

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended February 28, 2023  
or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number **001-32959**  
**AIRCASTLE LIMITED**  
(Exact name of Registrant as Specified in its Charter)

**Bermuda**  
(State or other Jurisdiction of  
Incorporation or organization)

**98-0444035**  
(I.R.S. Employer  
Identification No.)

c/o Aircastle Advisor LLC  
201 Tresser Boulevard, Suite 400  
Stamford  
Connecticut  
06901

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(203) 504-1020**

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Shares, par value \$0.01 per share	N/A	NONE
Preference Shares, par value \$0.01 per share	N/A	NONE

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the Registrant's Common Shares based upon the closing price on the New York Stock Exchange on August 31, 2022 (the last business day of registrant's most recently completed second fiscal quarter), beneficially owned by non-affiliates of the Registrant was \$0 because the Registrant's Common Shares were not publicly traded as of that date. For purposes of the foregoing calculation, which is required by Form 10-K, the Registrant has included in the shares owned by affiliates those shares owned by directors and executive officers and shareholders owning 10% or more of the outstanding common shares of the Registrant, and such inclusion shall not be construed as an admission that any such person is an affiliate for any purpose.

As of April 18, 2023, there were 14,048 outstanding shares of the registrant's common shares, par value \$0.01 per share.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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**SAFE HARBOR STATEMENT UNDER THE  
PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

All statements included or incorporated by reference in this Annual Report on Form 10-K (this “Annual Report”), other than characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not necessarily limited to, statements relating to our ability to acquire, sell, lease or finance aircraft, raise capital, and increase revenues, earnings, EBITDA and Adjusted EBITDA and the global aviation industry and aircraft leasing sector. Words such as “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “may,” “will,” “would,” “could,” “should,” “seeks,” “estimates” and variations on these words and similar expressions are intended to identify such forward-looking statements. These statements are based on our historical performance and that of our subsidiaries and on our current plans, estimates and expectations and are subject to a number of factors that could lead to actual results materially different from those described in the forward-looking statements; Aircastle can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any such forward-looking statements which are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this Annual Report. These risks or uncertainties include, but are not limited to, those described from time to time in Aircastle’s filings with the Securities and Exchange Commission (“SEC”), including as described in Item 1A, and elsewhere in this Annual Report. In addition, new risks and uncertainties emerge from time to time, and it is not possible for Aircastle to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this Annual Report. Aircastle expressly disclaims any obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

**WEBSITE AND ACCESS TO COMPANY’S REPORTS**

The Company’s Internet website can be found at [www.aircastle.com](http://www.aircastle.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through our website under “Investors — SEC Filings” as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

Statements and information concerning our status as a Passive Foreign Investment Company (“PFIC”) for U.S. taxpayers are also available free of charge through our website under “Investors — Tax Information (PFIC)”.

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Board of Directors committee charters (including the charters of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee) are available free of charge through our website under “Investors — Corporate Governance”. In addition, our Code of Ethics for the Chief Executive and Senior Financial Officers, which applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer and Controller, is available in print, free of charge, to any shareholder upon request to Investor Relations, Aircastle Limited, c/o Aircastle Advisor LLC, 201 Tresser Boulevard, Suite 400, Stamford, Connecticut 06901.

The information on the Company’s website is not part of, or incorporated by reference, into this Annual Report, or any other report we file with, or furnish to, the SEC.

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**PART I**  
**INTRODUCTION**

**ITEM 1. BUSINESS**

*Unless the context suggests otherwise, references in this Annual Report to “Aircastle,” the “Company,” “we,” “us,” or “our” refer to Aircastle Limited and its subsidiaries. Throughout this Annual Report, when we refer to our aircraft, we include aircraft that we have transferred into grantor trusts or similar entities for purposes of financing such assets through securitizations and term financings. These grantor trusts or similar entities are consolidated for purposes of our financial statements. All amounts in this Annual Report are expressed in U.S. dollars and the financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).*

**Overview**

Aircastle acquires, leases, and sells commercial jet aircraft to airlines throughout the world. Our aircraft are managed by an experienced team based in the United States, Ireland and Singapore. Our aircraft are subject to net leases whereby the lessee is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs. However, in many cases we are obligated to pay a specified portion of maintenance or modification costs. During the year ended February 28, 2023, we purchased 22 aircraft and sold 25 aircraft and other flight equipment. As of February 28, 2023, we owned and managed on behalf of our joint venture 248 aircraft leased to 73 lessees located in 44 countries and the net book value of our fleet (comprised of flight equipment held for lease and net investment in direct financing and sales-type leases, or “Net Book Value”) was \$6.6 billion. The weighted average age of our fleet was 9.7 years and the weighted average remaining lease term was 5.3 years. As of February 28, 2023, we had commitments to purchase 20 aircraft with delivery through 2024 for \$763.7 million, which includes estimated amounts for pre-delivery deposits, contractual price escalations and other adjustments.

Our total revenues, net income (loss) and Adjusted EBITDA were \$796.0 million, \$62.8 million, and \$732.3 million for the year ended February 28, 2023, respectively, and \$769.8 million, \$(278.2) million and \$752.3 million for the year ended February 28, 2022, respectively. Cash flow provided by operating activities was \$437.7 million and \$372.9 million for the years ended February 28, 2023 and 2022, respectively. Our business and financial results, customers, and the aviation industry have been impacted by the COVID-19 pandemic and the Russian invasion of Ukraine. We believe our platform and personnel have enabled us to effectively manage through these crises and will position us to take advantage of new investment opportunities when they arise. Our Company employs a team of experienced senior professionals with extensive industry and financial experience. Our leadership team has an average of more than thirty years of relevant industry experience, including managing through prior downturns in the aviation industry, like the 2008 global financial crisis and the September 11, 2001 terror attacks.

Global air travel continues to recover following the impact of the COVID-19 pandemic. According to the International Air Transit Association (“IATA”), air travel approximated 85% of pre-pandemic levels as of February 28, 2023, compared to 55% as of February 28, 2022. The recovery has been driven by strong demand for domestic travel and an improvement in international traffic, which has benefited from the relaxation of travel restrictions in most markets. The recent lifting of travel restrictions in China should help further strengthen global international traffic volumes in 2023 and beyond. We continue to believe long-term demand for air travel will return to historical trends over time.

Historically, growth in commercial air traffic has been correlated with world economic activity. Prior to the COVID-19 pandemic, commercial air traffic growth expanded at a rate one to two times that of global GDP growth. This expansion of air travel has driven growth in the world aircraft fleet; and there are approximately 26,000 commercial mainline passenger and freighter aircraft in the world fleet today. Aircraft leasing companies own approximately 49% of the world’s commercial jet aircraft. Under normal circumstances, we would expect the global fleet to continue expanding at a 2-3% average annual rate.

As a leading secondary market investor, we believe that our long-standing business strategy of maintaining conservative leverage, limiting long-term financial commitments, and focusing our portfolio on more liquid narrow-body aircraft has enabled us to manage through recent crises, such as the COVID-19 pandemic and the Russian invasion of Ukraine. Our portfolio of primarily mid-life, narrow-body aircraft should remain attractive relative to new technology aircraft due to their lower capital costs in an environment of tight airline margins.

We believe we have sufficient liquidity to meet our contractual obligations over the next twelve months and as of April 3, 2023, total liquidity of \$2.0 billion included \$1.4 billion of undrawn credit facilities, \$0.5 billion of projected adjusted operating cash flows through April 1, 2024, and \$0.1 billion of unrestricted cash.

#### *Russian Invasion of Ukraine*

At the onset of the Russian Federation's invasion of Ukraine on February 24, 2022, we had 13 aircraft on lease with Russian or Russian-affiliated airlines and have since terminated the leasing activities for all of these aircraft.

As of February 28, 2023, 9 of our aircraft that were previously leased to Russian airlines remain in Russia. Most of the operators of these aircraft have continued to fly the aircraft notwithstanding the sanctions imposed on Russia and leasing terminations. While we will continue to pursue repossession, it is unlikely we will regain possession of any of these 9 aircraft. As a result, the Company wrote off the remaining book value of these 9 aircraft, resulting in impairment charges totaling \$31.9 million during the year ended February 28, 2023. These 9 aircraft have been removed from the Company's owned fleet count. The Company is vigorously pursuing insurance claims to recover its losses relating to these aircraft and has initiated legal proceedings against its contingent and possessed insurers. The collection, timing and amounts of any insurance recoveries is uncertain.

We have also successfully recovered 4 aircraft that were previously leased to Russian or Russian-affiliated airlines as of February 28, 2023, comprised of 1 narrow-body, 1 wide-body and 2 freighter aircraft. During the year ended February 28, 2023, we sold the 2 freighter aircraft and 1 wide-body aircraft that we recovered for gains totaling \$53.5 million.

We received \$48.9 million of maintenance and general security letters of credit for our former Russian lessees during the year ended February 28, 2023, which we have recognized in maintenance and other revenue. We collected the remaining letters of credit totaling \$0.6 million subsequent to February 28, 2023.

#### **Our Competitive Strengths**

We believe the following competitive strengths will allow us to capitalize on future growth opportunities in the global aviation industry:

- **Diversified Portfolio of Modern Aircraft:** We have a portfolio of modern aircraft that is diversified with respect to lessees, geographic markets, lease maturities and aircraft types. As of February 28, 2023, our owned and managed aircraft portfolio consisted of 248 aircraft leased to 73 lessees in 44 countries. Lease expirations for our owned aircraft are well dispersed, with a weighted-average remaining lease term of 5.3 years. This provides us with a long-dated base of contracted revenues. We believe our focus on portfolio diversification reduces the risks associated with individual lessee defaults and adverse geopolitical or economic issues, and results in generally predictable cash flows.
- **Flexible, Disciplined Acquisition Approach and Broad Investment Sourcing Network:** Our investment strategy is to seek out the best risk-adjusted return opportunities across the commercial jet market, so our acquisition targets vary with market opportunities. We source our acquisitions through well-established relationships with airlines, other aircraft lessors, manufacturers, financial institutions and other aircraft owners. Since our formation in 2004, we have acquired 565 aircraft for \$18.5 billion as of February 28, 2023. We have built our aircraft portfolio through more than 180 transactions with 98 counterparties as of February 28, 2023.
- **Significant Experience in Successfully Selling Aircraft Throughout Their Life Cycle:** Our team is adept at managing and executing the sale of aircraft. Since our formation, we have sold 299 aircraft to 94 buyers for \$6.7 billion as of February 28, 2023. These sales produced net gains of \$514.1 million and involved a wide range of aircraft types and buyers. Of these aircraft, 205, or 69%, were over 14 years old at the time of sale; often being sold on a part-out disposition basis, where the airframe and engines may be sold to various buyers. We believe our competence in selling older aircraft is one of the capabilities that sets us apart from many of our competitors.
- **Strong Capital Raising Track Record and Access to a Wide Range of Financing Sources:** Since our inception, we have raised approximately \$2.1 billion in equity capital from private and public investors as of February 28, 2023. We maintain a strong, strategic relationship with Marubeni Corporation ("Marubeni"), which is one of our controlling shareholders. We have obtained \$19.4 billion in debt capital from a variety of

sources including the unsecured bond market, commercial banks, export credit agency-backed debt, and the aircraft securitization market. The diversity and global nature of our financing sources demonstrates our ability to adapt to changing market conditions and seize new opportunities.

- **Our Capital Structure Provides Investment Flexibility:** We have \$1.7 billion available from unsecured revolving credit facilities, \$1.4 billion of which does not expire until 2025, thereby limiting our near-term financial markets exposure. Given our relatively limited future capital commitments, we have the resources to take advantage of future investment opportunities. Our large, unencumbered asset base and our unsecured revolving lines of credit give us access to the unsecured bond market, which we expect will allow us to pursue a flexible and opportunistic investment strategy over the long term.
- **Experienced Management Team with Significant Expertise:** Our leadership team has an average of more than thirty years of relevant industry experience and we have expertise in the acquisition, leasing, financing, technical management, restructuring/repossession and sale of aviation assets. This experience spans several industry cycles and a wide range of business conditions and is global in nature. We believe our management team is highly qualified to manage and grow our aircraft portfolio and to address our long-term capital needs.
- **Global and Scalable Business Platform:** We operate through offices in the United States, Ireland and Singapore, using a modern asset management system designed specifically for aircraft operating lessors and capable of handling a significantly larger aircraft portfolio. We believe that our current facilities, systems and personnel are capable of supporting an increase in our revenue base and asset base without a proportional increase in overhead costs.

## Business Strategy

Our business approach is to continue to remain differentiated from those of other leasing companies which have orders with aircraft manufacturers. The recent global disruptions that occurred as a result of the COVID-19 pandemic and the Russian invasion of Ukraine have required enhanced focus on diligent, proactive risk monitoring while continuing to pursue our core strategies. Our focus is to manage risk and secure liquidity while growing our assets and profits over the long term. By limiting long-term capital commitments and maintaining a conservative capital structure, we seek to best position ourselves for future investment opportunities as macroeconomic conditions improve.

Our business strategy entails the following elements:

- **Pursuing a disciplined and differentiated investment strategy.** In our view, the relative values of different aircraft change over time. We continually reevaluate investments across different aircraft models, ages, lessees and acquisition channels as market conditions and relative investment values change. We believe our team's experience with a wide range of asset types and the financing flexibility offered through unsecured debt provides us with a competitive advantage. We view orders from aircraft manufacturers to be part of our investment opportunity set, however we have limited large, long-term capital commitments and are not reliant on orders for new aircraft from manufacturers as a source of new investments, as many of our competitors do. Over the long term we plan to grow our business and profits while maintaining a conservative and flexible capital structure.
- **Selling assets when attractive opportunities arise.** We sell assets with the aim of realizing profits and reinvesting proceeds. We also use asset sales for portfolio management purposes, such as reducing lessee specific concentrations and lowering residual value exposures to certain aircraft types.
- **Maintaining efficient access to capital from a wide set of sources and leveraging our investment grade credit rating.** We believe the aircraft investment market is influenced by the business cycle. Our strategy is to increase our purchase activity when prices are low and to emphasize asset sales when prices are high. To implement this approach, we believe it is important to maintain access to a wide variety of financing sources. Since 2018, we have had an investment grade corporate credit rating and maintained strong portfolio and capital structure metrics while achieving critical size through accretive growth. We believe our investment grade rating not only reduces our borrowing costs, but also facilitates more reliable access to both unsecured and secured debt capital throughout the business cycle. There can be no assurance, however, that we will be

able to access capital on a cost-effective basis and our failure to do so could have a material adverse effect on our business, financial condition or results of operation.

- **Leveraging our strategic relationships.** We intend to capture the benefits provided through the extensive global contacts and relationships maintained by our shareholders, Marubeni and Mizuho Leasing, which have enabled greater access to Japanese-based financing and helped source and develop our joint venture.
- **Capturing the value of our efficient operating platform and strong operating track record.** We believe our team’s capabilities in the global aircraft leasing marketplace us in a favorable position to explore new income-generating activities as capital becomes available for such activities. We intend to continue to focus our efforts on investment opportunities in areas where we believe we have competitive advantages and on transactions that offer attractive risk/return profiles.
- **Maintaining a balanced and diversified lease portfolio.** We have a defined Risk Appetite articulated through our Risk Guardrails, which we use to manage portfolio risk and highlight areas where action to mitigate risk may be appropriate. Our Risk Guardrails set limits on lessee concentration by risk rating, geographic concentrations, aircraft type concentrations, overall portfolio credit quality distribution, and lease maturity distribution. We believe that our balanced and diversified fleet, as well as continued focus on portfolio concentration, has and will enable us to reduce the risks associated with the impact of adverse geopolitical and economic events, such as the COVID-19 pandemic and the Russian invasion of Ukraine.

#### Acquisitions and Sales

We originate acquisitions and sales through well-established relationships with airlines, other aircraft lessors, financial institutions and brokers, as well as other sources. We believe that sourcing such transactions globally through multiple channels provides for a broad and relatively consistent set of opportunities.

Our objective is to develop and maintain a diverse operating lease portfolio. We review our operating lease portfolio to manage our portfolio diversification and to sell aircraft opportunistically when we believe selling will achieve better expected risk-adjusted cash flows than reinvesting in and re-leasing the aircraft. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview — Acquisitions and Sales.”

We have an experienced acquisition and sales team based in Stamford, Connecticut; Dublin, Ireland; and Singapore that maintains strong relationships with a wide variety of market participants throughout the world. We believe that our seasoned personnel and extensive industry contacts facilitate our access to acquisition and sales opportunities and that our strong operating track record facilitates our access to debt and equity capital markets.

Potential investments and sales are evaluated by teams comprised of marketing, technical, risk management, finance and legal professionals. These teams consider a variety of aspects before we commit to purchase or sell an aircraft, including price, specification/configuration, age, condition and maintenance history, operating efficiency, lease terms, financial condition and liquidity of the lessee, jurisdiction, industry trends and future redeployment potential and values. We believe that utilizing a cross-functional team of experts to consider investment parameters helps us assess more completely the overall risk and return profile of potential acquisitions and helps us move forward expeditiously on letters of intent and acquisition documentation.

#### Finance

We believe that cash on hand, payments received from lessees and other funds generated from operations, unsecured borrowings, borrowings from our revolving credit facilities, secured borrowings for aircraft, and other borrowings and proceeds from future aircraft sales will be sufficient to satisfy our liquidity and capital resource needs over the next twelve months. We may choose to repay all or a portion of such borrowings from time to time with the net proceeds from subsequent long-term debt financings, additional equity offerings or cash generated from operations and asset sales. Our ability to execute our business strategy, particularly the acquisition of additional commercial jet aircraft or other aviation assets, depends to a significant degree on our ability to obtain additional debt and equity capital on terms we deem attractive.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Secured Debt Financings” and “ — Unsecured Debt Financings” under Item 7.

## Segments

The Company manages, analyzes and reports on its business and results of operations on the basis of one operating segment: leasing, financing, selling and managing commercial flight equipment. Our chief executive officer is the chief operating decision maker.

### Aircraft Leases

Our aircraft are net leases whereby we retain the benefit, and bear the risk, of re-leasing and of the residual value of the aircraft at the end of the lease. Leasing can be an attractive alternative to ownership for an airline because leasing increases an airline's fleet flexibility, requires lower capital commitments, and reduces aircraft residual value risks for the airline.

Typically, the lessee agrees to lease an aircraft for a fixed term, although certain of our leases allow the lessee the option to extend the lease for an additional term or, in rare cases, terminate the lease prior to its expiration. Substantially all of our leases have fixed rates that are payable monthly in advance in U.S. dollars. Under our leases, the lessee must pay operating expenses payable or accrued during the term of the lease, which normally include maintenance, overhaul, fuel, crew, landing, airport and navigation charges, certain taxes, licenses, consents and approvals, aircraft registration and insurance premiums.

Generally, we receive a cash deposit or letter of credit as security for the lessee's performance of its obligations under the lease. Typically, the lessee is required to make payments for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft, which are either made monthly in arrears or at the end of the lease term. Our determination of whether to require such payments to be made monthly or to permit a lessee to make a single maintenance payment at the end of the lease term depends on a variety of factors, including the creditworthiness of the lessee, the amount of security deposit provided by the lessee and market conditions at the time. If a lessee is making monthly maintenance payments, we would typically be obligated to use funds paid by the lessee during the lease term to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components, usually following completion of the relevant work. If a lessee makes a single end of lease maintenance payment, the lessee would typically be required to pay us for its utilization of the aircraft during the lease. In some cases, however, we may owe a net payment to the lessee in the event heavy maintenance is performed and the aircraft is returned to us in better condition than at lease inception.

Many of our leases also contain provisions requiring us to pay a portion of the cost of modifications to the aircraft performed by the lessee at its expense if such modifications are mandated by recognized airworthiness authorities. The lessees are obliged to remove liens on the aircraft other than liens permitted under the leases.

Our leases generally provide that the lessees' payment obligations are absolute and unconditional under any and all circumstances and require lessees to make payments without withholding payment on account of any amounts the lessor may owe the lessee or any claims the lessee may have against the lessor for any reason, except that under certain of the leases a breach of quiet enjoyment by the lessor may permit a lessee to withhold payment. The leases also generally include an obligation of the lessee to gross up payments under the lease where lease payments are subject to withholding and other taxes, although there may be some limitations to the gross up obligation, including provisions which do not require a lessee to gross up payments if the withholdings arise out of our ownership or tax structure. In addition, changes in law may result in the imposition of withholding and other taxes and charges that are not reimbursable by the lessee under the lease or that cannot be so reimbursed under applicable law. Our leases also generally require the lessee to indemnify the lessor for tax liabilities relating to the leases and the aircraft, including in most cases, value added tax and stamp duties, but excluding income tax or its equivalent imposed on the lessor.



The scheduled maturities of our aircraft leases by aircraft type grouping currently are as follows, taking into account sales, sale agreements, lease placements and renewal commitments as of April 18, 2023, by fiscal year:

Aircraft Type	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Off-Lease <sup>(1)</sup>	Sold or Sale Agreement	Total
A319/A320/A321	9	23	12	12	11	8	16	3	6	3	—	2	2	4	111
A320neo/A321neo	—	8	3	—	1	1	2	2	2	2	5	2	—	—	27
A330-200/300	1	—	3	1	4	—	—	1	3	—	—	—	1	1	15
737-700/800	7	8	8	6	7	3	9	2	1	—	2	—	2	2	57
737-MAX8	—	—	—	—	—	—	—	1	—	2	1	—	—	—	4
777-300ER	—	—	—	—	3	—	—	—	1	—	—	—	—	—	4
E195	2	—	3	—	—	—	—	—	—	—	—	—	—	—	5
E2-195	—	—	—	—	—	—	—	—	5	5	—	2	—	—	12
Freighters	—	—	—	—	—	1	—	3	—	—	—	—	—	—	4
<b>Total</b>	<b>19</b>	<b>39</b>	<b>29</b>	<b>19</b>	<b>26</b>	<b>13</b>	<b>26</b>	<b>12</b>	<b>18</b>	<b>12</b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>7</b>	<b>239</b>

#### Fiscal Year 2023 Lease Expirations and Lease Placements

As of April 18, 2023, we have 5 off-lease aircraft and 19 aircraft with leases expiring in fiscal year 2023, which combined account for 7% of our Net Book Value at February 28, 2023, still to be placed or sold.

#### Fiscal Year 2024-2027 Lease Expirations and Lease Placements

Taking into account lease and sale commitments, we currently have the following number of aircraft with lease expirations scheduled in fiscal years 2024-2027, representing the percentage of our Net Book Value at February 28, 2023, specified below:

- 2024: 39 aircraft, representing 13%;
- 2025: 29 aircraft, representing 12%;
- 2026: 19 aircraft, representing 7%; and
- 2027: 26 aircraft, representing 12%.

*Lease Payments and Security.* Our leases require the lessee to pay periodic rentals during the lease term. As of February 28, 2023, all but one of our leases have fixed rentals that do not vary according to changes in interest rates. For the one variable rate lease, rentals are payable on a floating interest-rate basis. Virtually all lease rentals are payable monthly in advance and in U.S. dollars.

Under our leases, the lessee must pay operating expenses payable or accrued during the term of the lease, which normally include maintenance, overhaul, fuel, crew, landing, airport and navigation charges, certain taxes, licenses, consents and approvals, aircraft registration and insurance premiums. Typically, the lessee is required to make payments for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending upon the component, and are either made monthly in arrears or at the end of the lease term. Our determination of whether to require such payments to be made monthly or to permit a lessee to make a single maintenance payment at the end of the lease term depends on a variety of factors, including the creditworthiness of the lessee, the amount of security deposit provided by the lessee and market conditions at the time. If a lessee is making monthly maintenance payments, we would typically be obligated to use funds paid by the lessee during the lease term to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components, usually following completion of the relevant work. If a lessee makes a single end of lease maintenance payment, the lessee would typically be required to pay us for its utilization of the aircraft during the lease. In some cases, however, we may owe a net payment to the lessee in the event heavy maintenance is performed and the aircraft is returned to us in better condition than at lease inception.

Many of our leases also contain provisions requiring us to pay a portion of the cost of modifications to the aircraft performed by the lessee at its expense if such modifications are mandated by recognized airworthiness authorities. The lessees are obliged to remove liens on the aircraft other than liens permitted under the leases.

Our leases generally provide that the lessees' payment obligations are absolute and unconditional under any and all circumstances and require lessees to make payments without withholding payment on account of any amounts the lessor may owe the lessee or any claims the lessee may have against the lessor for any reason, except that under certain of the leases a breach of quiet enjoyment by the lessor may permit a lessee to withhold payment. The leases also generally include an obligation of the lessee to gross up payments under the lease where lease payments are subject to withholding and other taxes, although there may be some limitations to the gross up obligation, including provisions which do not require a lessee to gross up payments if the withholdings arise out of our ownership or tax structure. In addition, changes in law may result in the imposition of withholding and other taxes and charges that are not reimbursable by the lessee under the lease or that cannot be so reimbursed under applicable law. Our leases also generally require the lessee to indemnify the lessor for tax liabilities relating to the leases and the aircraft, including in most cases, value added tax and stamp duties, but excluding income tax or its equivalent imposed on the lessor.

#### **Lease Management and Remarketing**

Our aircraft re-leasing strategy is to develop opportunities proactively, well in advance of scheduled lease expiration. This enables consideration of a broad set of alternatives, including deployment, sale or part-out, and to allow for reconfiguration or maintenance lead times where needed. We also take a proactive approach to monitoring the credit quality of our customers, and may seek early return and redeployment of aircraft if we feel that a lessee is unlikely to perform its obligations under a lease. We have invested significant resources in developing and implementing what we consider to be state-of-the-art lease management information systems and processes to enable efficient management of aircraft in our portfolio.

#### **Portfolio Risk Management**

Our objective is to build and maintain a lease portfolio that is balanced and diversified and delivers returns commensurate with risk. We have a defined Risk Appetite to assist in portfolio risk management and highlight areas where action to mitigate risk may be appropriate, and take into account the following:

- individual lessee exposures;
- geographic concentrations;
- aircraft type concentrations;
- portfolio credit quality distribution; and
- lease maturity distribution.

We have a risk management team that undertakes detailed due diligence on lessees when aircraft are acquired with a lease already in place and for placement of aircraft with new lessees following lease expiration or termination. They also monitor the portfolio on an ongoing basis.

#### **Other Aviation Assets and Alternative New Business Approaches**

We believe investment opportunities may arise in related areas such as financing secured by commercial jet aircraft as well as jet engine and spare parts leasing, trading and financing. In the future, we may make opportunistic investments in these or other sectors or in other aviation-related assets, and we intend to continue to explore other income-generating activities and investments.

We source and service investments for our joint venture to which we provide marketing, asset management and administrative services. We are paid market-based fees for these services, which are recorded in Other revenue in our Consolidated Statements of Income (Loss).

We believe we have a world class servicing platform and may also pursue opportunities to capitalize on these capabilities such as providing aircraft management services for third party aircraft owners.

#### **Competition**

The aircraft leasing and trading industry is highly competitive with a significant number of active participants. We

face competition for the acquisition, placement and ultimately for the sale of aircraft. Competition for aircraft acquisitions comes from many sources, ranging from large established aircraft leasing companies to smaller players and new entrants.

Competition for leasing, re-leasing and selling aircraft is based principally upon the availability, type and condition of the aircraft, user base, lease rates, prices, and other lease terms. Aircraft manufacturers, leasing companies, airlines and other operators, distributors, equipment managers, financial institutions and other parties engaged in leasing, managing, marketing or remarketing aircraft compete with us, although their focus may be on different market segments and aircraft types.

Larger lessors are generally more focused on acquiring new aircraft via direct orders with the original equipment manufacturers and through purchase and lease-back transactions with airlines. These larger lessors include AerCap Holdings, Air Lease Corporation, SMBC Aviation Capital, BOC Aviation, Avolon Holdings, Aviation Capital Group, Dubai Aerospace Enterprise, Industrial and Commercial Bank of China and China Development Bank.

Competition for mid-aged and older aircraft comes from other competitors that, in many cases, rely on private equity or hedge fund capital sources. Such competitors include Carlyle Aviation Partners, Castlelake, Merx Aviation and other players, including new entrants, funded by alternative investment funds and companies. These companies are typically fund-based, rather than having permanent capital structures, and have benefited from the availability of debt financing for mid-aged aircraft. Some of these companies have also set up permanent capital structures to be able to access the unsecured debt market.

Some of our competitors have greater financial resources and / or a lower cost of capital. A number commit to speculative orders of new aircraft to be placed on operating lease upon delivery from the manufacturer, which compete with new and used aircraft offered by other lessors. The aircraft leasing industry is characterized by on-going merger and acquisition activity as well as new entrants as barriers to entry into the industry are relatively low. In 2022, two start-ups with significant financial backing started operations: High Ridge Aviation (U.S., backed by PIMCO) and AviLease (Saudi Arabia, backed by a sovereign wealth fund).

We believe that we can compete favorably in aircraft acquisition, leasing and sales activities due to the reputation of our team of experienced professionals, extensive market contacts and expertise in sourcing and acquiring aircraft. We also believe our access to unsecured debt provides us with a competitive advantage in pursuing investments quickly and reliably and in acquiring aircraft in situations where it may be more difficult to finance on a secured, non-recourse basis.

## **Insurance**

We require our lessees to carry general third-party legal liability insurance, all-risk aircraft hull insurance (both with respect to the aircraft and with respect to each engine when not installed on our aircraft) and war-risk hull and legal liability insurance. We are named as an additional insured on liability insurance policies carried by our lessees, and we or one of our lenders would typically be designated as a loss payee in the event of a total loss of the aircraft. We maintain contingent hull and liability insurance coverage with respect to our aircraft which is intended to provide coverage for certain risks, including the risk of cancellation of the hull or liability insurance maintained by any of our lessees without notice to us, but which excludes coverage for other risks such as the risk of insolvency of the primary insurer or reinsurer. Not all losses are covered by insurance and in some cases, the insurers also have maximum limits that will be payable called aggregate limits.

We maintain insurance policies to cover non-aviation risks related to physical damage to our equipment and property, as well as with respect to third-party liabilities arising through the course of our normal business operations (other than aircraft operations). We also maintain limited business interruption insurance to cover a portion of the costs we would expect to incur in connection with a disruption to our main facilities, and we maintain directors' and officers' liability insurance providing coverage for liabilities related to the service of our directors, officers and certain employees. Consistent with industry practice, our insurance policies are generally subject to deductibles or self-retention amounts.

Both our insurers and the airlines' insurers have not settled our claims arising from the Russian invasion of Ukraine and we have had to resort to litigation that could take years to fully settle. The Russian invasion of Ukraine has also led insurers to reassess their coverage and significantly increase premiums. We nevertheless continue to believe the insurance coverage currently carried by our lessees and by Aircastle provides adequate protection against the accident-related and other covered risks involved in the conduct of our business. However, there can be no assurance that we have adequately insured against all risks, that lessees will at all times comply with their obligations to maintain insurance, that

our lessees' insurers and re-insurers will be or will remain solvent and able to satisfy any claims, that any particular claim will ultimately be paid or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future.

## **Environmental, Social and Governance (“ESG”)**

We believe that our commitment to identifying and implementing positive environmental and social related business practices strengthens our Company, and better serves our customers, our communities and the broader environment within which we conduct our business. Board oversight of ESG matters is conducted by the Company's Risk and Governance Committee.” A detailed report with our ESG disclosures in alignment with Global Reporting Initiative guidance can be found on our website at [www.aircastle.com](http://www.aircastle.com).

### *Our Commitment to Environmental Sustainability*

Ambitious targets have been made towards the ultimate goal of curbing the adverse effects of climate change. In October 2021, IATA announced its Fly Net Zero commitment to achieve net zero carbon by 2050. This commitment was echoed by the United States Aviation Climate Action Plan, released in November 2021. In February 2022, a collective of airlines, airports, and aviation manufacturers operating in the European Union (“E.U.”), United Kingdom (“U.K.”), and European Free Trade Associate (“EFTA”) unveiled the flagship sustainability measure, Destination 2050.

For these ambitious measures to reach implementation, a wide political and administrative consensus will be required. Due to the inherent complexities of jet aircraft, decarbonizing aviation requires more radical new technology as compared to other modes of transportation. Hydrogen and electric propulsion for commercial jet aircraft are far-reaching initiatives. Sustainable aviation fuels (“SAFs”) provide the most readily available means for airline operators to reduce their carbon emissions while using existing technology, however the high cost and low availability present challenges for SAFs impactful usage.

The Company believes the operations of our customers could be affected by the potential impacts of both climate change and sustainability targets and initiatives aimed at curbing its effect, so we are committed to monitoring sustainability developments. The Company's long-term strategic plan takes these rapidly developing initiatives into consideration when we evaluate the technology behind the aircraft we target for investment. For the year ended February 28, 2023, 16 out of the Company's 22 total acquisitions were in new technology aircraft with higher efficiency and lower emissions.

### *Our People*

As of February 28, 2023, we had 115 employees. None of our employees are covered by a collective bargaining agreement, and we believe that we maintain excellent employee relations.

We believe that our commitment to our employees is critical to our continued success, leading to high employee satisfaction and low employee turnover. To facilitate talent attraction and retention, we strive to have a diverse, inclusive and safe workplace, with opportunities for our employees to grow and develop in their careers, supported by strong compensation, benefits and health and wellness programs, and by programs that build connections between our employees and their communities. Each year, we review employee career development and succession planning internally and with our Compensation Committee.

### *Our Culture & Governance*

Our Company was formed in 2004 on the values of integrity, common decency and respect for others. These values continue to this day and are shared by our employees. In addition, these values are embodied in our Code of Business Conduct and Ethics, which has been adopted by the Board of Directors of the Company to serve as a statement of principles to guide our decision-making and reinforce our commitment to these values in all aspects of our business.

The Company also maintains independent third-party whistle-blower platforms for anonymous reporting of fraud or ethics violations. Our cyber security initiatives provide protection through malware detection, cloud penetration testing, threat hunting and incident responsiveness.

We believe that our commitment to our Company, our employees and the communities in which we operate has led to high employee satisfaction and low employee turnover, as discussed above, and our commitment to our customers and

business partners has resulted in high customer satisfaction, as evidenced by long-time relationships with our customers and new/repeat transactions with our business partners.

### **Government Regulation**

The air transportation industry is highly regulated, although Aircastle itself is generally not directly subject to most air transportation regulations as we do not operate aircraft. In contrast, our lessees are subject to extensive, direct regulation under the laws of the jurisdictions in which they are registered and where they operate. Such laws govern, among other things, the registration, operation, security, and maintenance of our aircraft, environmental issues and the financial oversight of their operations.

Regulations, such as those limiting CO<sub>2</sub> emissions and reducing noise, are changing and developing in the aviation sector, where there is an additional international angle to the regulation. The impact of recent crises, such as the COVID-19 pandemic and the Russian invasion of Ukraine, on the airline sector has further complicated matters. Further regulatory changes are expected in the coming years.

### **ITEM 1A. RISK FACTORS**

*In addition to the other information set forth in this Annual Report, you should carefully consider the following factors, which could materially adversely affect our business, financial condition, results of operations in future periods or our ability to meet our debt obligations. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, results of operations.*

#### **Risks Related to Our Lessees**

*Risks affecting the airline industry may materially adversely affect our customers.*

We operate as a supplier to airlines and are indirectly impacted by all the risks facing airlines today. The ability of lessees to perform their obligations under the relevant lease depends on their financial condition, which may be affected by factors beyond our control, including:

- passenger and air cargo demand, fare levels and air cargo rates;
- operating costs, including the price and availability of jet fuel, labor costs and insurance costs and coverages;
- restrictions in labor contracts and labor difficulties, including pilot shortages;
- availability of financing, including covenants in financings, terms imposed by credit card issuers, collateral posting requirements contained in hedging contracts and the ability of airlines to make or refinance principal payments;
- economic conditions, including recession, financial system distress and currency fluctuations;
- aircraft accidents;
- the continuing availability of government support through subsidies, loans, guarantees, equity investments;
- changing political conditions, including risk of protectionism, travel restrictions, or trade barriers;
- geopolitical events, including war, terrorism, epidemic or pandemic diseases and natural disasters;
- impact of climate change and emissions on demand for air travel;
- cyber risk, including information hacking, viruses, ransomware and malware; and
- governmental regulation of, including noise regulations, emissions regulations, climate change initiatives, and aircraft age limitations.

These factors, and others, may lead to defaults by our customers, or may delay or prevent aircraft deliveries or transitions, result in payment or other lease term restructurings, may increase our costs from repossessions and reduce our revenues due to downtime or lower re-lease rates.

***Adverse currency movements could negatively impact the profitability of our lessees.***

Many of our lessees are exposed to currency risk as they earn revenues in local currencies while a significant portion of their liabilities and expenses, including fuel, debt service, and lease payments are denominated in U.S. dollars. If the local currency is devalued, our lessees may not be able to increase revenue sufficiently to offset the impact of exchange rates on these expenses. Currency depreciation could impact the ability of customers to meet their contractual obligations in a timely manner. Shifts in foreign exchange rates can be significant, are difficult to predict, and can occur quickly.

***Increases in fuel prices could negatively impact the profitability of our lessees.***

Fuel costs represent a major expense to airlines and fluctuate widely. Airlines may not be able to successfully manage their exposure to fuel prices and significant changes could materially affect their operating results. Airlines may not be able to pass on increases in fuel prices to their customers by increasing fares. High fuel prices may also have an impact on consumer spending and adversely impact demand for air transportation.

***Lessee defaults could materially adversely affect our business, financial condition and results of operations.***

Investors should expect some lessees to experience payment difficulties, particularly in difficult economic or operating environments. As a result of their financial condition and lack of liquidity, lessees may be significantly in arrears in their rental or maintenance payments. Liquidity issues are more likely to lead to airline failures in the periods of large air traffic declines, financial system distress, volatile fuel prices, and economic slowdown. Given the size of our aircraft portfolio, we expect that from time to time some lessees will be slow or will fail to make their payments in full under their leases.

We may not correctly assess the credit risk of a lessee or that risk could change over time. We may not be able to charge risk-adjusted lease rates, and lessees may not be able to continue to perform their financial and other obligations under our leases in the future. We may experience some level of delinquency under our leases and default levels may increase over time. A lessee may experience periodic difficulties that are not financial in nature, which could impair its performance of maintenance obligations under the leases. These difficulties may include the failure to perform required aircraft maintenance and labor-management disagreements or disputes.

In the event that a lessee defaults under a lease, any security deposit paid or letter of credit provided by the lessee may not be sufficient to cover the lessee's outstanding or unpaid lease obligations and required maintenance and transition expenses.

***Significant costs resulting from lease defaults could have a material adverse effect on our business.***

While we have the right to repossess the aircraft and to exercise other remedies upon a lessee default, repossession of an aircraft could lead to significant costs for us. Those costs include legal and other expenses of court or other governmental proceedings, particularly if the lessee is contesting the proceedings, and costs to obtain possession and/or deregistration of the aircraft and flight and export permissions. Delays resulting from these proceedings would increase the period of time during which the aircraft is not generating revenue. We may incur maintenance, refurbishment or repair costs that a defaulting lessee has failed to incur or pay and that are necessary to put the aircraft in suitable condition for re-lease or sale. We may be required to pay off liens, claims, taxes and other governmental charges to obtain clear possession and to remarket the aircraft for re-lease or sale. We may also incur maintenance, storage or other costs while we have physical possession of the aircraft.

We may suffer other adverse consequences due to a lessee default and the repossession of the aircraft. Our rights upon a lessee default vary significantly depending upon the jurisdiction and may include the need to obtain a court order for repossession of the aircraft and/or consents for deregistration or re-export of the aircraft. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions give rights to the trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third party, or entitle the lessee or another third party to retain possession of the aircraft without paying lease rentals or without performing all of the obligations under the lease. There can be no assurance that jurisdictions that have adopted the Cape Town Convention will enforce it as written. Certain of our lessees are owned in whole or in part by government-related entities, which could complicate our efforts to repossess the relevant aircraft. Accordingly, we may be delayed in, or prevented from, enforcing our rights under a lease and in re-leasing or selling the affected aircraft.

If we repossess an aircraft, we may not necessarily be able to export or deregister and redeploy the aircraft. When a lessee or other operator flies only domestic routes, repossession may be more difficult, especially if the jurisdiction permits the lessee or the other operator to resist deregistration. Significant costs may also be incurred in retrieving or recreating aircraft records required for registration of the aircraft and obtaining a certificate of airworthiness. A default and exercise of remedies involving a lessee where we have a significant exposure or concentration risk could have a materially adverse impact on our future revenue and cash flows.

***If our lessees encounter financial difficulties and we decide to restructure our leases with those lessees, this could result in less favorable leases and significant reductions in our cash flow.***

When a lessee is late in making payments or fails to make payments in full, we may elect to or be required to restructure the lease. Restructuring may involve anything from a simple rescheduling of payments to the termination of a lease without receiving all the past due amounts. If requests for payment restructuring or rescheduling are granted, reduced or deferred rental payments may be payable over all or some part of the remaining term of the lease, and the terms of any revised payment schedules may be unfavorable or such payments may not be made. We may be unable to agree upon acceptable terms for any requested restructurings and as a result may be forced to exercise our remedies under those leases and we may be unable to repossess our aircraft on a timely basis. If we, in the exercise of our remedies, repossess the aircraft, we may not be able to re-lease the aircraft promptly at favorable rates, or at all.

The terms and conditions of payment restructurings or reschedulings, particularly involving lessees where we have significant exposure, may adversely affect our cash flows.

***Airline reorganizations could have an adverse effect on our financial results.***

As a result of economic conditions, airlines may be forced to reorganize. Bankruptcies and reduced demand may lead to the grounding of significant numbers of aircraft and negotiated reductions in aircraft lease rental rates, with the effect of depressing aircraft market values. Additional grounded aircraft and lower market values would adversely affect our ability to sell certain of our aircraft on favorable terms, or at all, or re-lease other aircraft at favorable rates comparable to the then current market conditions, which collectively would have an adverse effect on our financial results. We may not recover any of our claims or damages against an airline under bankruptcy or insolvency protection.

***If our lessees fail to appropriately discharge aircraft liens, we might find it necessary to pay such claims.***

In the normal course of business, liens that secure the payment of airport fees and taxes, custom duties, air navigation charges (including charges imposed by Eurocontrol), landing charges, crew wages, repairer's charges, salvage or other liens, are likely, depending on the jurisdiction, to attach to the aircraft. These liens may secure substantial sums that may, in certain jurisdictions or for certain types of liens (particularly "fleet liens"), exceed the value of the relevant aircraft. Although the financial obligations relating to these liens are the responsibility of our lessees, if they fail to fulfill their obligations, these liens may attach to our aircraft and ultimately become our responsibility. Until these liens are discharged, we may be unable to repossess, re-lease or sell the aircraft or unable to avoid detention or forfeiture of the aircraft.

Our lessees may not comply with their obligations under their respective leases to discharge liens arising during the terms of their leases. If they do not do so, we may find it necessary to pay the claims secured by any liens in order to repossess the aircraft.

***Risks associated with the concentration of our lessees in certain geographical regions could harm our business or financial results.***

Through our lessees and the countries in which they operate, we are exposed to the specific conditions and associated risks of those particular jurisdictions. An adverse economic or political event in any region or country in which our lessees or our aircraft are concentrated could affect the ability of our lessees to meet their obligations to us or expose us to various legal or political risks associated with the affected jurisdictions, all of which could have a material and adverse effect on our financial results.

*Many of our lessees operate in emerging markets and we are indirectly subject to the economic and political risks associated with such markets.*

Emerging markets may be more vulnerable to economic and political problems, such as significant fluctuations in gross domestic product, interest and currency exchange rates, government instability, nationalization and expropriation of private assets, unfavorable legal systems, change in law regarding recognition of contracts or ownership rights, changes in governments or government policy and the imposition of taxes or other charges by governments. The occurrence of these events may adversely affect our ownership interest in an aircraft or the ability of our lessees to meet their lease obligations. For the year ended February 28, 2023, 45 of our lessees, which operated 118 aircraft and generated 54% of our lease rental revenue, are domiciled or habitually based in emerging markets.

#### **Risks Related to Our Aviation Assets**

*The variability of supply and demand for aircraft could depress lease rates for our aircraft.*

The aircraft leasing and sales industry has experienced periods of aircraft oversupply. The oversupply of a specific type of aircraft in the market is likely to depress aircraft lease rates for, and the value of, that type of aircraft. The supply and demand for aircraft is affected by various cyclical and non-cyclical factors that are not under our control, including:

- passenger and air cargo demand;
- operating costs, including fuel costs, and general economic conditions affecting our lessees' operations;
- foreign exchange rates;
- interest rates and the availability of capital to finance certain aircraft types;
- airline restructurings and bankruptcies;
- changes in control of, or restructurings of, other aircraft leasing companies;
- manufacturer production levels and technological innovation;
- new-entrant manufacturers, or existing manufacturers producing new aircraft models;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- governmental regulation, tariffs and other restrictions, such as sanctions, on trade or the leasing of aircraft;
- climate change initiatives, technological change, aircraft noise and emissions regulations, aircraft age limits and other factors leading to reduced demand for, early retirement or obsolescence of aircraft models;
- outbreaks of communicable diseases and natural disasters;
- reintroduction into service of aircraft previously grounded or in storage; and
- airport and air traffic control infrastructure constraints.

These and other factors may produce movements in aircraft values and lease rates, which would impact our cost of acquiring aircraft, or which may result in lease defaults or prevent aircraft from being re-leased or sold on favorable terms.

*Other factors that could cause a decline in aircraft value and lease rates.*

In addition to factors linked to the aviation industry generally, other factors that may affect the value and lease rates of our aircraft include:

- the age of the aircraft;
- the particular maintenance and operating history of the airframe and engines;
- the number of operators using that type of aircraft;
- whether the aircraft is subject to a lease and, if so, whether the lease terms are favorable to us;
- the demand for and availability of such aircraft;
- applicable airworthiness directives or manufacturer's service bulletins that have not yet been performed;
- grounding orders or other regulatory action that could prevent or limit utilization of our aircraft;
- regulatory and legal requirements that must be satisfied before the aircraft can be purchased, sold or re-leased; and
- compatibility of our aircraft configurations or specifications with those desired by operators and financiers.



Any decrease in the values of and lease rates for commercial aircraft which may result from the above factors or other unanticipated factors may have a material adverse effect on our financial results.

***Climate change may have a long-term impact on our business.***

There are inherent climate-related risks wherever our business is conducted. Changes in market dynamics, stakeholder and financier expectations, local, national and international climate change policies, all have the potential to disrupt our business and operations. Various countries, including the United States and countries in the European Union, have announced sustainability initiatives that, among other things, aim to reduce carbon emissions, explore sustainable aviation fuels and establish sustainability measures and targets. Climate and environmental objectives may impact the types of aircraft we target for investment and the demand for certain aircraft and engine types, and could result in a significant increase in our costs and expenses and adversely affect future revenue, cash flows and financial performance. Failure to address climate change could result in greater exposure to economic and other risks and impact our ability to adhere to developing climate goals.

***The advent of superior aircraft technology and higher production levels could cause our existing aircraft portfolio to become outdated and therefore less desirable.***

As manufacturers introduce technological innovations and new types of aircraft, including the Boeing 787, the Airbus A350, the Airbus A220 and re-engined models of the Boeing 737, Boeing 777, Airbus A320, Airbus A330 and Embraer E-Jet families of aircraft, certain aircraft in our existing aircraft portfolio may become less desirable to potential lessees or purchasers. This next generation of aircraft generally delivers improved fuel consumption and reduced noise and emissions with lower operating costs compared to prior-technology aircraft. The Boeing 787 and 737 MAX and the Airbus A350, A320neo and A220 are all currently in production. The Boeing 777X is expected to enter service in 2025. The Commercial Aircraft Corporation of China Ltd. is developing aircraft models that will compete with the Airbus A320 family aircraft, the Boeing 737 and the Embraer E-Jet. The introduction of these new models and the potential resulting overcapacity in aircraft supply, could adversely affect the residual values and the lease rates for our aircraft, our ability to lease or sell our aircraft on favorable terms, or at all.

***The effects of emissions and noise regulations and policies may negatively affect the airline industry. This may cause lessees to default on their lease payment obligations and may limit the market for certain aircraft in our portfolio.***

Many governments have imposed limits on aircraft engine emissions, such as NO<sub>x</sub>, CO and CO<sub>2</sub>, consistent with current ICAO standards. In 2015, over 190 countries, including the United States, reached an agreement to reduce global GHG emissions at the United Nations Framework Convention on Climate Change. The agreement does not expressly reference aviation, but if the agreement is implemented in the United States and other countries there could be an adverse effect on the aviation industry.

