will pay Guggenheim an 8 percent coupon on the purchase price until December 2016 or when the ALS debt securities are paid in full. Following repayment of the ALS debt securities, AerCap will receive 20 percent of the ALS portfolio cash flows on a pro rata basis until an amount equal to the aggregate coupon payments has been repaid in full to AerCap. Goldman Sachs acted as agent and arranger for AerCap on the transaction.

The Hughes Hubbard team included Steve Chung, Andrew Fowler, Andy Braiterman, Jerry Harrison and Jim Delaney.

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Steven I. Chung



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