European countries have relatively strict environmental regulations that can restrict operational flexibility and decrease aircraft productivity. The E.U. has included the aviation sector in its emissions trading scheme (“ETS”) but its application to flights within the European Economic Area (“EEA”) deferred any further application until 2024, pending a review of the results of a new initiative introduced by the promulgated by ICAO. On December 6, 2022, a provisional agreement on the European Commission’s “Fit for 55” proposal was reached between the European Parliament and the European Council that will modify the ETS system by phasing out ETS allowances for the aviation sector by 2026. It remains to be seen how this agreement will be implemented and what effect, if any, this will have on our business.

In October 2016, ICAO adopted a global market-based measure to control CO<sub>2</sub> emissions from international aviation. This measure is the “Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”) with the aim of achieving carbon-neutral growth from 2020 onwards. The CORSIA pilot phase (2021-2023) and the CORSIA first phase (2024-2026) will apply only to routes between countries that have each volunteered to participate in the scheme. All airlines that operate routes between two volunteering countries will be subject to the offsetting requirements. The requirement to offset emissions will be divided among airlines in proportion to their total CO<sub>2</sub> emissions, which is referred to as the “sectoral” approach to emissions. From 2030 onwards, this sectoral approach will transition to an approach based on each airline’s individual rate of growth.

Over time, it is possible that governments will adopt additional regulatory requirements and/or market-based policies to reduce emissions and noise levels from aircraft. Such initiatives may be based on concerns regarding climate change, energy security, public health, local impacts, or other factors, and may impact the global market for certain

aircraft and cause behavioral shifts that result in decreased demand for air travel. These concerns could result in limitations on our customers' operation of our fleet and our ability to lease or re-lease certain older mid-life aircraft, particularly aircraft equipped with older technology engines.

Compliance with current or future regulations could cause our lessees to incur higher costs and lead to higher ticket prices, which could mean lower demand for travel and adverse impacts on the financial condition of our lessees. Such compliance may also affect our lessees' ability to make rental and other lease payments and limit the market for aircraft in our portfolio.

***Public perception of the company's commitment to positive ESG initiatives could expose us to additional risk.***

Companies are facing increasing and frequently evolving scrutiny globally from customers, regulators, financiers, employees and other stakeholders related to their ESG practices and disclosure. There has been an increased expectation for the global aviation industry to balance commercial interests with conscientious ESG performance focused on accountability to stakeholders. In recognition of this trend, organizations are sometimes reviewed by rating agencies using varying sustainability evaluation criteria. In some cases, these reviews result in ESG-specific ratings. Institutions who invest in our unsecured notes or with whom we have secured lending facilities may also have an elevated focus on the ESG perception of those with whom they transact. Our ability to obtain financing at strategic rates could be impacted by these perceptions and ratings or by any developing key performance indicators which the Company and financiers may develop over time.

***The older age of some of our aircraft may expose us to higher maintenance related expenses.***

In general, the costs of operating an aircraft, including maintenance expenditures, increase with the age of the aircraft. Additionally, older aircraft typically are less fuel-efficient than newer aircraft and may be more difficult to re-lease or sell, particularly if, due to increasing production rates by aircraft manufacturers or airline insolvencies, older aircraft are competing with an excess of newer aircraft in the lease or sale market. Expenses like fuel, carbon charges, aging aircraft inspections, maintenance or modification programs and related airworthiness directives could make the operation of older aircraft less economically viable and may result in increased lessee defaults. We may also incur some of these increased maintenance expenses and regulatory costs upon acquisition or re-leasing of our aircraft. Re-leasing larger wide-body aircraft may result in higher reinvestment and maintenance expenditures than re-leasing narrow-body aircraft.

***The concentration of aircraft or engine types in our portfolio could lead to adverse effects on our business should any difficulties specific to a particular type of aircraft or engine occur.***

Our portfolio is concentrated in certain aircraft and engine types. The supply of commercial aircraft is dominated by Airbus and Boeing and there are a limited number of engine manufacturers. Should any aircraft or engine types or any manufacturers encounter disruptions, including supply chain issues, manufacturing and quality control issues, financial instability or other difficulties, it would cause a decrease in the value of these assets, an inability to lease them on favorable terms or at all, or a potential grounding of these aircraft or engines, which may adversely impact our financial results, to the extent the affected type comprises a significant percentage of our portfolio.

***We operate in a highly competitive market for investment opportunities and for the leasing and sale of aircraft.***

We compete with other lessors, airlines, aircraft manufacturers, financial institutions, aircraft brokers and other investors with respect to aircraft acquisitions, leasing and sales. The aircraft leasing industry is highly competitive and may be divided into three basic activities: (i) aircraft acquisition; (ii) leasing or re-leasing of aircraft; and (iii) aircraft sales.

A number of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances, lower investment return expectations or different risk or residual value assessments, which could allow them to consider a wider variety of investments, establish more relationships, bid more aggressively on aviation assets available for sale and offer lower lease rates or sales prices than we can. Some of our competitors may provide financial services, maintenance services or other inducements to potential lessees or buyers that we cannot provide. As a result of competitive pressures, we may not be able to take advantage of attractive investment opportunities, and we may not be able to identify and make investments that are consistent with our investment objectives. Additionally, the barriers to entry in the aircraft acquisition and

leasing market are comparatively low, and new entrants appear from time to time. We may not be able to compete effectively against present and future competitors in the aircraft acquisition, leasing or sales market.

#### **Risks Related to Our Leases**

***If lessees are unable to fund their maintenance obligations on our aircraft, we may incur increased costs at the conclusion of the applicable lease.***

The standards of maintenance observed by lessees and the condition of the aircraft may affect the future values and rental rates for our aircraft.

Under our leases, the lessee is responsible for maintaining the aircraft and complying with all governmental requirements applicable to the lessee and the aircraft, including, operational, maintenance, and registration requirements and airworthiness directives, although in certain cases we may agree to share certain of these costs. Failure of a lessee to perform required aircraft maintenance or required airworthiness directives could result in a decrease in value of such aircraft, an adverse effect on our ability to lease the aircraft at favorable rates or at all, or a potential grounding of such aircraft, and will likely require us to incur increased maintenance and modification costs upon the expiration or earlier termination of the applicable lease, which could be substantial, to restore such aircraft to an acceptable condition. If any of our aircraft are not subject to a lease, we would be required to bear the entire cost of maintaining that aircraft and performing any required airworthiness directives.

Many of our leases provide that the lessee is required to make periodic payments to us during the lease term to provide reserves for major maintenance events. In these leases there is an associated liability for us to reimburse the lessee after such maintenance is performed. A substantial number of our leases do not provide for any periodic maintenance reserve payments to be made to us. Typically, these lessees are required to make payments at the end of the lease term. However, in the event such lessees default, the value of the aircraft could be negatively affected by the maintenance condition and we may be required to fund the entire cost of performing major maintenance on the relevant aircraft without having received compensating maintenance payments from these lessees.

Even if we receive maintenance payments, these payments may not cover the entire expense of the scheduled maintenance they are intended to fund. In addition, maintenance payments typically cover only certain scheduled maintenance requirements and do not cover all required maintenance and all scheduled maintenance. As a result, we may incur unanticipated or significant costs at the conclusion of a lease.

***Failure to pay certain potential additional operating costs could result in the grounding or arrest of our aircraft and prevent the re-lease, sale or other use of our aircraft.***

As in the case of maintenance costs, we may incur other operational costs upon a lessee default or where the terms of the lease require us to pay a portion of those costs. Such costs include:

- the costs of casualty, liability and political risk insurance and the liability costs or losses when insurance coverage has not been or cannot be obtained as required, or is insufficient in amount or scope;
- the costs of licensing, exporting or importing an aircraft, airport charges, customs duties, air navigation charges, landing fees and similar governmental or quasi-governmental impositions, which can be substantial;
- penalties and costs associated with the failure of lessees to keep aircraft registered under all appropriate local requirements or obtain required governmental licenses, consents and approvals; and
- carbon taxes or other fees, taxes or costs imposed under emissions limitations, climate change regulations or other initiatives.

The failure to pay certain of these costs can result in liens on the aircraft. The failure to register the aircraft can result in a loss of insurance. These matters could result in the grounding or arrest of the aircraft and prevent the re-lease, sale or other use of the aircraft until the problem is cured.

***Our lessees may have inadequate insurance coverage or fail to fulfill their respective indemnity obligations, which could result in us not being covered for claims asserted against us.***

By virtue of holding title to the aircraft, lessors may be held strictly liable for losses resulting from the operation of aircraft or may be held liable for those losses based on other legal theories. Liability may be placed on an aircraft lessor in certain jurisdictions even under circumstances in which the lessor is not directly controlling the operation of the aircraft.

Lessees are required under our leases to indemnify us for, and insure against, liabilities arising out of the use and operation of the aircraft, including third-party claims for death or injury to persons and damage to property for which we may be deemed liable. Lessees are required to maintain public liability, property damage and hull all risk and hull war risk insurance on the aircraft at agreed upon levels. However, they are not generally required to maintain political risk insurance. Following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of insurance coverage available to airlines for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. At the same time, they significantly increased the premiums for such third-party war risk and terrorism liability insurance and coverage in general. As a result, the amount of such third-party war risk and terrorism liability insurance that is commercially available at any time may be below the amount stipulated in our leases. The Russian invasion of Ukraine has also led insurers to reassess their coverage and significantly increase premiums.

Our lessees' insurance (including any available governmental supplemental coverage) and our contingent and possessed insurance may not cover, or be sufficient to cover, all types of claims that may be asserted against us and recovery may also be subject to aggregate limits. Any inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations will reduce the proceeds that would be received by us upon an event of loss under the respective leases or upon a claim under the relevant liability insurance.

***Failure to obtain certain required licenses and approvals could negatively affect our ability to re-lease or sell aircraft.***

A number of our lessees must obtain licenses, consents or approvals in order to import or operate the aircraft or comply with the leases. These include consents from governmental or regulatory authorities for certain payments under the leases and for the import, export or deregistration of the aircraft. Subsequent changes in applicable law or administrative practice may increase such requirements and a governmental consent, once given, might be withdrawn. Consents needed in connection with future re-leasing or sale of an aircraft may not be forthcoming. Any of these events could adversely affect our ability to re-lease or sell aircraft.

#### **Risks Related to Our Operations**

***Events outside of our control, including the threat or realization of epidemic or pandemic diseases, terrorist attacks, war or armed hostilities between countries or non-state actors, and natural disasters may adversely affect the demand for air travel, the financial condition of our lessees and of the aviation industry more broadly, and may ultimately impact our business.***

Air travel has historically been disrupted, sometimes severely, by the occurrence of unexpected events outside of our and our lessees' control. The occurrence of any such event, or multiple such events, could cause our lessees to experience decreased passenger demand, to incur higher costs and to generate lower revenues, which could adversely affect their ability to make lease payments to us. This in turn may lead to lease restructurings and repossessions and could result in reductions to our lease revenues and cash flows, and cause us to record impairment charges to the extent we cannot recover our investment in our aircraft assets.

Passenger demand for air travel has been recently impacted by the COVID-19 pandemic and, in the past, by other epidemic diseases such as severe acute respiratory syndrome, bird flu, swine flu, the Zika virus, and Ebola.

According to IATA, air travel approximated 85% of pre-pandemic levels as of February 28, 2023, compared to 55% as of February 28, 2022. If air traffic remains depressed over an extended period and if our customers are unable to obtain sufficient funds from private, government or other sources, we may need to provide lease concessions to certain customers in the form of deferrals or broader lease restructurings. We have also experienced and may still experience other impacts from the COVID-19 pandemic, including weaker demand for certain aircraft types and defaults, bankruptcies or reorganizations of our lessees. While we cannot currently reasonably estimate the extent to which these events will continue to impact our business, we expect our business, financial condition and results of operations will continue to be negatively impacted in the near term. Future epidemic diseases and other diseases, or the fear of such events could provoke responses that negatively affect passenger air travel.

The airline industry has also been disrupted by terrorist attacks, war or armed hostilities between countries or non-state actors, including the fear of such events. These events may lead to decreased passenger demand and revenue due to safety concerns, the inconvenience of additional security measures, the higher price of jet fuel, increased financing costs, and difficulty in raising funds on favorable terms, or at all. In addition, these events may lead to higher costs of aircraft

insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and affect the extent to which such insurance has been or will continue to be available. they may also lead to higher insurance costs due to the increased security measures and potential special charges, such as those related to the impairment of aircraft and other long lived assets stemming from the above conditions. More recently, the Russian invasion of Ukraine and resulting sanctions by various countries, including the United States, countries in the E.U., and the U.K., have significantly affected our business, financial condition, and results of operations. The Russia invasion of Ukraine has and may continue to have adverse effects on macroeconomic conditions, including fuel prices, the availability and cost of insurance, security conditions, currency exchange rates and financial markets. It is not possible to predict the broader or longer-term consequences of the Russian invasion of Ukraine, which could include new or additional sanctions (including counter responses by the Russian government or other jurisdictions), embargoes, further escalation or regional instability, and geopolitical shifts. Such geopolitical instability and uncertainty could have a negative impact on our ability to lease aircraft, collect payments from, and support customers in certain regions based on trade restrictions, embargoes and export control law restrictions, and logistics restrictions including closures of air space, and could materially and adversely affect our business.

Demand for air travel or the inability of airlines to operate to or from certain regions due to the occurrence of natural disasters or other natural phenomena, such as severe weather conditions, floods, earthquakes or volcanic eruptions, could have an adverse effect on our lessees' ability to satisfy their lease payment obligations to us.

***Volatile financial market conditions may adversely impact our liquidity, our access to capital and our cost of capital and may adversely impact the airline industry and the financial condition of our lessees.***

We may, from time to time, seek to opportunistically refinance, amend, re-price and/or otherwise replace any of our debt, obtain additional debt financing or enter into other financing arrangements, reduce or extend our debt, lower our interest payments or the cost of capital available to us under certain types of financing arrangements, or otherwise seek to improve our financial position or the terms of our debt or other financing agreements. These actions may include open market debt repurchases, negotiated repurchases, or other repayments, redemptions or retirements of our debt or other financing arrangements.

The amount of debt that may be borrowed or issued, refinanced, and/or repurchased, repaid, redeemed or otherwise retired, if any, will depend on market conditions, trading levels of our debt, our cash position, compliance with our debt covenants and other considerations. The availability and pricing of debt financing remains susceptible to global events, including political changes, rising interest rates, currency fluctuations, and the rate of international economic growth. If we need, but cannot obtain, adequate capital on satisfactory terms, or at all, as a result of negative conditions in the capital markets or otherwise, our business, financial condition and results of operations could be materially adversely affected.

***We bear the risk of re-leasing and selling our aircraft.***

We bear the risk of re-leasing or selling our aircraft in order to continue to generate cash flows. Only a portion of an aircraft's value is covered by contractual cash flows from leases, so we are exposed to the risk that the residual value will not be sufficient to permit us to fully recover our investment and that we may have to record impairment charges. In certain cases we commit to purchase aircraft that are not subject to lease and therefore are subject to lease placement risk.

Other factors that may affect our ability to fully realize our investment in our aircraft and that may increase the likelihood of impairment charges include credit deterioration of a lessee, higher fuel prices which may reduce demand for older, less fuel-efficient aircraft, additional environmental regulations, age restrictions, customer preferences and other factors that may effectively shorten the useful life of older aircraft.

***We own and lease long-lived assets and have written down the value of some of our assets. If market conditions worsen, or in the event of a customer default, we may be required to record further write-downs.***

We perform an annual recoverability assessment of all aircraft in our fleet, on an aircraft-by-aircraft basis. A recoverability assessment is also performed whenever events or changes in circumstances, or indicators, suggest that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination, a significant change in aircraft model's storage levels, the introduction of newer technology aircraft or engines, an aircraft type that is no longer in production or significant airworthiness directive that is issued.

When we perform a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the aircraft exceeds its net book value. We develop the assumptions used in the recoverability analysis based on current and future expectations of the global demand for a particular aircraft type and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party industry sources. The factors considered in estimating the undiscounted net cash flows are impacted by changes in future periods due to changes in projected lease rental and maintenance payments, residual values, economic conditions, technology, airline demand for a particular aircraft type and other factors, such as the location of the aircraft and accessibility to records and technical documentation. If our estimates or assumptions change, we may revise our cash flow assumptions and record future impairment charges.

We continue to closely monitor the impact of recent crises, such as the Russian invasion of Ukraine and the COVID-19 pandemic, on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will continue to perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We have focused and will continue to focus on aircraft with near-term lease expirations, customers that have entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, and certain other customers and aircraft variants that are more susceptible to the impact of these above crises and value deterioration.

***Departure of key officers could harm our business and financial results.***

Our senior management's reputations and relationships with lessees, sellers, buyers and financiers of aircraft are a critical element of our business. We encounter intense competition for qualified employees from other companies in the aircraft leasing industry, and we believe there are only a limited number of available qualified executives in our industry. The Company seeks to retain a pipeline of senior management personnel with superior talent to provide continuity of succession, including for the Chief Executive Officer position and other senior positions. Our Board of Directors is involved in succession planning, including review of short- and long-term succession plans for senior positions. Our future success depends, to a significant extent, upon the continued service of our senior management personnel, including the Chief Executive Officer, and if we lose one or more of these individuals, our business could be adversely affected.

***We are subject to risks related to our indebtedness that may limit our operational flexibility and our ability to compete with our competitors.***

As of February 28, 2023, our total indebtedness was \$4.6 billion, representing 71.1% of our total capitalization. Airastle Limited is either the principal obligor or has guaranteed most of this indebtedness, and we are responsible for timely payment when due and compliance with covenants under the related debt documentation. We may be unable to generate sufficient cash to pay, when due, the principal of, interest on or other amounts due with respect to our indebtedness, and our substantial amount of indebtedness may increase our vulnerability to adverse economic and industry conditions, reduce our flexibility in planning for or reaction to changes in the business environment or in our business or industry, and adversely affect our cash flow and our ability to operate our business and compete with our competitors. Our indebtedness subjects us to certain risks, including:

- 16.7% of our Net Book Value serves as collateral for our secured indebtedness, and the terms of certain of our indebtedness require us to use proceeds from sales of certain aircraft, in part, to repay amounts outstanding under such indebtedness;
- our failure to comply with the terms of our indebtedness, including restrictive covenants, may result in additional interest being due or defaults that could result in the acceleration of the principal, and unpaid interest on, the defaulted debt, as well as the forfeiture of any aircraft pledged as collateral; and
- non-compliance with covenants prohibiting certain investments and other restricted payments, raise additional capital or refinance our existing debt, may reduce our operational flexibility and limit our ability to refinance.

***Our ability to obtain debt financing and our cost of debt financing is, in part, dependent upon our credit ratings and a credit downgrade or being put on negative watch could adversely impact our financial results.***

Maintaining our credit ratings depends on our financial results and on other factors, including the outlook of the ratings agencies on our sector and on the market generally. A credit rating downgrade or being put on negative watch may make it more difficult or costly for us to raise debt financing in the unsecured bond market, or may result in higher pricing or less favorable terms under other financings. Credit rating downgrades or being put on negative watch, may

make it more difficult and/or more costly to satisfy our funding requirements. Any future tightening or regulation of financial institutions could impact our ability to raise funds in the commercial bank loan market in the future.

***An increase in our borrowing costs may adversely affect our earnings.***

We primarily finance our business through the issuance of Senior Notes. As our Senior Notes mature, we will be required to repay them by issuing new Senior Notes, which could result in higher borrowing costs, or repay them by using cash on hand or cash from the sale of our assets.

***The provisions of our long-term financings require us to comply with financial and other covenants. Our compliance with these ratios, tests and covenants depends upon, among other things, the timely receipt of lease payments from our lessees and upon our overall financial performance.***

- *Senior Notes* Our senior note indentures impose operating and financial restrictions on our activities. These restrictions limit our ability to, or in certain cases prohibit us from guaranteeing additional indebtedness, incurring liens and a cross-default to certain other financings of the Company.
- *Term Financings*. Our secured term financings contain, among other customary provisions, a minimum net worth covenant of \$1.1 billion, a 2.0:1.0 minimum interest coverage ratio, a 2.0:1.0 minimum fixed coverage ratio, a 75% maximum loan-to-value ratio, a 2.0:1.0 EBITDA to cash interest ratio and a cross-default to certain other financings of the Company.
- *Unsecured Revolving Credit Facilities*. Our unsecured revolving credit facilities/loan contain \$750 million to \$1.1 billion minimum net worth covenants, minimum unencumbered asset ratios, minimum fixed coverage ratios and cross-defaults to certain other financings of the Company.

The terms of our financings also restrict our ability to incur or guarantee additional indebtedness or engage in mergers, amalgamations or consolidations among our subsidiary companies or between a subsidiary company and a third party or otherwise dispose of all or substantially all of our assets.

***We are subject to various risks and requirements associated with transacting business in foreign jurisdictions.***

The international nature of our business exposes us to trade and economic sanctions and other restrictions imposed by the U.S. and other governments. The U.S. Departments of Justice, Commerce and Treasury, as well as other agencies and authorities have a broad range of civil and criminal penalties, they may seek to impose against companies for violations of export controls, the Foreign Corrupt Practices Act (“FCPA”), and other federal statutes, sanctions and regulations, including those established by the Office of Foreign Assets Control (“OFAC”). Increasingly, similar or more restrictive foreign laws, rules and regulations, including the U.K. Bribery Act (“UKBA”), and European laws and regulations may also apply to us. By virtue of these laws and regulations, we may be obliged to limit our business activities, we may incur costs for compliance programs and we may be subject to enforcement actions or penalties for noncompliance. In recent years, U.S. and foreign governments have increased their oversight and enforcement activities with respect to these laws, and we expect the relevant agencies to continue to increase these activities.

We have compliance policies and training programs in place for our employees with respect to FCPA, OFAC Regulations, UKBA and similar laws, but there can be no assurance that our employees, consultants or agents will not engage in conduct for which we may be held responsible. Violations of FCPA, OFAC Regulations, UKBA and other laws, sanctions or regulations may result in severe criminal or civil penalties, and we may be subject to other liabilities.

The General Data Protection Regulation (“GDPR”) requires us to protect certain personal data of E.U. citizens. While we have implemented processes and controls to comply with GDPR requirements, the manner in which the E.U. will interpret and enforce certain provisions remains unclear and we could incur significant fines of up to 4% of worldwide revenue, individual damages and reputational risks if the E.U. determines that our controls and processes are ineffective and we have failed to adequately comply with the requirements.

***We are dependent upon information technology systems, which are subject to disruption, damage, failure and risks associated with implementation and integration.***

We are dependent upon information technology systems to manage, process, store and transmit information associated with our operations, which may include proprietary business information and personally identifiable information of our customers, suppliers and employees. Our information technology systems are subject to disruption,

damage or failure from a variety of sources, including malware, ransomware, security breaches, cyber-attacks, employee error and defects in design. There may also be an elevated risk of cyber-attacks by Russia in response to economic sanctions imposed by the U.S., the E.U., the U.K. and other countries resulting from the Russian invasion of Ukraine. Damage, disruption, or failure of information technology systems may result in interruptions to our operations or may require a significant investment to fix or replace them or may result in significant damage to our reputation. Although various measures have been implemented to manage our risks related to the information technology systems and network disruptions, our resources and technical sophistication may not be adequate to prevent all types of cyber-attacks that could lead to the payment of fraudulent claims, loss of sensitive information, including our own proprietary information or that of our customers, suppliers and employees, and could harm our reputation and result in lost revenues and additional costs and potential liabilities.

#### **Risks Related to Our Organization and Structure**

*We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations.*

We are a holding company with no material direct operations. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries. As a result, we are dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Although there are currently no material legal restrictions on our operating subsidiaries' ability to distribute assets to us, legal restrictions, including governmental regulations and contractual obligations, could restrict or impair our operating subsidiaries' ability to pay dividends or make loan or other distributions to us. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions.

#### **Risks Related to Taxation**

*If Aircastle were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income taxation on a net income basis, which would adversely affect our business.*

If, contrary to expectations, Aircastle were treated as engaged in a trade or business in the United States, the portion of its net income, if any, that was "effectively connected" with such trade or business would be subject to U.S. federal income taxation at a maximum rate of 35% for taxable years ending on or prior to December 31, 2017 and 21% for taxable years beginning after December 31, 2017 (such rate, the "Federal Rate"). In addition, Aircastle would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes would adversely affect our business.

*The U.S. Corporate Alternative Minimum Tax ("AMT") proposals may impact our effective tax rate in future periods.*

On August 16, 2022, President Biden signed into law the Inflation Reduction Act (the "IRA"). The IRA includes a provision which imposes a 15% minimum tax on adjusted financial statement income ("AFSI") for corporations. For a corporation that is a member of a foreign-parented multi-national group, the AMT applies where (i) the three-year average annual AFSI from all members of the foreign-parented multi-national group exceeds \$1 billion, and (ii) the three-year average annual AFSI from the group's U.S. corporation(s) is \$100 million or more. There is currently limited guidance on the application and calculation of any AMT. This uncertainty will be addressed through regulations promulgated by the U.S. Treasury and guidance issued by the Internal Revenue Service. We currently do not expect these changes to have a material impact on our financial position; however, we will continue to evaluate the impact as further information becomes available.

*If there is not sufficient trading in shares of our ultimate parent company, or if 50% of such shares are held by certain 5% shareholders, we could lose our eligibility for an exemption from U.S. federal income taxation on rental income from our aircraft used in "international traffic" and could be subject to U.S. federal income taxation, which would adversely affect our business.*

We expect that we are currently eligible for an exemption under Section 883 of the Internal Revenue Code of 1986, as amended (the "Code"), which provides an exemption from U.S. federal income taxation with respect to rental income derived from aircraft used in international traffic by certain foreign corporations. No assurances can be given that we will continue to be eligible for this exemption. To qualify for this exemption in respect of rental income, the lessor of the aircraft must be organized in a country that grants a comparable exemption to U.S. lessors (Bermuda and Ireland each do), and certain other requirements must be satisfied. We can satisfy these requirements in any year if, for more than half



the days of such year, our shares are primarily and regularly traded on a recognized exchange and certain shareholders, each of whom owns 5% or more of our shares (applying certain attribution rules), do not collectively own more than 50% of our shares. Following the Merger, these stock ownership requirements are currently tested at the Marubeni and Mizuho Leasing levels such that Aircastle and its subsidiaries can continue to qualify for the Section 883 exemption if the stock of Marubeni is considered to be primarily and regularly traded on a recognized stock exchange and non-qualifying 5% or greater shareholders are not considered to collectively own more than 50% of Marubeni's shares, as described above. If Marubeni's shares cease to satisfy these requirements, then we may no longer be eligible for the Section 883 exemption with respect to rental income earned by aircraft used in international traffic. If we were not eligible for the exemption under Section 883 of the Code, we expect that the U.S. source rental income of Aircastle Bermuda generally would be subject to U.S. federal taxation, on a gross income basis, at a rate of not in excess of 4% as provided in Section 887 of the Code. If, contrary to expectations, Aircastle Bermuda did not comply with certain administrative guidelines of the Internal Revenue Service, such that 90% or more of Aircastle Bermuda's U.S. source rental income were attributable to the activities of personnel based in the United States, Aircastle Bermuda's U.S. source rental income would be treated as income effectively connected with the conduct of a trade or business in the United States. In such case, Aircastle Bermuda's U.S. source rental income would be subject to U.S. federal income taxation on its net income at the Federal Rate as well as state and local taxation. In addition, Aircastle Bermuda would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes would adversely affect our business.

***Bermuda Economic Substance Act 2018.***

Pursuant to the Economic Substance Act 2018 (as amended) of Bermuda (the "ESA") that came into force in January 2019, a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda ("non-resident entity") that carries on as a business any one or more of the "relevant activities" referred to in the ESA must comply with economic substance requirements. The ESA may require in-scope Bermuda entities which are engaged in such "relevant activities" to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain adequate physical presence in Bermuda or perform core income-generating activities in Bermuda. The list of "relevant activities" includes, among other things, carrying on any one or more of: insurance, financing and leasing (which excludes operating leases), headquarters, intellectual property and holding entities.

Entities subject to the economic substance requirements are required to evidence their compliance and file an economic substance declaration with the Registrar of Companies in Bermuda on an annual basis.

Any entity that must satisfy economic substance requirements but fails to do so could face financial penalties, a restriction of its business activities, automatic reporting by the Bermuda authorities to the competent authorities in the European Union or other jurisdiction of the entity's beneficial owners, on an entity's non-compliance or being struck-off as a registered entity in Bermuda. If any one of the foregoing were to occur it may adversely affect the business operations of the Company or its Bermuda subsidiaries.

The Company and its Bermuda subsidiaries believe they have complied with the ESA requirements and have filed, and will continue to file, annual economic substance declarations with the Registrar of Companies in Bermuda as required. The Registrar of Companies in Bermuda ultimately assesses compliance with the ESA requirements.

***We may become subject to an increased rate of Irish taxation which would adversely affect our business.***

Our Irish subsidiaries and affiliates are expected to be subject to corporation tax on their income from leasing, managing, and servicing aircraft at the 12.5% tax rate applicable to trading income. This expectation is based on certain assumptions, including that we will maintain at least the current level of our business operations in Ireland. If we are not successful in achieving trading status in Ireland, the non-trading income activities of our Irish subsidiaries and affiliates would be subject to tax at the rate of 25% and capital gains would be taxed at the rate of 33%.

***We may become subject to income or other taxes in the non-U.S. jurisdictions in which our aircraft operate, where our lessees are located or where we perform certain services which would adversely affect our business.***

Certain Aircastle entities are expected to be subject to the income tax laws of Ireland and the United States. In addition, we may be subject to income or other taxes in other jurisdictions by reason of our activities and operations, where our aircraft operate or where the lessees of our aircraft (or others in possession of our aircraft) are located.

Although we have adopted operating procedures to reduce the exposure to such taxation, we may be subject to such taxes in the future and such taxes may be substantial. In addition, if we do not follow separate operating guidelines relating to managing a portion of our aircraft portfolio through offices in Ireland and Singapore, income from aircraft not owned in such jurisdictions would be subject to local tax. Changes in tax law could impose withholding taxes on lease payments during the term of a lease. Our leases typically require our lessees to indemnify us in respect of taxes, but some leases may not require such indemnification, or a lessee may fail to make such indemnification payment. The imposition of such taxes could adversely affect our business.

***The introduction of Base Erosion and Profit Shifting by the Organization for Economic Cooperation and Development may impact our effective tax rate in future periods.***

The Organization for Economic Cooperation and Development (the “OECD”) has introduced an action plan with respect to base erosion and profit shifting (“BEPS”). The plan targets among other things tax avoidance measures such as hybrid instruments, excessive interest deductions, treaty shopping, and permanent establishment avoidance.

As part of its BEPS actions, the OECD published the “Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting” (“MLI”). The MLI seeks to incorporate agreed tax treaty-related measures combating tax avoidance into bilateral existing tax treaties without the need to negotiate new treaties. The MLI may apply to double tax treaties entered into by other countries in which we have operations (in some cases with effect from as early as January 2019).

The MLI entered into force for Ireland in May 2019, and became effective for withholding tax on January 1, 2020. The MLI changed Ireland's treaties by including a principal purpose test (“PPT”), which will disallow treaty benefits where it is reasonable to conclude that the main purpose or one of the main purposes of a transaction or arrangement is to obtain directly or indirectly the benefits of the treaty. Given the subjectivity of the PPT, there is a risk that each counterparty jurisdiction will interpret it differently, which creates uncertainty in its application to leasing and other arrangements. Until such time as countries develop guidance on how the test will be applied, it will be difficult to determine its effect on us.

Ireland did not adopt the MLI’s “dependent agent” permanent establishment threshold. Some countries could seek a bilateral re-negotiation on the point to change the dependent agent provisions in their tax treaty with Ireland. Any such change could take some time to be agreed and subsequently ratified before it could come into effect.

Further changes to tax law will be required in order to fully implement the BEPS action plans. Currently, it is difficult to determine what further BEPS actions the governments of lessee jurisdictions will implement. Depending on the nature of the BEPS action plans adopted, it may result in an increase in our effective tax rate and cash taxes liabilities in future periods.

***It is unclear what impact the OECD and the BEPS initiatives will have on our business.***

On January 29, 2019, the OECD announced an initiative , to create an international consensus on new rules (referred to as “BEPS 2.0”) for the framework governing international taxation, which was supported by the publication of the Pillar One and Pillar Two Blueprint Reports (the “Blueprints”) on October 12, 2020. The stated aim is to move beyond the arm’s length principle and the scope of current taxing rights are limited to businesses with a physical presence in a country. The new rules, if adopted, would readjust the balance of taxing rights and multinational companies (“MNC”) profit allocation between jurisdictions where MNC assets are owned and the markets where users and consumers are based.

On October 8, 2021, 136 countries, including Ireland and Bermuda, approved a statement, known as the OECD BEPS Inclusive Framework (the “IF”), providing a framework for BEPS 2.0, which builds upon the Blueprints. The IF and revised Pillar Two Blueprint include a global minimum effective tax rate of 15% for groups with annual consolidated revenue in excess of €750 million, subject to certain exclusions. The OECD published detailed rules to assist in the implementation of the Pillar 2 rules involving 137 countries on December 20, 2021, and again on March 14, 2022. These detailed rules should allow some countries to introduce the Pillar 2 rules into domestic legislation during the course of 2023. On December 22, 2021, the European Commission published a proposed E.U. Directive to incorporate the Pillar 2 tax rules into E.U. law and has also issued further publications since that date. On December 12, 2022, the E.U. council unanimously agreed to adopt this Directive giving E.U. countries until December 31, 2023 to transpose the Directive into domestic legislation. Further guidance is expected from the OECD and the E.U. as to how certain aspects of the Pillar

Two Blueprint and the Directive will operate mechanically, and as such it is difficult to determine the degree to which these changes may result in an increase in our effective tax rate and cash tax liabilities in future periods.

On March 12, 2022, the E.U. released the latest draft of the E.U. Directive to implement the OECD Pillar 2 model rules in the E.U. This draft includes a proposal to defer the transposition deadline to December 31, 2023 with the rules to become effective for fiscal years beginning as from this same date and an option for Member States to defer the application of the Income and Inclusion Rule and the Undertaxed Profit Rule (“UTPR”) even further provided that they host fewer than ten Ultimate Parent Entities of in-scope groups. The compromise text also proposes that the implementation of UTPR would be deferred so as to apply in respect of fiscal years beginning from December 31, 2024.

Given that the OECD and the E.U. are still developing their plans under BEPS 2.0 and the scope of many unilateral measures remain unclear, it is unclear what impact the eventual implementation of these plans will have on our business.

***The E.U. Anti-tax Avoidance proposals may impact our effective rate of tax in future periods.***

The Council of the E.U. has implemented the E.U. Anti-Tax Avoidance Directives (“E.U. ATAD”) and the amending Directive (“E.U. ATAD 2”). These Directives seek to oblige all E.U. member states to introduce a number of anti-tax avoidance measures.

Most of the measures were implemented with effect from January 2019, though certain measures may be deferred to 2024. The E.U. ATAD contemplates the introduction of a restriction on the deductibility of interest, measures in respect of certain hybrid transactions and instruments, an exit charge, a switch overrule, controlled foreign company rules as well as a general anti-avoidance rule.

The impact of the other measures in respect of certain hybrid transactions and instruments, an exit charge, a switch over rule, controlled foreign company rules as well as a general anti-avoidance rule will depend on the exact scope of these measures. The impact on the Company’s tax position (if any), will depend on the implementation of these measures in Ireland and other E.U. jurisdictions where we have operations.

The Irish Finance Bill published on October 21, 2021 included draft legislation to enact the interest limitation measures prescribed by ATAD. The implementation date for the new law was January 1, 2022. Based on the final legislation in Finance Act 2021 signed into law on December 21, 2021, the interest limitation rule will apply to limit the deductibility of a company’s exceeding borrowing costs (i.e. its interest (and equivalent) borrowing costs as reduced by its interest (and equivalent) income) to 30% of tax adjusted EBITDA. Importantly for companies carrying on a leasing trade, a portion of their operating lease income and expense will be treated as equivalent to interest for the purposes of the test. The legislation was finalized on December 21, 2021 and Irish Revenue released guidance on the application of these rules on August 4, 2022, and updated guidance in February 2023. We currently do not expect these interest limitation rules to have a material impact on our financial position.

On December 22, 2021, the European Commission issued a proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes within the E.U. (“E.U. ATAD 3”) and has since issued a number of draft amendments. While E.U. ATAD 3 was initially expected to be adopted and published into E.U. member states’ national laws by June 30, 2023, and become effective as of January 1, 2024, there is considerable uncertainty surrounding the development of the proposal and its implementation. One of the proposed amendments has been to delay the application of E.U. ATAD 3 to January 1, 2025. E.U. ATAD 3 could result in additional reporting and disclosure obligations.

On May 11, 2022, the European Commission issued a proposal for a Council Directive laying down rules providing for a debt-equity bias reduction allowance within the E.U. (“DEBRA”). DEBRA is intended to provide a notional interest deduction in respect of equity invested in a company, with the interest calculated based on the 10-year risk-free rate for the relevant currency, with the maximum deduction available limited to 30% of earnings before interest, tax, depreciation and amortization. DEBRA is expected to be enacted into legislation in the coming years, but the timing and development of this legislation are uncertain. DEBRA could result in additional reporting and disclosure obligations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

We lease office space in Stamford, Connecticut, Dublin, Ireland and in Singapore. The lease for our current office in Stamford, Connecticut expires in August 2028. The lease for our Dublin office expires in September 2042 and the lease on our Singapore office expires in July 2025. None of these leases are individually material to the Company's consolidated financial statements.

We believe our current facilities are adequate for our current needs and that suitable additional space will be available as and when needed.

**ITEM 3. LEGAL PROCEEDINGS**

The Company is not a party to any material legal or adverse regulatory proceedings.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## Information about our Executive Officers

Executive officers are elected by our Board of Directors, and their terms of office continue until the next annual meeting of the board or until their successors are elected and have been duly qualified. There are no family relationships among our executive officers. Information pertaining to our executive officers who held office as of April 18, 2023 is set forth below:

*Michael Inglese, 62*, became our Chief Executive Officer and a member of our Board in June 2017, having served as our Acting Chief Executive Officer from January 2017. He was previously our Chief Financial Officer from April 2007. Prior to joining the Company, Mr. Inglese served as an Executive Vice President and Chief Financial Officer of PanAmSat Holding Corporation, where he served as Chief Financial Officer from June 2000 until the closing of PanAmSat's sale to Intelsat in July 2006. Mr. Inglese joined PanAmSat in May 1998 as Vice President, Finance after serving as Chief Financial Officer for DIRECTV Japan, Inc. He is a Chartered Financial Analyst who holds a BS in Mechanical Engineering from Rutgers University College of Engineering and his MBA from Rutgers Graduate School of Business Management.

*Douglas C. Winter, 59*, became our Chief Commercial Officer in April 2019. Prior to joining Aircastle, Mr. Winter was Vice Chairman of Amedeo, a leading aircraft asset manager, from July 2018 to March 2019, as well as Chief Executive Officer and member of the Board of Managers at Voyager Aviation ("Voyager") from October 2017 to March 2019. Prior to this, he served as President and Chief Commercial Officer at Voyager from September 2015 to September 2017. Mr. Winter joined Voyager in June 2015 as Chief Commercial Officer. Previously, Mr. Winter was an advisor to GE Capital Aviation Services and Chief Executive Officer of Octagon Aviation from June 2013 to May 2015 and, before this, he served as Head of Global Sales at AWAS in Dublin, Ireland from December 2010 to May 2013. Mr. Winter has over 35 years of experience in commercial aviation, having started his career with McDonnell Douglas in 1985, and he holds a BS in Business from Indiana University.

*Christopher L. Beers, 58*, is our Chief Legal Officer & Secretary and became our General Counsel in November 2014. Prior to joining the Company, Mr. Beers held senior positions at GE Capital since 2000, including Senior Vice President and Associate General Counsel at GECAS from 2009 to 2014, and Senior Vice President and General Counsel of GE Transportation Finance from 2006 to 2009. Previously, Mr. Beers was a Senior Associate at the law firm of Milbank Tweed Hadley and McCloy in New York City. Mr. Beers holds a BS in Economics from Arizona State University and a JD from Pace Law School.

*Roy Chandran, 59*, became our Chief Financial Officer in September 2022. From March 2020, Mr. Chandran was our Chief Strategy Officer having previously served as our Executive Vice President, Corporate Finance and Strategy from June 2017 to March 2020. He previously served as Executive Vice President of Capital Markets from May 2008. Prior to joining the Company, Mr. Chandran was a Director at Citi in the Global Structured Solutions Group, having originally joined Salomon Brothers in 1997. Mr. Chandran is responsible for all of the Company's fund raising activities and strategy and has extensive experience in U.S. and international capital markets. Before 1997, Mr. Chandran spent eight years in Hong Kong focusing on tax-based cross border leasing of transportation equipment for clients in the Asia Pacific region. Mr. Chandran holds a BS in Chemical Engineering from the Royal Melbourne Institute of Technology, Australia and obtained his MBA from the International Institute of Management Development ("IMD"), Switzerland.

*Paul O'Callaghan, 50*, became our Chief Operations Officer in March 2023 and is responsible for portfolio operations, asset management and technical functions. From 2014, Mr. O'Callaghan was our Executive Vice President, Portfolio Management. Mr. O'Callaghan joined Aircastle in 2005 as Vice President of Technical. Prior to this, Mr. O'Callaghan held a number of technical and commercial roles at airlines both in Ireland and the U.S. Mr. O'Callaghan holds a BE in Electronic Engineering from University College Dublin.

*Dane Silverman, 36*, became our Chief Accounting Officer in July 2021. He was previously our Vice President, Controller from September 2018. Prior to joining Aircastle, Mr. Silverman held Controller and Assistant Controller roles at Voyager Aviation from May 2016. Prior to this, he was a Senior Manager in KPMG LLP's audit practice. He received a BS in Accounting from Marist College and is a CPA.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Not applicable.

### ITEM 6. [RESERVED]

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis of financial condition and results of operations contains forward-looking statements that involve risks, uncertainties and assumptions. You should read the following discussion in conjunction with our historical consolidated financial statements and the notes thereto appearing elsewhere in this Annual Report. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those described under Item 1A. — "Risk Factors" and elsewhere in this Annual Report. Please see "Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995" for a discussion of the uncertainties, risks and assumptions associated with these statements. Our consolidated financial statements are prepared in accordance with U.S. GAAP and, unless otherwise indicated, the other financial information contained in this Annual Report has also been prepared in accordance with U.S. GAAP. Unless otherwise indicated, all references to "dollars" and "\$" in this Annual Report are to, and all monetary amounts in this Annual Report are presented in, U.S. dollars.

#### OVERVIEW

Aircastle acquires, leases, and sells commercial jet aircraft to airlines throughout the world. As of February 28, 2023, we owned and managed on behalf of our joint venture 248 aircraft leased to 73 lessees located in 44 countries. Our aircraft are managed by an experienced team based in the United States, Ireland and Singapore. Our aircraft are subject to net leases whereby the lessee is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs. However, in many cases we are obligated to pay a specified portion of maintenance or modification costs. As of February 28, 2023, the Net Book Value of our flight equipment was \$6.6 billion. The weighted average age of our fleet was 9.7 years and the weighted average remaining lease term was 5.3 years. Our revenues, net income (loss) and Adjusted EBITDA were \$796.0 million, \$62.8 million, and \$732.3 million for the year ended February 28, 2023, and \$769.8 million, \$(278.2) million and \$752.3 million for the year ended February 28, 2022.

#### Acquisitions and Sales

During the year ended February 28, 2023, we acquired 22 aircraft for \$914.2 million. As of February 28, 2023, we had commitments to acquire 20 aircraft for \$763.7 million, with delivery between the first quarter of 2023 and the fourth quarter of 2025, which include estimated amounts for pre-delivery deposits, contractual price escalations and other adjustments. As of April 18, 2023, we have acquired 6 additional aircraft and have commitments to acquire 14 aircraft for \$491.2 million.

During the year ended February 28, 2023, we sold 25 aircraft and other flight equipment for net proceeds of \$426.5 million and recognized a net gain on sale of \$70.9 million. As of April 18, 2023, we have sold 3 additional aircraft.

#### Update on Russian Invasion of Ukraine

At the onset of the Russian Federation's invasion of Ukraine on February 24, 2022, we had 13 aircraft on lease with Russian or Russian-affiliated airlines and have since terminated the leasing activities for all of these aircraft.

As of February 28, 2023, 9 of our aircraft that were previously leased to Russian airlines remain in Russia. Most of the operators of these aircraft have continued to fly the aircraft notwithstanding the sanctions imposed on Russia and leasing terminations. While we will continue to pursue repossession, it is unlikely we will regain possession of any of these 9 aircraft. As a result, the Company wrote off the remaining book value of these 9 aircraft, resulting in impairment

charges totaling \$31.9 million during the year ended February 28, 2023. These 9 aircraft have been removed from the Company's owned fleet count. The Company is vigorously pursuing insurance claims to recover its losses relating to these aircraft and has initiated legal proceedings against its contingent and possessed insurers. The collection, timing and amounts of any insurance recoveries is uncertain.

We have also successfully recovered 4 aircraft that were previously leased to Russian or Russian-affiliated airlines as of February 28, 2023, comprised of 1 narrow-body, 1 wide-body, and 2 freighter aircraft. During the year ended February 28, 2023, we sold the 2 freighter aircraft and 1 wide-body aircraft that we recovered for gains totaling \$53.5 million.

We received \$48.9 million of maintenance and general security letters of credit for our former Russian lessees during the year ended February 28, 2023, which we have recognized in maintenance and other revenue. We collected the remaining letters of credit totaling \$0.6 million subsequent to February 28, 2023.

## **Finance**

We operate in a capital-intensive industry and have a demonstrated track record of raising substantial amounts of capital from debt and equity investors. Since our inception in late 2004, we raised \$2.1 billion in equity capital from private and public investors. We also obtained \$19.4 billion in debt capital from a variety of sources including export credit agency-backed debt, commercial bank debt, the aircraft securitization markets and the unsecured bond market. The diversity and global nature of our financing sources demonstrates our ability to adapt to changing market conditions and seize new growth opportunities.

We intend to fund new investments through cash on hand, funds generated from operations, maintenance payments received from lessees, unsecured bond offerings, secured borrowings secured by our aircraft, draws under on our revolving credit facilities and proceeds from any future aircraft sales. We may repay all or a portion of such borrowings from time to time with the net proceeds from subsequent long-term debt financings, additional equity offerings or cash generated from operations and asset sales. Therefore, our ability to execute our business strategy, particularly the acquisition of additional commercial jet aircraft or other aviation assets, depends to a significant degree on our ability to obtain additional debt and equity capital on terms we deem attractive.

See "Liquidity and Capital Resources" below.

**AIRCASTLE AIRCRAFT INFORMATION (dollars in millions)**

The following table sets forth certain information with respect to the aircraft owned and managed on behalf of our joint ventures by us as of February 28, 2023 and 2022:

<b>Owned Aircraft</b>	<b>As of February 28, 2023<sup>(1)</sup></b>	<b>As of February 28, 2022</b>
Net Book Value of Flight Equipment	\$ 6,635	\$ 6,464
Net Book Value of Unencumbered Flight Equipment	\$ 5,469	\$ 5,352
Number of Aircraft	239	251
Number of Unencumbered Aircraft	209	219
Number of Lessees	73	81
Number of Countries	44	45
Weighted Average Age (years) <sup>(2)</sup>	9.7	10.2
Weighted Average Remaining Lease Term (years) <sup>(2)</sup>	5.3	4.9
Weighted Average Fleet Utilization during the Fourth Quarter <sup>(3)</sup>	94.6 %	95.6 %
Weighted Average Fleet Utilization for the Year Ended <sup>(3)</sup>	94.8 %	94.2 %
Portfolio Yield for the Fourth Quarter <sup>(4)</sup>	9.3 %	10.4 %
Portfolio Yield for the Year Ended <sup>(4)</sup>	9.4 %	9.1 %
<b>Managed Aircraft on behalf of Joint Venture</b>		
Flight Equipment	\$ 285	\$ 298
Number of Aircraft	9	9

(1) Excludes 9 aircraft that remain in Russia with zero Net Book Value – see “Update on Russian Invasion of Ukraine” above and Note 3 in the Notes to Consolidated Financial Statements.

(2) Weighted by Net Book Value.

(3) Aircraft on lease as a percentage of total days in period weighted by net book value.

(4) Lease rental revenue, interest income and cash collections on our net investment in direct financing and sales-type leases for the period as a percent of the average Net Book Value for the period; quarterly information is annualized.



PORTFOLIO DIVERSIFICATION

Aircraft Type	Owned Aircraft as of February 28, 2023		Owned Aircraft as of February 28, 2022	
	Number of Aircraft	% of Net Book Value	Number of Aircraft	% of Net Book Value
<b>Passenger:</b>				
Narrow-body - new technology <sup>(1)</sup>	43	28 %	27	19 %
Narrow-body - current technology	173	56 %	198	63 %
Wide-body	19	14 %	22	16 %
Total Passenger	235	98 %	247	98 %
Freighter	4	2 %	4	2 %
<b>Total</b>	<b>239</b>	<b>100 %</b>	<b>251</b>	<b>100 %</b>
<b>Manufacturer</b>				
Airbus	153	64 %	164	66 %
Boeing	69	28 %	77	30 %
Embraer	17	8 %	10	4 %
<b>Total</b>	<b>239</b>	<b>100 %</b>	<b>251</b>	<b>100 %</b>
<b>Regional Diversification</b>				
Asia and Pacific	62	28 %	71	32 %
Europe	88	30 %	98	30 %
Middle East and Africa	8	3 %	10	4 %
North America	38	20 %	36	17 %
South America	29	14 %	25	13 %
Off-lease	14 <sup>(2)</sup>	5 %	11 <sup>(3)</sup>	4 %
<b>Total</b>	<b>239</b>	<b>100 %</b>	<b>251</b>	<b>100 %</b>

(1) Includes Airbus A320-200neo and A321-200neo, Boeing 737-MAX8, and Embraer E2 aircraft.

(2) Of the 14 off-lease aircraft at February 28, 2023, we have 1 wide-body and 4 narrow-body aircraft that we are currently marketing for lease or sale.

(3) All 11 off-lease aircraft at February 28, 2022, have been placed for lease or sold.

The top ten customers for our owned aircraft at February 28, 2023 are as follows:

Customer	Percent of Net Book Value	Country	Number of Aircraft
IndiGo	8.9%	India	13
LATAM	7.0%	Chile	13
KLM	5.0%	Netherlands	10
Viva Aerobus	4.2%	Mexico	7
Lion Air <sup>(1)</sup>	4.0%	Indonesia	9
American Airlines	3.7%	United States	9
Air Canada	3.3%	Canada	5
Iberia	3.2%	Spain	14
Frontier Airlines	2.9%	United States	4
Volaris	2.9%	Mexico	5
Total top ten customers	45.1%		89
All other customers	54.9%		150
Total all customers	100.0%		239

(1) Includes 4 aircraft on lease with 3 affiliated airlines.

## COMPARATIVE RESULTS OF OPERATIONS

Results of Operations for the year ended February 28, 2023 as compared to the year ended February 28, 2022:

	Year Ended February 28,	
	2023	2022
	(Dollars in thousands)	
<b>Revenues:</b>		
Lease rental revenue	\$ 586,508	\$ 595,236
Direct financing and sales-type lease revenue	9,030	10,733
Amortization of lease premiums, discounts and incentives	(20,574)	(20,190)
Maintenance revenue	138,099	152,030
Total lease revenue	713,063	737,809
Gain on sale of flight equipment	70,860	26,001
Other revenue	12,110	5,977
Total revenues	796,033	769,787
<b>Operating expenses:</b>		
Depreciation	332,663	337,528
Interest, net	204,606	214,352
Selling, general and administrative	76,857	66,338
Provision for credit losses	1,507	930
Impairment of flight equipment	85,623	452,250
Maintenance and other costs	22,196	31,166
Total operating expenses	723,452	1,102,564
<b>Other income (expense):</b>		
Loss on extinguishment of debt	(636)	(14,156)
Other	14,092	57,682
Total other income:	13,456	43,526
Income (loss) from continuing operations before income taxes	86,037	(289,251)
Income tax provision (benefit)	25,466	(7,998)
Earnings of unconsolidated equity method investment, net of tax	2,188	3,044
Net income (loss)	\$ 62,759	\$ (278,209)

### Revenues:

Total revenues increased \$26.2 million, attributable to:

Lease rental revenue decreased \$8.7 million as a result of:

- a \$67.6 million decrease due to lease terminations, of which \$59.5 million related to the termination of leasing activities with Russian or Russian-affiliated airlines as a result of sanctions;
- a \$21.3 million decrease related to the sale of 21 aircraft since March 1, 2021; and
- a \$6.9 million decrease due to lease extensions, amendments, transitions, and other changes.

These decreases were partially offset by:

- a \$66.2 million increase related to 40 aircraft purchased since March 1, 2021; and
- a \$20.9 million increase related to the timing of payments for cash basis customers and a lower number of customers for which lease rental revenue was recognized using a cash basis of accounting rather than an accrual method – see Note 1 in the Notes to Consolidated Financial Statements regarding our lease revenue recognition policy.

*Direct financing and sales-type lease revenue* decreased \$1.7 million, primarily related to the sale of 3 aircraft and scheduled lease expirations of 7 aircraft since March 1, 2021, partially offset by the reclassification of 2 aircraft to sales-type leases.

*Amortization of lease premiums, discounts and incentives.*

	Year Ended February 28,	
	2023	2022
	(Dollars in thousands)	
Amortization of lease premiums	\$ (11,214)	\$ (14,758)
Amortization of lease discounts	765	815
Amortization of lease incentives	(10,125)	(6,247)
Amortization of lease premiums, discounts and incentives	\$ (20,574)	\$ (20,190)

The amortization of lease premiums decreased \$3.5 million, primarily related to lower write-offs of unamortized lease premiums resulting from early lease terminations, partially offset by new lease premiums for aircraft purchased since March 1, 2021.

The amortization of lease incentives increased \$3.9 million, primarily related to the transition of aircraft to new lessees.

*Maintenance revenue.* For the year ended February 28, 2023, we recorded \$138.1 million of maintenance revenue, comprised primarily of \$46.4 million related to scheduled lease expirations and \$49.9 million related to the early lease terminations of 5 narrow-body, 1 wide-body, and 1 freighter aircraft. We also received \$41.8 million of maintenance security letters of credit for our former Russian lessees during the year ended February 28, 2023, which we have recognized in maintenance revenue – see Note 3 in the Notes to Consolidated Financial Statements.

For the year ended February 28, 2022, we recorded \$152.0 million of maintenance revenue, partially comprised of \$59.9 million related to the early lease terminations of 7 narrow-body and 2 wide-body aircraft and \$28.6 million related to the scheduled lease expirations of 8 narrow-body aircraft. In addition, we recorded \$61.6 million of maintenance revenue related to 9 narrow-body and 1 wide-body aircraft with Russian lessees, resulting from sanctions requiring the termination of leasing activities in Russia.

*Gain on sale of flight equipment.* During the year ended February 28, 2023, we sold 25 aircraft for gains totaling \$70.9 million as compared to the sale of 15 aircraft during the year ended February 28, 2022 for gains totaling \$26.0 million.

*Other revenue* increased \$6.1 million, primarily attributable to \$7.1 million of payments received on general security letters of credit for our former Russian lessees.

#### **Operating Expenses:**

Total operating expenses decreased \$379.1 million attributable to:

*Depreciation expense* decreased \$4.9 million primarily attributable to \$41.2 million resulting from 26 aircraft sold since March 1, 2021 and lower depreciation related to aircraft subject to aircraft impairments, including aircraft that were previously leased to Russian airlines. This was partially offset by an increase of \$30.5 million related to 40 aircraft purchased since March 1, 2021.

*Interest, net* decreased \$9.7 million, primarily due to a lower weighted average debt outstanding of \$292.1 million, partially offset by a higher average cost of borrowing.

*Selling, general and administrative expenses* increased \$10.5 million primarily due to an increase in personnel costs, as well as Russia-related legal costs and travel expenses due to increased business travel.

*Impairment of aircraft.* Excluding asset write-offs related to the Russian invasion of Ukraine, during the year ended February 28, 2023, the Company recorded impairment charges totaling \$53.7 million primarily related to the scheduled lease expirations of 3 narrow-body aircraft and lease terminations of 2 narrow-body aircraft, as well as 1 wide-body

aircraft resulting from our annual fleet review. The Company recognized \$58.9 million of maintenance and lease rentals received in advance into revenue for these aircraft during the year ended February 28, 2023.

The Company wrote off the remaining book values of 8 narrow-body and 1 freighter aircraft in Russia which have not been returned to us. As a result, the Company recorded impairment charges totaling \$31.9 million during the year ended February 28, 2023 – see Note 3 in the Notes to Consolidated Financial Statements. During the year ended February 28, 2023, the Company recognized \$20.3 million of maintenance and other revenue for these aircraft related to payments received on maintenance and general security letters of credit.

During the year ended February 28, 2022, we recorded impairment charges of \$452.3 million, of which \$449.0 million were transactional impairments, primarily related to 16 narrow-body, 2 wide-body and 2 freighter aircraft. The Company recognized \$147.8 million of maintenance, security deposits and lease rentals received in advance into revenue for these 20 aircraft during the year ended February 28, 2022. The impairment charges, in part, resulted from lease terminations, scheduled lease expirations and lessee defaults. Of the total impairment charges, \$341.3 million related to 13 aircraft that were with Russian and Ukrainian lessees, resulting from the Russian invasion of Ukraine and related sanctions placed on Russia. The Company recognized \$89.4 million of maintenance, security deposits and lease rentals received in advance into revenue for these 13 aircraft.

*Maintenance and other* costs were \$22.2 million and \$31.2 million for the years ended February 28, 2023 and 2022, respectively, which related to aircraft that have transitioned or will transition to new lessees as a result of lease terminations or scheduled lease expirations. The Company incurred higher maintenance costs during the year ended February 28, 2022 and continues to incur higher costs compared to historical levels, resulting from extended transition periods driven by supply chain issues and manpower shortages.

***Other Income (Expense):***

Total other income decreased by \$30.1 million. During the year ended February 28, 2023, the Company recognized \$14.1 million of other income related to claims settlements received in the form of cash, notes, or equity securities from various airline customers that had entered into bankruptcy proceedings or similar-type restructurings. During the year ended February 28, 2022, the Company recognized \$55.2 million of proceeds from the sales of unsecured claims related to LATAM Airlines Group S.A. and certain of its subsidiaries' Chapter 11 filing (the "LATAM Bankruptcy"). This was partially offset by a \$14.2 million loss on extinguishment of debt related to the early redemption in full of \$500.0 million outstanding aggregate principal amount of our 5.5% Senior Notes due 2022.

***Income Tax Provision (Benefit):***

Our income tax expense was \$25.5 million for the year ended February 28, 2023 as compared to an income tax benefit of \$8.0 million for the year ended February 28, 2022. Our effective tax rate was 29.6% and 2.8% for the years ended February 28, 2023 and 2022, respectively. The increase in our tax provision was primarily due to \$8.9 million of additional income tax expense resulting from the tax effects of the transfer of certain assets between tax jurisdictions. The increase is also partly attributable to changes in the mix of pre-tax book income in Bermuda, Ireland, and the United States. The year ended February 28, 2022 included the tax effect of certain net non-cash impairment charges of \$19.8 million and income from the sale of unsecured claims related to the LATAM Bankruptcy.

***Results of Operations for the year ended February 28, 2022 as compared to the year ended February 28, 2021:***

We have omitted discussion of the above two periods covered by our consolidated financial statements presented in this Annual Report because that disclosure was already included in our Annual Report on Form 10-K for the fiscal year ended February 28, 2022, filed with the SEC on April 28, 2022. You are encouraged to reference Part II, Item 7, within that report, for a discussion of our financial condition and result of operations for the year ended February 28, 2022 to the year ended February 28, 2021.

**Aircraft Valuation**

***Annual Recoverability Assessment***

We performed our annual recoverability assessment of all our aircraft during the third quarter of 2022. We recorded an impairment charge of \$6.3 million related to 1 wide-body aircraft during the year ended February 28, 2023 as

a result of our annual recoverability assessment – see “Impairment of Aircraft” above and Note 2 in the Notes to Consolidated Financial Statements for further detail regarding impairment of our flight equipment.

We continue to closely monitor the impact of recent crises, such as the Russian invasion of Ukraine and the COVID-19 pandemic, on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will continue to perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We have focused and will continue to focus on aircraft with near-term lease expirations, customers that have entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, and certain other customers or aircraft variants that are more susceptible to the impact of the above crises and value deterioration.

The recoverability assessment is a comparison of the carrying value of each aircraft to its estimated undiscounted future cash flows. We develop the assumptions used in the recoverability analysis based on current and future expectations of the global demand for a particular aircraft type and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in projected lease rental and maintenance payments, residual values, economic conditions, technology, airline demand for a particular aircraft type and other factors, such as the location of the aircraft and accessibility to records and technical documentation.

If our estimates or assumptions change, including those related to our customers that have entered judicial insolvency proceedings, we may revise our cash flow assumptions and record future impairment charges. While we believe that the estimates and related assumptions used in our recoverability assessments are appropriate, actual results could differ from those estimates.

## APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying footnotes. Our estimates and assumptions are based on historical experiences and currently available information. Actual results may differ from such estimates under different conditions, sometimes materially. A summary of our significant accounting policies is presented in the notes to our consolidated financial statements included elsewhere in this Annual Report. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results and require our most subjective judgments, estimates and assumptions. Our most critical accounting policies and estimates are described below.

### Lease Revenue Recognition

We lease flight equipment under net operating leases with lease terms typically ranging from three to seven years. We generally do not offer renewal terms or purchase options in our leases, although certain of our operating leases allow the lessee the option to extend the lease for an additional term. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the initial lease, assuming no renewals.

Our aircraft lease agreements generally provide for the periodic payment of a fixed amount of rent over the life of the lease, and the amount of the contracted rent will depend upon the type, age, specification and condition of the aircraft and market conditions at the time the lease is committed. The amount of rent we receive will depend on a number of factors, including the creditworthiness of our lessees and the occurrence of delinquencies, restructurings and defaults. Our lease rental revenues are also affected by the extent to which aircraft are off-lease and our ability to remarket aircraft that are nearing the end of their leases in order to minimize their off-lease time. Our success in re-leasing aircraft is affected by market conditions relating to our aircraft and by general industry conditions and trends. An increase in the percentage of off-lease aircraft or a reduction in lease rates upon remarketing would negatively impact our revenues.

In certain instances, we may provide lease concessions to customers, generally in the form of lease rental deferrals. While these deferral arrangements affect the timing of lease rental payments, the total amount of lease rental payments required over the lease term is generally the same as that which was required under the original lease agreement. We account for the deferrals as if no modifications to the lease agreements were made and record the deferred rentals as a receivable within other assets.

Should we determine that the collectability of rental payments is no longer probable, including any deferral thereof, we will recognize lease rental revenue using a cash basis of accounting rather than an accrual method. In the period we conclude that collection of lease payments is no longer probable, we recognize any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, as a current period adjustment to lease rental revenue.

### Maintenance Payments and Maintenance Revenue

Under our leases, the lessee must pay operating expenses accrued or payable during the term of the lease, which would normally include maintenance, overhaul, fuel, crew, landing, airport and navigation charges; certain taxes, licenses, consents and approvals; aircraft registration; and insurance premiums. Typically, our aircraft are subject to net operating leases whereby the lessee pays lease rentals and is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs, although in a majority of cases, we are obligated to pay a portion of specified maintenance or modification costs.

Under an operating lease, the lessee will be responsible for performing maintenance on the relevant aircraft and will typically be required to make payments to us for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending upon the component, and would be made either monthly in arrears or at or near the end of the lease term. For maintenance payments made monthly in arrears during a lease term, we will typically be required to reimburse all or a portion of these payments to the lessee upon completion of the relevant heavy maintenance, overhaul or parts replacement. We record maintenance payments paid by the lessee during a lease as accrued maintenance liabilities in recognition of our obligation in the lease to refund such payments, and therefore we typically do not recognize

maintenance revenue during the lease. Maintenance revenue recognition would occur at or near the end of a lease, when we are able to determine the amount, if any, by which reserve payments received exceed the amount we are required under the lease to reimburse to the lessee for heavy maintenance, overhaul or parts replacement. If a lease requires end of lease term maintenance payments, typically the lessee would be required to pay us for its utilization of the aircraft during the lease; however, in some cases, we may owe a net payment to the lessee in the event heavy maintenance is performed and paid for by the lessee during the lease term and the aircraft is returned to us in better condition than at lease inception. End of lease term maintenance payments made to us are recognized as maintenance revenue and end of lease term maintenance payments we make to a lessee are recorded as contra maintenance revenue.

The amount of maintenance revenue or contra maintenance revenue we recognize in any reporting period is inherently volatile and is dependent upon a number of factors, including the timing of lease expiries, including scheduled expiries and early lease terminations, the timing of maintenance events and the utilization of the aircraft by the lessee.

#### **Lease Incentives and Amortization**

Many of our leases contain provisions that may require us to pay a portion of the lessee's costs for heavy maintenance, overhaul or replacement of certain high-value components. We account for these expected payments as lease incentives, which are amortized as a reduction of revenue over the life of the lease. We estimate the amount of our portion for such costs, typically for the first major maintenance event for the airframe, engines, landing gear and auxiliary power units, expected to be paid to the lessee based on assumed utilization of the related aircraft by the lessee, the anticipated cost of the maintenance event and the estimated amounts the lessee is responsible to pay. The assumptions supporting these estimates are reevaluated annually.

This estimated lease incentive is not recognized as a lease incentive liability at the inception of the lease. We recognize the lease incentive as a reduction of lease revenue on a straight-line basis over the life of the lease, with the offset being recorded as a lease incentive liability, which is included in maintenance payments on the balance sheet. The payment to the lessee for the lease incentive liability is first recorded against the lease incentive liability, and any excess above the lease incentive liability is recorded as a prepaid lease incentive asset, which is included in other assets on the balance sheet and continues to amortize over the remaining life of the lease.

#### **Flight Equipment Held for Lease and Depreciation**

Flight equipment held for lease is stated at cost and depreciated using the straight-line method, typically over a 25-year life from the date of manufacture for passenger aircraft and over a 30 to 35-year life for freighter aircraft, depending on whether the aircraft is a converted or purpose-built freighter, to estimated residual values. Estimated residual values are generally determined to be approximately 15% of the manufacturer's estimated realized price for passenger aircraft when new and 5% to 10% for freighter aircraft when new. Management may make exceptions to this policy on a case-by-case basis when, in its judgment, the residual value calculated pursuant to this policy does not appear to reflect current expectations of value. Examples of situations where exceptions may arise include but are not limited to:

- flight equipment where estimates of the manufacturers' realized sales prices are not relevant (e.g., freighter conversions);
- flight equipment where estimates of the manufacturers' realized sales prices are not readily available; and
- flight equipment which may have a shorter useful life due to obsolescence.

In accounting for flight equipment held for lease, we make estimates about the expected useful lives, the fair value of attached leases, acquired maintenance assets or liabilities and the estimated residual values. In making these estimates, we rely upon actual industry experience with the same or similar aircraft types and our anticipated utilization of the aircraft. As part of our due diligence review of each aircraft we purchase, we prepare an estimate of the expected maintenance payments and any excess costs which may become payable by us, taking into consideration the then-current maintenance status of the aircraft and the relevant provisions of any existing lease.

For planned major maintenance activities for aircraft off-lease, the Company capitalizes the actual maintenance costs by applying the deferral method. Under the deferral method, we capitalize the actual cost of major maintenance events, which are typically depreciated on a straight-line basis over the period until the next maintenance event is required.



For purchase and lease back transactions, we account for the transaction as a single arrangement. We allocate the consideration paid based on the fair value of the aircraft and lease. The fair value of the lease may include a maintenance premium and a lease premium or discount.

When we acquire an aircraft with a lease, determining the fair value of the attached lease requires us to make assumptions regarding the current fair values of leases for specific aircraft. We estimate a range of current lease rates of like aircraft in order to determine if the attached lease is within a fair value range. If a lease is below or above the range of current lease rates, we present value the estimated amount below or above fair value range over the remaining term of the lease. The resulting lease discount or premium is amortized into lease rental income over the remaining term of the lease.

### **Impairment of Flight Equipment**

We perform an annual recoverability assessment of all aircraft in our fleet, on an aircraft-by-aircraft basis. A recoverability assessment is also performed whenever events or changes in circumstances, or indicators, suggest that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination, significant change in an aircraft type's storage levels, the introduction of newer technology aircraft or engines, an aircraft type is no longer in production or a significant airworthiness directive is issued. When we perform a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the aircraft exceed its net book value. The undiscounted cash flows consist of cash flows from currently contracted lease rental and maintenance payments, future projected lease rates and maintenance payments, transition costs, estimated down time, and estimated residual or scrap values for an aircraft. In the event that an aircraft does not meet the recoverability test, the aircraft will be adjusted to fair value, resulting in an impairment charge. See Note 2 in the Notes to Consolidated Financial Statements.

We continue to closely monitor the impact of recent crises, such as the Russian invasion of Ukraine and the COVID-19 pandemic, on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will continue to perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We have focused and will continue to focus on aircraft with near-term lease expirations, customers that have entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, and certain other customers or aircraft variants that are more susceptible to the impact of the above crises and value deterioration.

### **Net Investment in Direct Financing and Sales-Type Leases**

If a lease meets specific criteria at lease commencement or at the effective date of a lease modification, we recognize the lease as a direct financing or sales-type lease. The net investment in direct financing and sales-type leases consists of the lease receivable, estimated unguaranteed residual value of the leased flight equipment at lease-end and, for direct financing leases, deferred selling profit. For sales-type leases, we recognize the difference between the net book value of the aircraft and the net investment in the lease as a gain or loss on sale of flight equipment. Selling profit on a direct financing lease is deferred and amortized over the lease term, and a selling loss is recognized at lease commencement. Interest income on our net investment in leases is recognized as Direct financing and sales-type lease revenue over the lease term in a manner that produces a constant rate of return on the net investment in the lease.

The net investment in leases is recorded in the consolidated financial statements net of an allowance for credit losses. The allowance for credit losses is recorded upon the initial recognition of the net investment in the lease based on the Company's estimate of expected credit losses over the lease term. The allowance reflects the Company's estimate of lessee default probabilities and loss given default percentages. When determining the credit loss allowance, we consider relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the net investment in the lease. The allowance also considers potential losses due to non-credit risk related to unguaranteed residual values. A provision for credit losses is recorded as a component of operating expenses in our Consolidated Statements of Income (Loss) to adjust the allowance for changes to management's estimate of expected credit losses.

## **Fair Value Measurements**

We measure the fair value of certain assets and liabilities on a non-recurring basis, when U.S. GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include our aircraft and investment in unconsolidated joint ventures. We record aircraft at fair value when we determine the carrying value may not be recoverable. Fair value measurements for aircraft in impairment tests are based on the average of the market approach that uses Level 2 inputs, which include third party appraisal data and an income approach that uses Level 3 inputs, which include the Company's assumptions and appraisal data as to future cash proceeds from leasing and selling aircraft discounted using the Company's weighted average cost of capital.

We account for our investments in unconsolidated joint ventures under the equity method of accounting. Investments are reviewed for impairment whenever events or changes in circumstances indicate the fair value is less than its carrying value and the decline is other-than-temporary

## **Income Taxes**

The Company records an income tax provision in accordance with the various tax laws for those jurisdictions within which our transactions occur. Aircastle uses an asset and liability based approach in accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement and tax basis of existing assets and liabilities using enacted rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount estimated by us to be realizable. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities. We did not have any unrecognized tax benefits.

### **RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

See Note 1 in the Notes to Consolidated Financial Statements below.

### **RECENTLY PROPOSED ACCOUNTING PRONOUNCEMENTS**

See Note 1 in the Notes to Consolidated Financial Statements below.

### **LIQUIDITY AND CAPITAL RESOURCES**

Our business is very capital intensive, requiring significant investments in order to expand our fleet and to maintain and improve our existing portfolio. Our operations have historically generated a significant amount of cash, primarily from lease rentals and maintenance collections. We have also met our liquidity and capital resource needs by utilizing several sources over time, including:

- various forms of borrowing secured by our aircraft, including term facilities, term financings and limited recourse securitization financings for new aircraft acquisitions;
- unsecured indebtedness, including our current unsecured revolving credit facilities, term loan and senior notes;
- asset sales; and
- sales of common and preference shares.

Going forward, we expect to continue to seek liquidity from these sources and other sources, subject to pricing and conditions we consider satisfactory.

During the year ended February 28, 2023, we met our liquidity and capital resource needs with \$437.7 million of cash flow from operations and \$426.5 million of proceeds from the sale of aircraft and other flight equipment.

As of February 28, 2023, the weighted average maturity of our secured and unsecured debt financings was 2.5 years and we were in compliance with all applicable covenants. We have also determined that as of February 28, 2023, our consolidated subsidiaries' restricted net assets, as defined by Rule 4-08(e)(3) of Regulation S-X, are less than 25% of our consolidated net assets.

While the industry continues to recover from the impact of COVID-19, according to IATA, air travel approximated 85% of pre-pandemic levels as of February 28, 2023, compared to 55% as of February 28, 2022. If air traffic remains depressed over an extended period and if our customers are unable to obtain sufficient funds from private, government or other sources, we may need to provide lease concessions to certain customers in the form of deferrals or broader lease restructurings. We may ultimately be unable to collect some or all amounts that we have deferred or may defer in future periods. As of February 28, 2023, we hold \$61.7 million in security deposits, \$465.6 million in maintenance payments and \$81.4 million in letters of credit from our lessees.

We believe we have sufficient liquidity to meet our contractual obligations over the next twelve months and as of April 3, 2023, total liquidity of \$2.0 billion included \$1.4 billion of undrawn credit facilities, \$0.5 billion of projected adjusted operating cash flows through April 1, 2024, and \$0.1 billion of unrestricted cash. In addition, we believe payments received from lessees and other funds generated from operations, unsecured bond offerings, borrowings secured by our aircraft, borrowings under our revolving credit facilities and other borrowings and proceeds from future aircraft sales will be sufficient to satisfy our liquidity and capital resource needs over the next twelve months. Our liquidity and capital resource needs include payments due under our aircraft purchase obligations, required principal and interest payments under our long-term debt facilities, expected capital expenditures, lessee maintenance payment reimbursements and lease incentive payments.

## Cash Flows

	Year Ended February 28,	
	2023	2022
	(Dollars in thousands)	
Net cash flow provided by operating activities	\$ 437,737	\$ 372,865
Net cash flow used in investing activities	(537,874)	(586,500)
Net cash flow provided by (used in) financing activities	161,316	(196,281)

### Operating Activities:

Cash flow provided by operating activities was \$437.7 million and \$372.9 million for the years ended February 28, 2023 and 2022, respectively. The increase of \$64.9 million was primarily attributable to:

- \$48.9 million of payments received on maintenance and general security letters of credit for our former Russian lessees;
- a \$70.8 million increase in cash related to accounts receivable, other assets and lease rentals received in advance, primarily due to an increase in customer collections, including the repayment of lease deferrals, as global air traffic recovers from the COVID-19 pandemic; and
- a \$20.9 million increase in lease rental revenue related to the timing of payments for cash basis customers and a lower number of customers for which lease rental revenue was recognized using a cash basis of accounting rather than an accrual method for the year ended February 28, 2023.

The year ended February 28, 2022 included an additional \$47.4 million of lease payments related to our former Russian and Russian-affiliated airline customers.

### Investing Activities:

Cash flow used in investing activities was \$537.9 million and \$586.5 million for the years ended February 28, 2023 and 2022, respectively. The decrease of \$48.6 million was primarily attributable to a \$215.7 million increase in proceeds from the sale of flight equipment, partially offset by a \$198.6 million increase in the acquisition and improvement of flight equipment. Aircraft sales deposits and purchase deposits returned, net of aircraft purchase deposits paid and progress payments increased \$28.6 million.

### Financing Activities:

Cash flow provided by financing activities was \$161.3 million for the year ended February 28, 2023 as compared to cash flow used in financing activities of \$196.3 million for the year ended February 28, 2022. The net cash increase of \$357.6 million was primarily attributable to proceeds of \$473.8 million from borrowings under secured and unsecured financings, as well as a \$226.6 million decrease in repayments of secured and unsecured debt financings.

These inflows were partially offset by a \$393.0 million decrease in net proceeds from the issuance of preference shares.

## Debt Obligations

For complete information on our debt obligations, please refer to Note 8 in the Notes to Consolidated Financial Statements below.

## Contractual Obligations

Our contractual obligations consist of principal and interest payments on debt financings, aircraft acquisitions and rent payments pursuant to our office leases. Total contractual obligations were \$6.0 billion at both February 28, 2023 and 2022.

The following table presents our actual contractual obligations and their payment due dates as of February 28, 2023.

Contractual Obligations	Payments Due by Period as of February 28, 2023				
	Total	1 year or less	2-3 years	4-5 years	More than 5 years
	(Dollars in thousands)				
Principal payments:					
Senior Notes due 2023-2028	\$ 3,700,000	\$ 1,150,000	\$ 1,150,000	\$ 1,400,000	\$ —
DBJ Term Loan	155,000	155,000	—	—	—
Revolving Credit Facilities	20,000	—	20,000	—	—
Bank Financings	761,283	67,409	411,200	43,387	239,287
Total principal payments	4,636,283	1,372,409	1,581,200	1,443,387	239,287
Interest payments on debt obligations <sup>(1)</sup>	561,810	200,928	219,637	100,738	40,507
Office leases <sup>(2)</sup>	30,523	2,259	5,666	5,419	17,179
Purchase obligations <sup>(3)</sup>	763,711	495,330	268,381	—	—
Total	\$ 5,992,327	\$ 2,070,926	\$ 2,074,884	\$ 1,549,544	\$ 296,973

(1) Future interest payments on variable rate, SOFR and LIBOR-based debt obligations are estimated using the interest rate in effect at February 28, 2023.

(2) Represents contractual payment obligations for our office leases in Stamford, Connecticut; Dublin, Ireland and Singapore.

(3) At February 28, 2023, we had signed purchase agreements to acquire 20 aircraft for \$763.7 million. These amounts include estimates for pre-delivery deposits, contractual price escalation and other adjustments. As of April 18, 2023, we have commitments to acquire 14 aircraft for \$491.2 million.

## Capital Expenditures

From time to time, we make capital expenditures to maintain or improve our aircraft. These expenditures include the cost of major overhauls necessary to place an aircraft in service and modifications made at the request of lessees. For the years ended February 28, 2023, 2022 and 2021, we incurred a total of \$90.8 million, \$46.6 million and \$26.6 million, respectively, of capital expenditures, including lease incentives, related to the acquisition and improvement of flight equipment.

As of February 28, 2023, the weighted average age (by Net Book Value) of our aircraft was 9.7 years. In general, the costs of operating an aircraft, including maintenance expenditures, increase with the age of the aircraft. Our lease agreements call for the lessee to be primarily responsible for maintaining the aircraft. Maintenance reserves are generally paid by the lessee to provide for future maintenance events. Provided a lessee performs scheduled maintenance of the aircraft, we are required to reimburse the lessee for scheduled maintenance payments. In certain cases, we are also required to make lessor contributions, in excess of amounts a lessee may have paid, towards the costs of maintenance events performed by or on behalf of the lessee. We may incur additional maintenance and modification costs in the future in the event we are required to remarket an aircraft or a lessee fails to meet its maintenance obligations under the lease agreement.

Actual maintenance payments to us by lessees in the future may be less than projected as a result of a number of factors, such as in the event of a lessee default. Maintenance reserves may not cover the entire amount of actual maintenance expenses incurred and, where these expenses are not otherwise covered by the lessees, there can be no assurance that our operational cash flow and maintenance reserves will be sufficient to fund maintenance requirements, particularly as our aircraft age. See Item 1A. “Risk Factors — Risks Related to Our Business — Risks related to our leases — *If lessees are unable to fund their maintenance obligations on our aircraft, we may incur increased costs at the conclusion of the applicable lease.*”

## Off-Balance Sheet Arrangements

We entered into a joint venture arrangement in order to help expand our base of new business opportunities. This joint venture does not qualify for consolidated accounting treatment. The assets and liabilities of this entity are not included in our consolidated balance sheets and we record our net investment under the equity method of accounting. See Note 6 in the Notes to Consolidated Financial Statements.

We hold a 25% equity interest in our joint venture with Mizuho Leasing and as of February 28, 2023, the net book value of its 9 aircraft was \$285.2 million.

## Foreign Currency Risk and Foreign Operations

At February 28, 2023, more than 99% of our leases are payable to us in U.S. dollars. However, we incur Euro- and Singapore dollar-denominated expenses in connection with our subsidiaries in Ireland and Singapore. For the year ended February 28, 2023, expenses, such as payroll and office costs, denominated in currencies other than the U.S. dollar totaled \$20.2 million in U.S. dollar equivalents and represented approximately 26% of total selling, general and administrative expenses.

Our international operations are a significant component of our business strategy and permit us to more effectively source new aircraft, service the aircraft we own and maintain contact with our lessees. Therefore, it is likely that our international operations and our exposure to foreign currency risk will increase over time. Although we have not yet entered into foreign currency hedges because our exposure to date has not been significant, if our foreign currency exposure increases we may enter into hedging transactions in the future to mitigate this risk. For the years ended February 28, 2023, 2022 and 2021, we incurred insignificant net gains and losses on foreign currency transactions.

## Management’s Use of EBITDA and Adjusted EBITDA

We define EBITDA as income (loss) from continuing operations before income taxes, interest expense, and depreciation and amortization. We use EBITDA to assess our consolidated financial and operating performance, and we believe this non-U.S. GAAP measure is helpful in identifying trends in our performance.

This measure provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals, as well as achieving optimal financial performance. It provides an indicator for management to determine if adjustments to current spending decisions are needed.

EBITDA provides us with a measure of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges on our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results. Accordingly, this metric measures our financial performance based on operational factors that management can impact in the short-term, namely the cost structure, or expenses, of the organization. EBITDA is one of the metrics used by senior management and the Board of Directors to review the consolidated financial performance of our business.

We define Adjusted EBITDA as EBITDA (as defined above) further adjusted to give effect to adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes. Adjusted EBITDA is a material component of these covenants.

The table below shows the reconciliation of net income (loss) to EBITDA for the years ended February 28, 2023, 2022 and 2021, respectively.

	Year Ended February 28,		
	2023	2022	2021
	(Dollars in thousands)		
Net income (loss)	\$ 62,759	\$ (278,209)	\$ (333,168)
Depreciation	332,663	337,528	347,517
Amortization of lease premiums, discounts and incentives	20,574	20,190	22,842
Interest, net	204,606	214,352	235,338
Income tax provision (benefit)	25,466	(7,998)	10,236
<b>EBITDA</b>	<b>\$ 646,068</b>	<b>\$ 285,863</b>	<b>\$ 282,765</b>
Adjustments:			
Impairment of flight equipment	85,623	452,250	425,579
Loss on extinguishment of debt	636	14,156	2,640
Non-cash share-based payment expense	—	—	28,049
Merger related expenses <sup>(1)</sup>	—	—	35,165
Loss on mark-to-market of interest rate derivative contracts	—	—	19
Contract termination expense	—	—	172
<b>Adjusted EBITDA</b>	<b>\$ 732,327</b>	<b>\$ 752,269</b>	<b>\$ 774,389</b>

(1) Includes \$32.6 million in Other income (expense) and \$2.6 million in Selling, general and administrative expenses.

#### Limitations of EBITDA and Adjusted EBITDA

An investor or potential investor may find EBITDA and Adjusted EBITDA important measures in evaluating our performance, results of operations and financial position. We use these non-U.S. GAAP measures to supplement our U.S. GAAP results in order to provide a more complete understanding of the factors and trends affecting our business.

EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be viewed in isolation or as substitutes for U.S. GAAP measures of income (loss). Material limitations in making the adjustments to our income (loss) to calculate EBITDA and Adjusted EBITDA, and using these non-U.S. GAAP measures as compared to U.S. GAAP net income (loss), income (loss) from continuing operations and cash flows provided by or used in operations, include:

- depreciation and amortization, though not directly affecting our current cash position, represent the wear and tear and/or reduction in value of our aircraft, which affects the aircraft's availability for use and may be indicative of future needs for capital expenditures;

- the cash portion of income tax provision (benefit) generally represents charges (gains), which may significantly affect our financial results; and
- adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes which may not be comparable to similarly titled measures used by other companies.

EBITDA and Adjusted EBITDA are not alternatives to net income (loss), income (loss) from operations or cash flows provided by or used in operations as calculated and presented in accordance with U.S. GAAP. You should not rely on these non-U.S. GAAP measures as a substitute for any such U.S. GAAP financial measure. We strongly urge you to review the reconciliations to U.S. GAAP net income (loss), along with our consolidated financial statements included elsewhere in this report. We also strongly urge you to not rely on any single financial measure to evaluate our business. In addition, because EBITDA and Adjusted EBITDA are not measures of financial performance under U.S. GAAP and are susceptible to varying calculations, EBITDA and Adjusted EBITDA as presented in this report, may differ from and may not be comparable to similarly titled measures used by other companies.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. These risks are highly sensitive to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. We are exposed to changes in the level of interest rates and to changes in the relationship or spread between interest rates. Our primary interest rate exposures relate to our floating rate debt obligations. Rent payments under our aircraft lease agreements typically do not vary during the term of the lease according to changes in interest rates. However, our borrowing agreements generally require payments based on a variable interest rate index, such as the London Interbank Offered Rate ("LIBOR"), Secured Overnight Funding Rate ("SOFR") or an alternative reference rate. Therefore, to the extent our borrowing costs are not fixed, increases in interest rates may reduce our net income by increasing the cost of our debt without any corresponding increase in rents or cash flow from our securities. Our borrowing agreements may provide a mechanism for determining an alternative rate of interest as entities begin to transition away from LIBOR due to reference rate reform. There is no assurance that any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, LIBOR.

##### **Sensitivity Analysis**

The following discussion about the potential effects of changes in interest rates is based on a sensitivity analysis, which models the effects of hypothetical interest rate shifts on our financial condition and results of operations. Although we believe a sensitivity analysis provides the most meaningful analysis permitted by the rules and regulations of the SEC, it is constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by the inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of a sensitivity analysis for changes in interest rates may have some limited use as a benchmark, they should not be viewed as a forecast. This forward-looking disclosure also is selective in nature and addresses only the potential interest expense impacts on our financial instruments. It also does not include a variety of other potential factors that could affect our business as a result of changes in interest rates.

As of February 28, 2023, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an interest expense increase/decrease of \$3.7 million and \$3.7 million, respectively, over the next twelve months.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Our consolidated financial statements and notes thereto, referred to in Item 15(A)(1) of this Annual Report, are filed as part of this Annual Report and appear in this Annual Report beginning on page F-1.

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Management's Evaluation of Disclosure Controls and Procedures**

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate, to allow timely decisions regarding required disclosure. An evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the Company's disclosure controls and procedures as of February 28, 2023. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of February 28, 2023.

### **Management's Annual Report on Internal Control over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of February 28, 2023. The assessment was based on criteria established in the Internal Control — Integrated Framework (2013), issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was effective as of February 28, 2023.

### **Changes in Internal Control over Financial Reporting**

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended February 28, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

None.

## **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

None.



### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to Item 401(b) of Regulation S-K, the requisite information pertaining to our executive officers is reported immediately following Item 4 of Part I of this Annual Report. The identification of our Audit Committee and our Audit Committee financial experts is posted on our website at [www.aircastle.com](http://www.aircastle.com) under “ABOUT - COMMITTEE COMPOSITION”. Information regarding our Code of Business Ethics and Conduct, any material amendments thereto and any related waivers is posted on our website at [www.aircastle.com](http://www.aircastle.com) under “CORPORATE GOVERNANCE - GOVERNANCE DOCUMENTS”.

Information about our Directors. The members of the board of directors of the Company (the “Board”) are Douglas A. Hacker, Michael J. Inglese, Taro Kawabe, Takashi Kurihara, Keiji Okuno, Charles W. Pollard, and Takayuki Sakakida.

Name	Age
Douglas A. Hacker	67
Michael J. Inglese	62
Taro Kawabe	55
Takashi Kurihara	62
Keiji Okuno	59
Charles W. Pollard	65
Takayuki Sakakida	51

*Douglas A. Hacker* was appointed to our Board on March 27, 2020 following the consummation of the Merger and served on the prior Board of Aircastle Limited from August 2, 2006 to the consummation of the Merger. Mr. Hacker is currently an independent business executive and formerly served as Executive Vice President, Strategy for UAL Corporation, an airline holding company, and has served in such position from December 2002 to May 2006. Prior to that, Mr. Hacker served with UAL Corporation as President, UAL Loyalty Services from September 2001 to December 2002, and as Executive Vice President and Chief Financial Officer from July 1999 to September 2001. Mr. Hacker served as a director of Travelport from 2016 until May 2019. Mr. Hacker serves as the Co-Chair of a series of open-end investment companies that are part of the Columbia Threadneedle family of mutual funds and as an independent director and Chair of the Board of Directors of SpartanNash Company.

*Michael J. Inglese* was appointed to our Board on March 27, 2020 following the consummation of the Merger and served on the prior Board of Aircastle Limited from June 2017 to the consummation of the Merger. He became our Chief Executive Officer in June 2017, having served as Aircastle’s Acting Chief Executive Officer from January 2017. He was previously our Chief Financial Officer from April 2007 to January 2017. Prior to joining the Company, Mr. Inglese served as Chief Financial Officer of PanAmSat Holding Corporation from June 2000 until the closing of PanAmSat’s sale to Intelsat in July 2006. Mr. Inglese joined PanAmSat in May 1998 as Vice President, Finance after serving as Chief Financial Officer for DIRECTV Japan, Inc. He is a Chartered Financial Analyst who holds a BS in Mechanical Engineering from Rutgers University College of Engineering and his MBA from Rutgers Graduate School of Business Management.

*Taro Kawabe* was appointed to our Board on March 27, 2020 following the consummation of the Merger. Mr. Kawabe is currently an Executive Officer, Chief Operating Officer of the Finance, Leasing and Real Estate Business Division of Marubeni. Previously, he was Senior Operating Officer of the Finance and Leasing Business Division of Marubeni from April 2019 to March 2020. Prior to that, Mr. Kawabe was the General Manager of the Leasing Business Department of Marubeni from April 2016 to March 2019. Mr. Kawabe joined Marubeni in April 1990. Mr. Kawabe received his degree from Waseda University in 1990.

*Takashi Kurihara* was appointed to our Board on March 27, 2020 following the consummation of the Merger and served on the prior Board of Aircastle Limited from May 2019 to the consummation of the Merger, and was nominated by Marubeni. Mr. Kurihara is the Advisor to the President of Marubeni America Corporation. From January 2017 to March 2019, Mr. Kurihara was a director of the Agricultural Solutions Business Division of Bridgestone. Prior to that,

Mr. Kurihara was Deputy General Manager, Regional Coordination and Administration Department at Marubeni from April 2016 to September 2016. From July 2013, he was Vice President and a Board member of Gavilon Agriculture Investment until April 2015, when Mr. Kurihara became Executive Vice President and a Board member of Gavilon Agriculture Investment. Mr. Kurihara received his MBA at Columbia Business School in New York and his bachelor's degree of political science at Keio University in Tokyo. Mr. Kurihara has over 30 years of experience at Marubeni including the structured finance for Energy & Chemical plant projects in various countries, the management of the investment decision making process by conducting the analysis and the recommendation to its CEO, various M&A activities including Gavilon and its post-merger integration, and brings to the Board extensive experience in operations, strategic planning and financial matters.

*Keiji Okuno* was appointed to our Board as of September 26, 2022, succeeding Noriyuki Yukawa who resigned as a member of the Board effective September 26, 2022. Before joining Aircastle, Mr. Okuno was Senior Vice President of PNB-Mizuho Leasing & Finance Corporation and is also a Director of PNB-Mizuho Equipment & Rental Corporation. From January 2019 to November 2019, Mr. Okuno was Deputy General Manager of Mizuho Leasing Ltd. Prior to joining Mizuho Leasing Co. Ltd., Mr. Okuno had over 15 years at ORIX Group in various roles including Vice President, Global Business Group, Executive Vice President, and Managing Director. Mr. Okuno received a B.A. from Dokkyo University and a diploma from New York University. Mr. Okuno is a CPA.

*Charles W. Pollard* was appointed to our Board on March 27, 2020 following the consummation of the Merger and served on the prior Board of Aircastle Limited from July 6, 2010 to the consummation of the Merger. Mr. Pollard joined Omni Air International, Inc., a passenger charter carrier, in 1997, where he served variously as Managing Director, President and CEO, and Vice Chairman until 2009. Previously, he spent 10 years in senior management positions, including President and CEO, at World Airways, Inc. Prior to joining World Airways, Inc., he practiced corporate law at Skadden, Arps, Slate, Meagher & Flom. He currently serves on the board of directors of Allegiant Travel Company.

*Takayuki Sakakida* was appointed to our Board on March 27, 2020 upon the consummation of the Merger and served on the prior Board of Aircastle Limited from June 9, 2017 to the consummation of the Merger, and was nominated by Marubeni. In December 2020, Mr. Sakakida was appointed as Senior Advisor to the CEO of the Company. In April 2019, Mr. Sakakida was appointed as General Manager, Finance & Leasing Business Dept. – II, Marubeni. In April 2017, Mr. Sakakida was appointed as Vice President and General Manager, Aerospace and Ship Unit, Marubeni America Corporation, which is a subsidiary of Marubeni, a general trading company, engaged as an intermediary, importer/exporter, facilitator or broker in various types of trade between and among business enterprises and countries. In April 2016, Mr. Sakakida was appointed as Assistant General Manager, Aerospace and Defense Systems Department, Marubeni. From April 2015 to April 2016, he served as General Manager, Business Administration Section, Aerospace and Defense Systems Department of Marubeni. From April 2011 to 2015, he seconded to MD Aviation Capital Pte Ltd (Singapore) as Managing Director. Mr. Sakakida has over 18 years of experience in the aviation industry and brings to the Board extensive experience in operations, strategic planning and financial matters relevant to the aviation industry. He maintains high-level contacts with major manufacturers in the aviation industry as well as Asian airlines which may in the future be customers of the Company.

*Information about our Executive Officers.* The names of the executive officers of the Company and their ages, titles and biographies may be found in: Information about our Executive Officers.

*Code of Business Conduct and Ethics.* To help ensure that the Company abides by applicable corporate governance standards, our Board has adopted a Code of Business Conduct and Ethics and a Code of Ethics for Chief Executive and Senior Financial Officers, which are posted on our website at <http://www.aircastle.com> under “Investors—Governance Documents” and which are available in print to any shareholder of the Company upon request.

*Audit Committee of the Board of Directors.* Takashi Kurihara (Chairman), Keiji Okuno and Douglas A. Hacker were designated as members of the Audit Committee.

In addition, our Board has determined that Mr. Hacker is qualified as an audit committee financial expert, under the SEC rules.

## ITEM 11. EXECUTIVE COMPENSATION

### EXECUTIVE COMPENSATION

#### Compensation Discussion and Analysis

Our 2022 fiscal year began on March 1, 2022 and ended on February 28, 2023. All references herein to a year shall mean our fiscal year unless otherwise noted.

This Compensation Discussion and Analysis describes and analyzes our executive compensation philosophy and programs. This Compensation Discussion and Analysis focuses on the compensation paid for our 2022 fiscal year to our Chief Executive Officer, Chief Financial Officer (including our former Chief Financial Officer) and three other most highly compensated executive officers, together referred to as our named executive officers (“NEOs”). For 2022, our NEOs were:

Named Executive Officer	Title
Michael J. Inglese	Chief Executive Officer
Roy Chandran	Chief Financial Officer
Douglas C. Winter	Chief Commercial Officer
Christopher L. Beers	Chief Legal Officer & Secretary
Joseph Schreiner	Former Chief Technical Officer
Aaron Dahlke	Former Chief Financial Officer

Aaron A. Dahlke, our former Chief Financial Officer, resigned from the Company effective September 20, 2022 to pursue an opportunity outside of the aviation industry. Roy Chandran, the Company’s Chief Strategy Officer, assumed the role as Chief Financial Officer effective September 1, 2022. Joseph Schreiner, our former Chief Technical Officer, retired from the Company effective February 28, 2023.

#### Pay for Performance Philosophy

We believe executive compensation should be tied to Company performance weighted in favor of long-term performance, and our compensation program for 2022 rewarded executives and employees in two areas:

- **Annual Corporate Performance:** Achievement of internal corporate financial metrics focused on: (i) profit before tax; (ii) cash flow; (iii) growth through new investments; and (iv) discrete objectives (as described below); and
- **Individual Performance:** Achievement of individual performance goals set at the beginning of each year.

For 2022, we made an annual incentive compensation award in the form of a cash bonus, the payment of which was based on a mix of corporate performance and individual performance. For more highly compensated employees, including our NEOs, achievement of corporate financial metrics carried a greater weighting relative to individual performance, as illustrated in the table below:

Position	Corporate Performance	Individual Performance
CEO	85%	15%
Other NEOs	80%	20%

**2022 Corporate Financial Metrics.** We based corporate performance targets on the Company’s business plan and established a performance range for each metric. Results below the low end of each range would yield a minimum contribution of 50% to the Company’s incentive compensation pool for that metric. Conversely, performance above target would result in an enhanced contribution to the Company’s incentive compensation pool, up to a 150% contribution at the upper end of the performance range for each metric. For 2022, we established the following targets, performance ranges and relative weightings for the corporate financial metrics:

Metric	2022 Target (in millions)	Performance Range	Weighted Score
Profit before tax <sup>(1)</sup>	\$ 44.0	50%-150%	40%
Cash flow <sup>(2)</sup>	\$ 415.0	50%-150%	20%
Net investments <sup>(3)</sup>	\$ 1,100.0	50%-150%	20%
Discrete objectives <sup>(4)</sup>	\$ —	50%-150%	20%

(1) Profit before tax is Income (loss) from continuing operations before income taxes and earnings of unconsolidated equity method investments, plus earnings of unconsolidated equity method investments.

(2) Cash flow for a period is Cash Flow from Operations plus distributions from our joint venture investment, if any.

(3) New investments measures the total annual amount invested in aviation assets.

(4) Our discrete objectives are a qualitative rating based on our performance in maintaining our investment grade ratings, managing our assets and effectiveness on placements given the market environment.

**Individual Performance Goals and Compensation.** We set individual performance goals for every employee at the beginning of each year and measure each employee's performance against those goals at the end of the year to determine incentive compensation levels. For 2022, we determined incentive pay for each employee by applying the weighted corporate and individual performance metrics. We set individual bonus targets based on an employee's function, role and seniority within the organization, among other factors. For 2022, our annual incentive compensation awards were paid out to our executive officers in the form of cash. For additional retention purposes, we granted long term incentive awards in 2022 as part of our long term incentive award program that was introduced in 2021 – see below for further discussion of our long-term incentive award program.

## Compensation Overview

For 2022, there were three primary elements of total direct compensation: base salary, annual cash bonus, and annual long term incentive award.

**Base Salary.** Base salaries provide fixed compensation and allow us to attract and retain talented management. We set base salaries for our named executive officers and review them periodically by taking into account the current market environment and the responsibilities, experience, value to the Company and demonstrated performance of our NEOs.

**Annual Incentive Compensation.** We grant an incentive compensation award in the form of a cash bonus based on the Company's performance against corporate financial metrics and performance against individual performance goals.

**Long-Term Incentive Plan.** In 2021, we introduced a long term incentive ("LTI") award program, in the form of cash awards, for our executive officers and certain other senior professionals. The LTI awards are intended to enhance management retention by rewarding participants for exceptional performance over a three-year performance period using the internal rate of return with respect to our common shareholders' book equity ("Book Equity IRR") as the measure of long-term performance. Each fiscal year within the three-year performance period constitutes a performance year. Our LTI awards are granted with a target award amount, whereby one-third of the target award relates to each performance year. The annual award earned in respect of a given performance year is adjusted based on the Book Equity IRR achieved for the given performance year. The Book Equity IRR for each performance year is evaluated against a performance range in order to determine the target annual award earned. The LTI awards yield a minimum payout of 50% and a maximum payout of 150% of the target annual award.

For maximum retention, our executive officers' LTI awards cliff vest at the end of the three-year performance period subject to continued employment through such date.

Our LTI awards granted in 2022 and 2021 have the following performance range with results between the minimum and target and the maximum and target being interpolated on a linear basis.

### Annual Performance Range for LTI Awards

2022 LTI Awards	Book Equity (IRR)	2021 LTI Awards	% of Target Annual Award Earned
Equal to or greater than 4%	Equal to or greater than 6%		150%
Greater than 1.5% and less than 4%	Greater than 2.5% and less than 6%		Interpolated

Equal to 0.5% through 1.5%	Equal to 0.5% through 2.5%	100%
Greater than -2.0% and less than 0.5%	Greater than -3.0% and less than 0.5%	Interpolated
Less than or equal to -2.0%	Less than or equal to -3.0%	50%

*Actual Performance for 2022 Performance Year.* The Company's financial performance reflects the aviation industry's emergence from the COVID-19 pandemic, the recovery of global air traffic, and an improvement in our customer's financial condition. Our financial results are partly driven by strong gains on sales, which include the sales of 2 freighter aircraft and 1 wide-body aircraft that we recovered from our former Russian or Russian-affiliated lessees. As a result, the Book Equity IRR for the 2022 performance year was 2.9%. Therefore, the portion of our 2022 and 2021 LTI awards related to the 2022 performance year were earned at 128.1% and 105.8%, respectively. For our executive officers, the 2022 and 2021 LTI awards will vest on February 28, 2025 and February 29, 2024, respectively.

*Other Compensation.* Our NEOs are eligible to receive severance payments and accelerated vesting of restricted cash awards and LTI awards in certain circumstances, as described in greater detail below in the section entitled "Potential Payments upon Termination or Change in Control." Severance and change in control benefits provide transitional assistance for separated employees and are essential to recruiting and retaining talented executives in a competitive market. In addition, our NEOs are also eligible to participate in our employee benefit plans, including medical, dental, life insurance and 401(k) plans. These plans are available to all employees and do not discriminate in favor of our NEOs.

*Recoupment Policy.* In January 2016, we adopted a clawback policy covering certain incentive compensation awarded to our executive officers. The policy requires reimbursement of incentive payments awarded to an executive officer based upon financial results that were subsequently the subject of a restatement due to the Company's material noncompliance with financial reporting requirements. The amount of reimbursement would be to the extent that a lower payment would have been awarded to the executive based on the restated financial results. The policy applies to all incentive compensation awarded or paid to an executive officer in the three years prior to the restatement, even if the executive officer did not engage in conduct which contributed to the restatement. In addition, we may seek to recover any portion of incentive compensation when we determine that an executive officer engaged in a certain misconduct.

*Retirement.* For our executive officers, we have designed a qualifying retirement feature that will allow the LTI awards to continue to vest following retirement, subject to satisfaction of the Book Equity IRR performance objectives. For purposes of the LTI awards, a qualifying retirement means: (a) a retirement date no earlier than March 27, 2024; (b) the executive provides at least twelve months' notice; (c) the executive is at least 55 years old on the date of retirement and (d) such individual is not an executive officer (or serving in any other senior commercial role) with certain competitors prior to the vesting date.

*Summary.* The primary goals of our compensation programs are to attract, motivate and retain the most talented and dedicated employees and to align incentive compensation.

## 2022 Compensation

*Performance versus Corporate Financial Metrics.* For 2022, the Company's performance against its corporate financial metrics resulted in an incentive compensation pool equal to 118% of the total target, as shown in the table below. Certain financial metrics, such as profit before tax and cash flow, were impacted by the effects of the aviation industry's emergency from the COVID-19 pandemic, the recovery of global air traffic, and an improvement in our customer's financial condition.

Metric	2022 Target (in millions)	Weighting	2022 Performance (in millions)	Performance Range	Performance	Weighted Score
Profit before tax	\$ 44.0	40%	\$ 88.2	50% - 150%	150%	60 %
Cash flow	\$ 415.0	20%	\$ 437.7	50% - 150%	118%	24 %
New investments (in millions)	\$ 1,100.0	20%	\$ 914.2	50% - 150%	83%	16 %
Discrete objectives	—	20%	—	50% - 150%	90%	18 %
<b>Total</b>						<b>118 %</b>

The Compensation Committee took the following actions related to fiscal year 2022 annual incentive compensation for our NEOs, which was determined solely based on corporate and individual performance levels.

<b>Named Executive Officer</b>	<b>2022 Incentive Compensation</b>
Michael J. Inglese	\$872,160 cash
Roy Chandran	\$607,026 cash
Douglas C. Winter	\$664,838 cash
Christopher L. Beers	\$664,838 cash
Joseph Schreiner	\$429,840 cash

#### **How We Make Decisions**

*Risk.* The Compensation Committee reviews the risks and rewards associated with the Company’s compensation programs. We believe that our compensation programs encourage prudent business judgment and appropriate risk-taking, with the overall goal of building sustainable and profitable growth.

We believe none of our compensation programs create risks that are reasonably likely to have a material adverse impact on the Company.

*Role of Executive Officers.* For 2022, the Committee set the corporate financial metrics at the beginning of the year based on the annual business plan endorsed by the Board. We set performance goals for the Chief Executive Officer, who in turn established individual performance goals for the other NEOs. Regularly during the year, the senior management team presented to us the Company’s actual performance against the corporate performance metrics. We shared these discussions with the full Board on a regular basis.

#### **COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Board is currently comprised of three Directors and operates pursuant to a written charter, which is available at <http://www.aircastle.com> under “Investors—Governance Documents.”

The Compensation Committee is primarily responsible for reviewing, approving and overseeing the Company’s compensation plans and practices and works with management to establish the Company’s executive compensation philosophy and programs.

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and based on that review and discussion, has recommended to the Board that it be included in this Form 10-K.

Respectfully submitted,  
The Compensation Committee

Charles W. Pollard, Chair  
Takashi Kurihara  
Michael J. Inglese

## Summary Compensation Table for 2022

The table below sets forth information regarding fiscal years 2022, 2021 and 2020 compensation for each of our NEOs.

Name and Principal Position	Fiscal Year	Salary	Awards			Total
			Bonus <sup>(1)</sup>	Non-Equity Incentive Plan <sup>(2)</sup>	All Other Compensation <sup>(3)</sup>	
<b>Michael J. Inglese</b>	2022	\$ 750,000	\$ 1,036,185	\$ —	\$ 14,607	\$ 1,800,792
Chief Executive Officer	2021	750,000	678,060	—	13,340	1,441,400
	2020	675,000	1,076,868	—	12,840	1,764,708
<b>Roy Chandran<sup>(4)</sup></b>	2022	\$ 525,000	\$ 568,407	\$ —	\$ 14,607	\$ 1,108,014
Chief Strategy Officer	2021	475,000	300,240	—	13,440	788,680
	2020	400,000	344,331	—	12,840	757,171
<b>Douglas C. Winter</b>	2022	\$ 575,000	\$ 692,133	\$ —	\$ 14,607	\$ 1,281,740
Chief Commercial Officer	2021	575,000	375,300	—	13,508	963,808
	2020	500,000	506,803	—	21,527	1,028,330
<b>Christopher L. Beers</b>	2022	\$ 575,000	\$ 692,133	\$ —	\$ 14,607	\$ 1,281,740
Chief Legal Officer & Secretary	2021	575,000	375,300	—	13,987	964,287
	2020	500,000	506,803	—	13,250	1,020,053
<b>Joseph Schreiner<sup>(5)</sup></b>	2022	\$ 375,000	\$ 401,716	\$ —	\$ 326,863	\$ 1,103,579
Chief Technical Officer						
<b>Aaron A. Dahlke<sup>(4)</sup></b>	2022	\$ 262,772	\$ 497,500	\$ —	\$ 48,292	\$ 808,564
Chief Financial Officer	2021	475,000	300,240	—	13,340	788,580
	2020	400,000	344,331	—	12,840	757,171

- (1) Bonus compensation consists of: (i) cash bonuses; (ii) the portion of 2019 bonus restricted cash awards vested in 2020, 2021, and 2022 (iii) the portion of 2020 bonus restricted cash awards vested in 2022, and (iv) cash-based long-term incentive compensation awarded in 2020 with a one-year vesting period.
- (2) See Compensation Overview-Long Term Incentive Plan above for information regarding our cash-based LTI awards granted in 2022 and 2021. Pursuant to SEC rules, amounts paid out to our NEOs with respect to our cash-based LTI awards will be reported in the "Non-Equity Incentive Plan" column of the Summary Compensation Table for the year earned, not the year granted.
- (3) The amounts reported in this column consist of Company contributions made to each named executive officer's 401(k) plan account and certain insurance premiums paid by the Company, in addition to \$8,960 paid to Douglas C. Winter as a dividend payment on unvested restricted common shares. See (4) and (5) below for additional information regarding Mr. Dahlke and Mr. Schreiner's other compensation.
- (4) On September 1, 2022, Mr. Chandran was promoted to Chief Financial Officer. Aaron A. Dahlke, our former Chief Financial Officer, resigned from the Company effective September 20, 2022 to pursue an opportunity outside of the aviation industry. The amount reported in the "All Other Compensation" column for Mr. Dahlke includes \$34,712 of vacation paid as part of his voluntary resignation.
- (5) Joseph Schreiner became one of the Company's NEOs in 2022 as a result of Mr. Dahlke's resignation and Mr. Chandran's appointment and promotion to Chief Financial Officer, as discussed above. The amount reported in the "All Other Compensation" column for Mr. Schreiner includes \$35,596 of vacation paid as part of his retirement, as well as \$250,000 and \$26,800 related to items (ii) and (iii) described in "Mr Schreiner's Retirement Agreement" below.

## Grants of Plan-Based Awards

Name	Grant Date	Vesting Date	Grant of Cash LTI Award	Estimated Possible Payouts under Non-Equity Incentive Plan Awards <sup>(2)</sup>		
				Minimum (\$)	Target (\$)	Maximum (\$)
Michael J. Inglese	August 15, 2022	February 28, 2025	\$ 2,500,000	\$ 1,901,085	\$ 2,734,419	\$ 3,567,753
	May 20, 2021	February 29, 2024	2,500,000	1,715,083	2,131,750	2,548,417
Roy Chandran	August 15, 2022	February 28, 2025	\$ 800,000	\$ 608,347	\$ 875,014	\$ 1,141,681
	May 20, 2021	February 29, 2024	600,000	411,620	511,620	611,620
Douglas C. Winter	August 15, 2022	February 28, 2025	\$ 1,000,000	\$ 760,435	\$ 1,093,769	\$ 1,427,103
	May 20, 2021	February 29, 2024	1,000,000	686,033	852,700	1,019,367
Christopher L. Beers	August 15, 2022	February 28, 2025	\$ 1,000,000	\$ 760,435	\$ 1,093,769	\$ 1,427,103
	May 20, 2021	February 29, 2024	1,000,000	686,033	852,700	1,019,367
Joseph Schreiner	August 15, 2022	February 28, 2025	\$ 500,000	\$ 380,217	\$ 546,884	\$ 713,551
	May 20, 2021	February 29, 2024	500,000	343,017	426,350	509,683

(1) Represents the aggregate target amount of our cash-based LTI awards granted to our NEOs.

(2) The LTI awards yield a minimum payout of 50% and a maximum payout of 150% of the target annual award. These amounts in the table include actual performance for the 2022 and 2021 performance years and estimated minimum, target, and maximum amounts for the 2023 and 2024 performance years. See Compensation Overview – Long Term Incentive Plan above for information regarding our cash-based LTI awards granted in 2022 and 2021. Pursuant to SEC rules, amounts paid out to our NEOs with respect to our cash-based LTI awards will be reported in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table for the year earned, not the year granted.

## Employment Agreements with NEOs

Through our subsidiary, Aircastle Advisor LLC, we have entered into an employment agreement (as amended) with each of our NEOs. These employment agreements generally provide for payment of an annual base salary and the executives’ eligibility to receive an annual cash bonus with indicated target annual cash bonus and LTI award levels.

Each employment agreement provides that the NEO is employed “at-will” and may be terminated at any time and for whatever reason by either us or him. A summary of the payments and benefits to be provided to the NEOs upon a termination of employment, along with a description of the restrictive covenants applicable to each NEO, is set forth below in the section entitled “Potential Payments upon Termination or Change in Control.”

### Mr. Schreiner’s Retirement Agreement

On November 22, 2022, we entered into a retirement agreement with Mr. Schreiner in connection with his intended retirement at the end of our then-current fiscal year, effective February 28, 2023 (the “Retirement Date”). Pursuant to his retirement agreement, Mr. Schreiner continued to serve as Chief Technical Officer through the Retirement Date and received his then-current base salary and all other components of his usual and customary compensation and benefits, provided that (i) he was entitled to a cash bonus for the 2022 performance year in the amount of \$429,840, (ii) he received a cash payment of \$250,000 on the Retirement Date, (iii) he is entitled to reimbursement of COBRA premiums for thirteen months, (iv) his unvested 2020 bonus restricted cash awards in the amount of \$26,800 will vest and be paid out no later than 60 days following the Retirement Date, and (v) he will not receive any LTI awards for 2023 or any year thereafter, however he will continue to vest in all unvested LTI awards as if he were a full-time employee of the Company.



**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The following table and summary set forth potential amounts payable to our NEOs upon termination of employment or a change in control, as described below. The table below reflects amounts payable to our NEOs assuming termination of employment on February 28, 2023:

Name and Principal Position	Voluntary resignation by executive	Termination by us for cause	Termination by us without cause	Termination by us without cause or by executive for good reason following change in control <sup>(1)</sup>	Termination by executive for good reason	Normal retirement	Death or Disability
<b>Michael J. Inglese</b>							
Cash Severance	\$ —	\$ —	\$ 1,500,000	\$ 3,000,000	\$ 1,500,000	\$ —	\$ —
Pro-rata Bonus (assumes February 28 termination)	—	—	750,000	750,000	750,000	—	750,000
COBRA Reimbursement	—	—	69,291	69,291	69,291	—	69,291
Vacation	80,769	80,769	80,769	80,769	80,769	80,769	80,769
Remainder of Restricted Cash and LTI Awards <sup>(1)</sup>	—	—	5,001,168	5,001,168	5,001,168	—	5,001,168
<b>Roy Chandran</b>							
Cash Severance	\$ —	\$ —	\$ 1,150,000	\$ 2,300,000	\$ 1,150,000	\$ —	\$ —
Pro-rata Bonus (assumes February 28 termination)	—	—	575,000	575,000	575,000	—	575,000
COBRA Reimbursement	—	—	69,291	69,291	69,291	—	69,291
Vacation	61,923	61,923	61,923	61,923	61,923	61,923	61,923
Remainder of Restricted Cash and LTI Awards <sup>(1)</sup>	—	—	1,450,634	1,450,634	1,450,634	—	1,450,634
<b>Douglas C. Winter</b>							
Cash Severance	\$ —	\$ —	\$ 1,150,000	\$ 2,300,000	\$ 1,150,000	\$ —	\$ —
Pro-rata Bonus (assumes February 28 termination)	—	—	575,000	575,000	575,000	—	575,000
COBRA Reimbursement	—	—	53,722	53,722	53,722	—	53,722
Vacation	61,923	61,923	61,923	61,923	61,923	61,923	61,923
Remainder of Restricted Cash and LTI Awards <sup>(1)</sup>	—	—	2,026,468	2,026,468	2,026,468	—	2,026,468
<b>Christopher L. Beers</b>							
Cash Severance	\$ —	\$ —	\$ 1,150,000	\$ 2,300,000	\$ 1,150,000	\$ —	\$ —
Pro-rata Bonus (assumes February 28 termination)	—	—	575,000	575,000	575,000	—	575,000
COBRA Reimbursement	—	—	69,291	69,291	69,291	—	69,291
Vacation	61,923	61,923	61,923	61,923	61,923	61,923	61,923
Remainder of Restricted Cash and LTI Awards <sup>(1)</sup>	—	—	2,026,468	2,026,468	2,026,468	—	2,026,468
<b>Joseph Schreiner<sup>(2)</sup></b>							
Cash Severance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 250,000	\$ —
Pro-rata Bonus (assumes February 28 termination)	—	—	—	—	—	429,840	—
COBRA Reimbursement	—	—	—	—	—	58,199	—
Vacation	—	—	—	—	—	35,596	—
Remainder of Restricted Cash and LTI Awards <sup>(1)</sup>	—	—	—	—	—	1,000,034	—

(1) Includes the portion of 2020 bonus restricted cash awards vesting on March 1, 2023 and 2024, and the 2021 LTI awards vesting on February 29, 2024, and 2022 LTI awards vesting on February 28, 2025.

(2) In accordance with SEC rules, the amounts presented in the table above reflect amounts paid or payable to Joseph Schreiner in accordance with his retirement agreement, as described in “ Mr. Schreiner’s Retirement Agreement” above.

As described above in the section entitled “Employment Agreements with NEOs,” we, through our subsidiary, Aircastle Advisor LLC, have entered into employment agreements (as amended) with our named executive officers which set forth certain terms and conditions of their employment relating to termination and termination payments.

Under the employment agreements for our named executive officers:

- if the employment of such named executive officer is terminated without “cause” or with “good reason” (as defined in such employment agreement), and if he signs a general release of claims and complies with the covenants described below, then he will be entitled to receive: (i) an amount equal to the sum of the base salary and target annual cash bonus for the year of termination, payable over a one-year period (two times such amount and payable in a lump sum if the termination occurs within 120 days prior to or within two years following a “change in control” as defined in such employment agreement); (ii) a pro-rata annual bonus for the year of termination; (iii) reimbursement of COBRA premiums for up to twelve months; (iv) accelerated vesting of any remaining restricted cash and LTI awards, payable within either 30 or 60 days following the performance period or, if the NEO’s employment is terminated following a change in control event, within either 30 or 60 days following the date of termination;
- such named executive officer covenants not to compete with Aircastle for six months following termination of his employment for any reason and will not solicit the employees of Aircastle or the clients or customers of Aircastle for competing business, in each case, for a period of twelve months following termination.

#### Director Compensation Table for 2022

The table below describes our compensation of Directors for the fiscal year ended February 28, 2023:

<u>Name</u>	<u>Fees Earned or Paid in</u>	
	<u>Cash (\$)</u>	<u>Total (\$)</u>
Douglas A. Hacker	\$ 180,000	\$ 180,000
Charles W. Pollard	180,000	180,000

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

*Security Ownership of Certain Beneficial Owners and Management.* The table below sets forth information as of April 18, 2023, as to the beneficial ownership of our Common Shares.

Name and Address of Beneficial Owner	Common Shares Held	Percent of Class
Marubeni Corporation <sup>(1)</sup> 7-1 Nihonbashi 2-chome Chuo-ku, Tokyo, 103-6060 Japan	7,024	50
MM Air Limited <sup>(2)</sup> c/o Compass Administration Services Ltd. Crawford House 50 Cedar Avenue Hamilton, HM11, Bermuda	7,024	50

- (1) Marubeni beneficially owns 7,024 Common Shares through its wholly owned subsidiary MHC. On March 27, 2020, Aircastle consummated the Merger. At the Effective Time, each Common Share issued and outstanding immediately prior to the Effective Time (other than (i) shares canceled or converted into shares of the surviving company pursuant to the Merger Agreement and (ii) restricted shares canceled and exchanged pursuant to the Merger Agreement) was canceled and converted into the right to receive the Merger Consideration. The shares that were owned by MHC immediately prior to the Effective Time were converted into the same percentage of shares of the surviving company in the Merger. As a result, immediately following the Effective Time, MHC beneficially owned 28.8% of the outstanding common shares of the surviving company in the Merger, and MM Air Limited beneficially owned the remaining 71.2%. On March 27, 2020, MM Air Limited transferred 2,976 Common Shares to MHC, resulting in MHC owning 7,024 Common Shares.
- (2) MM Air Limited beneficially owns 7,024 Common Shares. MM Air Limited is controlled by affiliates of Marubeni and Mizuho Leasing. On March 27, 2020, Aircastle consummated the Merger. At the Effective Time, each Common Share issued and outstanding immediately prior to the Effective Time (other than (i) shares canceled or converted into shares of the surviving company pursuant to the Merger Agreement (as described in footnote (1) above) and (ii) restricted shares canceled and exchanged pursuant to the Merger Agreement) was canceled and converted into the right to receive the Merger Consideration. The shares that were owned by MHC immediately prior to the Effective Time were converted into the same percentage of shares of the surviving company in the Merger. As a result, immediately following the Effective Time, MHC beneficially owned 28.8% of the outstanding common shares of the surviving company in the Merger, and MM Air Limited beneficially owned the remaining 71.2%. On March 27, 2020, MM Air Limited transferred 2,976 Common Shares to MHC, resulting in MM Air Limited owning 7,024 Common Shares.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

### Certain Relationships and Related Party Transactions

The following is a summary of material provisions of certain transactions we entered into with our executive officers, Directors or 5% or greater shareholders. We believe the terms and conditions set forth in such agreements were reasonable and customary for transactions of this type.

The Company incurred fees from Marubeni as part of its intra-company service agreement totaling \$5.5 million during the year ended February 28, 2023, whereby Marubeni provides certain management and administrative services to the Company. In addition, the Company purchased parts under a parts management services and supply agreement with an affiliate of Marubeni totaling \$4.2 million during the year ended February 28, 2023.

On January 27, 2023, the Company entered into an amendment that expanded the size and extended the term of our unsecured revolving credit facility with Mizuho Marubeni Leasing America Corporation., a related party – see Note 8 in the Notes to Consolidated Financial Statements for additional information. This transaction was approved by our Audit Committee as an arm's length transaction under our related party policy.

On February 28, 2023, the Company entered into a \$300.0 million senior unsecured revolving credit facility with Mizuho Bank Ltd., a related party – see Note 8 in the Notes to Consolidated Financial Statements for additional information. This transaction was approved by our Audit Committee as an arm's length transaction under our related party policy.

### Policies and Procedures for Review, Approval or Ratification of Transactions with Related Persons

Our Board has adopted a Policy and Procedures with Respect to Related Person Transactions, our Related Person Policy. Pursuant to the terms of the Related Person Policy, the Audit Committee must review and approve in advance any

transaction involving an affiliate or related party (as defined under Accounting Standards Codification Topic 850), in which the amount involved exceeds \$5.0 million, other than those that are pre-approved pursuant to pre-approval guidelines or rules that may be established by the Audit Committee to cover specific categories of transactions, including the guidelines described below. All Related Persons, as defined below, are required to report to our legal department any such related person transaction prior to its completion, and the legal department will determine whether it should be submitted to the Audit Committee for consideration.

Our Related Person Policy covers all transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which the Company or any of its subsidiaries was, is or will be a participant, in which the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect material interest.

A Related Person is any person who is, or at any time since the beginning of the Company’s last fiscal year was, a Director or executive officer of the Company or a nominee to become a Director of the Company; Marubeni and Mizuho Leasing or their affiliates; any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the Director, executive officer, nominee or Marubeni and Mizuho Leasing or their affiliates, and any person (other than a tenant or employee) sharing the household of such Director, executive officer, nominee or Marubeni and Mizuho Leasing or their affiliates.

**Director Independence**

Although our Common Shares are no longer listed on the NYSE or any other national securities exchange and we are therefore not required to have a majority of independent directors, the Board considers the current Directors Messrs. Hacker and Pollard to be independent and that Directors Messrs. Inglese, Kawabe, Kurihara, Okuno and Sakakida to be not independent. Our standing Risk and Governance, Audit and Compensation Committees include independent and non-independent Directors.

In addition, the Board considered transactions described above under “Item 13. Certain Relationships and Related Transactions, and Director Independence—Certain Relationships and Related Party Transactions” in making the independence determinations.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

*Audit Fees, Audit Related Fees, Tax Fees and All Other Fees.* In connection with the audit of the 2022 and 2021 financial statements, the Company entered into an engagement letter with Ernst & Young LLP (“EY”) that sets forth the terms by which EY has performed audit services for the Company. Professional services rendered by EY for the years ended February 28, 2023 and 2022 are as follows:

	Year Ended February 28,	
	2023	2022
Audit fees <sup>(1)</sup>	\$ 2,220,000	\$ 2,230,600
Tax fees <sup>(2)</sup>	754,000	1,056,500
All other fees	5,200	5,200

(1) Represents fees for the audit of the Company’s consolidated financial statements and internal control over financial reporting, the reviews of interim financial statements included in the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, certain Current Reports on Form 8-K, audits of IBJ Air joint venture, consultations concerning financial accounting and reporting standards, statutory audits and services rendered relating to the Company’s registration statements.

(2) Represents fees related primarily to assistance with tax compliance matters, including international, federal and state tax return preparation, and consultations regarding tax matters.

**Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee has policies and procedures that require the pre-approval by the Audit Committee or one of its members of all services performed by the Company’s independent registered public accounting firm and related fee arrangements. In the early part of each year, the Audit Committee approves the proposed services, including the nature, type and scope of services contemplated, and the related fees, to be rendered by these firms during the year. In addition,

pre-approval by the Audit Committee or one of its members is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees pre-approved by the Audit Committee pursuant to the Sarbanes-Oxley Act. In accordance with this policy, the Audit Committee pre-approved all services to be performed by the Company's independent registered accounting firm.

#### PART IV

##### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (A) 1. Consolidated Financial Statements.  
The following is a list of the "Consolidated Financial Statements" of Aircastle Limited and its subsidiaries included in this Annual Report on Form 10-K, which are filed herewith pursuant to Item 8:  
Report of Independent Registered Public Accounting Firm.  
Consolidated Balance Sheets as of February 28, 2023 and 2022.  
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for the years ended February 28, 2023, 2022 and 2021.  
Consolidated Statements of Cash Flows for the years ended February 28, 2023, 2022 and 2021.  
Consolidated Statements of Changes in Shareholders' Equity for the years ended February 28, 2023, 2022 and 2021.  
Notes to Consolidated Financial Statements.
2. Financial Statement Schedules.  
There are no Financial Statement Schedules filed as part of this Annual Report, since the required information is included in the Consolidated Financial Statements, including the notes thereto, or the circumstances requiring inclusion of such schedules are not present.
3. Exhibits.  
The exhibits filed herewith are listed on the Exhibit Index filed as part of this Annual Report on Form 10-K.

**(B) EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
2.1	<a href="#"><u>Agreement and Plan of Merger, dated as of November 5, 2019, by and among Aircastle Limited, MM Air Limited and MM Air Merger Sub Limited (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K on filed November 7, 2019).</u></a> <sup>^</sup>
3.1	<a href="#"><u>Memorandum of Association (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (Amendment No. 2) (No. 333-134669) filed on July 25, 2006).</u></a>
3.2	<a href="#"><u>Amended Bye-laws (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-3 (No. 333-182242) filed on June 20, 2012).</u></a>
3.3	<a href="#"><u>Amended and Restated Memorandum of Association of Aircastle Limited (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 27, 2020).</u></a>
3.4	<a href="#"><u>Amended and Restated Bye-laws of Aircastle Limited (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on March 27, 2020).</u></a>
3.5	<a href="#"><u>Certificate of Designations, dated June 8, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 8, 2021).</u></a>
4.1	<a href="#"><u>Specimen Share Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (Amendment No. 2) (No. 333-134669) filed on July 25, 2006).</u></a>
4.2	<a href="#"><u>Amended and Restated Shareholder Agreement, dated as of February 18, 2015, by and between Aircastle Limited and Marubeni Corporation (incorporated by reference to Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q filed on May 6, 2015).</u></a>
4.3	<a href="#"><u>Amendment Agreement No. 1 to the Amended and Restated Shareholder Agreement, dated as of September 23, 2016, by and between Aircastle Limited and Marubeni Corporation (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 26, 2016).</u></a>
4.4	<a href="#"><u>Indenture, dated as of December 5, 2013, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee, Citigroup Global Markets, Inc., Goldman, Sachs &amp; Co., J.P. Morgan Securities LLC and RBC Capital Markets, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 6, 2013).</u></a>
4.5	<a href="#"><u>Fourth Supplemental Indenture, dated as of March 24, 2016, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 24, 2016).</u></a>
4.6	<a href="#"><u>Fifth Supplemental Indenture, dated as of March 20, 2017, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 20, 2017).</u></a>
4.7	<a href="#"><u>Sixth Supplemental Indenture, dated as of September 25, 2018, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 25, 2018).</u></a>
4.8	<a href="#"><u>Seventh Supplemental Indenture, dated as of June 13, 2019, between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 13, 2019).</u></a>
4.90	<a href="#"><u>Indenture, dated as of August 11, 2020, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 11, 2020).</u></a>
4.10	<a href="#"><u>Indenture, dated as of January 26, 2021, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 26, 2021).</u></a>
4.11	<a href="#"><u>Description of Aircastle Limited's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.13 to the Company's Annual Report on Form 10-K filed on February 13, 2020).</u></a>

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
4.12	<a href="#"><u>Deposit Agreement, dated June 8, 2021, among Aircastle Limited, Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depository, and the holders from time to time of depository receipts issued thereunder (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 8, 2021).</u></a>
10.1	<a href="#"><u>Form of Restricted Share Purchase Agreement (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 (No. 333-134669) filed on June 2, 2006). #</u></a>
10.2	<a href="#"><u>Form of Amended Restricted Share Grant Letter under the Amended and Restated Aircastle Limited 2005 Equity and Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on March 5, 2010). #</u></a>
10.3	<a href="#"><u>Form of Amended Restricted Share Agreement for Certain Executive Officers under the Amended and Restated Aircastle Limited 2005 Equity and Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on March 10, 2011). #</u></a>
10.4	<a href="#"><u>Form of Amended International Employee Restricted Share Unit Agreement under the Amended and Restated Aircastle Limited 2005 Equity and Incentive Plan (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on March 5, 2010). #</u></a>
10.5	<a href="#"><u>Amended and Restated Aircastle Limited 2005 Equity and Incentive Plan (incorporated by reference to Exhibit 10.28 to the Company's Registration Statement on Form S-1 (Amendment No. 2) (No. 333-134669) filed on July 25, 2006). #</u></a>
10.6	<a href="#"><u>Letter Agreement, dated as of February 24, 2006, by and between Aircastle Advisor LLC and Joseph Schreiner (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (No. 333-134669) filed on June 2, 2006). #</u></a>
10.7	<a href="#"><u>Form of Employment Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 8, 2017). #</u></a>
10.8	<a href="#"><u>Form of Amendment to Executive Employment Agreement (incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K filed on February 13, 2020). #</u></a>
10.9	<a href="#"><u>Form of Amended and Restated Indemnification Agreement with directors and officers (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2011).</u></a>
10.10	<a href="#"><u>Registration Rights Agreement, dated as of April 4, 2012, by and among Aircastle Limited and Goldman, Sachs &amp; Co., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, as representatives of the several Initial Purchasers named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 5, 2012).</u></a>
10.11	<a href="#"><u>Share Purchase Agreement, dated as of August 7, 2012, by and among Aircastle Limited and the Fortress Shareholders named therein (incorporated by reference to Exhibit 1.2 to the Company's Current Report on Form 8-K filed on August 13, 2012).</u></a>
10.12	<a href="#"><u>Registration Rights Agreement, dated as of November 30, 2012, by and among Aircastle Limited and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Goldman, Sachs &amp; Co and RBC Capital Markets, LLC, as representatives of the several Initial Purchasers named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 30, 2012).</u></a>
10.13	<a href="#"><u>Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 23, 2014). #</u></a>
10.14	<a href="#"><u>Form of Restricted Share Agreement for Certain Executive Officers Under the Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2014). #</u></a>
10.15	<a href="#"><u>Form of Non-Officer Director Restricted Share Agreement Under the Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2014). #</u></a>
10.16	<a href="#"><u>Form of Performance Share Unit Agreement for Certain Executive Officers under the Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 4, 2016). #</u></a>

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.17	<a href="#"><u>Form of Restricted Share Unit Agreement Under the Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 4, 2017). #</u></a>
10.18	<a href="#"><u>Aircastle Limited Amended and Restated 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed on May 25, 2017). #</u></a>
10.19	<a href="#"><u>Purchase Agreement COM0270-15, dated as of June 12, 2015, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2015). Ø</u></a>
10.20	<a href="#"><u>Amendment No. 1 to Purchase Agreement COM0270-15, dated as of June 22, 2016, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K filed on February 14, 2017). Ø</u></a>
10.21	<a href="#"><u>Amendment No. 2 to Purchase Agreement COM0270-15, dated as of November 11, 2016, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K filed on February 14, 2017). Ø</u></a>
10.22	<a href="#"><u>Amendment No. 3 to Purchase Agreement COM0270-15, dated as of January 13, 2017, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K filed on February 14, 2017). Ø</u></a>
10.23	<a href="#"><u>Amendment No. 4 to Purchase Agreement COM0270-15, dated as of August 11, 2017, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on November 2, 2017). Ø</u></a>
10.24	<a href="#"><u>Amendment No. 5 to Purchase Agreement COM0270-15, dated as of April 19, 2018, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2018). Ø</u></a>
10.25	<a href="#"><u>Amendment No. 6 to Purchase Agreement COM0270-15, dated as of June 29, 2018, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2018). Ø</u></a>
10.26	<a href="#"><u>Amendment No. 7 to Purchase Agreement COM0270-15, dated as of February 5, 2019, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 2, 2019). ØØ</u></a>
10.27	<a href="#"><u>Amendment No. 8 to Purchase Agreement COM0270-15, dated as of October 24, 2019, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed on February 13, 2020). ØØ</u></a>
10.28	<a href="#"><u>Amendment No. 9 to Purchase Agreement COM0270-15, dated as of August 28, 2020, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ</u></a>
10.29	<a href="#"><u>Amendment No. 10 to Purchase Agreement COM0270-15, dated as of September 18, 2020, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ</u></a>
10.30	<a href="#"><u>Amendment No. 11 to Purchase Agreement COM0270-15, dated as of December 4, 2020, by and between Aircastle Holding Corporation and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ</u></a>
10.31	<a href="#"><u>Amendment No. 12 to Purchase Agreement COM0270-15, dated as of June 2, 2021, by and between Aircastle Holding Corporation and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ</u></a>
10.32	<a href="#"><u>Amendment No. 13 to Purchase Agreement COM0270-15, dated as of September 2, 2021, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K filed on April 28, 2022). ØØ</u></a>
10.33	<a href="#"><u>Amendment No. 14 to Purchase Agreement COM0270-15, dated as of September 17, 2021, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed on April 28, 2022). ØØ</u></a>



<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.34	<a href="#"><u>Amendment No. 15 to Purchase Agreement COM0270-15, dated as of December 3, 2021, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K filed on April 28, 2022). ØØ</u></a>
10.35	<a href="#"><u>Amendment No. 16 to Purchase Agreement COM0270-15, dated as of February 9, 2022, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K filed on April 28, 2022). ØØ</u></a>
10.36	<a href="#"><u>Amendment No. 17 to Purchase Agreement COM0270-15, dated as of August 24, 2022 (Amendment No. 17), by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on October 12, 2022). ** ØØ</u></a>
10.37	<a href="#"><u>Amendment No. 18 to Purchase Agreement COM0270-15, dated as of December 8, 2022 (Amendment No. 18), by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on January 12, 2023). ** ØØ</u></a>
10.38	<a href="#"><u>Amendment No. 1 to Letter Agreement COM0271-15 in Purchase Agreement COM0270-15, dated as of November 11, 2016, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K filed on February 14, 2017). Ø</u></a>
10.39	<a href="#"><u>Amendment No. 2 to Letter Agreement COM0271-15 in Purchase Agreement COM0270-15, dated as of August 11, 2017, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on November 2, 2017). Ø</u></a>
10.40	<a href="#"><u>Amendment No. 3 to Letter Agreement COM0271-15 in Purchase Agreement COM0270-15, dated as of February 23, 2018, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2018). Ø</u></a>
10.41	<a href="#"><u>Amendment No. 4 to Letter Agreement COM0271-15 in Purchase Agreement COM0270-15, dated as of April 19, 2018, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2018). Ø</u></a>
10.42	<a href="#"><u>Amendment No. 5 to Letter Agreement COM0270-15, dated as of October 24, 2019, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K filed on February 13, 2020). ØØ</u></a>
10.43	<a href="#"><u>Amendment No. 6 to Letter Agreement COM0270-15, dated as of December 4, 2020, by and between Aircastle Holding Corporation and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ</u></a>
10.44	<a href="#"><u>Amendment No. 7 to Letter Agreement COM0270-15, dated as of December 3, 2021, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K filed on April 28, 2022). ØØ</u></a>
10.45	<a href="#"><u>Notice and Consent COM0439-19, dated as of September 18, 2020, between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutica S.A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ^ ØØ</u></a>
10.46	<a href="#"><u>Letter Agreement, dated as of October 4, 2016, by and between Aircastle Advisor LLC and Aaron Dahlke (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 7, 2016). #</u></a>
10.47	<a href="#"><u>Retirement and Transition Agreement, dated September 17, 2018, for Michael L. Kriedberg (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 19, 2018). #</u></a>
10.48	<a href="#"><u>Voting and Support Agreement, dated as of November 5, 2019, by and among Aircastle Limited, Marubeni Corporation, Marubeni Aviation Corporation and Marubeni Aviation Holding Cooperatief U.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 7, 2019).</u></a>
10.49	<a href="#"><u>Form of Indemnification Agreement with directors and officers (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 27, 2020).</u></a>
10.50	<a href="#"><u>Sixth Amended and Restated Credit Agreement, dated as of April 26, 2021, by and among Aircastle Limited, the several lenders from time to time parties thereto, and Citibank N.A., in its capacity as agent for the lenders. * ØØ</u></a>

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.51	<a href="#"><u>Amendment Agreement to the Sixth Amended and Restated Credit Agreement, dated as of September 8, 2022, by and among Aircastle Limited, the several lenders from time to time parties thereto, and Citibank N.A., in its capacity as agent for the lenders. * ØØ</u></a>
21.1	<a href="#"><u>Subsidiaries of the Subsidiaries of the Registrant. *</u></a>
31.1	<a href="#"><u>Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002. *</u></a>
31.2	<a href="#"><u>Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002. *</u></a>
32.1	<a href="#"><u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of 2002. *</u></a>
32.2	<a href="#"><u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Act of 2002. *</u></a>
101	The following materials from the Company's Annual Report on Form 10-K for the year ended February 28, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of February 28, 2023 and 2022; (ii) Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for the years ended February 28, 2023, 2022 and 2021; (iii) Consolidated Statements of Cash Flows for the years ended February 28, 2023, 2022 and 2021; (iv) Consolidated Statements of Changes in Shareholders' Equity for the years ended February 28, 2023, 2022 and 2021; and (v) Notes to Consolidated Financial Statements*
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

# Management contract or compensatory plan or arrangement.

\* Filed herewith.

\*\* Certain attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

Ø Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

^ Certain schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules to the SEC upon request.

ØØ Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

#### **ITEM 16. FORM 10-K SUMMARY**

None.

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Aircastle Limited and Subsidiaries

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Aircastle Limited and Subsidiaries (the Company) as of February 28, 2023 and 2022, the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity and cash flows for the years then ended and the year ended February 28, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 28, 2023 and 2022, and the results of its operations and its cash flows for the years then ended and the year ended February 28, 2021, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Recoverability assessment and Impairment of flight equipment held for lease***

*Description of  
the Matter*

As more fully described in Note 1 to the consolidated financial statements, flight equipment held for lease is assessed for recoverability by management on an aircraft-by-aircraft basis annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As a result of the assessments during the year ended February 28, 2023, the Company recorded impairment charges of \$86 million related to the flight equipment held for lease.

Auditing the Company's assessment of recoverability of flight equipment held for lease was complex and highly judgmental due to the higher estimation required in determining the future cash flows to evaluate whether such cash flows were less than the carrying amount of flight equipment. Further, auditing this analysis also involved evaluating the assumptions utilized in estimating the fair values to calculate the impairment charges. In particular, the future cash flows were sensitive to changes related to significant assumptions such as the estimation of the future projected lease rates, future maintenance cash flows, scenario probabilities, as well as the value of aircraft adjusted for maintenance condition at the end of the useful life.

*How We  
Addressed the Matter in Our  
Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's processes to determine whether the book value of each aircraft is recoverable and measure the impairment charge, where applicable. This included controls over management's review of the significant assumptions described above, which are included in the Company's recoverability analysis.

To test the estimated future cash flows attributable to the flight equipment held for lease, we performed audit procedures on a sample of transactions that included, among others, evaluating and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. Our testing of the Company's significant assumptions included, among others, comparing data to currently contracted lease rental and maintenance cash flows, evaluating future projected lease rates to third party data, evaluating the timing and cost of estimated future maintenance cash flows to manufacturers' specifications and/or historical data, recalculating end of life value of aircraft based on projected maintenance condition at the end of its useful life and comparing it to published third party and/or historical sales data, and evaluating scenario probabilities based on market conditions and publications. In addition, for the assumptions that most significantly impact recoverability we performed a sensitivity analysis to evaluate the changes to the future cash flows from changes in the significant assumptions. We also involved our valuation specialists to assist in evaluating the reasonableness of the fair value of certain assets used in the calculation of the impairment charges recorded. We considered current industry and economic trends and changes to the business. We assessed the historical accuracy of certain assumptions by performing a look back analysis.

***Accounting for Income Tax***

*Description of  
the Matter*

The Company is incorporated in Bermuda and leases its aircraft within over 40 countries. The Company's income is subject to U.S. federal, state and local income taxes, as well as foreign income tax in many of the jurisdictions it leases aircraft. As more fully described in Note 11 to the consolidated financial statements, the Company recognized a consolidated provision for income taxes of \$25 million for the year ended February 28, 2023.

Auditing the Company's income tax accounting was complex due to the complicated international tax structure maintained by the Company. Specifically, the auditing of the application of changes in tax law and transactions to transfer, buy or sell aircraft in foreign jurisdictions required increased auditor effort, including the use of tax professionals with specialized skills, to evaluate the Company's application of the tax laws in relevant jurisdictions and the related income tax.

*How We  
Addressed the Matter in Our  
Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to prepare the consolidated income tax provision. Our procedures also included, among others, an evaluation of management's review and consideration of the international tax structure, identification of changes to tax laws in the various jurisdictions in which it operates and its treatment of the transactions to transfer, buy and sell aircraft.

To test the income tax related accounts, we performed audit procedures that included, among others, understanding the Company's tax structure as it relates to current leases through review of its organization chart and various lease documents. We evaluated the Company's treatment of tax law changes, if any, in the foreign jurisdictions it operates to current tax laws. We also obtained, and assessed the completeness of, a list of transactions to transfer, purchase and sell aircraft during the period and evaluated the tax treatment of a sample of transactions through review of the lease documents and our assessment of the tax law. Our audit procedures were performed with the assistance of our tax professionals with specialized skills and knowledge.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2004.

Stamford, CT

April 25, 2023

**Aircastle Limited and Subsidiaries**  
**Consolidated Balance Sheets**  
(Dollars in thousands, except share data)

	February 28,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 231,861	\$ 167,891
Restricted cash and cash equivalents	—	2,791
Accounts receivable	12,855	63,666
Flight equipment held for lease, net	6,567,606	6,313,950
Net investment in leases, net	67,694	150,325
Unconsolidated equity method investment	40,505	38,317
Other assets	346,330	356,326
Total assets	\$ 7,266,851	\$ 7,093,266
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Borrowings from secured financings, net of debt issuance costs	\$ 752,298	\$ 684,039
Borrowings from unsecured financings, net of debt issuance costs	3,842,454	3,835,841
Accounts payable, accrued expenses and other liabilities	206,473	177,424
Lease rentals received in advance	66,816	37,361
Security deposits	61,734	69,189
Maintenance payments	465,618	459,713
Total liabilities	5,395,393	5,263,567
Commitments and Contingencies		
<b>SHAREHOLDERS' EQUITY</b>		
Preference shares, \$0.01 par value, 50,000,000 shares authorized, 400 (aggregate liquidation preference of \$400,000) shares issued and outstanding at February 28, 2023 and 2022	—	—
Common shares, \$0.01 par value, 250,000,000 shares authorized, 14,048 shares issued and outstanding at February 28, 2023 and 2022	—	—
Additional paid-in capital	1,878,774	1,878,774
Accumulated deficit	(7,316)	(49,075)
Total shareholders' equity	1,871,458	1,829,699
Total liabilities and shareholders' equity	\$ 7,266,851	\$ 7,093,266

*The accompanying notes are an integral part of these consolidated financial statements.*

**Aircastle Limited and Subsidiaries**  
**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**  
(Dollars in thousands, except per share amounts)

	Year Ended February 28,		
	2023	2022	2021
<b>Revenues:</b>			
Lease rental revenue	\$ 586,508	\$ 595,236	\$ 611,421
Direct financing and sales-type lease revenue	9,030	10,733	18,215
Amortization of lease premiums, discounts and incentives	(20,574)	(20,190)	(22,842)
Maintenance revenue	138,099	152,030	172,668
Total lease revenue	713,063	737,809	779,462
Gain on sale of flight equipment	70,860	26,001	33,536
Other revenue	12,110	5,977	19,290
Total revenues	796,033	769,787	832,288
<b>Operating expenses:</b>			
Depreciation	332,663	337,528	347,517
Interest, net	204,606	214,352	235,338
Selling, general and administrative	76,857	66,338	88,413
Provision for credit losses	1,507	930	5,258
Impairment of flight equipment	85,623	452,250	425,579
Maintenance and other costs	22,196	31,166	20,005
Total operating expenses	723,452	1,102,564	1,122,110
<b>Other income (expense):</b>			
Loss on extinguishment of debt	(636)	(14,156)	(2,640)
Merger expenses	—	—	(32,605)
Other	14,092	57,682	(191)
Total other income (expense)	13,456	43,526	(35,436)
Income (loss) from continuing operations before income taxes and earnings of unconsolidated equity method investment	86,037	(289,251)	(325,258)
Income tax provision (benefit)	25,466	(7,998)	10,236
Earnings of unconsolidated equity method investment, net of tax	2,188	3,044	2,326
Net income (loss)	\$ 62,759	\$ (278,209)	\$ (333,168)
Preference share dividends	(21,000)	(16,159)	—
Net income (loss) available to common shareholders	\$ 41,759	\$ (294,368)	\$ (333,168)
Total comprehensive income (loss) available to common shareholders	\$ 41,759	\$ (294,368)	\$ (333,168)

*The accompanying notes are an integral part of these consolidated financial statements.*



**Aircastle Limited and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(Dollars in thousands)

	Year Ended February 28,		
	2023	2022	2021
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 62,759	\$ (278,209)	\$ (333,168)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	332,663	337,528	347,517
Amortization of deferred financing costs	14,338	16,267	14,791
Amortization of lease premiums, discounts and incentives	20,574	20,190	22,842
Deferred income taxes	13,690	(9,386)	6,506
Non-cash share-based payment expense	—	—	28,049
Collections on net investments in leases	6,505	14,297	16,859
Security deposits and maintenance payments included in earnings	(66,194)	(123,969)	(135,115)
Gain on the sale of flight equipment	(70,860)	(26,001)	(33,536)
Loss on extinguishment of debt	636	14,156	2,640
Impairment of aircraft	85,623	452,250	425,579
Provision for credit losses	1,507	930	5,258
Other	(2,211)	(3,043)	(2,305)
Changes on certain assets and liabilities:			
Accounts receivable	17,338	16,948	(57,292)
Other assets	(12,510)	(29,963)	(66,290)
Accounts payable, accrued expenses and other liabilities	4,278	(5,716)	(13,655)
Lease rentals received in advance	29,601	(23,414)	(53,658)
Net cash and restricted cash provided by operating activities	<u>437,737</u>	<u>372,865</u>	<u>175,022</u>
<b>Cash flows from investing activities:</b>			
Acquisition and improvement of flight equipment	(994,040)	(795,426)	(145,589)
Proceeds from sale of flight equipment	426,454	210,718	180,342
Aircraft purchase deposits and progress payments, net of returned deposits and aircraft sales deposits	28,393	(202)	(13,024)
Distributions from unconsolidated equity method investment in excess of earnings	—	104	419
Other	1,319	(1,694)	(676)
Net cash and restricted cash (used in) provided by investing activities	<u>(537,874)</u>	<u>(586,500)</u>	<u>21,472</u>
<b>Cash flows from financing activities:</b>			
Repurchase of shares	—	—	(25,536)
Parent contribution at Merger	—	—	25,536
Net proceeds from preference share issuance	—	392,997	—
Proceeds from secured and unsecured debt financings	493,848	20,000	1,932,943
Repayments of secured and unsecured debt financings	(420,372)	(646,943)	(1,697,662)
Deferred financing costs	(13,242)	(5,339)	(12,832)
Debt extinguishment costs	(310)	(13,372)	(1,524)
Security deposits and maintenance payments received	142,699	88,891	87,510
Security deposits and maintenance payments returned	(20,307)	(26,857)	(71,743)
Dividends paid	(21,000)	(5,658)	(24,025)
Net cash and restricted cash provided by (used in) financing activities	<u>161,316</u>	<u>(196,281)</u>	<u>212,667</u>
<b>Net increase (decrease) in cash and restricted cash</b>	<u>61,179</u>	<u>(409,916)</u>	<u>409,161</u>
Cash and restricted cash at beginning of year	170,682	580,598	171,437
Cash and restricted cash at end of year	<u>\$ 231,861</u>	<u>\$ 170,682</u>	<u>\$ 580,598</u>

**Aircastle Limited and Subsidiaries**  
**Consolidated Statements of Cash Flows (Continued)**  
(Dollars in thousands)

	Year Ended February 28,		
	2023	2022	2021
<b>Reconciliation to Consolidated Balance Sheets:</b>			
Cash and cash equivalents	\$ 231,861	\$ 167,891	\$ 578,004
Restricted cash and cash equivalents	—	2,791	2,594
Unrestricted and restricted cash and cash equivalents	<u>\$ 231,861</u>	<u>\$ 170,682</u>	<u>\$ 580,598</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the year for interest	\$ 193,283	\$ 200,922	\$ 241,011
Cash paid during the year for income taxes	\$ 9,511	\$ 240	\$ 1,469
<b>Supplemental disclosures of non-cash investing activities:</b>			
Advance lease rentals, security deposits, maintenance payments, other liabilities and other assets settled in sale of flight equipment	\$ 50,758	\$ 12,391	\$ 70,716
Advance lease rentals, security deposits, maintenance payments, other liabilities and other assets assumed in asset acquisitions	\$ 10,810	\$ 21,764	\$ 29,869
Transfers from Flight equipment held for lease to Net investment in direct financing and sales-type leases and Other assets	\$ 1,695	\$ 57,489	\$ 90,352
Acquisition of investments, at fair value	<u>\$ 10,819</u>	<u>\$ —</u>	<u>\$ —</u>

*The accompanying notes are an integral part of these consolidated financial statements.*



**Aircastle Limited and Subsidiaries**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Dollars in thousands, except share amounts)

	Common Shares		Preference Shares		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance, February 29, 2020	75,076,794	\$ 751	—	\$ —	\$ 1,456,977	\$ 578,461	\$ 2,036,189
Amortization of share-based payments	—	—	—	—	28,049	—	28,049
Net loss	—	—	—	—	—	(333,168)	(333,168)
Payment of unvested shares at Merger	(101,809)	(1)	—	—	(25,535)	—	(25,536)
Parent contribution at Merger	—	—	—	—	25,536	—	25,536
Share cancellation and re-issuance at Merger	(74,960,937)	(750)	—	—	750	—	—
Balance, February 28, 2021	14,048	\$ —	—	\$ —	\$ 1,485,777	\$ 245,293	\$ 1,731,070
Issuance of preference shares	—	—	400	—	392,997	—	392,997
Preference share dividends	—	—	—	—	—	(16,159)	(16,159)
Net loss	—	—	—	—	—	(278,209)	(278,209)
Balance, February 28, 2022	14,048	\$ —	400	\$ —	\$ 1,878,774	\$ (49,075)	\$ 1,829,699
Preference share dividends	—	—	—	—	—	(21,000)	(21,000)
Net income	—	—	—	—	—	62,759	62,759
Balance, February 28, 2023	14,048	\$ —	400	\$ —	\$ 1,878,774	\$ (7,316)	\$ 1,871,458

*The accompanying notes are an integral part of these consolidated financial statements.*

## **Note 1. Summary of Significant Accounting Policies**

### **Organization**

Aircastle Limited (“Aircastle,” the “Company,” “we,” “us” or “our”) is a Bermuda exempted company that was incorporated on October 29, 2004 under the provisions of Section 14 of the Companies Act of 1981 of Bermuda. Aircastle’s business is acquiring, leasing, managing and selling commercial jet aircraft.

The Company is controlled by affiliates of Marubeni Corporation (“Marubeni”) and Mizuho Leasing Company, Limited (“Mizuho Leasing”).

Aircastle is a holding company and conducts its business through subsidiaries that are wholly-owned, either directly or indirectly, by Aircastle.

### **Basis of Presentation and Principles of Consolidation**

The consolidated financial statements presented are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and include the accounts of Aircastle and all its subsidiaries, including any variable interest entity of which Aircastle is the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

We manage and analyze our business and report on operations based on one operating segment: leasing, financing, selling and managing commercial flight equipment. Our Chief Executive Officer is the chief operating decision maker.

The Company’s management has reviewed and evaluated all events or transactions for potential recognition and/or disclosure subsequent to the balance sheet date of February 28, 2023 through the date on which the consolidated financial statements included in this Annual Report were issued.

### **Risk and Uncertainties**

In the normal course of business, Aircastle encounters several significant types of economic risk including credit, market, aviation industry and capital market risks. Credit risk is the risk of a lessee’s inability or unwillingness to make contractually required payments and to fulfill its other contractual obligations to Aircastle. Market risk reflects the change in the value of financings due to changes in interest rate spreads or other market factors, including the value of collateral underlying financings. Aviation industry risk is the risk of a downturn in the commercial aviation industry which could adversely impact a lessee’s ability to make payments, increase the risk of early lease terminations and depress lease rates and the value of the Company’s aircraft. Capital market risk is the risk that the Company is unable to obtain capital at reasonable rates to fund the growth of its business or to refinance existing debt facilities.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. While Aircastle believes the estimates and related assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Aircastle considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Virtually all our cash and cash equivalents are held or managed by five major financial institutions.

### **Flight Equipment Held for Lease and Depreciation**

Flight equipment held for lease is stated at cost and depreciated using the straight-line method, typically over a 25-year life from the date of manufacture for passenger aircraft and over a 30 to 35-year life for freighter aircraft, depending on whether the aircraft is a converted or purpose-built freighter, to estimated residual values. Estimated residual values are generally determined to be 15% of the manufacturer's estimated realized price for passenger aircraft when new and 5% to 10% for freighter aircraft when new. Management may make exceptions to this policy on a case-by-case basis when, in its judgment, the residual value calculated pursuant to this policy does not appear to reflect current expectations of value. Examples of situations where exceptions may arise include but are not limited to:

- flight equipment where estimates of the manufacturer's realized sales prices are not relevant (e.g., freighter conversions);
- flight equipment where estimates of the manufacturer's realized sales prices are not readily available; and
- flight equipment which may have a shorter useful life due to obsolescence.

Major improvements and modifications incurred in connection with the acquisition of aircraft that are required to get the aircraft ready for initial service are capitalized and depreciated over the remaining life of the flight equipment.

For planned major maintenance activities for aircraft off-lease, the Company capitalizes the actual maintenance costs by applying the deferral method. Under the deferral method, we capitalize the actual cost of major maintenance events, which are typically depreciated on a straight-line basis over the period until the next maintenance event is required.

In accounting for flight equipment held for lease, we make estimates about the expected useful lives, the fair value of attached leases, acquired maintenance assets or liabilities and the estimated residual values. In making these estimates, we rely upon actual industry experience with the same or similar aircraft types and our anticipated lessee's utilization of the aircraft.

For purchase and lease back transactions, we account for the transaction as a single arrangement. We allocate the consideration paid based on the fair value of the aircraft and lease. The fair value of the lease may include a maintenance premium and a lease premium or discount.

When we acquire an aircraft with a lease, determining the fair value of attached leases requires us to make assumptions regarding the current fair values of leases for specific aircraft. We estimate a range of current lease rates of like aircraft in order to determine if the attached lease is within a fair value range. If a lease is below or above the range of current lease rates, we present value the estimated amount below or above the fair value range over the remaining term of the lease. The resulting lease discount or premium is amortized into lease rental income over the remaining term of the lease.

### **Impairment of Flight Equipment**

We perform an annual recoverability assessment of all aircraft in our fleet, on an aircraft-by-aircraft basis. A recoverability assessment is also performed whenever events or changes in circumstances, or indicators, suggest that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination, significant change in an aircraft type's storage levels, the introduction of newer technology aircraft or engines, an aircraft type is no longer in production or a significant airworthiness directive is issued. When we perform a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the aircraft exceed its net book value. The undiscounted cash flows consist of cash flows from currently contracted lease rental and maintenance payments, future projected lease rates and maintenance payments, transition costs, estimated down time, and estimated residual or scrap values for an aircraft. In the event that an aircraft does not meet the recoverability test, the aircraft will be adjusted to fair value, resulting in an impairment charge. See Note 2 in the Notes to Consolidated Financial Statements.

Management develops the assumptions used in the recoverability analysis based on current and future expectations of the global demand for a particular aircraft type and historical experience in the aircraft leasing market and aviation

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industry, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in projected lease rental and maintenance payments, residual values, economic conditions, technology, airline demand for a particular aircraft type and other factors, such as the location of the aircraft and accessibility to records and technical documentation.

We continue to closely monitor the impact of recent crises, such as the Russian invasion of Ukraine and the COVID-19 pandemic, on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will continue to perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We have focused and will continue to focus on aircraft with near-term lease expirations, customers that have entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, and certain other customers or aircraft variants that are more susceptible to the impact of the above crises and value deterioration.

#### **Net Investment in Direct Financing and Sales-Type Leases**

If a lease meets specific criteria at lease commencement or at the effective date of a lease modification, we recognize the lease as a direct financing or sales-type lease. The net investment in direct financing and sales-type leases consists of the lease receivable, estimated unguaranteed residual value of the leased flight equipment at lease-end and, for direct financing leases, deferred selling profit. For sales-type leases, we recognize the difference between the net book value of the aircraft and the net investment in the lease as a gain or loss on sale of flight equipment. Selling profit on a direct financing lease is deferred and amortized over the lease term, and a selling loss is recognized at lease commencement. Interest income on our net investment in leases is recognized as Direct financing and sales-type leases revenue over the lease term in a manner that produces a constant rate of return on the net investment in the lease.

The net investment in leases is recorded net of an allowance for credit losses. The allowance for credit losses is recorded upon the initial recognition of the net investment in the lease based on the Company's estimate of expected credit losses over the lease term. The allowance reflects the Company's estimate of lessee default probabilities and loss given default percentages. When determining the credit loss allowance, we consider relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the net investment in the lease. The allowance also considers potential losses due to non-credit risk related to unguaranteed residual values. A provision for credit losses is recorded as a component of operating expenses to adjust the allowance for changes to management's estimate of expected credit losses.

#### **Unconsolidated Equity Method Investment**

Aircastle accounts for its interest in an unconsolidated joint venture using the equity method as we do not control the joint venture entity. Under the equity method, the investment is initially recorded at cost and the carrying amount is affected by its share of the unconsolidated joint venture's undistributed earnings and losses and distributions of dividends and capital. The investment may also reflect an equity loss in the event that circumstances indicate an other-than-temporary impairment.

#### **Security Deposits**

Most of our operating leases require the lessee to pay Aircastle a security deposit or provide a letter of credit. Security deposits represent cash received from the lessee that is held on deposit until lease expiration or termination. If a lease is terminated, we recognize security deposits in excess of outstanding lease payments as other revenue.

#### **Maintenance Payments**

Typically, under an operating lease, the lessee is responsible for performing all maintenance but they may also be required to make payments to us for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending upon the component, and are required to be made monthly in arrears or at the end of the lease term. Whether to permit a lessee to make maintenance payments at the end of the lease term, rather than requiring such payments to be made monthly, depends on a variety of factors, including the creditworthiness of the lessee, the level of security deposit which may be

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provided by the lessee and market conditions at the time we enter into the lease. If a lease requires monthly maintenance payments, we would typically be obligated to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components to the extent of maintenance payments received in respect of the specific maintenance event, usually shortly following completion of the relevant work. If a lease requires end of lease term maintenance payments, typically the lessee would be required to pay us for its utilization of the aircraft during the lease; however, in some cases, we may owe a net payment to the lessee in the event heavy maintenance is performed and paid for by the lessee during the lease term and the aircraft is returned to us in better condition than at lease inception.

We record monthly maintenance payments by the lessee as accrued maintenance payments liabilities in recognition of our contractual commitment to refund such receipts. In these contracts, we typically do not recognize such maintenance payments as maintenance revenue during the lease. Reimbursements to the lessee upon the receipt of evidence of qualifying maintenance work are charged against the existing accrued maintenance payments liability. We currently defer maintenance revenue recognition of most monthly maintenance payments until we are able to determine the amount, if any, by which the monthly maintenance payments received from a lessee exceed costs to be incurred by that lessee in performing heavy maintenance, which generally occurs at or near the end of the lease. End of lease term maintenance payments made to us are recognized as maintenance revenue, and end of lease term maintenance payments we make to a lessee are recorded as contra maintenance revenue.

#### **Lease Incentives and Amortization**

Many of our leases contain provisions that may require us to pay a portion of the lessee's costs for heavy maintenance, overhaul or replacement of certain high-value components. We account for these expected payments as lease incentives, which are amortized as a reduction of revenue over the life of the lease. We estimate the amount of our portion for such costs, typically for the first major maintenance event for the airframe, engines, landing gear and auxiliary power units, expected to be paid to the lessee based on assumed utilization of the related aircraft by the lessee, the anticipated amount of the maintenance event cost and the estimated amounts the lessee is responsible to pay. The assumptions supporting these estimates are reevaluated annually.

This estimated lease incentive is not recognized as a lease incentive liability at the inception of the lease. We recognize the lease incentive as a reduction of lease revenue on a straight-line basis over the life of the lease, with the offset being recorded as a lease incentive liability which is included in maintenance payments on the balance sheet. The payment to the lessee for the lease incentive liability is first recorded against the lease incentive liability, and any excess above the lease incentive liability is recorded as a prepaid lease incentive asset, which is included in other assets on the balance sheet and continues to amortize over the remaining life of the lease.

Lease acquisition costs related to reconfiguration of the aircraft cabin, other lessee specific modifications and other direct costs are capitalized and amortized into revenue over the initial life of the lease, assuming no lease renewals, and are included in other assets.

#### **Income Taxes**

Aircastle uses an asset and liability based approach in accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement and tax basis of existing assets and liabilities using enacted rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount estimated by us to be realizable. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. We did not have any unrecognized tax benefits.

#### **Fair Value Measurements**

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We measure the fair value of our cash and cash equivalents and our investments in debt and equity securities on a recurring basis and measure the fair value of our

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investment in unconsolidated joint venture and aircraft on a non-recurring basis. See Note 3 in the Notes to Consolidated Financial Statements.

#### **Lease Revenue Recognition**

We lease flight equipment under net operating leases with lease terms typically ranging from three to seven years. We generally do not offer renewal terms or purchase options in our leases, although certain of our operating leases allow the lessee the option to extend the lease for an additional term. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the initial lease, assuming no renewals.

In certain instances, we may provide lease concessions to customers, generally in the form of lease rental deferrals. While these deferral arrangements affect the timing of lease rental payments, the total amount of lease rental payments required over the lease term is generally the same as that which was required under the original lease agreement. We account for the deferrals as if no modifications to the lease agreements were made and record the deferred rentals as a receivable within other assets.

Should we determine that the collectability of rental payments is no longer probable, including any deferral thereof, we will recognize lease rental revenue using a cash basis of accounting rather than an accrual method. In the period we conclude that collection of lease payments is no longer probable, we recognize any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, as a current period adjustment to lease rental revenue.

#### **Comprehensive Income (Loss)**

Comprehensive income (loss) consists of net income and other gains and losses, net of income taxes, if any, affecting shareholders' equity that, under U.S. GAAP, are excluded from net income (loss).

#### **Deferred Financing Costs**

Deferred financing costs, which are included in borrowings from secured and unsecured financings, net of debt issuance costs, in the Consolidated Balance Sheets, are amortized using the interest method for amortizing loans over the lives of the relevant related debt.

#### **Recent Accounting Pronouncements**

In December 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2022-06 to defer the sunset date of Reference Rate Reform Topic 848 ("ASC 848"). U.S. GAAP requires entities to evaluate whether a contract modification, such as the replacement or change of a reference rate, results in the establishment of a new contract or continuation of an existing contract. ASC 848 allows an entity to elect not to apply certain modification accounting requirements to contracts affected by reference rate reform as entities transition away from the LIBOR to alternative reference rates. The standard provides this temporary election through December 31, 2024, and cannot be applied to contract modifications that occur after December 31, 2024. Reference rate reform will primarily impact our lease and debt arrangements for which floating-rate lease rentals and interest expense are based on LIBOR. As of February 28, 2023, we have only 1 aircraft in our fleet that has a floating-rate lease rental and for the year ended February 28, 2023, 7% of our interest expense was derived from floating-rate debt which is referenced to LIBOR. We have not adopted ASC 848 and are evaluating the election available to us under the standard.

#### **Note 2. Fair Value Measurements**

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.



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- Level 3: Unobservable inputs for which there is little or no market data and which require us to develop our own assumptions about how market participants price the asset or liability.

The valuation techniques that may be used to measure fair value are as follows:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- The income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectation about those future amounts.
- The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The following tables set forth our financial assets as of February 28, 2023 and 2022, that we measured at fair value on a recurring basis by level within the fair value hierarchy. Assets measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

	Fair Value as of February 28, 2023	Fair Value Measurements at February 28, 2023 Using Fair Value Hierarchy			Valuation Technique
		Level 1	Level 2	Level 3	
<b>Assets:</b>					
Cash and cash equivalents	\$ 231,861	\$ 231,861	\$ —	\$ —	Market
Investment in debt securities	5,029	—	—	5,029	Income
Investment in equity securities	5,790	2,346	—	3,444	Market/Income
<b>Total</b>	<b>\$ 242,680</b>	<b>\$ 234,207</b>	<b>\$ —</b>	<b>\$ 8,473</b>	

	Fair Value as of February 28, 2022	Fair Value Measurements at February 28, 2022 Using Fair Value Hierarchy			Valuation Technique
		Level 1	Level 2	Level 3	
<b>Assets:</b>					
Cash and cash equivalents	\$ 167,891	\$ 167,891	\$ —	\$ —	Market
Restricted cash and cash equivalents	2,791	2,791	—	—	Market
<b>Total</b>	<b>\$ 170,682</b>	<b>\$ 170,682</b>	<b>\$ —</b>	<b>\$ —</b>	

Our cash and cash equivalents consist largely of money market securities that are highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities (Level 1). During the year ended February 28, 2023, the Company received debt securities in the form of notes and equity securities as result of claims settlements from various airline customers that had entered into bankruptcy proceedings or similar-type restructurings. Our investment in equity securities that are traded in an active market have been valued using quoted market prices (Level 1). Our investments in other equity securities and debt securities for which there is no active market or there is limited market data have been valued using the income approach (Level 3).

For the years ended February 28, 2023 and 2022, we had no transfers into or out of Level 3.

We measure the fair value of certain assets and liabilities on a non-recurring basis, when U.S. GAAP requires the application of fair value, including events or changes in circumstances that indicate the carrying amounts of these assets may not be recoverable. Assets subject to these measurements include our aircraft and investment in unconsolidated joint venture. We record aircraft at fair value when we determine the carrying value may not be recoverable. Fair value measurements for aircraft in impairment tests are based on the average of the market approach (Level 2), which includes third party appraisal data, and an income approach (Level 3), which includes the Company's assumptions and appraisal data as to future cash proceeds from leasing and selling aircraft discounted using the Company's weighted average cost of capital. See "Aircraft Valuation" below for further information.

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We account for our investment in unconsolidated joint venture under the equity method of accounting. Our investment is recorded at cost and is adjusted by undistributed earnings and losses and the distributions of dividends and capital. This investment is reviewed for impairment whenever events or changes in circumstances indicate the fair value is less than its carrying value and the decline is other-than-temporary.

**Financial Instruments**

Our financial instruments, other than cash, consist principally of cash equivalents, accounts receivable, investments in debt and equity securities, accounts payable, and secured and unsecured debt financings. The fair value of cash and cash equivalents, accounts receivable and accounts payable approximates the carrying value of these financial instruments because of their short-term nature.

The fair value of our senior notes is estimated using quoted market prices (Level 1), whereas all our other financings are valued using a discounted cash flow analysis, based on our current incremental borrowing rates for similar types of borrowing arrangements (Level 2).

The carrying amounts and fair values of our financial instruments at February 28, 2023 and 2022, are as follows:

	February 28, 2023		February 28, 2022	
	Carrying Amount of Asset	Fair Value of Asset	Carrying Amount of Asset	Fair Value of Asset
Investment in debt securities	\$ 5,029	\$ 5,029	\$ —	\$ —
Investment in equity securities	5,790	5,790	—	—
	Carrying Amount of Liability	Fair Value of Liability	Carrying Amount of Liability	Fair Value of Liability
Credit Facilities	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Unsecured Term Loan	155,000	151,449	155,000	152,195
ECA Financings	—	—	21,576	21,931
Term Financings	761,283	739,804	666,258	675,667
Senior Notes	3,700,000	3,524,563	3,700,000	3,776,997

**Aircraft Valuation**

*Impairment of Flight Equipment*

Excluding asset write-offs related to the Russian invasion of Ukraine, during the year ended February 28, 2023, the Company recorded impairment charges totaling \$53.7 million primarily related to the scheduled lease expirations of 3 narrow-body aircraft and lease terminations of 2 narrow-body aircraft, as well as 1 wide-body aircraft resulting from our annual fleet review. The Company recognized \$58.9 million of maintenance and lease rentals received in advance into revenue for these aircraft during the year ended February 28, 2023.

The Company wrote off the remaining book values of 8 narrow-body and 1 freighter aircraft in Russia which have not been returned to us. As a result, the Company recorded impairment charges totaling \$31.9 million during the year ended February 28, 2023 – see Note 3 in the Notes to Consolidated Financial Statements. During the year ended February 28, 2023, the Company recognized \$20.3 million of maintenance and other revenue for these 9 aircraft related to payments received on maintenance and general security letters of credit.

During the year ended February 28, 2022, we recorded impairment charges of \$452.3 million, of which \$449.0 million were transactional impairments, primarily related to 16 narrow-body, 2 wide-body and 2 freighter aircraft. The Company recognized \$147.8 million of maintenance, security deposits and lease rentals received in advance into revenue for these 20 aircraft during the year ended February 28, 2022. The impairment charges, in part, resulted from lease terminations, scheduled lease expirations and lessee defaults. Of the total impairment charges, \$341.3 million related to

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13 aircraft that were leased to Russian and Ukrainian lessees, resulting from the Russian invasion of Ukraine and related sanctions placed on Russia. The Company recognized \$89.4 million of maintenance, security deposits and lease rentals received in advance into revenue for these 13 aircraft.

*Annual Recoverability Assessment*

We performed our annual recoverability assessment of all our aircraft during the third quarter of 2022. We recorded an impairment charge of \$6.3 million related to 1 wide-body aircraft during the year ended February 28, 2023, as a result of our annual recoverability assessment – see the discussion above for further detail regarding impairment of our flight equipment.

We continue to closely monitor the impact of recent crises, such as the Russian invasion of Ukraine and the COVID-19 pandemic, on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will continue to perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We have focused and will continue to focus on aircraft with near-term lease expirations, customers that have entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, and certain other customers or aircraft variants that are more susceptible to the impact of the above crises and value deterioration.

The recoverability assessment is a comparison of the carrying value of each aircraft to its estimated undiscounted future cash flows. We develop the assumptions used in the recoverability analysis based on current and future expectations of the global demand for a particular aircraft type and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party sources. These factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in projected lease rental and maintenance payments, residual values, economic conditions and other factors, such as the location of the aircraft and accessibility to records and technical documentation.

If our estimates or assumptions change, including those related to our customers that have entered judicial insolvency proceedings, we may revise our cash flow assumptions and record future impairment charges. While we believe that the estimates and related assumptions used in our recoverability assessments are appropriate, actual results could differ from those estimates.

**Note 3. Flight Equipment Held for Lease, Net**

The following table summarizes the activities for the Company's flight equipment held for lease for the years ended February 28, 2023 and 2022:

	February 28,	
	2023	2022
Beginning balance	\$ 6,313,950	\$ 6,492,471
Additions	984,172	791,935
Depreciation	(331,387)	(336,505)
Disposals and transfers to net investment in leases and held for sale	(316,892)	(184,922)
Impairments	(82,237)	(449,029)
Ending balance	<u>\$ 6,567,606</u>	<u>\$ 6,313,950</u>
Accumulated depreciation	<u>\$ 2,289,264</u>	<u>\$ 2,766,429</u>

*Write-off of Russian Aircraft*

As of February 28, 2023, 9 of our aircraft that were previously leased to Russian airlines remain in Russia. Most of the operators of these aircraft have continued to fly the aircraft notwithstanding the sanctions imposed on Russia and leasing terminations. While we will continue to pursue repossession, it is unlikely we will regain possession of any of these 9 aircraft. As a result, the Company wrote off the remaining book value of these 9 aircraft, resulting in impairment

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charges totaling \$31.9 million during the year ended February 28, 2023. These 9 aircraft have been removed from the Company's owned fleet count. The Company is vigorously pursuing insurance claims to recover its losses relating to these aircraft and has initiated legal proceedings against its contingent and possessed insurers. The collection, timing and amounts of any insurance recoveries is uncertain.

We also had 1 freighter aircraft outside of Russia that we successfully repossessed during the year ended February 28, 2023. Additionally, in response to further sanctions against Russia in the United Kingdom ("U.K."), the Company terminated the lease of 1 freighter aircraft with a U.K.-based airline and successfully repossessed that aircraft during the year ended February 28, 2023. We recognized \$18.8 million of maintenance and other revenue as a result of this lease termination. We sold these 2 freighter aircraft and 1 wide-body aircraft, which was also leased to a Russian airline, during the year ended February 28, 2023, for gains totaling \$53.5 million.

We received \$48.9 million of maintenance and general security letters of credit for our former Russian lessees during the year ended February 28, 2023, which we have recognized in maintenance and other revenue. We collected the remaining letters of credit totaling \$0.6 million subsequent to February 28, 2023.

**Note 4. Lease Rental Revenues**

Minimum future lease rentals contracted to be received under our existing operating leases of flight equipment at February 28, 2023 were as follows:

<u>Year Ended February 28/29,</u>	<u>Amount<sup>(1)</sup></u>
2024	\$ 591,755
2025	509,891
2026	394,826
2027	335,740
2028	269,593
Thereafter	770,670
<b>Total</b>	<b>\$ 2,872,475</b>

(1) Reflects impact of lessee lease rental deferrals.

At February 28, 2023 and 2022, the amounts of lease incentive liabilities recorded in maintenance payments on the consolidated balance sheets were \$22.4 million and \$16.5 million, respectively.

**Note 5. Net Investment in Leases, Net**

At February 28, 2023 and 2022, our net investment in leases consisted of 4 and 11 aircraft, respectively. The components of our net investment in leases at February 28, 2023 and 2022 were as follows:

	<u>February 28,</u>	
	<u>2023</u>	<u>2022</u>
Lease receivable	\$ 31,674	\$ 52,021
Unguaranteed residual value of flight equipment	37,287	100,068
Net investment in leases	68,961	152,089
Allowance for credit losses	(1,267)	(1,764)
<b>Net investment in leases, net</b>	<b>\$ 67,694</b>	<b>\$ 150,325</b>

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The activity in the allowance for credit losses related to our net investment in leases for the years ended February 28, 2023 and 2022 was as follows:

	Amount
Balance at February 28, 2021	\$ 864
Provision for credit losses	930
Write-offs	(30)
Balance at February 28, 2022	1,764
Provision for credit losses	1,507
Write-offs	(2,004)
Balance at February 28, 2023	<u>\$ 1,267</u>

During the year ended February 28, 2023, we wrote off allowance for credit losses totaling \$2.0 million related to the sale of 3 aircraft and scheduled lease expirations of 2 aircraft that were classified as net investment in leases.

As of February 28, 2023, future lease payments on net investment in leases are as follows:

Year Ending February 28/29,	Amount
2024	\$ 5,901
2025	6,912
2026	6,613
2027	6,750
2028	6,540
Thereafter	5,382
Total lease payments to be received	38,098
Present value of lease payments - lease receivable	(31,674)
Difference between undiscounted lease payments and lease receivable	<u>\$ 6,424</u>

**Note 6. Concentration of Risk**

The classification of regions in the tables below is based on our customers' principal place of business.

The geographic concentration of our Net Book Value as of February 28, 2023 and 2022 was as follows:

Region	February 28, 2023		February 28, 2022	
	Number of Aircraft	Net Book Value %	Number of Aircraft	Net Book Value %
Asia and Pacific	62	28 %	71	32 %
Europe	88	30 %	98	30 %
Middle East and Africa	8	3 %	10	4 %
North America	38	20 %	36	17 %
South America	29	14 %	25	13 %
Off-lease	14 <sup>(1)</sup>	5 %	11 <sup>(2)</sup>	4 %
Total	<u>239</u>	<u>100 %</u>	<u>251</u>	<u>100 %</u>

(1) Of the 14 off-lease aircraft at February 28, 2023, we have 1 wide-body and 4 narrow-body aircraft that we are currently marketing for lease or sale.

(2) All 11 off-lease aircraft at February 28, 2022, have been placed for lease or sold.

**Aircastle Limited and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
*(Dollars in thousands, except per share amounts)*

The following table sets forth Net Book Value of flight equipment attributable to individual countries representing at least 10% of Net Book Value of flight equipment based on each lessee's principal place of business as of:

Region	February 28, 2023			February 28, 2022		
	Net Book Value	Net Book Value %	Number of Lessees	Net Book Value	Net Book Value %	Number of Lessees
India <sup>(1)</sup>	\$ —	—%	—	\$ 670,523	10%	3

(1) As of February 28, 2023, India represented less than 10% of our Net Book Value.

The geographic concentration of our lease rental revenue earned from flight equipment held for lease was as follows:

Region	Year Ended February 28,		
	2023	2022	2021
Asia and Pacific	33 %	29 %	40 %
Europe	29 %	36 %	31 %
Middle East and Africa	5 %	5 %	6 %
North America	19 %	15 %	12 %
South America	14 %	15 %	11 %
Total	100 %	100 %	100 %

The following table shows the number of lessees with lease rental revenue of at least 5% of total lease rental revenue and their combined total percentage of lease rental revenue for the periods indicated:

	Year Ended February 28,					
	2023		2022		2021	
	Number of Lessees	Combined % of Lease Rental Revenue	Number of Lessees	Combined % of Lease Rental Revenue	Number of Lessees	Combined % of Lease Rental Revenue
Largest lessees by lease rental revenue <sup>(1)</sup>	3	21 %	6	38%	4	30 %

(1) The number of lessees and combined percentage for the year ended February 28, 2022, includes 1 of our Russian lessees, which accounted for 5% of total lease rental revenue. Lease rental revenue for this customer includes the recognition of lease rentals received in advance of \$17.2 million into revenue; excluding this amount, this customer accounted for 2% of total lease rental revenue.

For the year ended February 28, 2023, total revenue attributable to the United States was 15% and included \$14.0 million of maintenance revenue and \$54.5 million of gains on sales of aircraft. For the years ended February 28, 2022 and 2021, total revenue attributable to the United States was less than 10%.

For the year ended February 28, 2023, total revenue attributable to India was 12%, and included maintenance and other revenue totaling \$21.2 million. For the years ended February 28, 2022 and 2021, total revenue attributable to India was 11% and 12%, respectively.

For the year ended February 28, 2022, we had 6 Russian lessees that accounted for 17% of our total revenue. Total revenue from these lessees included \$89.4 million of lease rentals received in advance, maintenance, security deposits and other revenue resulting from the sanctions placed on Russia, which required the termination of leasing activities. For the years ended February 28, 2023 and 2021, total revenue attributable to Russia was less than 10%.

**Aircastle Limited and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
*(Dollars in thousands, except per share amounts)*

**Note 7. Unconsolidated Equity Method Investment**

We have a joint venture with Mizuho Leasing which has 9 aircraft with a net book value of \$285.2 million at February 28, 2023.

	February 28,	
	2023	2022
Unconsolidated equity method investment at beginning of year	\$ 38,317	\$ 35,377
Distributions from unconsolidated equity method investment	—	(104)
Earnings of unconsolidated equity method investment, net of tax	2,188	3,044
Unconsolidated equity method investment at end of year	<u>\$ 40,505</u>	<u>\$ 38,317</u>

On June 30, 2022, the Company received full repayment of the unsecured loan facility it provided to the joint venture in the amount of \$1.5 million.

**Note 8. Borrowings from Secured and Unsecured Debt Financings**

The outstanding amounts of our secured and unsecured term debt financings were as follows:

Debt Obligation	At February 28, 2023			Final Stated Maturity	At
	Outstanding Borrowings	Number of Aircraft	Interest Rate		February 28, 2022
<b>Secured Debt Financings:</b>					
ECA Financings	\$ —	—	—%	N/A	\$ 21,576
Term Financings <sup>(1)</sup>	761,283	30	2.36% to 7.22%	09/13/24 to 02/24/32	666,258
Less: Debt issuance costs	(8,985)				(3,795)
Total secured debt financings, net of debt issuance costs and discounts	<u>752,298</u>	<u>30</u>			<u>684,039</u>
<b>Unsecured Debt Financings:</b>					
5.000% Senior Notes due 2023 <sup>(2)</sup>	500,000		5.00%	04/01/23	500,000
4.400% Senior Notes due 2023	650,000		4.40%	09/25/23	650,000
Senior Notes due 2024	500,000		4.125%	05/01/24	500,000
Senior Notes due 2025	650,000		5.25%	08/11/25	650,000
Senior Notes due 2026	650,000		4.25%	06/15/26	650,000
Senior Notes due 2028	750,000		2.85%	01/26/28	750,000
Unsecured Term Loan	155,000		6.319%	02/27/24	155,000
Revolving Credit Facilities	20,000		1.63% to 6.36%	02/28/24 to 05/24/25	20,000
Less: Debt issuance costs and discounts	(32,546)				(39,159)
Total unsecured debt financings, net of debt issuance costs and discounts	<u>3,842,454</u>				<u>3,835,841</u>
Total secured and unsecured debt financings, net of debt issuance costs and discounts	<u>\$ 4,594,752</u>				<u>\$ 4,519,880</u>

(1) The borrowings under these financings at February 28, 2023 have a weighted-average fixed rate of interest of 4.82%.

(2) Repaid at their final stated maturity date.

**Secured Debt Financings:**

*Term Financings*

On November 21, 2022 (“the “Effective Date”), we entered into a full recourse \$450.0 million secured financing facility (the “2022 Secured Facility”) with a syndicate of banks in relation to 17 owned aircraft. The 2022 Secured Facility bears interest at a floating rate under the Term Secured Overnight Funding Rate (“SOFR”) (as defined in the credit agreement governing the 2022 Secured Facility) plus 2.35% per annum and matures on November 21, 2029. The 2022 Secured Facility contains, among other customary provisions, a \$1.1 billion minimum net worth covenant, a 2.0:1.0 minimum interest coverage ratio covenant, and a 75% maximum loan-to-value ratio, which reduces to 70% through the term of the facility. The credit commitments under the 2022 Secured Facility will be available for borrowings for three to six months following the Effective Date. As of February 28, 2023, \$279.0 million was borrowed under the 2022 Secured Facility in relation to 10 aircraft.

On February 10, 2023, we prepaid in full the \$159.4 million outstanding principal amount of one of our term financings secured by 12 aircraft, including \$1.3 million of accrued interest. We incurred a loss on the early extinguishment of debt totaling \$0.6 million, primarily related to the write off of deferred financing costs.

**Unsecured Debt Financings:**

*5.000% Senior Notes due 2023*

We repaid the \$500.0 million aggregate principal amount of our 5.000% Senior Notes due 2023 at their final stated maturity date in April 2023.

*Revolving Credit Facilities*

On May 24, 2022, we entered into an amendment for one of our unsecured revolving credit facilities that expanded the size and extended the term of the facility. As a result, the existing \$230.0 million commitment was expanded to \$280.0 million, with \$35.0 million and \$245.0 million of the commitment allocated to Tranche B and Tranche C, respectively. Tranche A and Tranche B matured on their respective stated maturity dates of December 27, 2021 and February 28, 2023. Tranche C will mature on May 24, 2025.

On June 27, 2022, a \$100.0 million commitment under one of our unsecured revolving credit facilities, with a total commitment of \$1.0 billion, matured on its stated maturity date. On September 8, 2022, we entered into an amendment that expanded the size of the facility from \$900.0 million to \$1.0 billion and replaced LIBOR with Term SOFR as the benchmark interest rate. The facility bears interest at Adjusted Term SOFR (as defined in the amendment to the credit agreement) plus 1.625% per annum and matures on April 26, 2025.

On July 30, 2022, a \$50.0 million commitment under our revolving credit facility with Mizuho Bank Ltd., a related party, matured on its stated maturity date.

On January 27, 2023, we entered into an amendment that expanded the size of our revolving credit facility with Mizuho Marubeni Leasing America Corporation, a related party, from \$100.0 million to \$200.0 million and extended its maturity date to January 26, 2025. The amendment also replaced LIBOR with Term SOFR as the benchmark interest rate. The facility bears interest at a rate of Adjusted Term SOFR (as defined in the amendment to the credit agreement) plus either 1.72% or 1.97%, depending on the amount drawn, and requires the Company to have a minimum of \$20.0 million revolving credit outstanding throughout the term of the facility. This transaction was approved by our Audit Committee as an arm’s length transaction under our related party policy.

On February 28, 2023, the Company entered into a \$300.0 million unsecured revolving credit facility with Mizuho Bank Ltd., a related party. The facility bears interest at a rate of Adjusted Term SOFR (as defined in the amendment to the credit agreement) plus 2.0%, matures on February 28, 2024 and includes a one-year extension option. This transaction was approved by our Audit Committee as an arm’s length transaction under our related party policy.

As of February 28, 2023, we had \$20.0 million in borrowings outstanding under our revolving credit facilities and had \$1.7 billion available for borrowing.



**Aircastle Limited and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
*(Dollars in thousands, except per share amounts)*

Maturities of the secured and unsecured debt financings over the next five years and thereafter are as follows:

<u>Year Ending February 28/29,</u>	<u>Amount</u>
2024	\$ 1,372,409
2025	833,603
2026	747,597
2027	671,083
2028	772,304
Thereafter	239,287
Total	<u>\$ 4,636,283</u>

As of February 28, 2023, we were in compliance with all applicable covenants in our financings.

**Note 9. Shareholders' Equity**

On March 15, 2022 and September 15, 2022, the Company paid semi-annual dividends each in the amount of \$10.5 million for its Preference Shares, which was approved by the Company's Board of Directors and accrued as of February 28, 2022 and August 31, 2022, respectively.

On January 10, 2023, the Company's Board of Directors approved a semi-annual dividend in the amount of \$10.5 million for its Preference Shares, which was accrued as of February 28, 2023, and paid on March 15, 2023.

**Note 10. Related Party Transactions**

The Company incurred fees from Marubeni as part of its intra-company service agreement totaling \$5.5 million and \$5.0 million during the years ended February 28, 2023 and 2022, respectively, whereby Marubeni provides certain management and administrative services to the Company. In addition, the Company purchased parts under a parts management services and supply agreement with an affiliate of Marubeni totaling \$4.2 million and \$5.9 million during the years ended February 28, 2023 and 2022, respectively.

On January 27, 2023, the Company entered into an amendment that expanded the size and extended the term of our unsecured revolving credit facility with Mizuho Marubeni Leasing America Corporation., a related party – see Note 8 in the Notes to Consolidated Financial Statements for additional information. This transaction was approved by our Audit Committee as an arm's length transaction under our related party policy.

On February 28, 2023, the Company entered into a \$300.0 million senior unsecured revolving credit facility with Mizuho Bank Ltd., a related party – see Note 8 in the Notes to Consolidated Financial Statements for additional information. This transaction was approved by our Audit Committee as an arm's length transaction under our related party policy.

**Note 11. Income Taxes**

Income taxes have been provided for based upon the tax laws and rates in countries in which our operations are conducted and income is earned. The Company received an assurance from the Bermuda Minister of Finance that it would be exempted from local income, withholding and capital gains taxes until March 2035. Consequently, the provision for income taxes relates to income earned by certain subsidiaries of the Company which are located in, or earn income in, jurisdictions that impose income taxes, primarily the United States and Ireland.

**Aircastle Limited and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
*(Dollars in thousands, except per share amounts)*

The sources of income (loss) from continuing operations before income taxes and earnings of unconsolidated equity method investment for the years ended February 28, 2023, 2022 and 2021, were as follows:

	Year Ended February 28,		
	2023	2022	2021
U.S. operations	\$ 21,172	\$ 20,803	\$ 31,848
Non-U.S. operations	64,865	(310,054)	(357,106)
Income (loss) from continuing operations before income taxes and earnings of unconsolidated equity method investment	<u>\$ 86,037</u>	<u>\$ (289,251)</u>	<u>\$ (325,258)</u>

The components of the income tax provision (benefit) from continuing operations for the years ended February 28, 2023, 2022 and 2021, consisted of the following:

	Year Ended February 28,		
	2023	2022	2021
<b>Current:</b>			
United States:			
Federal	\$ 5,671	\$ 247	\$ (1,232)
State	1,667	161	121
Non-U.S.	4,438	980	4,842
Current income tax provision	<u>11,776</u>	<u>1,388</u>	<u>3,731</u>
<b>Deferred:</b>			
United States:			
Federal	(728)	5,206	3,150
State	(341)	1,593	1,598
Non-U.S.	14,759	(16,185)	1,757
Deferred income tax (benefit)	<u>13,690</u>	<u>(9,386)</u>	<u>6,505</u>
<b>Total</b>	<u>\$ 25,466</u>	<u>\$ (7,998)</u>	<u>\$ 10,236</u>

Significant components of the Company's deferred tax assets and liabilities at February 28, 2023 and 2022, consisted of the following:

	Year Ended February 28,	
	2023	2022
<b>Deferred tax assets:</b>		
Net operating loss carry forwards	\$ 145,299	\$ 117,448
Interest expense carry forwards	1,139	—
Other	26,041	34,955
Total deferred tax assets	<u>172,479</u>	<u>152,403</u>
<b>Deferred tax liabilities:</b>		
Accelerated depreciation	(233,340)	(189,083)
Other	(18,825)	(28,873)
Total deferred tax liabilities	<u>(252,165)</u>	<u>(217,956)</u>
<b>Net deferred tax liabilities</b>	<u>\$ (79,686)</u>	<u>\$ (65,553)</u>

The Company had \$96.8 million of federal net operating loss ("NOL") carry forwards available at February 28, 2023 with no expiration date to offset future taxable income subject to U.S. graduated tax rates. The Company also had NOL carry forwards of \$961.2 million with no expiration date to offset future Irish taxable income. Deferred tax assets and liabilities are included in other assets and accounts payable, accrued expenses and other liabilities, respectively.

**Aircastle Limited and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
*(Dollars in thousands, except per share amounts)*

We do not expect to incur income taxes on future distributions of undistributed earnings of non-U.S. subsidiaries and accordingly, no deferred income taxes have been provided for the distributions of such earnings. As of February 28, 2023, we have elected to permanently reinvest our accumulated undistributed U.S. earnings of \$44.1 million. Accordingly, no U.S. withholding taxes have been provided. Withholding tax of \$2.2 million would be due if such earnings were remitted.

Our aircraft-owning subsidiaries generally earn income from sources outside the United States and typically are not subject to U.S. federal, state or local income taxes. The aircraft owning subsidiaries resident in Ireland and the U.S. are subject to tax in those respective jurisdictions.

We have a U.S.-based subsidiary which provides management services to our subsidiaries and is subject to U.S. federal, state and local income taxes. We also have Ireland and Singapore based subsidiaries which provide management services to our non-U.S. subsidiaries and are subject to tax in those respective jurisdictions.

Differences between statutory income tax rates and our effective income tax rates applied to pre-tax income from continuing operations for the years ended February 28, 2023, 2022 and 2021, consisted of the following:

	Year Ended February 28,		
	2023	2022	2021
Notional U.S. federal income tax expense at the statutory rate:	\$ 18,068	\$ (60,742)	\$ (68,304)
U.S. state and local income tax, net	928	1,237	1,723
Non-U.S. operations:			
Bermuda	(12,039)	27,751	82,190
Ireland	19,279	23,510	1,545
Singapore	27	174	75
Other low tax jurisdictions	152	(15)	(381)
Non-deductible expenses in the U.S.	19	16	(1,904)
Other	(968)	71	(4,708)
Provision (benefit) for income taxes	<u>\$ 25,466</u>	<u>\$ (7,998)</u>	<u>\$ 10,236</u>

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. We did not have any unrecognized tax benefits.

We conduct business globally and, as a result, the Company and its subsidiaries or branches are subject to foreign, U.S. federal and various state and local income taxes, as well as withholding taxes. In the normal course of business the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Ireland and the United States.

Our policy is that we will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. We did not accrue interest or penalties associated with any unrecognized tax benefits, nor was any interest expense or penalty recognized during the year.

**Aircastle Limited and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
*(Dollars in thousands, except per share amounts)*

**Note 12. Interest, Net**

The following table shows the components of interest, net.

	Year Ended February 28,		
	2023	2022	2021
Interest on borrowings and other liabilities	\$ 196,502	\$ 200,220	\$ 221,246
Amortization of deferred financing fees and debt discount	14,338	16,267	14,791
Interest expense	210,840	216,487	236,037
Less: Interest income	(3,954)	(1,209)	(523)
Less: Capitalized interest	(2,280)	(926)	(176)
Interest, net	<u>\$ 204,606</u>	<u>\$ 214,352</u>	<u>\$ 235,338</u>

**Note 13. Commitments and Contingencies**

Rent expense, primarily for the corporate office and sales and marketing facilities, was \$2.1 million, \$1.6 million and \$1.6 million for the years ended February 28, 2023, 2022 and 2021, respectively.

As of February 28, 2023, Aircastle is obligated under non-cancelable operating leases relating principally to office facilities in Stamford, Connecticut; Dublin, Ireland; and Singapore for future minimum lease payments as follows:

Year Ending February 28/29,	Amount
2024	\$ 2,259
2025	2,910
2026	2,756
2027	2,694
2028	2,725
Thereafter	17,179
Total	<u>\$ 30,523</u>

At February 28, 2023, we had commitments to acquire 20 aircraft for \$763.7 million.

Commitments under signed purchase agreements, including \$46.2 million of remaining progress payments, contractual price escalations and other adjustments for these aircraft at February 28, 2023, net of amounts already paid, are as follows:

Year Ending February 28/29,	Amount
2024	\$ 495,330
2025	171,533
2026	96,848
2027	—
2028	—
Thereafter	—
Total	<u>\$ 763,711</u>

**Aircastle Limited and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
*(Dollars in thousands, except per share amounts)*

**Note 14. Other Assets**

Other assets consisted of the following as of February 28, 2023 and 2022:

	February 28,	
	2023	2022
Deferred income tax asset	\$ 304	\$ 570
Lease incentives and premiums, net of accumulated amortization of \$77,722 and \$81,553, respectively	54,208	53,513
Flight equipment held for sale	59,370	77,636
Aircraft purchase deposits and Embraer E-2 progress payments	43,494	56,157
Right-of-use asset <sup>(1)</sup>	16,930	7,176
Deferred rent receivable	35,631	55,478
Investments, at fair value	10,819	—
Other assets	125,574	105,796
<b>Total other assets</b>	<b>\$ 346,330</b>	<b>\$ 356,326</b>

(1) Net of lease incentives and tenant allowances.

**Note 15. Accounts Payable, Accrued Expenses and Other Liabilities**

Accounts payable, accrued expenses and other liabilities consisted of the following as of February 28, 2023 and 2022:

	February 28,	
	2023	2022
Accounts payable and accrued expenses	\$ 60,225	\$ 58,882
Deferred income tax liability	79,990	66,123
Accrued interest payable	42,752	42,013
Lease liability	19,951	9,846
Lease discounts, net of accumulated amortization of \$45,586 and \$45,546, respectively	3,555	560
<b>Total accounts payable, accrued expenses and other liabilities</b>	<b>\$ 206,473</b>	<b>\$ 177,424</b>



SIXTH AMENDED AND RESTATED CREDIT AGREEMENT

by and among

AIRCASTLE LIMITED,  
as Borrower,

CITIBANK, N.A.,

GOLDMAN SACHS BANK USA,

JPMORGAN CHASE BANK, N.A.,

RBC CAPITAL MARKETS<sup>1</sup>,

FIFTH THIRD BANK, NATIONAL ASSOCIATION,

as Joint Lead Arrangers and Joint Bookrunners,

GOLDMAN SACHS BANK USA,

JPMORGAN CHASE BANK, N.A.,

ROYAL BANK OF CANADA,

as Syndication Agents,

the other Lenders party hereto from time to time,

and

CITIBANK, N.A.,  
as Agent,

Dated as of December 19, 2012,

As amended and restated as of August 2, 2013

As further amended and restated as of March 31, 2014

As further amended and restated as of March 28, 2016

As further amended and restated as of June 27, 2018

As further amended and restated as of October 19, 2018

As further amended and restated as of April 26, 2021

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<sup>1</sup> RBC Capital Markets is a brand name for the capital markets activities of Royal Bank of Canada and its affiliates.

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## SIXTH AMENDED AND RESTATED CREDIT AGREEMENT

THIS SIXTH AMENDED AND RESTATED CREDIT AGREEMENT, dated as of December 19, 2012, as amended and restated as of August 2, 2013, as further amended and restated as of March 31, 2014, as further amended and restated as of March 28, 2016, as further amended and restated as of June 27, 2018, as further amended and restated as of October 19, 2018, as amended as of September 21, 2020 and as further amended and restated as of April 26, 2021 (as may be amended, supplemented or otherwise modified from time to time, the “Agreement”), made by and among AIRCASTLE LIMITED, an exempted company organized and existing under the laws of Bermuda (the “Borrower”), CITIBANK, N.A., GOLDMAN SACHS BANK USA, JPMORGAN CHASE BANK, N.A., ROYAL BANK OF CANADA, CREDIT AGRICOLE CORPORATE & INVESTMENT BANK, MUFG BANK, LTD., BNP PARIBAS, WELLS FARGO BANK, NATIONAL ASSOCIATION, FIFTH THIRD BANK, NATIONAL ASSOCIATION, MIZUHO BANK, LTD. and each other financial institution party hereto (such financial institutions, and their successors and assigns, a “Lender”; collectively the “Lenders”), and CITIBANK, N.A., in its capacity as agent for the Lenders (in such capacity, and together with any successor agent appointed in accordance with the terms of Section 11.7, the “Agent”);

### W I T N E S S E T H:

WHEREAS, the Borrower is party to that certain Credit Agreement, dated as of December 19, 2012, as amended and restated as of August 2, 2013, as further amended and restated as of March 31, 2014, as amended on January 26, 2015, as further amended on May 13, 2015, as further amended and restated on March 28, 2016, as further amended and restated on June 27, 2018 and as further amended and restated on October 19, 2018, as amended as of September 21, 2020 with Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A., Royal Bank of Canada, Credit Agricole Corporate & Investment Bank, MUFG Bank, Ltd. and BNP Paribas, as Lenders (the “Existing Lenders”), and Citibank, N.A., as the Agent (as amended, supplemented or otherwise modified and in effect immediately prior to the effectiveness of this Agreement, the “Existing Credit Agreement”);

WHEREAS, the Borrower has requested that the Lenders set forth on Exhibit A hereto make available to the Borrower a revolving credit facility of up to \$1,000 million, the proceeds of which are to be used by the Borrower for working capital and other corporate purposes;

WHEREAS, the Borrower and the Lenders wish to make certain amendments to the Existing Credit Agreement as set forth herein; and

WHEREAS, the Lenders and the Agent, subject to the conditions set forth herein (including the conditions set forth in Section 6.1), are willing to make such revolving credit facility available to the Borrower;

NOW, THEREFORE, the Borrower, the Lenders and the Agent hereby agree that on and as of the date hereof the Existing Credit Agreement shall be amended and restated as follows:

## ARTICLE I

### DEFINITIONS AND TERMS

#### 1.1. Definitions.

For the purposes of this Agreement, in addition to the definitions set forth above, the following terms shall have the respective meanings set forth below:

“Acquired Indebtedness” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is amalgamated or merged with or into or became a Subsidiary of such specified Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

“After Acquired Commitments” means any (x) Revolving Credit Commitments acquired, (y) Revolving Loans acquired or (z) Revolving Loans made in respect of the Revolving Credit Commitments referred to in clause (x), in the case of each of clauses (x), (y) and (z), by the Specified Lender after the Sixth Restatement Date (whether or not the Specified Lender continues to hold Specified Commitments or Specified Loans).

“Agreement” has the meaning given to such term in the first recital to this Agreement.

“Aircraft” means all commercial aircraft (including, without limitation, the airframe and all engines and parts thereof or with respect thereto) owned by the Borrower and its Subsidiaries.

“Aircraft Financing Subsidiary” means any special purpose Subsidiary that facilitates the acquisition, ownership, leasing or financing of aircraft or any parts relating to aircraft, including any securitization financing in connection therewith.

“Applicable Commitment Fee” means, (i) for the period from the A&R Closing Date to and including the date on which the Agent receives a notice from the Borrower of a change in the Public Debt Rating pursuant to Section 8.17, 0.275% per annum and (ii) thereafter, a percentage per annum determined by reference to the Public Debt Rating in effect on such date, as set forth below and subject to the Pricing Level Adjustments:

Pricing Level	Public Debt Rating	Applicable Commitment Fee
I	≥ BBB+ / Baa1 / BBB+	0.175%
II	BBB / Baa2 / BBB	0.225%
III	BBB- / Baa3 / BBB-	0.275%
IV	BB+ / Ba1 / BB+	0.325%
V	≤ BB / Ba2 / BB	0.525%

“Applicable Commitment Percentage” means, with respect to each Lender at any time, a fraction, the numerator of which shall be such Lender’s Revolving Credit Commitment and the denominator of which shall be the Total Revolving Credit Commitment, which Applicable Commitment Percentage for each Lender as of the A&R Closing Date is as set forth in Exhibit A; provided that the Applicable Commitment Percentage of each Lender shall be increased or decreased to reflect any assignments to or by such Lender effected in accordance with Section 12.1.

“Applicable Lending Office” means, for each Lender and for each Type of Loan, the “Lending Office” for such Lender designated for such Type of Loan on the signature pages hereof or such other office of such Lender as such Lender may from time to time specify to the Agent and the Borrower by written notice in accordance with the terms hereof as the office by which its Loans are to be made and maintained.

“Applicable Margin” means (i) for the period from the A&R Closing Date to and including the date on which the Agent receives a notice from the Borrower of a change in the Public Debt Rating pursuant to Section 8.17, (x) 0.625% per annum, with respect to Base Rate Loans and (y) 1.625% per annum with respect to Eurodollar Rate Loans and (ii) thereafter, a percentage per annum determined by reference to the Public Debt Rating in effect on such date, as set forth below and subject to the Pricing Level Adjustment:

Pricing Level	Public Debt Rating	Applicable Margin for Base Rate Loans	Applicable Margin for Eurodollar Rate Loans
I	≥ BBB+ / Baa1 / BBB+	0.125%	1.125%
II	BBB / Baa2 / BBB	0.375%	1.375%
III	BBB- / Baa3 / BBB-	0.625%	1.625%
IV	BB+ / Ba1 / BB+	0.875%	1.875%

V	≤ BB / Ba2 / BB	1.375%	2.375%
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“Assignment and Acceptance” means an Assignment and Acceptance substantially in the form of Exhibit B (with blanks appropriately filled in) delivered to the Agent in connection with an assignment of a Lender’s interest under this Agreement pursuant to Section 12.1.

“Authorized Representative” means any of the President, Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or Vice President of the Borrower, as applicable, designated as an Authorized Representative of the Borrower as set forth from time to time in a certificate in the form of Exhibit C.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 5.2.

“A&R Closing Date” means April 26, 2021, the date as of which this Agreement was executed by the Borrower, the Lenders and the Agent and on which the conditions set forth in Section 6.1 were satisfied.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Base Rate” means, for any day, the rate per annum equal to the sum of (a) the highest of (i) the Federal Funds Rate for such day plus 0.50%, (ii) the rate of interest announced publicly by Citibank, N.A. in New York, New York, from time to time, as Citibank’s base rate and (iii) if determinable, the Eurodollar Rate applicable for an Interest Period of one month beginning on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 0.50% plus (b) the Applicable Margin. Any change in the Base Rate due to a change in Citibank’s base rate or the Federal Funds Rate shall be effective on the effective date of such change in the Citibank’s base rate or the Federal Funds Rate.



“Base Rate Loan” means a Loan for which the rate of interest is determined by reference to the Base Rate.

“Benchmark” means, initially, the Eurodollar Rate; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to the Eurodollar Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 5.2.

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Agent for the applicable Benchmark Replacement Date:

- (1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;
- (2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate benchmark rate that has been selected by the Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

- (1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Agent:
  - (a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is

first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Agent in its reasonable discretion.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, the formula for calculating any successor rates identified pursuant to the definition of “Benchmark Replacement”, the formula, methodology or convention for applying the successor Floor to the successor Benchmark Replacement and other technical, administrative or operational matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein; or

(3) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution

authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 5.2 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 5.2.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Board” means the Board of Governors of the Federal Reserve System (or any successor body).

“Borrower” has the meaning given to such term in the preamble to this Agreement.

“Borrowing Notice” means the notice delivered by an Authorized Representative in connection with a Loan under the Revolving Credit Facility, in the form of Exhibit D.

“Business Day” means, (i) with respect to any Base Rate Loan, any day which is not a Saturday, Sunday or a day on which banks in the State of New York are authorized or obligated by law, executive order or governmental decree to be closed and (ii) with respect to any Eurodollar Rate Loan, any day which is a Business Day, as described above, and on which the relevant international financial markets are open for the transaction of business contemplated by this Agreement in London, England and New York, New York.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock,
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock,
- (3) in the case of a partnership or limited liability company, partnership, membership interests (whether general or limited) or shares in the capital of a company, and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“Capitalized Lease Obligation” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

“Cash Equivalents” means:

- (1) United States dollars,
- (2) pounds sterling,
- (3) (a) euro, or any national currency of any participating member state in the European Union,  
(b) Canadian dollars, or  
(c) any other local currency held from time to time in the ordinary course of business,
- (4) securities issued or directly and fully and unconditionally guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government with maturities of 24 months or less from the date of acquisition,

(5) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of \$500.0 million,

(6) repurchase obligations for underlying securities of the types described in clauses (4) and (5) above entered into with any financial institution meeting the qualifications specified in clause (5) above,

(7) commercial paper rated at least P-2 by Moody's or at least A-2 by S&P and in each case maturing within 12 months after the date of creation thereof,

(8) investment funds investing 95% of their assets in securities of the types described in clauses (1) through (7) above,

(9) readily marketable direct obligations issued by any state of the United States of America or any political subdivision thereof or any Province of Canada having one of the two highest rating categories obtainable from either Moody's or S&P with maturities of 24 months or less from the date of acquisition and

(10) Indebtedness or preferred stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's with maturities of 12 months or less from the date of acquisition.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) through (3) above; provided that such amounts are converted into any currency listed in clauses (1) through (3) above as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

"Change of Control" means:

(1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of Voting Stock representing more than 50% of the voting power of the total outstanding Voting Stock of the Borrower;

(2) (a) all or substantially all of the assets of the Borrower and the Subsidiaries, taken as a whole, are sold or otherwise transferred to any Person other than a Wholly-Owned Subsidiary or one or more Permitted Holders or (b) the Borrower amalgamates, consolidates or merges with or into another Person or any Person consolidates, amalgamates or merges with or into the Borrower, in either case under this clause (2), in one transaction or a series of related

transactions in which immediately after the consummation thereof Persons beneficially owning (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) Voting Stock representing in the aggregate a majority of the total voting power of the Voting Stock of the Borrower, immediately prior to such consummation do not beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) Voting Stock representing a majority of the total voting power of the Voting Stock of the Borrower, or the applicable surviving or transferee Person; provided that this clause shall not apply (i) in the case where immediately after the consummation of the transactions Permitted Holders beneficially own Voting Stock representing in the aggregate a majority of the total voting power of the Borrower, or the applicable surviving or transferee Person or (ii) to an amalgamation or a merger of the Borrower with or into (x) a corporation, limited liability company or partnership or (y) a wholly-owned subsidiary of a corporation, limited liability company or partnership that, in either case, immediately following the transaction or series of transactions, has no Person or group (other than Permitted Holders) which beneficially owns Voting Stock representing more than 50% of the voting power of the total outstanding Voting Stock of such entity and, in the case of clause (y), the parent of such wholly-owned subsidiary guarantees the Obligations;

(3) the Borrower shall adopt a plan of liquidation or dissolution or any such plan shall be approved by the shareholders of the Borrower; or

(4) a “change of control” or any comparable term under, and as defined in, the Recent Indenture shall have occurred.

For purposes of this definition, if the Borrower becomes a direct or indirect Subsidiary of a holding company, such holding company shall not itself be considered a Person or group for purposes of clauses (1) and (2) above; provided that (a) such holding company beneficially owns, directly or indirectly, 100% of the Capital Stock of the Borrower and (b) upon completion of such transaction, no Person or group (other than one or more Permitted Holders) beneficially owns more than 50% of the voting power of the total outstanding voting stock of such holding company.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

“Consolidated Depreciation and Amortization Expense” means with respect to any Person for any period, the total amount of depreciation and amortization expense, including any amortization of deferred financing fees, amortization in relation to terminated Hedging Obligations and amortization of net lease discounts and lease incentives, of such Person and its Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

“Consolidated Interest Expense” means, with respect to any Person for any period, the sum, without duplication, of:

(a) consolidated interest expense of such Person and its Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discount resulting from the issuance of Indebtedness at less than par, non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of or hedge ineffectiveness expenses of Hedging Obligations or other derivative instruments pursuant to Financial Accounting Standards Board Statement No. 133 — “Accounting for Derivative Instruments and Hedging Activities” and excluding non-cash interest expense attributable to the amortization of gains or losses resulting from the termination prior to February 28, 2014 of Hedging Obligations), the interest component of Capitalized Lease Obligations and net payments, if any, pursuant to interest rate Hedging Obligations, and excluding amortization of deferred financing fees and any expensing of other financing fees), and

(b) consolidated capitalized interest of such Person and its Subsidiaries for such period, whether paid or accrued less

(c) interest income for such period.

“Consolidated Net Income” means, with respect to any Person for any period, the aggregate of the Net Income, of such Person and its Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; provided, however, that:

(1) any net after-tax extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses (including, without limitation, relating to severance, relocation and new product introductions) shall be excluded,

(2) the Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period,

(3) any net after-tax income (loss) from disposed or discontinued operations and any net after-tax gains or losses on disposal of disposed or discontinued operations shall be excluded,

(4) any net after-tax gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions other than in the ordinary course of business, as determined in good faith by the Board of Directors or management of the Borrower, shall be excluded,

(5) the Net Income for such period of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting, shall be excluded; provided that Consolidated Net Income of the Borrower shall be increased by the amount of dividends or distributions or other payments that are



actually paid in cash (or to the extent converted into cash) to the referent Person or a Subsidiary thereof in respect of such period,

(6) [reserved],

(7) the effects of adjustments resulting from the application of purchase accounting in relation to any acquisition that is consummated after April 4, 2012, net of taxes, shall be excluded,

(8) any net after-tax income (loss) from the early extinguishment of Indebtedness or Hedging Obligations or other derivative instruments shall be excluded,

(9) any impairment charge or asset write-off pursuant to Financial Accounting Standards Board Statement No. 142 and No. 144 and the amortization of intangibles arising pursuant to No. 141 shall be excluded,

(10) any non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options or other rights to officers, directors or employees shall be excluded; and

(11) unrealized gains or losses relating to Hedging Obligations and mark-to-market of Indebtedness denominated in foreign currencies shall be excluded.

“Consolidated Net Worth” means at any date, all amounts that would, in conformity with GAAP, be included on a consolidated balance sheet of the Borrower and its Subsidiaries under stockholders’ equity at such date.

“Consolidated Total Debt” means, as at any date of determination, the aggregate amount of all Indebtedness of the Borrower and its Subsidiaries as set forth on the Borrower’s consolidated balance sheet in accordance with GAAP.

“Contingent Obligations” means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

(A) for the purchase or payment of any such primary obligation  
or

(B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“Continue”, “Continuation”, and “Continued” refers to the continuation pursuant to Section 2.8 hereof of a Eurodollar Rate Loan of one Type as a Eurodollar Rate Loan of the same Type from one Interest Period to the next Interest Period.

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Covered Party” has the meaning assigned to it in Section 12.19.

“Convert”, “Conversion”, and “Converted” refers to a conversion pursuant to Section 2.8 or Article V of one Type of Loan into another Type of Loan.

“Corresponding Tenor” with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“Credit Facilities” means one or more debt facilities, commercial paper facilities, credit agreements, indentures or other agreements, in each case with banks or other institutional lenders, purchasers, investors, trustees or agents providing for revolving credit loans, term loans, receivables financing, including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against receivables, letters of credit or other extensions of credit or other indebtedness, in each case including any notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any debt facilities, commercial paper facilities, credit agreements, indentures or other agreements, in each case with banks or other institutional lenders, purchasers, investors, trustees or agents that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof.

“Credit Party” means, collectively, the Borrower and each Guarantor (if any).

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for syndicated business loans; provided, that if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion.

“Debt Fund Affiliate” means an Affiliate of any Person that is primarily engaged in, or is primarily engaged in advising funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit or securities in the ordinary course.

“Default” means any event or condition which, with the giving or receipt of notice or lapse of time or both, would constitute an Event of Default hereunder.

“Default Rate” means (i) with respect to each Eurodollar Rate Loan, until the end of the Interest Period applicable thereto, a rate of two percent (2%) above the Eurodollar Rate applicable to such Loan, and thereafter at a rate of interest per annum which shall be two percent (2%) above the Base Rate, (ii) with respect to Base Rate Loans, at a rate of interest per annum which shall be two percent (2%) above the Base Rate and (iii) in any case, the maximum rate permitted by applicable law, if lower.

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Defaulting Lender” means, subject to Section 2.13(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Agent or the Borrower, to confirm in writing to the Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) filed a petition or answer seeking liquidation, reorganization, examination or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal

Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.13(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

“Designated Preferred Stock” means preferred shares of the Borrower (in each case other than Disqualified Stock) that is issued for cash (other than to a Subsidiary) and is so designated as Designated Preferred Stock, pursuant to an Officers’ Certificate on the issuance date thereof.

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, other than as a result of a change of control or asset sale, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, other than as a result of a change of control or asset sale, in whole or in part, in each case prior to the date that is 91 days after the earlier of April 26, 2025 or the date the Borrower repays all of the Loans and permanently terminates all of the Total Revolving Credit Commitment pursuant to Section 2.7; provided, however, that if such Capital Stock is issued to any plan for the benefit of employees of the Borrower or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“Dollars” and the symbol “\$” mean dollars constituting legal tender for the payment of public and private debts in the United States of America.

“Early Opt-in Election” means, if the then-current Benchmark is Eurodollar Rate, the occurrence of:

- (1) a notification by the Agent to (or the request by the Borrower to the Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities in the U.S. syndicated loan market at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(2) the joint election by the Agent and the Borrower to trigger a fallback from Eurodollar Rate and the provision by the Agent of written notice of such election to the Lenders.

“EBITDA” means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus (without duplication):

(a) provision for taxes based on income or profits, plus franchise or similar taxes, of such Person for such period deducted in computing Consolidated Net Income, plus

(b) Consolidated Interest Expense (and other components of Fixed Charges to the extent changes in GAAP after February 28, 2014 result in such components reducing Consolidated Net Income) of such Person for such period to the extent the same was deducted in calculating such Consolidated Net Income, plus

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent such depreciation and amortization were deducted in computing Consolidated Net Income, plus

(d) any expenses or charges related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or Indebtedness permitted to be incurred by this Agreement (whether or not successful), including such fees, expenses or charges related to the offering of the notes and the Credit Facilities, and deducted in computing Consolidated Net Income, plus

(e) the amount of any restructuring charges, integration costs or other business optimization expenses or costs deducted in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions after November 30, 2012, plus

(f) any other non-cash charges reducing Consolidated Net Income for such period, excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period, plus

(g) the amount of any non-controlling interest expense deducted in calculating Consolidated Net Income (less the amount of any cash dividends paid to the holders of such minority interests), plus

(h) any net loss (or minus any gain) resulting from currency exchange risk Hedging Obligations, plus

(i) foreign exchange loss (or minus any gain) on debt, plus

(j) expenses related to the implementation of an enterprise resource planning system, less

(k) non-cash items increasing Consolidated Net Income of such Person for such period, excluding any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegate) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means (i) a Lender, (ii) an affiliate of a Lender, and (iii) any other financial institution approved by the Agent; provided, however, that (x) neither the Borrower nor an affiliate of the Borrower shall qualify as an Eligible Assignee and (y) unless a Default or Event of Default has occurred and is continuing, none of the Persons listed on Schedule 1.1B shall qualify as an Eligible Assignee unless the Borrower shall have consented to such qualification.

“Employee Benefit Plan” means, at a particular time, any employee benefit plan that is covered by ERISA and in respect of which the Borrower or any of its ERISA Affiliates is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“EMU” means economic and monetary union as contemplated in the Treaty on European Union.

“Environmental Laws” means any federal, state or local statute, law, ordinance, code, rule, regulation, order, decree, permit or license regulating, relating to, or imposing liability or standards of conduct concerning, any environmental matters or conditions, environmental protection or conservation, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; the Resource Conservation and Recovery Act, as amended; the Toxic Substances Control Act, as amended; the Clean Air Act, as amended; the Clean Water Act, as amended; together with all regulations promulgated thereunder, and any other “Superfund” or “Superlien” law.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

“Equity Offering” means any public or private sale of common shares or preferred shares of the Borrower (excluding Disqualified Stock), other than:

- (a) public offerings with respect to the Borrower’s common shares registered on Form S-8;
- (b) any such public or private sale that constitutes an Excluded Contribution; and
- (c) any sales to the Borrower or any of its Subsidiaries.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer within the meaning of Section 414 of the Code.

“Erroneous Payment” has the meaning assigned to it in Section 11.2(d).

“Erroneous Payment Deficiency Assignment” has the meaning assigned to it in Section 11.2(g).

“Erroneous Payment Impacted Class” has the meaning assigned to it in Section 11.2(g).

“Erroneous Payment Return Deficiency” has the meaning assigned to it in Section 11.2(g).

“Erroneous Payment Subrogation Rights” has the meaning assigned to it in Section 11.2(g).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“euro” means the single currency of participating member states of the EMU.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board, as in effect from time to time.

“Eurodollar Rate” means the interest rate per annum equal to the sum of the Interbank Offered Rate for such Interest Period and the Applicable Margin.

“Eurodollar Rate Loan” means a Loan for which the rate of interest is determined by reference to the Eurodollar Rate.

“Event of Default” means any of the occurrences set forth as such in Section 10.1.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

“Excluded Contribution” means net cash proceeds, marketable securities or Qualified Proceeds received by the Borrower from:

- (a) contributions to its common equity capital, and
- (b) the sale (other than to a Subsidiary of the Borrower or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Borrower) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Borrower,

in each case designated as Excluded Contributions pursuant to an Officers’ Certificate of the Borrower on or prior to the date such capital contributions are made or the date such Equity Interests are sold, as the case may be.

“Existing Credit Agreement” has the meaning given to such term in the recitals to this Agreement.

“Existing Indebtedness” means Indebtedness of the Borrower or the Subsidiaries in existence on the Original Closing Date, plus interest accruing thereon.

“Existing Lenders” has the meaning given to such term in the recitals to this Agreement.

“Existing Notes Repayment Date” means the date on which all of the Borrower’s existing senior notes that are outstanding on the A&R Closing Date have been repaid, repurchased in full or otherwise satisfied and discharged and no longer outstanding.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the chief executive officer, chief financial officer, chief accounting officer or controller of the Borrower or its Subsidiaries, which determination will be conclusive (unless otherwise provided in this Agreement).

“FATCA” means Section 1471 through 1474 of the Code, as of the date hereof, and any amended or successor version that is substantively comparable and not materially more onerous to comply with, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to current Section 1471(b) of the Code (or any amended or successor version described above) or any intergovernmental agreement (and any related legislation, rules or official administrative practices) implementing the foregoing.

“FCPA Compliance” means compliance in all material respects by the Borrower, its Subsidiaries and their respective directors and officers and, to the knowledge of the Borrower, their respective employees, agents and affiliates with the Foreign Corrupt Practices Act, as



amended, and rules and regulations thereunder (“FCPA”) and the UK Bribery Act, as amended, including that no part of the proceeds of the Loans be used directly, or to the knowledge of the Borrower, indirectly, in violation of the FCPA or UK Bribery Act, as amended, including, without limitation, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the FCPA or the UK Bribery Act, as amended.

“Federal Funds Rate” means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Agent (in its individual capacity) on such day on such transactions as determined by the Agent and (iii) if the Federal Funds Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Fee Payment Date” means, for any month in which a commitment fee is due, the twentieth (20th) calendar day of each calendar month (or, if such day is not a Business Day, on the next succeeding Business Day).

“Fifth Restatement Date” means October 19, 2018.

“First Restatement Date” means August 2, 2013.

“Fiscal Quarter” means (i) from the Fifth Restatement Date through June 30, 2020, each three-month period from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31 of each calendar year, (ii) the five-month period from July 1, 2020, through November 30, 2020, and (iii) beginning December 1, 2020, each three-month period from March 1 through May 31, June 1 through August 31, September 1 through November 30, and December 1 through the last day of February of the following calendar year

“Fiscal Year” means, respectively (i) prior to September 30, 2020, the twelve-month fiscal period of the Borrower and its Subsidiaries commencing on January 1 of each calendar year and ending on December 31 of each calendar year and (ii) from and after September 30, 2020, the twelve-month fiscal period of the Borrower and its Subsidiaries commencing on March 1 of each calendar year and ending on the last day of February of the following calendar year (commencing with the period beginning March 1, 2020).

“Fitch” means Fitch, Inc. and any successor thereto.

“Fixed Charge Coverage Ratio” means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such

period. In the event that the Borrower or any Subsidiary incurs, assumes, guarantees, redeems, retires or extinguishes any Indebtedness (other than reductions in amounts outstanding under revolving facilities unless accompanied by a corresponding termination of commitment) or issues or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "FCR Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee or redemption, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or preferred stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, amalgamations, mergers, consolidations and disposed operations (as determined in accordance with GAAP) that have been made by the Borrower or any Subsidiary during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the FCR Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, amalgamations, mergers, consolidations and disposed operations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person (that subsequently became a Subsidiary or was amalgamated or merged with or into the Borrower or any Subsidiary since the beginning of such period) shall have made any Investment, acquisition, disposition, amalgamation, merger, consolidation or disposed operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, amalgamation, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Borrower (including pro forma expense and cost reductions, regardless of whether these cost savings could then be reflected in pro forma financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the SEC related thereto). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the FCR Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Borrower to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Borrower may designate.

“Fixed Charges” means, with respect to any Person for any period, the sum of:

- (a) Consolidated Interest Expense,
- (b) all cash dividend payments (excluding items eliminated in consolidation) on any series of preferred stock (including any Designated Preferred Stock) or any Refunding Capital Stock of such Person, and
- (c) all cash dividend payments (excluding items eliminated in consolidation) on any series of Disqualified Stock.

“Floor” means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to Eurodollar Rate.

“Foreign Subsidiary” means a Subsidiary not organized or existing under the laws of the United States of America or any state or territory thereof or the District of Columbia and any direct or indirect Subsidiary of such Subsidiary.

“Fourth Restatement Date” means June 27, 2018.

“GAAP” means generally accepted accounting principles in the United States which are in effect on April 4, 2012. At any time, the Borrower may elect to apply International Financial Reporting Standards (“IFRS”) accounting principles in lieu of GAAP for purposes of calculations hereunder and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Agreement); provided that any calculation or determination in this Agreement that requires the application of GAAP for periods that include Fiscal Quarters ended prior to the Borrower’s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Borrower shall give notice of any such election made in accordance with this definition to the Agent. If at any time any election by the Borrower to apply IFRS accounting principles in lieu of GAAP as provided under this definition of “GAAP” would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such election to apply IFRS (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such election to apply IFRS and (ii) the Borrower shall provide to the Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such election to apply IFRS.

“Government Securities” means securities that are:

- (a) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or

(b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

“Governmental Authority” means any Federal, state, municipal, national or other government (whether foreign or domestic and including the European Union) or governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state or local government of the United States, the United States, or a foreign entity or foreign government.

“Guarantee” has the meaning given to such term in Section 9.12(i)(a).

“guarantee” means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

“Guarantor” means any Person that executes a Guarantee in accordance with the provisions of this Agreement and its respective successors and assigns.

“Hazardous Material” means and includes any pollutant, contaminant, or hazardous, toxic or dangerous waste, substance or material (including without limitation petroleum products, asbestos-containing materials and lead), the generation, handling, storage, transportation, disposal, treatment, release, discharge or emission of which is subject to any Environmental Law.

“Hedging Obligations” means, with respect to any Person, the obligations of such Person under:

(a) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements; and

(b) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices.

“Increased Amount Date” has the meaning given to such term in Section 2.7.

“Increased Commitment Notice” has the meaning given to such term in Section 2.7.

“Increased Commitments” has the meaning given to such term in Section 2.7.

“Increasing Lender” has the meaning given to such term in Section 2.7.

“Indebtedness” means, with respect to any Person:

(a) any indebtedness (including principal and premium) of such Person, whether or not contingent

(1) in respect of borrowed money,

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers’ acceptances (or, without double counting, reimbursement agreements in respect thereof),

(3) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations), except (i) any such balance that constitutes a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP, or

(4) representing any Hedging Obligations,

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP,

(b) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the Indebtedness of another Person, other than by endorsement of negotiable instruments for collection in the ordinary course of business, and

(c) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person, whether or not such Indebtedness is assumed by such Person;

provided, however, that Contingent Obligations shall be deemed not to constitute Indebtedness; and obligations under or in respect of Receivables Facilities shall not be deemed to constitute Indebtedness (except for the purposes of the covenants contained in Sections 9.16, 9.17 and 9.18); and the term “Indebtedness” shall not include any lease, concession or license of property (or guarantee thereof) that would be considered an operating lease under GAAP as in effect on the A&R Closing Date; provided further that, for the avoidance of doubt, Indebtedness of any Person at any time under a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding

“Indenture” means the Recent Indenture and each other indenture pursuant to which unsecured senior notes are issued by the Borrower.

“Independent Financial Advisor” means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing that is, in the good faith judgment of the Borrower, qualified to perform the task for which it has been engaged.

“Initial Lien” has the meaning given to such term in Section 9.3(i).

“Insolvency” means, with respect to any Multiemployer Plan, the condition that such Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA.

“Interbank Offered Rate” means, with respect to any Eurodollar Rate Loan for the Interest Period applicable thereto, the ICE Benchmark Administration Limited LIBOR Rate (“ICE LIBOR”), as published by Reuters (or another commercially available source providing quotations of ICE LIBOR as designated by the Agent from time to time) for the applicable Interest Period appearing on the Reuters Reference LIBOR01 page as of 11:00 a.m., London time two London Banking Days before the first day of such Interest Period; provided that if the Interbank Offered Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Interbank Offered Rate Reserve Percentage” for any Interest Period for all Eurodollar Rate Loans comprising part of the same Term Loan means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Loans is determined) having a term equal to such Interest Period.

“Interest Coverage Ratio” means, as of the end of any Fiscal Quarter of the Borrower and the Subsidiaries for the Test Period ending on such date, the ratio of (a) EBITDA of the Borrower and the Subsidiaries for such Test Period to (b) Consolidated Interest Expense paid in cash of the Borrower for such Test Period. In the event that the Borrower or any Subsidiary incurs, assumes, guarantees, redeems, retires or extinguishes any Indebtedness (other

than reductions in amounts outstanding under revolving facilities unless accompanied by a corresponding termination of commitment) subsequent to the commencement of the applicable Test Period for which the Interest Coverage Ratio is being calculated but prior to the end of such Test Period, then the Interest Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee or redemption, retirement or extinguishment of Indebtedness, as if the same had occurred on the first day of the applicable Test Period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, amalgamations, mergers, consolidations and disposed operations (as determined in accordance with GAAP) that have been made by the Borrower or any Subsidiary during the applicable Test Period shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, amalgamations, mergers, consolidations and disposed operations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the applicable Test Period. If since the beginning of such Test Period any Person (that subsequently became a Subsidiary or was amalgamated or merged with or into the Borrower or any Subsidiary since the beginning of such Test Period) shall have made any Investment, acquisition, disposition, amalgamation, merger, consolidation or disposed operation that would have required adjustment pursuant to this definition, then the Interest Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, amalgamation, merger, consolidation or disposed operation had occurred at the beginning of the applicable Test Period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made on a basis in accordance with GAAP and Regulation S-X promulgated under the Securities Act. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of the event for which the calculation of the Interest Coverage Ratio is made had been the applicable rate for the entire Test Period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Borrower to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable Test Period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Borrower may designate.

“Interest Period” means, for each Eurodollar Rate Loan, a period commencing on the date such Eurodollar Rate Loan is made or Converted or on the last day of the preceding Interest Period, as the case may be, and ending on the date one, two, three or six months (elected by the Borrower) thereafter; provided that:

- (a) if an Interest Period for a Eurodollar Rate Loan would end on a day which is not a Business Day, such Interest Period shall be extended to the next Business Day (unless such extension would cause the applicable Interest

Period to end in the succeeding calendar month, in which case such Interest Period shall end on the next preceding Business Day);

(b) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(c) if the Stated Termination Date for any Eurodollar Rate Loan as of the date a Eurodollar Rate Loan is made would fall in the middle of an Interest Period, then such Interest Period shall end on such Stated Termination Date

“Interest Rate Selection Notice” means the written notice delivered by an Authorized Representative in connection with the election of a subsequent Interest Period for any Eurodollar Rate Loan or the Conversion of any Base Rate Loan into a Eurodollar Rate Loan, in the form of Exhibit E.

“Investments” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commission, travel, moving and similar advances to officers, directors and employees), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Borrower in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“Joint Lead Arrangers” means Citibank, N.A., Goldman Sachs Bank USA, J.P. Morgan Securities LLC, RBC Capital Markets and Fifth Third Bank, National Association.

“Lender” has the meaning given to such term in the preamble to this Agreement.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest ; provided that (i) in no event shall an operating lease be deemed to constitute a Lien and (ii) the filing of a financing statement under the Uniform Commercial Code does not, in and of itself give rise to a Lien.

“Loan” or “Loans” means any of the Revolving Loans.



“Loan Documents” means this Agreement, the Notes (if any), a Guarantee (if any) and all other instruments and documents heretofore or hereafter executed or delivered to or in favor of any Lender or the Agent in connection with the Loans made and transactions contemplated under this Agreement, as the same may be amended, supplemented or replaced from the time to time.

“London Banking Day” means any day on which dealings in Dollars deposits are conducted by and between banks in the London interbank market.

“Management Group” means at any time, the Chairman or Deputy Chairman of the Board of Directors, any President, any Executive Vice President or Vice President, any Managing Director, any Treasurer and any Secretary or other executive officer of the Borrower or any Subsidiary of the Borrower at such time.

“Material Adverse Effect” means a material adverse effect on (i) the ability of the Borrower to pay or perform its obligations, liabilities and indebtedness under the Loan Documents as such payment or performance becomes due in accordance with the terms thereof, or (ii) the rights, powers and remedies of the Agent or any Lender under any Loan Document or the validity, legality or enforceability thereof.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means an Employee Benefit Plan that is a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making, or is accruing an obligation to make, contributions or has made, or been obligated to make, contributions within the preceding six (6) Fiscal Years.

“Net Income” means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“New Lender” has the meaning given to such term in Section 2.7.

“Non-Guarantor Subsidiary” means any Subsidiary that is not a Guarantor.

“Notes” means, collectively, the promissory notes (if any) of the Borrower evidencing Revolving Loans executed and delivered to the Lenders as provided in Section 2.5 substantially in the form of Exhibit F, with appropriate insertions as to amounts, dates and names of Lenders.

“Obligations” means the unpaid principal of and interest on (including, without limitation, interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Agent (acting in any capacity) or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may

arise under, out of, or in connection with, this Agreement, any other Loan Document or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees, charges and disbursements of counsel to the Agent (acting in any capacity) or to any Lender that are required to be paid by the Borrower pursuant thereto) or otherwise.

“Officer” means the Chairman of the Board of Directors, the Chief Executive Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of the Borrower.

“Officers’ Certificate” means a certificate signed on behalf of the Borrower by an Officer of the Borrower.

“Operating Circular” means an operating circular issued by the Federal Reserve Bank.

“Organizational Action” means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership, trust or other legally authorized incorporated or unincorporated entity, any corporate, organizational or partnership action (including any required shareholder, trustee, member or partner action), or other similar official action, as applicable, taken by such entity.

“Organizational Documents” means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership, trust or other legally authorized incorporated or unincorporated entity, (i) the articles of incorporation, certificate of incorporation, memorandum of association, articles of organization, certificate of limited partnership, trust agreement or other applicable organizational or charter documents relating to the creation of such entity and (ii) the bylaws, bye-laws, operating agreement, partnership agreement, limited partnership agreement or other applicable documents relating to the operation, governance or management of such entity.

“Original Closing Date” means December 19, 2012.

“Payment Recipient” has the meaning assigned to it in Section 11.2(d).

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA and any successor thereto.

“Permitted Holders” means, collectively, Marubeni Corporation, its Affiliates and any Person who, at any time, is the Chairman of the Board, any President, any Executive Vice President or Vice President, any Managing Director, any Treasurer or any Secretary or other executive officer of the Borrower or any Subsidiary of the Borrower at such time.

“Permitted Investments” means

- (a) any Investment in the Borrower or any Subsidiary;

- (b) any Investment in cash and Cash Equivalents;
- (c) any Investment by the Borrower or any Subsidiary of the Borrower in a Person if as a result of such Investment:
  - (1) such Person becomes a Subsidiary; or
  - (2) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Subsidiary;
- (d) any Investment in securities or other assets not constituting cash or Cash Equivalents and received in connection with any disposition of assets;
- (e) any Investment existing on the Original Closing Date;
- (f) advances to employees not in excess of \$5.0 million outstanding at any one time, in the aggregate;
- (g) any Investment acquired by the Borrower or any Subsidiary:
  - (1) in exchange for any other Investment or accounts receivable held by the Borrower or any such Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the Borrower or such other Investment or accounts receivable; or
  - (2) as a result of a foreclosure by the Borrower or any Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (h) any Investments in Hedging Obligations entered into in the ordinary course of business;
- (i) loans to officers, directors and employees for business-related travel expenses, moving expenses and other similar expenses, in each case incurred in the ordinary course of business;
- (j) any Investment having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (j) that are at that time outstanding, not to exceed the greater of (x) \$200.0 million and (y) 3.0% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value);
- (k) Investments the payment for which consists of Equity Interests of the Borrower (exclusive of Disqualified Stock);
- (l) guarantees of Indebtedness permitted under Section 9.4;

(m) any transaction to the extent it constitutes an investment that is permitted and made in accordance with the provisions of Section 9.8(ii);

(n) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or the licensing or contribution of intellectual property pursuant to joint marketing or similar arrangements;

(o) repurchases of Senior Notes;

(p) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Borrower or any of its Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(q) any Investment in a Person (other than the Borrower or a Subsidiary) pursuant to the terms of any agreements in effect on the Original Closing Date and any Investment that replaces, refinances or refunds an existing Investment; provided that the new Investment is in an amount that does not exceed the amount replaced, refinanced or refunded (after giving effect to write-downs or write-offs with respect to such Investment), and is made in the same Person as the Investment replaced, refinanced or refunded;

(r) endorsements for collection or deposit in the ordinary course of business;

(s) Investments relating to any special purpose wholly-owned subsidiary of the Borrower organized in connection with a Receivables Facility that, in the good faith determination of the Board of Directors of the Borrower, are necessary or advisable to effect such Receivables Facility;

(t) Investments in a joint venture, when taken together with all other Investments made pursuant to this clause (t) that are at the time outstanding, not to exceed the greater of (x) \$200.0 million and (y) 3.0% of Total Assets (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); and

(u) Investments in aviation assets, including debt Investments secured, directly or indirectly, by commercial jet aircraft or related property and including Investments in entities owning, financing or leasing aviation assets, when taken together with all other Investments made pursuant to this clause (u) that are at the time outstanding, not to exceed 25% of Total Assets (with Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

“Permitted Jurisdiction” means any of the United States, any state thereof, the District of Columbia, or any territory thereof, Bermuda, the Cayman Islands, Switzerland, Ireland, Singapore or the Marshall Islands.

“Permitted Liens” means, with respect to any Person:

- (1) Liens existing on the A&R Closing Date;
- (2) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; provided, however, such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a subsidiary; provided, further, however, that such Liens may not extend to any other property owned by the Borrower or any Subsidiary;
- (3) Liens on property at the time the Borrower or a Subsidiary acquired the property, including any acquisition by means of an amalgamation or a merger or consolidation with or into the Borrower or any Subsidiary; provided, however, that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition; provided, further, however, that the Liens may not extend to any other property owned by the issuer or any Subsidiary;
- (4) Liens securing Indebtedness or other obligations of a Subsidiary owing to the Borrower or another Subsidiary permitted to be incurred in accordance with Section 9.4;
- (5) Liens on specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (6) Liens in favor of the Borrower or any Guarantor;
- (7) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (1), (2), (3), (4), (6) and (12); provided, however, that (x) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (1), (2), (3), (4), (6) and (12) at the time the original Lien became a Permitted Lien under this Agreement, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement and (z) the new Lien has no greater priority and the holders of the Indebtedness secured by such Lien have no greater intercreditor rights relative to the Lenders than the original Liens and the related Indebtedness;
- (8) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code, or any comparable or successor provision, on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, and (iii) in favor of banking institutions arising as a matter of law encumbering

deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(9) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(10) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Borrower or any of its Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower and its Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Borrower or any of its Subsidiaries in the ordinary course of business;

(11) [reserved];

(12) other Liens securing Indebtedness permitted to be incurred, provided that at the time such Indebtedness is incurred (or in the case of unsecured Indebtedness that is subsequently secured by Liens, at the time such Indebtedness becomes secured) the Unencumbered Asset Ratio as of the most recently ended Fiscal Quarter of the Borrower is not less than 1.25 to 1.00 (except that (i) cash and Cash Equivalents” and Indebtedness shall be measured on the applicable date of determination on a pro forma basis, (ii) any Aircraft acquired subsequent to such date may, at the option of the Borrower, be included in the determination of the Unencumbered Assets valued as of the date of acquisition and as determined by the Borrower in good faith and (iii) if the outstanding amount of Indebtedness on the applicable date of determination has been reduced since the end of the applicable quarter with the proceeds of any sale or other disposition of Aircraft, the book value of such Aircraft sold or otherwise disposed of shall be excluded); and

(13) any Lien securing obligations other than obligations under any Indebtedness for borrowed money or any Capitalized Lease Obligations of the Borrower or any Guarantor

For purposes of determining compliance with this definition, (A) Permitted Liens need not be incurred solely by reference to one category of Permitted Liens described above but are permitted to be incurred in part under any combination thereof and (B) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens described above, the Borrower may, in its sole discretion, classify or reclassify such item of Permitted Liens (or any portion thereof) in any manner that complies with this definition and the Borrower may divide and classify a Lien in more than one of the types of Permitted Liens in one of the above clauses.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“preferred stock” means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

“Pricing Level Adjustment” means, for purposes of determining the Applicable Commitment Fee and the Applicable Margin, (a) if there is only one Public Debt Rating established by S&P, Moody’s or Fitch with respect to the Borrower, the Applicable Margin and Applicable Commitment Fee shall be determined with reference to such Public Debt Rating, (b) if the Public Debt Rating established by S&P, Moody’s or Fitch shall fall within different pricing levels, the Applicable Margin and Applicable Commitment Fee shall be determined by either (i) the Public Debt Rating which is the consensus majority of such Public Debt Ratings or (ii) in the event of a different Public Debt Rating from each of S&P, Moody’s and Fitch, the Public Debt Rating which is neither the highest nor lowest of such Public Debt Ratings but rather the Public Debt Rating between the higher and lower of such Public Debt Ratings, (c) if the Borrower has a Public Debt Rating by only two of S&P, Moody’s and Fitch, the Applicable Margin and Applicable Commitment Fee shall be determined by either (i) the equivalent Public Debt Rating of the two of S&P, Moody’s and Fitch that have established a Public Debt Rating for the Borrower, or (ii) in the event of a different Public Debt Rating, (x) the higher of such Public Debt Rating, provided, however, the lower of such Public Debt Rating shall be no greater than one level below the higher of such Public Debt Rating or (y) in the event the lower of such Public Debt Rating is greater than one level below the higher of such Public Debt Rating, the Applicable Margin and Applicable Commitment Fee shall be determined based on the Public Debt Rating which is one level above the lower of such Public Debt Rating. Notwithstanding the foregoing, however, if the Public Debt Rating from either S&P or Fitch (each, a “Specified Ratings Agency”) is BBB- or better and at such time the Public Debt Rating from the other Specified Ratings Agency is not lower than BB+, the Public Debt Rating from Moody’s shall no longer be applicable for purposes of determining the Applicable Margin and Applicable Commitment Fee, and the Applicable Margin and Applicable Commitment Fee will be based solely on the Public Debt Rating from the Specified Rating Agencies in accordance with this definition. If the Public Debt Rating established by S&P, Moody’s or Fitch shall be changed, such change shall be effective as of the date on which it is first announced by S&P, Moody’s or Fitch, as applicable, and if none of S&P, Moody’s or Fitch shall have in effect a Public Debt Rating, the Applicable Margin and Applicable Commitment Fee shall be based on Level V. Each change in the Applicable Margin and Applicable Commitment Fee shall apply during the period commencing on the effective date of the applicable change in the Public Debt Rating and ending on the date immediately preceding the effective date of the next such change in the Public Debt Rating.

“Principal Office” means the principal office of the Agent presently located at 1615 Brett Road OPS III, New Castle, DE 19720 or such other office and address as the Agent may from time to time designate. Payments shall be made to the account specified as the Agent may from time to time specify in writing.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Debt Rating” means, as of any date, the rating that has been most recently announced by either S&P, Moody’s or Fitch, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower or, if any such rating agency shall have issued more than one such rating, the lowest such rating issued by such rating agency.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“QFC Credit Support” has the meaning assigned to it in Section 12.19.

“Qualified Proceeds” means assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business; provided that the fair market value of any such assets or Capital Stock shall be determined by the Board of Directors or senior management of the Borrower in good faith.

“Quarterly Covenant Compliance Report” has the meaning given such to term in Section 8.1(c).

“Rating Agencies” means Fitch, Moody’s and S&P or such other nationally recognized statistical rating agency or agencies as have been selected by the Borrower to substitute for any of the foregoing pursuant to the Recent Indenture.

“Receivables Facility” means one or more receivables financing facilities, as amended from time to time, the Indebtedness of which is non-recourse (except for standard representations, warranties, covenants and indemnities made in connection with such facilities) to the Borrower and the Subsidiaries pursuant to which the Borrower and/or any of its Subsidiaries sells its accounts receivable to a Person that is not a Subsidiary.

“Receivables Fees” means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Subsidiary in connection with, any Receivables Facility.

“Recent Indenture” means the Indenture, dated as of January 26, 2021, between the Borrower and Wells Fargo Bank, National Association, as trustee, as may be amended, supplemented, or otherwise modified from time to time.

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is the Eurodollar Rate, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not the Eurodollar Rate, the time determined by the Agent in its reasonable discretion.

“Refunding Capital Stock” means any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary) of, Equity Interests of the Borrower (other than any Disqualified Stock).



“Regulation A” means a Regulation A circular issued by such Federal Reserve Bank.

“Regulation D” means Regulation D of the Board as the same may be amended or supplemented from time to time.

“Related Business Assets” means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; provided that any assets received by the Borrower or a Subsidiary in exchange for assets transferred by the Borrower or a Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Subsidiary.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and such Person’s and such Person’s Affiliates respective managers, administrators, trustees, partners, directors, officers, employees, agents, fund managers and advisors.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty-day notice period is waived by the PBGC.

“Required Lenders” means, as of any date, Lenders on such date having Credit Exposures (as defined below) aggregating more than 50% of the aggregate Credit Exposures of all the Lenders on such date. For purposes of the preceding sentence, the amount of the “Credit Exposure” of each Lender shall be equal at all times to the amount of its Revolving Credit Commitment; provided that, for the purpose of this definition only, if any Lender shall have become a Defaulting Lender (subject to Section 2.13(b)), the Revolving Credit Commitment of such Defaulting Lender shall be deemed reduced by the amount it so failed to fund for so long as such failure shall continue and such Defaulting Lender’s Credit Exposure attributable to such failure shall be deemed held by any Lender making more than its Applicable Commitment Percentage of such Loan to the extent it covers such failure.

“Requirement of Law” means as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation, other official administrative guidance or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Restricted Investment” means an Investment other than a Permitted Investment.

“Restricted Payment” has the meaning given to such term in Section 9.14.

“Revolving Credit Commitment” means, as to any Lender, the obligation of such Lender to make Revolving Loans to the Borrower, in an aggregate principal amount not to exceed the amount set forth opposite such Lender’s name in Exhibit A, as such commitment may be (a) reduced from time to time pursuant to Sections 2.3 and 2.7 and (b) reduced or increased from time to time pursuant to Section 2.7 and pursuant to assignments by or to such Lender pursuant to Section 12.1.

“Revolving Credit Facility” means the facility described in Articles II hereof providing for Loans to the Borrower by the Lenders in the aggregate principal amount of the Total Revolving Credit Commitment.

“Revolving Credit Outstandings” means, as of any date of determination, the aggregate principal amount of all Revolving Loans then outstanding.

“Revolving Credit Termination Date” means the earliest of (i) the Stated Termination Date for the applicable Revolving Credit Commitments, (ii) the date of termination of Lenders’ obligations pursuant to Section 10.1 upon the occurrence of an Event of Default, or (iii) such date as the Borrower may voluntarily and permanently terminate the Revolving Credit Facility by payment in full of all Revolving Credit Outstandings, together with all accrued and unpaid interest thereon and reduce the Total Revolving Credit Commitment to zero pursuant to Section 2.7; provided that, if the Revolving Credit Termination Date is not a Business Day, such date shall be the immediately preceding Business Day.

“Revolving Loan” or “Revolving Loans” means any borrowing pursuant to a Loan under the Revolving Credit Facility in accordance with Article II.

“S&P” means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

“Sanctions Compliance” means that neither the Borrower, any of the Subsidiaries, nor any of their respective directors and officers nor, to the knowledge of the Borrower, any agent, employee or Affiliate of the Borrower or any of the Subsidiaries is a Person that is the subject of any of the sanctions administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control, the U.S. Department of Commerce, and the U.S. Department of State, as well as the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority (collectively “Sanctions”), nor is the Borrower located in, organized in, resident of, or doing business or conducting transactions with the government of, or persons within, a country or territory that is the subject of Sanctions; and the Borrower will not directly, or to the knowledge of the Borrower, indirectly, use the proceeds from the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person (i) to fund any activities of or business with any Person that, at the time of such funding, is the subject of Sanctions, or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions, or (ii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Agent or otherwise) of Sanctions.

“Second Restatement Date” means March 31, 2014.

“Securities Act” means the Securities Act of 1933 and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

“Senior Notes” means any senior notes issued pursuant to an Indenture (including any supplemental indenture thereto).

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the A&R Closing Date.

“Similar Business” means any business conducted or proposed to be conducted by the Borrower and its Subsidiaries on the A&R Closing Date or any business that is similar, reasonably related, incidental or ancillary thereto.

“Single Employer Plan” means any Employee Benefit Plan covered by Title IV of ERISA which is not a Multiemployer Plan.

“Sixth Restatement Date” means April 26, 2021.

“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“Solvent” means, when used with respect to any Person, that at the time of determination:

- (i) the fair value of its assets (both at fair valuation and at present fair saleable value on an orderly basis) is in excess of the total amount of its liabilities, including Contingent Obligations;
- (ii) it is then able and expects to be able to pay its debts as they mature;
- (iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted; and
- (iv) with respect to any Person incorporated in Ireland, such Person is not “unable to pay its debts” as that phrase is defined under Irish law in Section 214 of the Companies Act 1963 and Section 2(3) of the Companies (Amendment) Act 1990.

“Specified Commitments” means the Revolving Credit Commitments of the Specified Lender as of the Sixth Restatement Date; provided that the Specified Commitments shall not include any (a) Revolving Credit Commitments held by any successor or assignee of the Specified Lender or (b) After Acquired Commitments.

“Specified Lender” means Wells Fargo Bank, National Association as a Lender, but shall not include any successor or assignee of Wells Fargo Bank, National Association.

“Specified Loans” means the Revolving Loans of the Specified Lender as of the Sixth Restatement Date, and any Revolving Loans made by the Specified Lender in respect of its Specified Commitments; provided that the Specified Loans shall not include any (a) Revolving Loans held by any successor or assignee of the Specified Lender or (b) After Acquired Commitments.

“Stated Termination Date” means (x) other than with respect to the Specified Commitments and Specified Loans, April 26, 2025 and (y) with respect to the Specified Commitments and Specified Loans, June 27, 2022; provided that this clause (b) shall not apply to the extent there are no longer any Specified Commitments or Specified Loans.

“Subordinated Indebtedness” means with respect to the Borrower, any Indebtedness of the Borrower which is by its terms subordinated in right of payment to the Loans.

“Subsidiary” means, with respect to any Person,

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; and

(2) any partnership, joint venture, limited liability company or similar entity of which

(x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(y) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Supported QFC” has the meaning assigned to it in Section 9.18.

“Taxes” means all present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings imposed, levied, collected, withheld or assessed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term SOFR” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Termination Event” means: (i) a Reportable Event; or (ii) the termination of a Single Employer Plan or the filing of a notice of intent to terminate a Single Employer Plan; or (iii) the institution of proceedings to terminate a Single Employer Plan by the PBGC; or (iv) the partial or complete withdrawal of the Borrower or any ERISA Affiliate from a Multiemployer Plan; or (v) the imposition of a Lien pursuant to Section 430(k) of the Code or Section 303(k) of ERISA in favor of the PBGC or an Employee Benefit Plan; or (vi) any event or condition which results in the Insolvency of a Multiemployer Plan; or (vii) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by the PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA.

“Test Period” means a period of four (4) consecutive Fiscal Quarters.

“Third Restatement Date” means March 28, 2016.

“Total Assets” means the total assets of the Borrower and the Subsidiaries, as shown on the most recent balance sheet of the Borrower for which internal financial statements are available immediately preceding the date on which any calculation of Total Assets is being made, with such pro forma adjustments for transactions consummated on or prior to or simultaneously with the date of the calculation as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio.

“Total Revolving Credit Commitment” means a principal amount equal to \$1,000,000,000, as may be reduced from time to time in accordance with Section 2.7 or increased from time to time in accordance with Section 2.7.

“Type” means any type of Loan (i.e., a Base Rate Loan or a Eurodollar Rate Loan).

“U.S. Special Resolution Regime” has the meaning assigned to it in Section 12.19.

“UK Financial Institutions” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Unencumbered Aircraft” means (a) each Aircraft of the Borrower or any Subsidiary which is owned entirely by the Borrower and/or a Subsidiary and listed on Schedule 1.1A hereto, as such schedule may be amended, restated or otherwise modified from time to time pursuant to the delivery of the Quarterly Covenant Compliance Report and (b) neither such Aircraft, nor, in the case such Aircraft is owned by the Borrower or a Subsidiary, any Equity Interest in such Subsidiary, is subject to any Lien that secures any Indebtedness of the Borrower or such Subsidiary.

“Unencumbered Asset Ratio” means, as of any date of determination for the Borrower and its Subsidiaries calculated on a consolidated basis, without duplication, the ratio of (a) the sum of (i) the net book value (as determined by the Borrower in accordance with GAAP) of all Unencumbered Aircraft, plus (ii) unrestricted cash and Cash Equivalents to (b) Consolidated Total Debt that is not secured by a Lien over any assets of the Borrower and/or its Subsidiaries.

“USD LIBOR” means the London interbank offered rate for U.S. dollars.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness, Disqualified Stock or preferred stock, as the case may be, at any date, the quotient obtained by dividing:

- (1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or preferred stock multiplied by the amount of such payment, by
- (2) the sum of all such payments.

“Wholly-Owned Subsidiary” of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-in Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-in Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under

the Bail-in Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-in Legislation that are related to or ancillary to any of those powers.

1.2. Rules of Interpretation.

(a) All accounting terms not specifically defined herein shall have the meanings assigned to such terms and shall be interpreted in accordance with GAAP applied on a consistent basis.

(b) The headings, subheadings and table of contents used herein or in any other Loan Document are solely for convenience of reference and shall not constitute a part of any such document or affect the meaning, construction or effect of any provision thereof.

(c) Except as otherwise expressly provided, references herein to articles, sections, paragraphs, clauses, annexes, appendices, exhibits and schedules are references to articles, sections, paragraphs, clauses, annexes, appendices, exhibits and schedules in or to this Agreement.

(d) All definitions set forth herein or in any other Loan Document shall apply to the singular as well as the plural form of such defined term, and all references to the masculine gender shall include reference to the feminine or neuter gender, and vice versa, as the context may require.

(e) When used herein or in any other Loan Document, words such as “hereunder”, “hereto”, “hereof” and “herein” and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof.

(f) References to “including” mean including without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

(g) All dates and times of day specified herein shall refer to such dates and times in New York, New York.

(h) Each of the parties to the Loan Documents and their counsel have reviewed and revised, or requested (or had the opportunity to request) revisions to, the Loan Documents, and any rule of construction that ambiguities are to be resolved against the drafting party shall be inapplicable in the construing and interpretation of the Loan Documents and all exhibits, schedules and appendices thereto.

(i) Any reference to an officer of the Borrower or any other Person by reference to the title of such officer shall be deemed to refer to each other officer of such Person, however titled, exercising the same or substantially similar functions.

(j) All references to any agreement or document as amended, modified or supplemented, or words of similar effect, shall mean such document or agreement, as the case may be, as amended, modified or supplemented from time to time only as and to the extent permitted therein and in the Loan Documents.

(k) For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

1.3. Effect of Restatement. Except as set forth in this Section 1.3, all accrued and unpaid amounts (including interest and fees owing by the Borrower to any Person under the Existing Credit Agreement) that have not been paid to such Persons on or prior to the A&R Closing Date shall continue as accrued and unpaid amounts hereunder on the A&R Closing Date and shall be payable on the dates such amounts would have been payable pursuant to the Existing Credit Agreement (except as any such date is modified hereby) and, from and after the A&R Closing Date, interest, fees and other amounts shall accrue as provided under this Agreement.

This Agreement shall amend and restate the Existing Credit Agreement in its entirety, with the parties hereby agreeing that there is no novation of the Existing Credit Agreement and, on the A&R Closing Date, the rights and obligations of the parties under the Existing Credit Agreement shall be subsumed and governed by this Agreement. For purposes of determining compliance with any covenant that limits the maximum Dollar amount of any Investment, Restricted Payment, Indebtedness, Lien or disposition, all utilization of the "baskets" contained herein from and after the Original Closing Date and prior to the A&R Closing Date shall be taken into account (in addition to any utilization of such "baskets" from and after the A&R Closing Date). Following the A&R Closing Date, the Revolving Credit Commitments under the Existing Credit Agreement shall no longer be in effect and thereafter only Revolving Credit Commitments under this Agreement shall be outstanding until otherwise terminated in accordance with the terms hereof.

## ARTICLE II

### THE REVOLVING CREDIT FACILITY

#### 2.1. Revolving Loans.

(a) Commitment. Subject to the terms and conditions of this Agreement, each Lender severally agrees to make Loans to the Borrower under the Revolving Credit Facility in



Dollars from time to time from the A&R Closing Date until the Revolving Credit Termination Date on a pro rata basis as to the total borrowing requested by the Borrower on any day determined by such Lender's Applicable Commitment Percentage up to but not exceeding the Revolving Credit Commitment of such Lender (it being understood that the Revolving Credit Termination Date for the Specified Commitments shall have a Stated Termination Date as set forth in the definition of Stated Termination Date), provided, however, that the Lenders will not be required and shall have no obligation to make any such Loan (i) so long as a Default or an Event of Default has occurred and is continuing or (ii) if the Agent has accelerated the maturity of any of the Loans as a result of an Event of Default; and provided, further, that immediately after giving effect to each such Loan the amount of Revolving Credit Outstandings shall not exceed the Total Revolving Credit Commitment. Within such limits, the Borrower may borrow, repay and reborrow under the Revolving Credit Facility on a Business Day from the A&R Closing Date until, but (as to borrowings and reborrowings) not including, the Revolving Credit Termination Date; provided, however, that (1) no Revolving Loan that is a Eurodollar Rate Loan shall be made which has an Interest Period that extends beyond the earliest Stated Termination Date applicable to any Revolving Credit Commitments as provided in the definition of "Interest Period" and (2) each Revolving Loan that is a Eurodollar Rate Loan may, subject to the provisions of Section 2.7, be repaid only on the last day of the Interest Period with respect thereto unless such payment is accompanied by the additional payment, if any, required by Section 5.5.

(b) Amounts. Each Revolving Loan hereunder and each Conversion under Section 2.8 shall be in an amount of at least \$500,000.

(c) Procedures. An Authorized Representative shall give the Agent (i) at least three (3) Business Days' irrevocable written notice of a Borrowing Notice with appropriate insertions, effective upon receipt, of each Revolving Loan (which shall be borrowed as a Eurodollar Rate Loan) prior to 10:30 A.M. (New York City time), (ii) at least three (3) Business Days' irrevocable written notice of an Interest Rate Selection Notice with appropriate insertions, effective upon receipt, of each Revolving Loan that is to be Converted into a Eurodollar Rate Loan prior to 10:30 A.M. (New York City time), and (iii) at least one (1) Business Day's irrevocable written notice of a Borrowing Notice with appropriate insertions, effective upon receipt, of each Revolving Loan (which shall be borrowed as a Base Rate Loan) prior to 10:30 A.M. (New York City time) and (iv) at least three (3) Business Days' irrevocable written notice of an Interest Rate Selection Notice with appropriate insertions, effective upon receipt, of each Revolving Loan that is to be Converted into a Base Rate Loan prior to 10:30 A.M. (New York City time). Each such notice shall specify the amount of the borrowing, the date of borrowing or Conversion (as applicable), type of Revolving Loan (Base Rate or Eurodollar Rate), the date of borrowing and, if a Eurodollar Rate Loan, the Interest Period to be used in the computation of interest.

(d) Promptly (and, to the extent feasible, not later than 2:00 P.M. (New York City time)) on the date specified for each borrowing under this Section 2.1, each Lender shall, pursuant to the terms and subject to the conditions of this Agreement, make the amount of the Loan or Loans to be made by it on such day available by wire transfer to the Agent in the amount of its pro rata share, determined according to such Lender's Applicable Commitment Percentage of the Revolving Loan or Revolving Loans to be made on such day. Such wire transfer shall be

directed to the Agent at the Principal Office and shall be in the form of Dollars constituting immediately available funds. The amount so received by the Agent shall, subject to the terms and conditions of this Agreement, be made available to the Borrower by delivery of the proceeds thereof as shall be directed in the applicable Borrowing Notice by an Authorized Representative and reasonably acceptable to the Agent.

(e) The Borrower shall have the option to elect the duration of the initial and any subsequent Interest Periods and to Convert the Revolving Loans in accordance with Section 2.8. Eurodollar Rate Loans and Base Rate Loans may be outstanding at the same time, provided, however, there shall not be outstanding at any one time Eurodollar Rate Loans for the Borrower having more than two (2) different Interest Periods. If the Agent does not receive an Interest Rate Selection Notice giving notice of election of the duration of an Interest Period by the time prescribed by Section 2.8, the Borrower shall be deemed to have elected for any Eurodollar Rate Loan an Interest Period of one month.

## 2.2. Payment of Interest.

(a) The Borrower shall pay interest to the Agent for the account of each Lender on the outstanding and unpaid principal amount of each Loan made by such Lender for the period commencing on the date of such Loan until such Loan shall be due at the then applicable Base Rate for Base Rate Loans or applicable Eurodollar Rate for Eurodollar Rate Loans, as designated by the Authorized Representative pursuant to Section 2.1; provided, however, that if any Event of Default shall occur and be continuing, all amounts outstanding hereunder shall bear interest during such period at the Default Rate.

(b) Interest on each Loan shall be computed on the basis of a year of 360 days and calculated in each case for the actual number of days elapsed. Interest on each Loan shall be paid (x) in the case of Base Rate Loans, quarterly in arrears on the tenth (10th) calendar day of each January, April, July and October (or, if such day is not a Business Day, on the next succeeding Business Day) and, in the case of Eurodollar Rate Loans, on the last day of each Interest Period or every 90 days for any Interest Period greater than 90 days, (y) upon payment or prepayment of the principal amount of any Loan or any portion thereof, on the amount so paid or prepaid and (z) at the Revolving Credit Termination Date.

## 2.3. Payment of Principal.

(a) Scheduled Repayment; Voluntary Prepayments. The principal amount of each Revolving Loan shall be due and payable to the Agent for the benefit of each Lender in full on the Stated Termination Date, or earlier as specifically provided herein. For the avoidance of doubt, it is understood that each Specified Loan shall be due and payable to the Agent for the benefit of the Specified Lender in full on the applicable Stated Termination Date. The Borrower may prepay the outstanding principal amount of any Loan, in whole or in part, (i) in the case of Base Rate Loans, upon notice given to the Agent not later than 1:00 P.M. (New York City time) on the date of payment and (ii) in the case of Eurodollar Rate Loans, upon three (3) Business Days' notice to the Agent. All such prepayments must be accompanied by accrued interest up to, and including, the date of such prepayment and any compensation due under Section 5.5 hereof.

(b) Mandatory Prepayments and Commitment Reductions.

(i) Reserved

(ii) If a Change of Control occurs, the Borrower shall prepay the entire principal amount of the Loans on or prior to the date which is ninety (90) days after the date of such Change of Control and the Total Revolving Credit Commitments shall be permanently reduced to \$0.

(iii) The Borrower shall notify the Agent in writing of any mandatory prepayment of Loans and corresponding reduction of the Total Revolving Credit Commitments required to be made pursuant to clauses (i) through (ii) of this Section 2.3(b) at least three (3) Business Days prior to the date of such prepayment. Each such notice shall specify the date of such prepayment and provide a reasonably detailed calculation of the amount of such prepayment. The Agent will promptly notify each Lender of the contents of any such prepayment notice and of such Lender's pro rata share of the prepayment. Any Lender (a "Declining Lender", and any Lender which is not a Declining Lender, an "Accepting Lender") may elect, by delivering not less than two (2) Business Days prior to the proposed prepayment date, a written notice (such notice, a "Rejection Notice") that any mandatory prepayment otherwise required to be made with respect to the Loans held by such Lender pursuant to clause (i) of this Section 2.3(b) not be made, in which event the portion of such prepayment or commitment reduction which would otherwise have been applied to the Loans of the Declining Lenders shall instead be retained by the Borrower. If a Lender fails to deliver a Rejection Notice within the time frame specified above, any such failure will be deemed an acceptance of the total amount of such mandatory prepayment of Loans.

(iv) If for any reason the aggregate amount of Loans outstanding at any time exceeds the aggregate Total Revolving Credit Commitments then in effect, the Borrower shall promptly prepay Loans in an aggregate amount equal to such excess.

2.4. Manner of Payment.

(a) Each payment of principal (including any prepayment) and payment of interest and fees, and any other amount required to be paid to the Lenders with respect to the Loans, shall be made to the Agent at the Principal Office, for the account of each Lender, in Dollars and in immediately available funds without setoff, deduction or counterclaim before 12:30 P.M. (New York City time) (or, solely with respect to a prepayment of Base Rate Loans, 1:00 P.M. (New York City time)) on the date such payment is due.

(b) The Agent shall deem any payment made by or on behalf of the Borrower hereunder that is not made both in Dollars and in immediately available funds and prior to 12:30 P.M. (New York City time) (or, solely with respect to a prepayment of Base Rate Loans, 1:00 P.M. (New York City time)) to be a non-conforming payment. Any such payment shall not be deemed to be received by the Agent until the time such funds become available funds. Any nonconforming payment may constitute or become a Default or Event of Default. Interest shall continue to accrue on any principal as to which a non-conforming payment is made until the later

of (x) the date such funds become available funds or (y) the next Business Day at the Default Rate from the date such amount was due and payable.

(c) In the event that any payment hereunder becomes due and payable on a day other than a Business Day, then such due date shall be extended to the next succeeding Business Day unless provided otherwise under clause (a) of the definition of "Interest Period"; provided that interest shall continue to accrue during the period of any such extension and provided, further, that in no event shall any such due date be extended beyond the Revolving Credit Termination Date.

(d) Any payment or prepayment of any principal or interest on any Loan hereunder shall be accompanied by a certificate signed by an Authorized Representative and delivered to the Agent, which certificate shall identify such Loan, the amount of principal and interest paid thereon.

#### 2.5. Notes.

At the request of any Lender, Revolving Loans made by such Lender shall be evidenced by a Note payable to such Lender or its registered assigns in the respective amount of its Applicable Commitment Percentage of the Revolving Credit Commitment and shall be duly completed, executed and delivered by the Borrower.

#### 2.6. Pro Rata Payments.

Except as otherwise provided herein, (a) each payment on account of the principal of and interest on the Loans (including in connection with any reduction of Revolving Credit Commitments described under Section 2.7) and the fees described in Section 2.10 shall be made to the Agent for the account of the Lenders pro rata based on their Applicable Commitment Percentages, (b) all payments to be made by the Borrower for the account of each of the Lenders on account of principal, interest and fees, shall be made without diminution, set off, recoupment or counterclaim, and (c) the Agent will promptly distribute to the Lenders in immediately available funds payments received in fully collected, immediately available funds from the Borrower.

#### 2.7. Reductions; Increases.

(a) The Borrower shall, by notice from an Authorized Representative, have the right from time to time but not more frequently than once each calendar month, upon not less than three (3) Business Days' written notice to the Agent, effective upon receipt, to reduce the Total Revolving Credit Commitment. The Agent shall give each Lender, within one (1) Business Day of receipt of such notice, facsimile notice, or telephonic notice (confirmed in writing), of such reduction. Each such reduction shall be in the aggregate amount of \$500,000 or such greater amount which is in an integral multiple of \$500,000, or the entire remaining Total Revolving Credit Commitment, and shall permanently reduce the Total Revolving Credit Commitment. Each reduction of the Total Revolving Credit Commitment shall be accompanied by payment of the Revolving Loans to the extent that the principal amount of Revolving Credit Outstandings exceeds the Total Revolving Credit Commitment after giving effect to such

reduction, together with accrued and unpaid interest on the amounts prepaid. No such reduction shall result in the payment of any Eurodollar Rate Loan other than on the last day of the Interest Period of such Eurodollar Rate Loan unless such prepayment is accompanied by amounts due, if any, under Section 5.5. Any reduction of the Total Revolving Credit Commitment shall be applied pro rata to the respective Revolving Credit Commitments of the Lenders.

(b) The Borrower shall, by notice from an Authorized Representative (a "Increased Commitment Notice"), have the right from time to time upon not less than three (3) Business Days' written notice to the Agent, to increase the Total Revolving Credit Commitment (any such increase, the "Increased Commitments") in a minimum amount of \$500,000 or such greater amount that is an integral multiple of \$500,000, up to a maximum amount equal to the difference between \$1,200,000,000 and the Total Revolving Credit Commitment as of the date prior to the making of such Increased Commitments. Each Increased Commitment Notice shall specify (i) the date (each, an "Increased Amount Date") on which the Borrower proposes that the Increased Commitments shall be effective, which shall be a Business Day and (ii) the identity of each existing Lender (each, an "Increasing Lender") and each other Person that is not an existing Lender that is an Eligible Assignee (each, a "New Lender") to whom the Borrower proposes any portion of such Increased Commitments be allocated and the amounts of such allocations; provided that any existing Lender approached to provide all or a portion of the Increased Commitments may elect or decline, in its sole discretion, to provide such Increased Commitments. Such Increased Commitments shall be effected pursuant to one or more accession agreements executed and delivered by the Borrower, each New Lender and Increasing Lender (as applicable) and the Agent; provided that no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such Increased Commitments. The Increased Commitments shall be on the same terms and subject to the same conditions as the existing commitments.

On any Increased Amount Date on which Increased Commitments are effected, subject to the satisfaction of the foregoing terms and conditions, and notwithstanding any other provision herein to the contrary, if as of the Increased Amount Date prior to giving effect to the Increased Commitments any Revolving Credit Outstandings exist, the Borrower shall borrow from the New Lenders and Increasing Lenders an amount of new Loans that will be applied to prepay the outstanding Loans of the existing Lenders so that after giving pro forma effect to the Increased Commitments, such Loans and such prepayments, each Lender holds an equal pro rata share of the Revolving Credit Outstandings; provided that the Borrower shall make any payment due to any Lender under Section 5.5 in connection therewith.

(c) Upon the termination and/or repayment of the Specified Commitments and Specified Loans on the Stated Termination Date for the Specified Commitments, the Total Revolving Credit Commitments shall be automatically reduced by an amount equal to the Specified Commitments immediately prior to such termination and/or repayment on such Stated Termination Date. The Applicable Commitment Percentages set forth on Exhibit A hereto shall be automatically adjusted to remove the Specified Commitments upon such termination and/or repayment. For the avoidance of doubt, such termination and/or repayment and reduction of the Total Revolving Credit Commitments shall not limit the Borrower's ability to incur Increased Commitments pursuant to Section 2.7(b).

2.8. Conversions and Elections of Subsequent Interest Periods.

Subject to the limitations set forth below and in Article V, the Borrower may:

(a) upon delivery, effective upon receipt, of a properly completed Interest Rate Selection Notice to the Agent on or before 10:30 A.M. (New York City time) on any Business Day, (x) Convert all or a part of Eurodollar Rate Loans to Base Rate Loans on the last day of the Interest Period for such Eurodollar Rate Loans or (y) Continue all of any outstanding borrowing of Eurodollar Rate Loans; and

(b) provided that no Default or Event of Default shall have occurred and be continuing and upon delivery, effective upon receipt, of a properly completed Interest Rate Selection Notice to the Agent on or before 10:30 A.M. (New York City time) three (3) Business Days prior to the date of such Conversion, Convert Base Rate Loans to Eurodollar Rate Loan on any Business Day.

Each election and Conversion or Continuation pursuant to this Section 2.8 shall be subject to the limitations on Eurodollar Rate Loans set forth in the definition of "Interest Period" herein and in Sections 2.1, 2.3 and Article V. The Agent shall give written notice to each Lender of such notice of Conversion or Conversion prior to 3:00 P.M. (New York City time) on the day such notice of election, Conversion or Continuation is received. All such Conversions of Loans shall be effected pro rata based on the Applicable Commitment Percentages of the Lenders.

2.9. Increase and Decrease in Amounts.

The amount of the Total Revolving Credit Commitment that shall be available to the Borrower as Loans shall be reduced by the aggregate amount of Revolving Credit Outstandings.

2.10. Fees.

The Borrower shall pay (i) the fees separately agreed to by the Borrower and the Agent on the dates separately specified and (ii) a commitment fee for the period from and including the A&R Closing Date to the Revolving Credit Termination Date, computed at a rate per annum equal to the Applicable Commitment Fee on the average daily amount of the available unused Revolving Credit Commitment of such Lender during the period for which payment is made, payable monthly in arrears on each Fee Payment Date, commencing on the first such date to occur after the A&R Closing Date. All computations of fees shall be made on the basis of a 360-day year and actual days elapsed.

2.11. Deficiency Advances.

No Lender shall be responsible for any default of any other Lender in respect to such other Lender's obligation to make any Loan hereunder nor shall the Revolving Credit Commitment of any Lender hereunder be increased as a result of such default of any other Lender. Without limiting the generality of the foregoing, in the event any Lender shall fail to advance funds to the Borrower as herein provided, the Agent may in its discretion and in its

capacity as a Lender, but shall not be obligated to, advance all or any portion of such amount or amounts (each, a “deficiency advance”) and shall thereafter be entitled to payments of principal of and interest on such deficiency advance in the same manner and at the same interest rate or rates as if it had originally made such Loan; provided that (i) such Defaulting Lender shall not be entitled to receive payments of principal, interest or fees with respect to such deficiency advance until such deficiency advance shall be paid by such Lender and (ii) upon payment to the Agent from such other Lender of the entire outstanding amount of each such deficiency advance, together with accrued and unpaid interest thereon, from the most recent date or dates interest was paid to the Agent by the Borrower on each Loan comprising the deficiency advance at the interest rate per annum for overnight borrowing by the Agent from the Federal Reserve Bank, then such payment shall be to the Agent as a Lender in full payment of such deficiency advance and the Borrower shall be deemed to have borrowed the amount of such deficiency advance from such other Lender as of the most recent date or dates, as the case may be, upon which any payments of interest were made by the Borrower thereon.

2.12. Use of Proceeds.

The proceeds of each Loan made pursuant to the Revolving Credit Facility hereunder shall be used for working capital and other general corporate purposes.

2.13. Defaulting Lenders.

(a) Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Such Defaulting Lender’s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(ii) Any payment of principal, interest, fees or other amounts received by the Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article X or otherwise) or received by the Agent from a Defaulting Lender pursuant to Section 12.3 shall be applied at such time or times as may be determined by the Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; second, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent; third, if so determined by the Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender’s potential future funding obligations with respect to Loans under this Agreement; fourth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender’s breach of its obligations under this Agreement; fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such

Defaulting Lender's breach of its obligations under this Agreement; and sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 6.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Revolving Credit Commitments under the Revolving Credit Facility. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(b) If the Borrower and the Agent agree in writing that a Lender is no longer a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Loans to be held pro rata by the Lenders in accordance with the Revolving Credit Commitments under the Revolving Credit Facility, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender

### ARTICLE III

[RESERVED]

### ARTICLE IV

[RESERVED]

### ARTICLE V

## CHANGE IN CIRCUMSTANCES

### 5.1. Requirements of Law.

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to Original Closing Date, with respect to each Lender hereunder on the Original Closing Date, or such later date that such Lender became a Lender hereunder, with respect to any other Lender:



(i) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate; or

(ii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost (other than a Tax) to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Rate Loans, or to reduce any amount receivable hereunder in respect thereof (other than by reason of any Tax), then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender (on an after-tax basis) for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the Original Closing Date, with respect to each Lender hereunder on the Original Closing Date, or such later date that such Lender became a Lender hereunder, with respect to any other Lender, shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation (on an after-tax basis) for such reduction.

(c) Each Lender shall promptly notify the Borrower and the Agent of any event of which it has knowledge occurring after the Original Closing Date, with respect to each Lender hereunder on the Original Closing Date, or such later date that such Lender became a Lender hereunder, with respect to any other Lender, which will entitle a Lender to compensation pursuant to this Section 5.1, and such Lender shall, upon written request by the Borrower, designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to it. A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Agent) shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section, the Borrower shall not be required to compensate a Lender pursuant to this Section for any amounts incurred more than three months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided that, if the

circumstances giving rise to such claim have a retroactive effect, then such three-month period shall be extended to include the period of such retroactive effect. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(d) For purposes of this Section 5.1, (a) the Dodd-Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines and directives promulgated thereunder, are deemed to have been introduced or adopted subsequent to the Original Closing Date (or the First Restatement Date, with respect to any Lender that became a Lender on the First Restatement Date, or the Second Restatement Date, with respect to any Lender that became a Lender on the Second Restatement Date, or the Third Restatement Date, with respect to any Lender that became a Lender on the Third Restatement Date, or the Fourth Restatement Date, with respect to any Lender that became a Lender on the Fourth Restatement Date, or the Fifth Restatement Date, with respect to any Lender that became a Lender on the Fifth Restatement Date, or the A&R Closing Date, with respect to any Lender that became a Lender on the A&R Closing Date), regardless of the date enacted or adopted and (b) the adoption of the risk-based capital adequacy framework commonly known as Basel III shall be deemed to have occurred subsequent to the Original Closing Date (or the First Restatement Date, with respect to any Lender that became a Lender on the First Restatement Date, or the Second Restatement Date, with respect to any Lender that became a Lender on the Second Restatement Date, or the Third Restatement Date, with respect to any Lender that became a Lender on the Third Restatement Date, or the Fourth Restatement Date, with respect to any Lender that became a Lender on the Fourth Restatement Date, or the Fifth Restatement Date, with respect to any Lender that became a Lender on the Fifth Restatement Date, or the A&R Closing Date, with respect to any Lender that became a Lender on the A&R Closing Date) regardless of when adopted.

## 5.2. Limitation on Types of Loans.

(a) Subject to clauses (b), (c), (d), (e), (f) and (g) of this Section 5.2, if prior to the commencement of any Interest Period for a Eurodollar Rate Loan:

(i) the Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period; provided that no Benchmark Transition Event shall have occurred at such time; or

(ii) the Required Lenders determine (which determination shall be conclusive) and notify the Agent that the Eurodollar Rate will not adequately and fairly reflect the cost to the Lenders of funding Eurodollar Rate Loans for such Interest Period;

then the Agent shall give the Borrower prompt notice thereof specifying the relevant Type of Loans and the relevant amounts or periods, and so long as such condition remains in effect, the Lenders shall be under no obligation to make additional Loans of such Type, Continue Loans of such Type or to Convert Loans of any other Type into Loans of such Type, and the Borrower shall, on the last day(s) of the then current Interest Period(s) for the outstanding Loans of the affected Type, either prepay such

Loans or Convert such Loans into Base Rate Loans in accordance with the terms of this Agreement.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(c) In connection with the implementation of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(d) The Agent will promptly notify the Borrower and the Lenders of (i) any Benchmark Replacement Date or an Early Opt-in Election, as applicable, and its related Benchmark Replacement, (ii) the effectiveness of any Benchmark Replacement Conforming Changes, (iii) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (iv) the commencement of any Benchmark Unavailability Period. For the avoidance of doubt, any notice required to be delivered by the Agent as set forth in this Section 5.2 may be provided, at the option of the Agent (in its sole discretion), in one of more notices and may be delivered together with, or as part of any amendment which implements any Benchmark Replacement or Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 5.2 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 5.2.

(e) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark

Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or the Eurodollar Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Eurodollar Rate Loan of, conversion to or continuation of Eurodollar Rate Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of Base Rate.

(g) The Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to (i) the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "Eurodollar Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof (including, without limitation any Benchmark Replacement implemented hereunder), (ii) the composition or characteristics of any such Benchmark Replacement, including whether it is similar to, or produces the same value or economic equivalence to USD LIBOR (or any other Benchmark) or have the same volume or liquidity as did USD LIBOR (or any other Benchmark), (iii) any actions or use of its discretion or other decisions or determinations made with respect to any matters covered by this Section 5.2 including, without limitation, whether or not a Benchmark Transition Event has occurred, the removal or lack thereof of unavailable or non-representative tenors, the implementation or lack thereof of any Benchmark Replacement Conforming Changes, the delivery or non-delivery of any notices required by clause (d) above or otherwise in accordance herewith, and (iv) the effect of any of the foregoing provisions of this Section 5.2.

### 5.3. Illegality.

Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to make, maintain, or fund Eurodollar Rate Loans hereunder, then such Lender shall promptly notify the Borrower thereof and such Lender's obligation to make or Continue Eurodollar Rate Loans and to Convert other Types of Loans into Eurodollar Rate Loans shall be suspended until such time as such Lender

may again make, maintain, and fund Eurodollar Rate Loans (in which case the provisions of Section 5.4 shall be applicable).

5.4. Treatment of Affected Loans.

If the obligation of any Lender to make a Eurodollar Rate Loan or to Continue, or to Convert Loans of any other Type into, Loans of a particular Type shall be suspended pursuant to Section 5.2 or 5.3 hereof (Loans of such Type being herein called "Affected Loans" and such Type being herein called the "Affected Type"), such Lender's Affected Loans shall be automatically Converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for Affected Loans (or, in the case of a Conversion required by Section 5.3 hereof, on such earlier date as such Lender may specify to the Borrower with a copy to the Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 5.2 or 5.3 hereof that gave rise to such Conversion no longer exist:

(a) to the extent that such Lender's Affected Loans have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Affected Loans shall be applied instead to its Base Rate Loans; and

(b) all Loans that would otherwise be made or Continued by such Lender as Loans of the Affected Type shall be made or Continued instead as Base Rate Loans, and all Loans of such Lender that would otherwise be Converted into Loans of the Affected Type shall be Converted instead into (or shall remain as) Base Rate Loans.

If such Lender gives notice to the Borrower (with a copy to the Agent) that the circumstances specified in Section 5.2 or 5.3 hereof that gave rise to the Conversion of such Lender's Affected Loans pursuant to this Section 5.4 no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Loans of the Affected Type made by other Lenders are outstanding, such Lender's Base Rate Loans shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Loans of the Affected Type, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding Loans of the Affected Type and by such Lender are held pro rata (as to principal amounts, Types, and Interest Periods) in accordance with their respective Revolving Credit Commitments.

5.5. Compensation.

Upon the request of any Lender, the Borrower shall pay to such Lender such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any loss, cost, or expense incurred by it as a result of:

(a) any payment, prepayment, or Conversion of a Eurodollar Rate Loan for any reason (including, without limitation, the acceleration of the Loans pursuant to Section 10.1) on a date other than the last day of the Interest Period for such Loan; or

(b) any failure by the Borrower for any reason (including, without limitation, the failure of any condition precedent specified in Article VI to be satisfied) to borrow,

Convert, Continue, or prepay a Eurodollar Rate Loan on the date for such borrowing, Conversion, Continuation, or prepayment specified in the relevant notice of borrowing, prepayment, Continuation, or Conversion under this Agreement.

5.6. Taxes.

(a) Any and all payments by or on account of any obligation of any Credit Party to or for the account of any Lender or the Agent hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any and all Taxes, and all liabilities with respect thereto, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding, in the case of each Lender and the Agent, Taxes imposed on its net income, overall gross receipts, capital or net worth, and any franchise, doing business or similar Taxes imposed on it in lieu of net income taxes, in each case, imposed on such Lender or Agent (as applicable) as a result of a present or former connection between the Agent or such Lender (as applicable) and the jurisdiction of the Governmental Authority imposing such tax (other than any such connection arising solely from the Agent or such Lender (as applicable) having been a party to, executed, delivered or performed its obligations or received a payment under or engaged in any other transaction pursuant to, or enforced, this Agreement or any other Loan Document). If any such non-excluded Taxes (“Indemnified Taxes”) or Other Taxes (as defined below) are required to be withheld by the applicable withholding agent from or in respect of any sum payable under this Agreement or any other Loan Document to any Lender or the Agent, (i) the sum payable by the applicable Credit Party shall be increased as necessary so that after all required deductions have been made (including deductions applicable to additional sums payable under this Section 5.6) such Lender (or, in the case of an amount paid to the Agent for its own account, the Agent) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable withholding agent shall make such deductions, (iii) the applicable withholding agent shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) the applicable withholding agent shall furnish to the Agent (in a reasonably prompt manner), at its address referred to in Section 12.2, the original or a certified copy of a receipt evidencing payment thereof or other evidence of payment reasonably acceptable to such Lender or the Agent; provided however, that no Credit Party shall be required to increase such amounts payable to any Lender with respect to any Taxes that are (i) attributable to such Lender’s failure to comply with the requirements of paragraph (d) or (e) of this Section or (ii) imposed pursuant to FATCA.

(b) In addition, the Borrower agrees to timely pay any and all present or future stamp, documentary or other similar excise or property Taxes which arise from any payment made under any Loan Document or from the execution, performance, registration, delivery or enforcement of this Agreement or any other Loan Document (hereinafter referred to as “Other Taxes”).

(c) The Borrower agrees to indemnify each Lender and the Agent for the full amount of Indemnified Taxes and Other Taxes (including, without limitation, any Indemnified Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 5.6) paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto,

whether or not such Indemnified Taxes or Other Taxes are correctly or legally imposed or asserted. A certificate as to the amount of such payment or liability delivered by any Lender (or by the Agent, on its own behalf or on behalf of a Lender) shall be conclusive absent manifest error.

(d) Each Lender, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof and on or prior to the date on which it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by the Borrower or the Agent, shall provide the Borrower and the Agent with documentation that would enable payments to be made to such Person without backup withholding (i.e., an Internal Revenue Service Form W-9, or successor form, certifying an exemption from backup withholding or the applicable Internal Revenue Service Form W-8, or successor form, certifying non U.S. status). In addition, each Lender and the Agent agrees that it will (i) take all actions reasonably requested by the Borrower in writing that are consistent with applicable legal and regulatory restrictions to claim any available reductions or exemptions from Indemnified Taxes or Other Taxes and (ii) otherwise cooperate with the Borrower to minimize any amounts payable by the Borrower under this Section 5.6; provided, however, that in each case, any out-of-pocket cost relating to such action or cooperation requested by the Borrower shall be borne by the Borrower and no Lender shall be required to deliver any documentation that is not legally eligible to deliver or take any action that it determines in its sole good faith discretion, may be adverse in any non de minimis respect to it and not indemnified to its satisfaction.

(e) A Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to any payments under this Agreement shall deliver to the Borrower and the Agent, at the time or times reasonably requested by the Borrower or the Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally eligible to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the economic, legal or regulatory position of such Lender.

(f) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA, to determine whether such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment; provided that no Lender shall be required to deliver any documentation pursuant to this Section 5.6(f) that it is not legally eligible to deliver

(g) Within thirty (30) days after the date of any payment of Taxes by any Credit Party, the Borrower shall furnish to the Agent the original or a certified copy of a receipt evidencing such payment or other evidence of such payment as is reasonably acceptable to the Agent.

(h) If any Credit Party is required to pay additional amounts to or for the account of any Lender pursuant to this Section 5.6, then such Lender will agree to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the sole judgment of such Lender, is not otherwise disadvantageous to such Lender.

(i) If the Agent or any Lender receives a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by any Credit Party or with respect to which any Credit Party has paid additional amounts pursuant to this Section 5.6, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Credit Parties under this Section 5.6 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses (including any net increase in Taxes imposed on such Person by reason of such refund and the payment by such Person pursuant to this sentence) of the Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower, upon the request of the Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Agent or such Lender in the event the Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(j) Upon Borrower's timely written request, the Lender shall, in good faith, with due diligence, and at the Borrower's expense, contest the validity, applicability or amount of any Indemnified Taxes or Other Taxes for which Borrower is responsible under this Section 5.6 by, in such Lender's sole discretion after consultation with Borrower, (i) resisting payment thereof, (ii) not paying the same except under protest, if protest is necessary and proper, or (iii) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings; provided that (y) the Lender will not be required to take any action hereunder which, in its sole discretion, would cause the Lender to suffer a material economic, legal or regulatory disadvantage, and (z) Borrower agrees to pay and shall timely pay on written demand to such Lender all reasonable costs and expenses that such Lender actually incurs in connection with and reasonably allocable to contesting such claim (including reasonable legal and accounting fees, penalties, interest, and additions to tax).

(k) Without prejudice to the survival of any other agreement of the Credit Parties under the Loan Documents, the agreements and obligations of each Credit Party contained in this Section 5.6 shall survive the termination of the Revolving Credit Commitments, any assignment of rights by, or the replacement of, a Lender, and the payment in full of the Loans.



(l) Each Lender hereby authorizes the Agent to deliver to the Credit Parties and to any successor Agent any documentation provided by such Lender to the Agent pursuant to this Section 5.6.

## ARTICLE VI

### CONDITIONS TO MAKING LOANS

#### 6.1. Conditions of A&R Closing Date.

(a) The effectiveness of this Agreement is subject to the prior or concurrent satisfaction or waiver (in accordance with Section 12.6) of each of the conditions precedent set forth in this Section 6.1. For the limited purpose of this Section 6.1, the phrases “shall have received”, “shall have approved”, “shall have demonstrated”, “shall have delivered” and similar phrases contemplating that future performances were required shall be construed as being performed or waived (in accordance with Section 12.6) as of the A&R Closing Date.

(b) The Agent shall have received, as of the A&R Closing Date, in form and substance satisfactory to the Agent and Lenders, the following:

(i) executed originals of each of this Agreement, the Notes (if applicable), and the other initial Loan Documents, together with all schedules and exhibits thereto;

(ii) the favorable written opinion or opinions with respect to the Loan Documents and the transactions contemplated thereby of (i) special counsel to the Borrower dated the A&R Closing Date (including opinions of New York and Bermuda counsel), addressed to the Agent (on behalf of itself and the Lenders), substantially in the form of Exhibit G-1 and Exhibit G-2 or otherwise reasonably satisfactory to special counsel to the Agent and (ii) Chris Beers, Chief Legal Officer of the Borrower, substantially in the form of Exhibit G-3 or otherwise reasonably satisfactory to special counsel to the Agent;

(iii) resolutions of the boards of directors or other appropriate governing body (or of the appropriate committee thereof) of the Borrower (or an extract thereof), certified by its secretary or assistant secretary as of the A&R Closing Date, approving and adopting the Loan Documents to be executed by such Person, and authorizing the execution and delivery thereof;

(iv) specimen signatures of officers of the Borrower executing the Loan Documents on behalf of such party, certified by the secretary or assistant secretary of the Borrower;

(v) the Organizational Documents of the Borrower certified by the secretary or assistant secretary of the Borrower;

(vi) a certificate issued as of a recent date by or on behalf comparable of the Ministry of Finance or comparable officials of the jurisdiction of formation of the Borrower as to the due existence and good standing of the Borrower;

(vii) notice of appointment of the initial Authorized Representative(s);

(viii) a certificate signed by a Chief Financial Officer of the Borrower attesting to the Solvency of the Borrower after giving pro forma effect to the entry into this Agreement in form and substance reasonably satisfactory to the Agent;

(ix) at the A&R Closing Date, no Default or Event of Default specified in Article X shall have occurred and be continuing;

(x) evidence that any fees payable by the Borrower on the A&R Closing Date to the Agent and the Lenders;

(xi) all documentation and other information about the Borrower required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act, as is requested in writing by the Agent at least ten (10) days prior to the A&R Closing Date; and

(xii) The Agent shall have received, at least three (3) Business Days prior to the A&R Closing Date, a Beneficial Ownership Certification in relation to the Borrower if it qualifies as a “legal entity customer” under the Beneficial Ownership Regulation and is not subject to any exemption thereunder, to the extent requested in writing not less than ten (10) Business Days prior to the A&R Closing Date.

#### 6.2. Conditions of Revolving Loans.

The obligation of the Lenders to make Revolving Loans to the Borrower hereunder on or subsequent to the A&R Closing Date is subject to the conditions precedent that:

(a) each of the conditions to making the Revolving Credit Facility available to the Borrower, as set forth in Section 6.1, shall have been satisfied on or prior to the date of such Loan;

(b) the representations and warranties of the Borrower set forth in Article VII and in each of the other Loan Documents shall be true and correct in all material respects on and as of the date of such Loan, with the same effect as though such representations and warranties had been made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date; provided, however, that, any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective date;

(c) the Agent shall have received a Borrowing Notice as required by Section 2.1(c);

(d) at the time of (and after giving effect to) such Loan, no Default or Event of Default specified in Article X shall have occurred and be continuing; and

(e) immediately after giving effect to the such Loan:

(i) the aggregate principal balance of all outstanding Revolving Loans for each Lender shall not exceed such Lender's Revolving Credit Commitment;

(ii) the Revolving Credit Outstandings shall not exceed the Total Revolving Credit Commitment.

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES

Each of the Borrower and each Guarantor (if any) represents and warrants with respect to itself and its respective Subsidiaries (if any) (which representations and warranties shall survive the delivery of the documents mentioned herein and the making of Loans) that:

#### 7.1. Organization and Authority.

(a) Each of the Borrower, each Guarantor (if any) and each Subsidiary is a corporation, partnership or limited liability company duly organized and validly existing under the laws of the jurisdiction of its formation;

(b) Each of the Borrower, each Guarantor (if any) and each Subsidiary (x) has the requisite power and authority to own its properties and assets and to carry on its business as now being conducted and as contemplated in the Loan Documents, and (y) is qualified to do business in every jurisdiction in which failure so to qualify would have a Material Adverse Effect;

(c) The Borrower has the power and authority to execute, deliver and perform this Agreement and to execute, deliver and perform each of the other Loan Documents to which it is a party;

(d) Each Guarantor (if any) has the power and authority to execute, deliver and perform each of the Loan Documents to which it is a party; and

(e) When executed and delivered, each of the Loan Documents to which the Borrower or any Guarantor is a party will be the legal, valid and binding obligation or agreement, as the case may be, of the Borrower or such Guarantor (as the case may be), enforceable against the Borrower or such Guarantor (as the case may be) in accordance with its terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether considered in a proceeding at law or in equity).

#### 7.2. Loan Documents.

The execution, delivery and performance by each Credit Party of each of the Loan Documents to which it is a party:

(a) have been duly authorized by all requisite Organizational Action of such Credit Party (as the case may be) required for the lawful execution, delivery and performance thereof;

(b) do not violate any provisions of (i) any applicable law, rule or regulation, (ii) any judgment, writ, order, determination, decree or arbitral award of any Governmental Authority or arbitral authority binding on such Credit Party or their respective properties or (iii) the Organizational Documents of such Credit Party;

(c) do not and will not be in conflict with, result in a breach of or constitute an event of default, or an event which, with notice or lapse of time or both, would constitute an event of default, under any contract, indenture, agreement or other instrument or document to which such Credit Party is a party, or by which the properties or assets of such Credit Party are bound; and

(d) do not and will not result in the creation or imposition of any Lien upon any of the properties or assets of such Credit Party or any Subsidiary.

#### 7.3. Solvency.

At the time of each Loan to the Borrower, the Borrower and each Guarantor (if any) is Solvent after giving effect to the transactions contemplated by the Loan Documents.

#### 7.4. Use of Proceeds.

The proceeds of each Loan made pursuant to the Revolving Credit Facility hereunder shall be used as described under Section 2.12.

#### 7.5. Financial Condition.

The audited consolidated financial statements of the Borrower and its Subsidiaries dated December 31, 2019, copies of which have been furnished to each Lender on or before the A&R Closing Date, have been prepared using accounting methods, procedures and policies which are in accordance with GAAP and present fairly in all material respects the financial position of the Borrower and its Subsidiaries on a consolidated basis, in each case, as at the dates thereof, and the results of operations and statements of cash flows for the periods then ended (as to any unaudited interim financial statements, subject to normal year-end audit adjustments and the absence of footnotes). Neither the Borrower nor any of its Subsidiaries had, to the knowledge of the Borrower, as at the date of the most recent balance sheet referred to above, any material Contingent Obligation, contingent liability or liability for taxes, or any long term lease, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the notes thereto and which, to the knowledge of the Borrower or the Borrower, has any reasonable likelihood of resulting in a

material cost or loss. Since December 31, 2019 there has been no development or event which has had a Material Adverse Effect.

7.6. Anti-Corruption and Sanctions.

The Borrower and its Subsidiaries observe and conform to FCPA Compliance and Sanctions Compliance.

7.7. Title to Properties.

The Borrower and each of its Subsidiaries has good and marketable title to all its real and personal properties, subject to no Liens of any kind except Permitted Liens.

7.8. Taxes.

Except as set forth in Schedule 7.8, the Borrower and each of its Subsidiaries has filed or caused to be filed all federal, state, local and foreign Tax returns in each case that are required to be filed by it and that, the failure to file, would reasonably be expected to have a Material Adverse Effect (individually or in the aggregate) and, except for Taxes and assessments being contested in good faith by appropriate proceedings diligently conducted and against which reserves in accordance with GAAP reflected in the financial statements most recently delivered pursuant to Section 8.1(a) and satisfactory to the Borrower's independent certified public accountants have been established, have paid or caused to be paid all Taxes (whether or not shown on said returns or on any assessment received by it), to the extent that such Taxes have become due.

7.9. Other Agreements.

The Borrower and any Guarantor (if any):

(i) is not a party to or subject to any judgment, order, decree, agreement, lease or instrument, or subject to other restrictions, which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect; or

(ii) is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Borrower or such Guarantor is a party, which default has, or if not remedied within any applicable grace period could reasonably be likely to have, a Material Adverse Effect.

7.10. Litigation.

Except as set forth in Schedule 7.10, there is no action, suit, investigation or proceeding at law or in equity or by or before any governmental instrumentality or agency or arbitral body pending, or, to the knowledge of the Borrower, threatened by or against the Borrower or any Guarantor or affecting any such Person or any properties or rights of any such Person, which could reasonably be likely to have a Material Adverse Effect.

7.11. Federal Regulations.

No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used (a) for “buying” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect for any purpose that violates the provisions of the Regulations of the Board or (b) for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Agent, the Borrower will furnish to the Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

7.12. Investment Company.

No Credit Party is an “investment company”, or “promoter” or “principal underwriter” for, an “investment company”, as such terms are defined in the Investment Company Act of 1940, as amended (15 U.S.C. § 80a-1, et seq.). The application of the proceeds of the Loans and repayment thereof by the Borrower and the performance by the Borrower and the other Credit Parties of the transactions contemplated by the Loan Documents will not violate any provision of said Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder, in each case as in effect on the A&R Closing Date.

7.13. Patents, Etc.

The Borrower and each Guarantor (if any) owns or has the right to use, under valid license agreements or otherwise, all material patents, licenses, franchises, trademarks, trademark rights, trade names, trade name rights, trade secrets and copyrights necessary to or used in the conduct of its businesses as now conducted and as contemplated by the Loan Documents, without known conflict with any patent, license, franchise, trademark, trade secret, trade name, copyright, other proprietary right of any other Person except as could not reasonably be likely to have a Material Adverse Effect.

7.14. No Untrue Statement.

Neither (a) this Agreement nor any other Loan Document or certificate or document executed and delivered by or on behalf of the Borrower or any other Credit Party in accordance with or pursuant to any Loan Document nor (b) any written statement, representation, or warranty provided to the Agent in connection with the negotiation or preparation of the Loan Documents contains any misrepresentation or untrue statement of material fact or omits to state a material fact necessary, in light of the circumstance under which it was made, in order to make any such warranty, representation or statement contained therein not misleading.

7.15. No Consents, Etc.

Neither the respective businesses or properties of the Borrower or any Subsidiary, nor any relationship among the Borrower or any Subsidiary and any other Person, nor any circumstance in connection with the execution, delivery and performance of the Loan

Documents and the transactions contemplated thereby, is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority or any other Person on the part of the Borrower as a condition to the execution, delivery and performance of, or consummation of the transactions contemplated by the Loan Documents, which, if not obtained or effected, would be reasonably likely to have a Material Adverse Effect, or if so, such consent, approval, authorization, filing, registration or qualification has been duly obtained or effected, as the case may be.

7.16. Employee Benefit Plans.

(a) Neither the Borrower nor any ERISA Affiliate has (i) failed to make any contribution required by Section 430 of the Code or Section 303 of ERISA by its due date with respect to any Single Employer Plan, whether or not waived, or failed to make any required contribution to a Multiemployer Plan during the six-year period prior to the date on which this representation is made or deemed made or (ii) any other liability to the PBGC which remains outstanding, in each case described in clause (i) or (ii) above, in an amount that would be reasonably likely to have a Material Adverse Effect;

(b) No Termination Event has occurred during the six-year period prior to the date on which this representation is made or deemed made or is reasonably expected to occur with respect to any Single Employer Plan or Multiemployer Plan, and neither the Borrower nor any ERISA Affiliate has incurred any unpaid withdrawal liability with respect to any Multiemployer Plan that, in each case, could be reasonably expected to have a Material Adverse Effect; and

(c) The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Single Employer Plan) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made for each such plan, exceed the then current value of the assets of such Single Employer Plan allocable to such benefits by a material amount.

7.17. No Default.

As of the A&R Closing Date, there does not exist any Default or Event of Default hereunder.

7.18. Environmental Laws.

Except as listed on Schedule 7.18, the Borrower and each Guarantor (if any) is in compliance with all applicable Environmental Laws and has been issued and currently maintains all required federal, state and local permits, licenses, certificates and approvals. Except as listed on Schedule 7.18, neither the Borrower nor any Guarantor (if any) has been notified of any pending or threatened action, suit, proceeding or investigation, and the Borrower nor any Guarantor (if any) is aware of any facts, which (a) calls into question, or could reasonably be expected to call into question, compliance by the Borrower or any Guarantor (if any) with any Environmental Laws, (b) seeks, or could reasonably be expected to form the basis of a meritorious proceeding, to suspend, revoke or terminate any license, permit or approval

necessary for the operation of the Borrower's or any Guarantor's (if any) business or facilities or for the generation, handling, storage, treatment or disposal of any Hazardous Materials, or (c) seeks to cause, or could reasonably be expected to form the basis of a meritorious proceeding to cause, any property of the Borrower or any Guarantor (if any) to be subject to any restrictions on ownership, use, occupancy or transferability under any Environmental Law.

7.19. Withholding Taxes.

The Borrower, to its knowledge, as of the date of this Agreement is not required to withhold or deduct any Taxes imposed by any Governmental Authority on any payments hereunder or under any other Loan Document.

7.20. EEA Financial Institution.

No Credit Party is an EEA Financial Institution.

## ARTICLE VIII

### AFFIRMATIVE COVENANTS

Unless the Required Lenders shall otherwise consent in writing, the Borrower will, and where applicable will cause each Subsidiary (if any), to:

8.1. Financial Reports, Etc.

(a) As soon as practical and in any event within 90 days after the end of each Fiscal Year, deliver or cause to be delivered to the Agent and each Lender audited consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such Fiscal Year, and the notes thereto (if any), and the relating audited consolidated statements of income, changes in stockholders' (or members') equity and cash flows, and the respective notes thereto (if any), for such Fiscal Year, setting forth comparative financial statements for the preceding year (if applicable), reported on by Ernst & Young LLP or other independent certified public accountants of nationally recognized standing all prepared in accordance with GAAP, accompanied by a certificate of an Authorized Representative, which certificate shall be in the form of Exhibit H and accompanied by an unaudited reconciliation that explains in reasonable detail the differences between the financial information relating to the Borrower and its Subsidiaries, on the one hand, and the financial information of the Borrower and its Subsidiaries on a standalone basis, on the other hand; provided that the Borrower shall be deemed to have satisfied its delivery obligations with respect to the above financial statements and unaudited reconciliation (but not the certificate referred to above) if the full text of such financial statements and unaudited reconciliation have been posted to and are generally available on the Borrower's website; provided, further, that the comparative financial statements delivered in connection with the Fiscal Year beginning March 1, 2020 and ending February 28, 2021 will be for the comparative period March 1, 2019 to February 29, 2020.

(b) As soon as practical and in any event within 60 days after the end of each Fiscal Quarter (except the last Fiscal Quarter of the Fiscal Year), deliver to the Agent and each



Lender consolidated income statements of the Borrower and its Subsidiaries prepared in accordance with GAAP, accompanied by a certificate of an Authorized Representative to the effect that such financial statements present fairly, in all material respects, the financial position of the Borrower and its Subsidiaries as of the end of such fiscal period and the results of their operations for such fiscal period and accompanied by an unaudited reconciliation that explains in reasonable detail the differences between the financial information relating to the Borrower and its Subsidiaries, on the one hand, and the financial information of the Borrower and its Subsidiaries on a standalone basis, on the other hand; provided that the Borrower shall be deemed to have satisfied its delivery obligations with respect to the above financial statements and unaudited reconciliation if the full text of such financial statements and unaudited reconciliation have been posted to and are generally available on the Borrower's website;

(c) Concurrently with any delivery of financial statements under Section 8.1(a) or (b), deliver or cause to be delivered as set forth above a report in form and substance reasonably satisfactory to the Agent which certificate shall be in the form of Exhibit H, stating that the Borrower is in compliance with the covenants and setting forth in reasonable detail the calculations demonstrating such compliance with the covenants and terms hereof and that no Default or Event of Default has occurred and is continuing, in each case as of the end of such month (the "Quarterly Covenant Compliance Report");

(d) Promptly upon their becoming available to the Borrower, the Borrower shall deliver to the Agent and each Lender a copy of (i) all regular or special reports or effective registration statements which the Borrower or any Subsidiary shall file with the Securities and Exchange Commission (or any successor thereto) or any securities exchange, (ii) any proxy statement distributed by the Borrower or any Subsidiary to its shareholders, bondholders or the financial community in general, and (iii) any management letter or other report submitted to the Borrower or any Subsidiary by independent accountants in connection with any annual, interim or special audit of the Borrower or any Subsidiary; provided that the Borrower shall be deemed to have satisfied its delivery obligations with respect to the above documents if the full text of such documents have been posted to and are generally available on the Borrower's website; and

(e) Promptly, from time to time, deliver or cause to be delivered to the Agent and each Lender such other information regarding the Borrower's and any Subsidiary's operations, business affairs and financial condition as the Agent or such Lender may reasonably request.

Subject to Section 12.15, the Agent and the Lenders are hereby authorized to deliver a copy of any such financial or other information delivered hereunder to the Lenders (or any affiliate of any Lender) or to the Agent, to any Governmental Authority having jurisdiction over the Agent or any of the Lenders pursuant to any written request therefor or in the ordinary course of examination of loan files, or to any other Person who shall acquire or consider the assignment of, or acquisition of any participation interest in, any Obligation permitted by this Agreement.

## 8.2. Maintain Properties.

Maintain all properties necessary to its operations in good working order and condition, make all needed repairs, replacements and renewals to such properties, and maintain free from Liens all trademarks, trade names, patents, copyrights, trade secrets, know-how, and other intellectual property and proprietary information (or adequate licenses thereto), in each case as are reasonably necessary to conduct its business as currently conducted or as contemplated hereby, all in accordance with customary and prudent business practices.

8.3. Existence, Qualification, Etc.

Except as otherwise expressly permitted under Section 9.7, do or cause to be done all things necessary to preserve and keep in full force and effect its existence and all material rights and franchises, and maintain its license or qualification to do business as a foreign corporation and good standing in each jurisdiction in which failure to do so would have a Material Adverse Effect.

8.4. Regulations and Taxes.

Comply with or contest in good faith all statutes and governmental regulations and timely pay or contest in good faith all Taxes, assessments, governmental charges, claims for labor, supplies, rent and any other obligation which, if unpaid, would become a Lien other than a Permitted Lien against any of its properties unless such Lien could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

8.5. [RESERVED].

8.6. True Books.

Keep true books of record and account in which full, true and correct entries will be made of all of its dealings and transactions, and set up on its books such reserves as may be required by GAAP with respect to doubtful accounts and all taxes, assessments, charges, levies and claims and with respect to its business in general, and include such reserves in interim as well as year-end financial statements.

8.7. Right of Inspection.

Permit any Person designated by any Lender or the Agent to visit and inspect any corporate book or financial report of the Borrower or any Subsidiary and to discuss its affairs, finances and accounts with its principal officers and independent certified public accountants, all at reasonable times, at reasonable intervals and with reasonable prior notice; provided that upon any Event of Default, such access shall be at any time.

8.8. Observe All Laws.

Conform to and duly observe all Requirements of Law and all other valid requirements of any Governmental Authority with respect to the conduct of its business (including, without limitation, FCPA Compliance and Sanctions Compliance) unless, except with respect to FCPA Compliance and Sanctions Compliance, the failure to so conform or observe would not have a Material Adverse Effect.

8.9. Governmental Licenses.

Obtain and maintain all licenses, permits, certifications and approvals of all applicable Governmental Authorities of which the failure to so obtain and maintain would not have a Material Adverse Effect and as contemplated by the Loan Documents.

8.10. Officer's Knowledge of Default.

Upon any officer of the Borrower obtaining knowledge of any Default or Event of Default hereunder or under any other obligation of the Borrower or any Subsidiary to any Lender, or any event, or occurrence which is reasonably expected to have a Material Adverse Effect, cause such officer or an Authorized Representative to promptly notify the Agent of the nature thereof, the period of existence thereof, and what action the Borrower or such Subsidiary proposes to take with respect thereto.

8.11. Suits or Other Proceedings.

Upon any officer of the Borrower obtaining knowledge of any action, suit, litigation, investigation, or other proceeding being instituted or threatened against the Borrower or any Subsidiary, in any court or before any Governmental Authority, or any attachment, levy, execution or other process being instituted against any assets of the Borrower or any Subsidiary, making a claim or claims in an aggregate amount greater than \$5,000,000, exclusive of punitive damages, not otherwise covered by insurance or that would otherwise be reasonably expected to have a Material Adverse Effect, promptly deliver to the Agent written notice thereof stating the nature and status of such action, suit, litigation, investigation, dispute, proceeding, levy, execution or other process.

8.12. Notice of Environmental Complaint or Condition.

Promptly provide to the Agent true, accurate and complete copies of any and all notices, complaints, orders, directives, claims or citations received by the Borrower or any Subsidiary relating to any (a) violation or alleged violation by the Borrower or any Subsidiary of any applicable Environmental Law; (b) release or threatened release by the Borrower or any Subsidiary, or by any Person handling, transporting or disposing of any Hazardous Material on behalf of the Borrower or any Subsidiary, or at any facility or property owned or leased or operated by the Borrower or any Subsidiary, of any Hazardous Material, except where occurring legally pursuant to a permit or license; or (c) liability or alleged liability of the Borrower or any Subsidiary for the costs of cleaning up, removing, remediating or responding to a release of Hazardous Materials.

8.13. [RESERVED].

8.14. [RESERVED].

8.15. Continued Operations.

Continue at all times to conduct its business and engage principally in the same line or lines of business substantially as heretofore conducted.

8.16. Employee Benefit Plans.

With reasonable promptness, and in any event within thirty (30) days after the Borrower knows or has reason to know thereof, give notice to the Agent of (a) the establishment of any Single Employer Plan (which notice shall include a copy of such plan), (b) the failure of the Borrower or any ERISA Affiliate to make a required installment or payment under Section 303(j) of ERISA or Section 430(j) of the Code by the due date; (c) the occurrence of a Termination Event with respect to any Single Employer Plan or Multiemployer Plan; and (d) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any ERISA Affiliate or any Multiemployer Plan with respect to the withdrawal from, or the termination or Insolvency of, any Multiemployer Plan.

8.17. Public Debt Rating.

In each Quarterly Covenant Compliance Report, the Borrower shall notify the Agent of any change in the Public Debt Rating of the Borrower since the last delivered Quarterly Covenant Compliance Report (or in the case of the first such report, since the date hereof).

ARTICLE IX

NEGATIVE COVENANTS

Unless the Required Lenders shall otherwise consent in writing, the Borrower will not, and will cause each Subsidiary thereof (if any) not to:

9.1. [RESERVED].

9.2. [RESERVED].

9.3. Liens.

(i) The Borrower will not create, incur, assume or otherwise cause or suffer to exist or become effective any Lien that secures obligations under any Indebtedness for borrowed money or any Capitalized Lease Obligations of the Borrower or any Guarantor (the "Initial Lien") of any kind upon any of its property or assets, now owned or hereafter acquired, except any Initial Lien if (a) the Obligations are equally and ratably secured with (or on a senior basis to, in the case such Initial Lien secures any Subordinated Indebtedness) the obligations secured by such Initial Lien or (b) such Initial Lien is a Permitted Lien.

(ii) Any Lien created for the benefit of the Lenders pursuant to clause (a) of Section 9.3(i) shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

9.4. Indebtedness.

(i) The Borrower will not permit any Non-Guarantor Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, (collectively, "incur" and collectively, an "incurrence") with

respect to any Indebtedness (including Acquired Indebtedness) and the Borrower will not permit any Non-Guarantor Subsidiary to issue any shares of Disqualified Stock or preferred stock.

(ii) The foregoing limitations will not apply to:

(a) [reserved];

(b) [reserved];

(c) Existing Indebtedness of any Non-Guarantor Subsidiary;

(d) [reserved];

(e) Indebtedness incurred by any Non-Guarantor Subsidiary constituting reimbursement obligations with respect to letters of credit and bank guarantees issued, including without limitation letters of credit in respect of workers' compensation claims, health, disability or other benefits to employees or former employees or their families or property, casualty or liability insurance or self-insurance, and letters of credit in connection with the maintenance of, or pursuant to the requirements of, environmental or other permits or licenses from governmental authorities, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims; provided, however, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(f) Indebtedness arising from agreements of a Non-Guarantor Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition;

(g) [reserved];

(h) Indebtedness of a Non-Guarantor Subsidiary to the Borrower or another Subsidiary; provided that, any subsequent transfer of any such Indebtedness (except to the Borrower or another Subsidiary) shall be deemed in each case to be an incurrence of such Indebtedness not permitted by this clause (h);

(i) shares of preferred stock of a Non-Guarantor Subsidiary issued to the Borrower or a Subsidiary;

(j) Hedging Obligations for the purpose of limiting one or more of interest rate, exchange rate or commodity risk;

(k) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by the Borrower or any Subsidiary in the ordinary course of business or consistent with past practice or industry practice;

(l) Indebtedness, Disqualified Stock and preferred stock of any Non-Guarantor Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and preferred stock then outstanding and incurred pursuant to this clause (l), does not at any one time outstanding exceed \$200.0 million; and

(m) any guarantee by a Non-Guarantor Subsidiary of Indebtedness of the Borrower or another Subsidiary so long as the incurrence of such Indebtedness incurred by such Non-Guarantor Subsidiary is permitted under the terms of this Agreement;

(n) the incurrence by a Non-Guarantor Subsidiary of Indebtedness, Disqualified Stock or preferred stock which serves to refund or refinance any Indebtedness, Disqualified Stock or preferred stock incurred as permitted under the Section 9.4(i) and clause (b) above, this clause (n) and clause (q) below or any Indebtedness, Disqualified Stock or preferred stock issued to so refund or refinance such Indebtedness, Disqualified Stock or preferred stock including additional Indebtedness, Disqualified Stock or preferred stock incurred to pay premiums (including tender premiums), defeasance costs and fees in connection therewith (the "Refinancing Indebtedness") prior to its respective maturity; provided, however, that such Refinancing Indebtedness;

(o) Indebtedness, Disqualified Stock or preferred stock of Persons that are acquired by any Non-Guarantor Subsidiary or amalgamated or merged into a Non-Guarantor Subsidiary in accordance with the terms of this Agreement; provided that such Indebtedness, Disqualified Stock or preferred stock is not incurred in contemplation of such acquisition, amalgamation or merger; provided further that after giving effect to such acquisition, amalgamation or merger, either:

(1) the Borrower and the Subsidiaries would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00; or

(2) the Fixed Charge Coverage Ratio is not less than immediately prior to such acquisition, amalgamation or merger

(p) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five Business Days of its incurrence;

(q) Indebtedness (including Capitalized Lease Obligations), Disqualified Stock and preferred stock, including any predelivery payment financing, incurred by any Non-Guarantor Subsidiaries, relating to the purchase, lease, acquisition, improvement or modification of any aircraft, engines, spare parts or similar assets, including in the form of financing from aircraft or engine manufacturers or their affiliates and whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, so long as the amount of such indebtedness does not exceed the purchase price of such

aircraft and any improvements or modifications thereto and is incurred not later than 270 days after the date of such purchase, lease, acquisition, improvement or modification;

(r) Indebtedness of any Non-Guarantor Subsidiary supported by a letter of credit issued pursuant to Credit Facilities, in a principal amount not in excess of the stated amount of such letter of credit; and

(s) Indebtedness of any Non-Guarantor Subsidiary consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business.

(iii) For purposes of determining compliance with this Section 9.4, in the event that an item of Indebtedness, Disqualified Stock or preferred stock meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or preferred stock described in Sections 9.14(ii)(a) through (s) or is entitled to be incurred pursuant to Section 9.4(i), the Borrower, in its sole discretion, may classify or reclassify such item of Indebtedness in any manner that complies with this covenant and the Borrower may divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Sections 9.14(i) and (ii). Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness, Disqualified Stock or preferred stock will not be deemed to be an incurrence of Indebtedness, Disqualified Stock or preferred stock for purposes of this covenant.

(iv) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; provided that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

(v) The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

(vi) The Borrower will not, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is subordinated or junior in right of payment to any Indebtedness of the Borrower unless such Indebtedness is expressly subordinated in right of payment to the Loans to the extent and in the same manner as such Indebtedness is subordinated in right of payment to other Indebtedness of the Borrower.

(vii) [reserved].

9.5. [RESERVED].

9.6. [RESERVED].

9.7. Merger or Consolidation.

(i) The Borrower may not consolidate, amalgamate or merge with or into or wind up into (whether or not the Borrower is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to any Person unless:

(a) the Borrower is the surviving corporation or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Borrower) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a Person organized or existing under the laws of a Permitted Jurisdiction (such Person, as the case may be, being herein called the "Successor Company");

(b) the Successor Company, if other than the Borrower, expressly assumes all the obligations of the Borrower under this Agreement and the other Loan Documents pursuant to an amendment to this agreement or other documents or instruments in form reasonably satisfactory to the Agent;

(c) immediately after such transaction no Default or Event of Default exists;

(d) [reserved];

(e) the Borrower shall have delivered to the Agent an Officers' Certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or transfer and such amendment, if any, comply with this Agreement and, if an amendment is required in connection with such transaction, such supplement shall comply with the applicable provisions of this Agreement; and

(f) the Successor Company shall have delivered to the Lenders all documentation and other information about the Successor Company required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, as is requested in writing by the Agent at least ten (10) days prior to the date on which the Successor Company assumes all the obligations of the Borrower under this Agreement and the other Loan Documents as provided in Section 9.7(b) hereof.

Notwithstanding anything provided herein or otherwise, no Lender shall have any obligation to extend credit to a Successor Company if such extension of credit results in a violation of law or regulation.

(ii) Notwithstanding the foregoing clause (c),



(a) any Subsidiary may consolidate with, amalgamate or merge into or transfer all or part of its properties and assets to the Borrower; and

(b) the Borrower may amalgamate or merge with an Affiliate incorporated solely for the purpose of reincorporating the Borrower in any Permitted Jurisdiction.

(iii) Upon any consolidation, amalgamation or merger, or any sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the assets of the Borrower in accordance with this Section 9.7, the successor Person formed by such consolidation or into which the Borrower, as the case may be, is amalgamated or merged or the successor Person to which such sale, assignment, conveyance, transfer, lease or disposition is made, shall succeed to, and be substituted for, and may exercise every right and power of, the Borrower under this Agreement, with the same effect as if such successor Person had been named as the Borrower herein. When a successor Person assumes all obligations of its predecessor hereunder such predecessor shall be released from all obligations; provided that in the event of a transfer or lease, the predecessor shall not be released from the payment of principal and interest or other obligations.

(iv) For purposes of this covenant, the leasing of aircraft, engines, spare parts or similar assets in the ordinary course of business shall not be considered the leasing of "all or substantially all" of the properties or assets of the Borrower.

#### 9.8. Transactions with Affiliates.

(i) The Borrower will not, and will not permit any Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Borrower (each of the foregoing, an "Affiliate Transaction") involving aggregate payments or consideration in excess of \$5.0 million, unless:

(a) such Affiliate Transaction is on terms that are not materially less favorable to the Borrower or the relevant Subsidiary than those that would have been obtained in a comparable transaction by the Borrower or such Subsidiary with an unrelated Person as determined by the Board of Directors or senior management of the Borrower in good faith; and

(b) the Borrower delivers to the Agent with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of \$50.0 million, a resolution adopted by the majority of the Board of Directors approving such Affiliate Transaction and set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (a) above.

(ii) The foregoing provisions will not apply to the following:

(1) transactions between or among the Borrower and/or any of the Subsidiaries;

- (2) Restricted Payments permitted by Section 9.14 or the definition of Permitted Investments;
- (3) the payment of reasonable and customary fees paid to, and indemnities provided on behalf of, officers, directors, employees or consultants of the Borrower or any Subsidiary;
- (4) transactions in which the Borrower or any Subsidiary, as the case may be, delivers to the Agent a letter from an Independent Financial Advisor stating that such transaction is fair to the Borrower or such Subsidiary from a financial point of view or meets the requirements of clause (a) of Section 9.8(i);
- (5) payments or loans (or cancellation of loans) to employees or consultants of the Borrower, or any Subsidiary which are approved by a majority of the Board of Directors of the Borrower in good faith;
- (6) any agreement as in effect as of the Original Closing Date, or any amendment or replacement thereto (so long as any such amendment, taken as a whole, is not materially less favorable to the Borrower and its Subsidiaries than the agreement in effect on the Original Closing Date (as determined by the Board of Directors or senior management of the Borrower in good faith));
- (7) the existence of, or the performance by the Borrower or any of its Subsidiaries of its obligations under the terms of, any shareholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Original Closing Date and any similar agreements which it may enter into thereafter; provided, however, that the existence of, or the performance by the Borrower or any Subsidiary of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Original Closing Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement, taken as a whole, is not materially less favorable to the Borrower and its Subsidiaries than the agreement in effect on the Original Closing Date (as determined by the Board of Directors or senior management of the Borrower in good faith);
- (8) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement;
- (9) the issuance of Equity Interests (other than Disqualified Stock) of the Borrower to any Affiliate of the Borrower or other customary rights in connection therewith;
- (10) transactions or payments pursuant to any employee, officer or director compensation or benefit plans, employment agreements, severance agreement, indemnification agreements or any similar arrangements entered into in the ordinary

course of business or approved in good faith by the Board of Directors or senior management of the Borrower;

(11) transactions in the ordinary course with joint ventures in which the Borrower or a Subsidiary of the Borrower holds or acquires an ownership interest (whether by way of Capital Stock or otherwise) so long as the terms of any such transactions, taken as a whole, are not materially less favorable to the Borrower or Subsidiary participating in such joint ventures than they are to other joint venture partners as determined by the Board of Directors in good faith;

(12) transactions with a Person that is an Affiliate of the Borrower solely because the Borrower owns, directly or through a Subsidiary, an Equity Interest in, or controls, such Person;

(13) sales of accounts receivable, or participations therein, in connection with any Receivables Facility;

(14) services provided by the Borrower or any of its Subsidiaries to its Subsidiaries or Affiliates under an agreement in respect of (A) aircraft, airframe and engines, (B) all parts, including replacement parts, of whatever nature, which are from time to time included within the airframes or engines or owned separately by the Borrower or any of its Subsidiaries (C) aircraft documents, (D) leases to which the Borrower or any of its Subsidiaries is or may from time to time be party with respect to an aircraft, airframe, engine or part and (E) all securities or other instruments secured directly or indirectly by aircraft, airframe, engines or parts all in the ordinary course of business and consistent with past practice;

(15) any transaction where the only consideration paid by the Borrower or any of its Subsidiaries is the issuance of Equity Interests (other than Disqualified Stock);

(16) any transaction in which the Borrower delivers to the Agent a copy of a written opinion as to the fairness of such transaction to the Borrower or such Subsidiary from a financial point of view issued by an Independent Financial Advisor; and

(17) transactions with a Person solely in its capacity as a holder of Indebtedness of the Borrower or any of its Subsidiaries; provided such transaction is with all holders of such class of Indebtedness (provided the holders of such class includes non-Affiliate holders) and such Person is treated no more favorably than holders of Indebtedness of the Borrower or such Subsidiaries generally as determined by the Board of Directors or management of the Borrower.

9.9. [RESERVED].

9.10. Fiscal Year.

Change its Fiscal Year, or have any fiscal year other than the Fiscal Year.

9.11. Change in Control.

Cause, suffer or permit to exist or occur any Change of Control unless the Borrower prepays the entire principal amount of the Loans and terminate the Total Revolving Credit Commitments pursuant to Section 2.3(b)(ii).

9.12. Guarantees.

(i) From and after the A&R Closing Date and prior to the Existing Notes Repayment Date, the Borrower will not cause or permit any of its Subsidiaries (other than a Guarantor), directly or indirectly, to guarantee any Indebtedness with an aggregate principal amount in excess of \$100,000,000, of the Borrower or any other Guarantor unless such Subsidiary:

(a) within 20 Business Days of the date on which it guarantees Indebtedness of the Borrower or any Guarantor executes and delivers to the Agent a guarantee to which such Subsidiary shall guarantee (each, a "Guarantee") all of the Borrower's Obligations and other terms contained in the applicable Guarantee and subject to the conditions contained in such Guarantee; provided that, for the avoidance of doubt, such Guarantee shall include customary keepwell and excluded swap obligation provisions that are satisfactory to the Borrower and the Agent; and

(b) delivers to the Agent an opinion of counsel (which may contain customary exceptions) that such Guarantee has been duly authorized, executed and delivered by such Subsidiary and constitutes legal, valid, binding and enforceable obligation of such Subsidiary.

(ii) Thereafter, such Subsidiary shall be a Guarantor for all purposes of this Agreement and other Loan Documents until such Guarantee is released in accordance with the provisions of this Agreement. In the event of a sale or other transfer or disposition of all of the Capital Stock in any Guarantor to any Person that is not an Affiliate of the Borrower in compliance with the terms of this Agreement, or in the event all or substantially all the assets or Capital Stock of a Guarantor are sold or otherwise transferred, by way of merger, consolidation or otherwise, to a Person that is not an Affiliate of the Borrower in compliance with the terms of this Agreement, then, without any further action on the part of the Agent or any Lender, such Guarantor (or the Person concurrently acquiring such assets of such Guarantor) shall be deemed automatically and unconditionally cancelled, released and discharged of any obligations under its Guarantee, as evidenced by agreement, written instrument or confirmation executed by the Agent, upon request. In addition, upon the release or discharge of any guarantee of other Indebtedness which resulted in the creation of a Guarantee (except a discharge or release by or as a result of payment under such guarantee), the Guarantor of such Guarantee shall be deemed automatically and unconditionally cancelled, released and discharged of any obligations under its Guarantee, as evidenced by agreement, written instrument or confirmation executed by the Agent, upon request. The Borrower may cause any other Subsidiary of the Borrower to issue a Guarantee and become a Guarantor.

(iii) Each Guarantee by a Subsidiary will be limited to an amount not to exceed the maximum amount that can be guaranteed by that Subsidiary without rendering the Guarantee, as it relates to such Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

9.13. [RESERVED].

9.14. Restricted Payments.

(i) The Borrower will not, and will not permit any Subsidiary to, directly or indirectly, for so long as an Event of Default has occurred and is continuing or would occur as a consequence thereof:

(a) declare or pay any dividend or make any distribution on account of the Borrower's or any Subsidiary's Equity Interests, including any dividend or distribution payable in connection with any amalgamation, merger or consolidation other than:

(1) dividends or distributions by the Borrower payable in Equity Interests (other than Disqualified Stock) of the Borrower or in options, warrants or other rights to purchase such Equity Interests; or

(2) dividends or distributions by a Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Subsidiary other than a Wholly-Owned Subsidiary, the Borrower or a Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(b) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Borrower, including in connection with any amalgamation, merger or consolidation;

(c) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness, other than (x) the purchase, repurchase or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition and (y) Indebtedness of the Borrower to a Subsidiary or a Subsidiary to the Borrower or another Subsidiary; or

(d) make any Restricted Investment;

(all such payments and other actions set forth in clauses (a) through (d) above being collectively referred to as "Restricted Payments").

(ii) The foregoing provisions will not prohibit:

(a) the payment of any dividend, distribution or redemption within 60 days after the date of declaration thereof or call for redemption, if at the date of declaration or call for redemption such payment or redemption would have complied with the provisions of this Agreement;

(b) the redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness of the Borrower made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Borrower, which is incurred in compliance with Section 9.4 so long as:

(1) the principal amount (or accreted value) of such new Indebtedness does not exceed the principal amount, plus any accrued and unpaid interest, of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired for value, plus the amount of any premium and any tender premiums, defeasance costs or other fees and expenses incurred in connection with the issuance of such new Indebtedness,

(2) such Indebtedness has a final scheduled maturity date equal to or later than the earlier of (x) the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired and (y) 91 days following the maturity of the Revolving Loans, and

(3) such Indebtedness has a Weighted Average Life to Maturity which is not less than the shorter of (x) the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired and (y) the Weighted Average Life to Maturity that would result if all payments of principal on the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired that were due on or after the date one year following the maturity date of any Revolving Loans then outstanding were instead due on such date one year following the maturity date of such Revolving Loans (provided that, in the case of this subclause (3)(y), such Indebtedness does not provide for any scheduled principal payments prior to the maturity date of the Revolving Loans in excess of, or prior to, the scheduled principal payments due prior to such maturity for the Indebtedness being refunded or refinanced or defeased);

(c) [reserved];

(d) [reserved];

(e) [reserved];

(f) [reserved];

(g) repurchases of Equity Interests deemed to occur (i) upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants or (ii) in connection with the exercise or vesting of stock options

or similar instruments to the extent necessary to pay withholding taxes related to such exercise or vesting of stock options or similar instruments;

(h) Restricted Payments that are made with Excluded Contributions;

(i) [reserved];

(j) Restricted Payments by the Borrower or any Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of any such Person;

(k) the purchase by the Borrower of fractional shares arising out of stock dividends, splits or combinations or business combinations;

(l) distributions or payments of Receivables Fees;

(m) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness required pursuant to the provisions similar to those contained in Sections 2.3(b)(i) and (ii); and

(n) [reserved].

9.15. [RESERVED].

9.16. Unencumbered Asset Ratio.

Permits the Unencumbered Asset Ratio as of the Original Closing Date and the end of any Fiscal Quarter of the Borrower (beginning with the Fiscal Quarter ending May 31, 2021) to be less than 1.25 to 1.00.

9.17. Minimum Interest Coverage Ratio.

Permit the Interest Coverage Ratio as of the Original Closing Date and the end of any Fiscal Quarter of the Borrower (beginning with the Fiscal Quarter ending May 31, 2021) to be less than 2.00 to 1.00.

9.18. Consolidated Net Worth.

Permit Consolidated Net Worth at any time to be less than \$1,100,000,000.

## ARTICLE X

### EVENTS OF DEFAULT AND ACCELERATION

10.1. Events of Default.

If any one or more of the following events (herein called "Events of Default") shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or

involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority), that is to say:

(a) if default shall be made in the due and punctual payment of the principal of any Loan or other Obligation, when and as the same shall be due and payable pursuant to any provision of Article II, whether at maturity, by acceleration or otherwise; or

(b) if default shall be made in the due and punctual payment of any amount of interest on any Loan or other Obligation or of any fees or other amounts payable to any of the Lenders or the Agent within three (3) Business Days after the date on which the same shall be due and payable; or

(c) if default shall be made in the performance or observance of any covenant set forth in Section 8.10 or 8.11 hereunder; or

(d) if a default shall be made in the performance or observance of, or shall occur under, any covenant, agreement or provision contained in this Agreement (other than as described in clauses (a), (b) or (c) above), or if a default shall be made in the performance or observance of, or shall occur under, any covenant, agreement or provision contained in any of the other Loan Documents (beyond any applicable grace period, if any, contained therein) or in any instrument or document evidencing or creating any obligation in favor of the Agent (acting in any capacity) or any of the Lenders or delivered to the Agent (acting in any capacity) or any of the Lenders in connection with or pursuant to this Agreement or any of the Obligations, and, if such default (x) is capable of being cured and such default shall continue for 30 or more days or (y) is not capable of being cured then immediately, in each case, after the earlier of receipt of notice of such default to an Authorized Representative from the Agent (acting in any capacity) or an officer of the Borrower becomes aware of such default, or if any Loan Document ceases to be in full force and effect (other than by reason of any action by the Agent (acting in any capacity)), or if without the written consent of the Lenders, this Agreement or any other Loan Document shall be disaffirmed or shall terminate, be terminable or be terminated or become void or unenforceable for any reason whatsoever (other than in accordance with its terms in the absence of default or by reason of any action by the Lenders or the Agent (acting in any capacity)); or

(e) if there shall occur (i) a default, which is not waived, in the payment of any principal, interest, premium or other amount with respect to any Indebtedness or Hedging Obligation (other than the Loans and other Obligations) of the Borrower or any of its Significant Subsidiaries in the aggregate principal amount of at least \$100,000,000, or (ii) a default, which is not waived, in the performance, observance or fulfillment of any term or covenant contained in any agreement or instrument under or pursuant to which any such Indebtedness or Hedging Obligation in an aggregate principal amount of at least \$100,000,000 may have been issued, created, assumed, guaranteed or secured by the Borrower or any of its Significant Subsidiaries, or (iii) any other event of default as specified in any agreement or instrument under or pursuant to which any such Indebtedness or Hedging Obligation may have been issued, created, assumed, guaranteed



or secured by the Borrower or any of its Significant Subsidiaries, and such default or event of default under clause (i), (ii) or (iii) above shall continue for more than the period of grace, if any, therein specified, or such default or event of default under clause (i), (ii) or (iii) above shall permit the holder of any such Indebtedness having an aggregate principal amount of at least \$100,000,000 (or any agent or trustee acting on behalf of one or more holders) to accelerate the maturity thereof; or

(f) if any representation, warranty or other statement of fact contained in any Loan Document or in any writing, certificate, report or statement at any time furnished to the Agent (acting in any capacity) or any Lender by or on behalf of the Borrower pursuant to or in connection with any Loan Document, or otherwise, shall be false or misleading in any material respect when given and, if capable of remedy, such default shall continue for thirty (30) or more days after the earlier of the receipt of notice of such breach to an Authorized Representative from the Agent (acting in such capacity) or an Officer of the Borrower becomes aware of such breach; or

(g) if any of the Borrower or any of the Significant Subsidiaries shall be unable to pay its debts generally as they become due; the Borrower or any of the Significant Subsidiaries shall file a petition to take advantage of any insolvency statute; make an assignment for the benefit of its creditors; commence a proceeding for the appointment of a receiver, trustee, examiner, liquidator or conservator of itself or of the whole or any substantial part of its property; file a petition or answer seeking liquidation, reorganization, examination or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute; or

(h) if a court of competent jurisdiction shall enter an order, judgment or decree appointing a custodian, receiver, trustee, examiner, liquidator or conservator of any of the Borrower or any of the Significant Subsidiaries or of the whole or any substantial part of any such Person's properties and such order, judgment or decree continues unstayed and in effect for a period of sixty (60) days, or approve a petition filed against any of the Borrower or any of the Significant Subsidiaries seeking liquidation, reorganization, examination or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state, which petition is not dismissed within sixty (60) days; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of the Borrower or any of the Significant Subsidiaries or of the whole or any substantial part of any such Person's properties, which control is not relinquished within sixty (60) days; or if there is commenced against any of the Borrower or any of the Significant Subsidiaries any proceeding or petition seeking reorganization, arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state which proceeding or petition remains undismitted for a period of sixty (60) days; or if any of the Borrower or any of the Significant Subsidiaries takes any action to indicate its consent to or approval of any such proceeding or petition; or

(i) if the Borrower or any of its Significant Subsidiaries shall, other than in the ordinary course of business, suspend all or any part of its operations material to the

conduct of its business and its Significant Subsidiaries taken as a whole for a period of more than 60 days; or

(j) if this Agreement or any other Loan Document shall for any reason not be, or be asserted by the Borrower or any Subsidiary not to be, a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms; or

(k) failure by the Borrower or any Significant Subsidiary to pay final judgments aggregating in excess of \$100,000,000, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed; or

(l) (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Employee Benefit Plan, (ii) a failure to meet the minimum funding standard of Section 430 of the Code or Section 303 of ERISA with respect to a Single Employer Plan, a determination that any Single Employer Plan is in "at risk" status (within the meaning of Section 303 of ERISA) is made or any Lien in favor of the PBGC or a Single Employer Plan shall arise on the assets of the Borrower or any ERISA Affiliate, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is likely to result in the termination of such Single Employer Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any ERISA Affiliate shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to an Employee Benefit Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect;

then, and in any such event and at any time thereafter, if such Event of Default or any other Event of Default shall continue to exist and not have been cured or waived,

(A) either or both of the following actions may be taken: (i) the Agent, with the consent of the Required Lenders, may, and at the direction of the Required Lenders shall, declare any obligation of the Lenders to make further Loans terminated, whereupon the obligation of each Lender to make further Loans hereunder shall terminate immediately, and (ii) the Agent shall at the direction of the Required Lenders, at their option, declare by notice to the Borrower any or all of the Obligations to be immediately due and payable, and the same, including all interest accrued thereon and all other obligations of the Borrower to the Agent and the Lenders, shall forthwith become immediately due and payable without presentment, demand, protest, notice or other formality of any kind, all of which are hereby expressly waived, anything contained herein or in any instrument evidencing the Obligations to the contrary notwithstanding;

provided, however, that notwithstanding the above, if there shall occur an Event of Default under clause (g) or (h) above, then the obligation of the Lenders to make Loans hereunder shall automatically terminate and any and all of the Obligations shall be immediately due and payable without the necessity of any action by the Agent or the Required Lenders or notice to the Agent or the Lenders; and

(B) the Agent and each of the Lenders shall have all of the rights and remedies available under the Loan Documents or under any applicable law.

10.2. Agent to Act.

In case anyone or more Events of Default shall occur and not have been waived in accordance with Section 12.6, the Agent may, and at the direction of the Required Lenders shall, proceed to protect and enforce their rights or remedies either by suit in equity or by action at law, or both, whether for the specific performance of any covenant, agreement or other provision contained herein or in any other Loan Document, or to enforce the payment of the Obligations or any other legal or equitable right or remedy.

10.3. Cumulative Rights.

No right or remedy herein conferred upon the Lenders or the Agent is intended to be exclusive of any other rights or remedies contained herein or in any other Loan Document, and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein and therein or now or hereafter existing at law or in equity or by statute, or otherwise.

10.4. No Waiver.

No course of dealing between the Borrower and any Lender or the Agent or any failure or delay on the part of any Lender or the Agent in exercising any rights or remedies under any Loan Document or otherwise available to it shall operate as a waiver of any rights or remedies and no single or partial exercise of any rights or remedies shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder or of the same right or remedy on a future occasion.

10.5. Allocation of Proceeds.

If an Event of Default has occurred and not been waived, and the maturity of the Loans has been accelerated pursuant to Article X hereof, all payments received by the Agent hereunder, in respect of any principal of or interest on the Obligations or any other amounts payable by the Borrower hereunder, shall be applied by the Agent in the following order:

(a) amounts due to the Lenders pursuant to Sections 2.10, 12.5 and 12.9, to be applied ratably in proportion to the respective amounts described in this clause (a) payable to them;

(b) payments of interest on Loans, to be applied for the ratable benefit of the Lenders in proportion to the respective amounts described in this clause (b) payable to them;

(c) payments of principal of Loans, to be applied for the ratable benefit of the Lenders in proportion to the respective amounts described in this clause (c) payable to them;

(d) [reserved];

(e) payments of all other amounts due under any of the Loan Documents, if any, to be applied for the ratable benefit of the Lenders in proportion to the respective amounts described in this clause (e) payable to them; and

(f) any surplus remaining after application as provided for herein, to the Borrower or otherwise as may be required by applicable law.

## ARTICLE XI

### THE AGENT

#### 11.1. Appointment and Authority.

Each Lender hereby irrevocably appoints Citibank, N.A. to act on its behalf as the Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Agent and the Lenders, and neither the Borrower nor any Guarantor, if any, shall have rights as a third party beneficiary of any of such provisions.

#### 11.2. Agent Individually.

(a) The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Lenders.

(b) Each Lender understands that the Person serving as Agent, acting in its individual capacity, and its Affiliates (collectively, the "Agent's Group") are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research) (such services and businesses

are collectively referred to in this Section 11.2 as “Activities”) and may engage in the Activities with or on behalf of the Borrower or its respective Affiliates. Furthermore, the Agent’s Group may, in undertaking the Activities, engage in trading in financial products or undertake other investment businesses for its own account or on behalf of others (including the Borrower and its Affiliates and including holding, for its own account or on behalf of others, equity, debt and similar positions in the Borrower or its Affiliates), including trading in or holding long, short or derivative positions in securities, loans or other financial products of the Borrower or its Affiliates. Each Lender understands and agrees that in engaging in the Activities, the Agent’s Group may receive or otherwise obtain information concerning the Borrower or its Affiliates (including information concerning the ability of the Borrower to perform its respective Obligations hereunder and under the other Loan Documents) which information may not be available to any of the Lenders that are not members of the Agent’s Group. None of the Agent nor any member of the Agent’s Group shall have any duty to disclose to any Lender or use on behalf of the Lenders, and shall not be liable for the failure to so disclose or use, any information whatsoever about or derived from the Activities or otherwise (including any information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower or any of its Affiliates) or to account for any revenue or profits obtained in connection with the Activities, except that the Agent shall deliver or otherwise make available to each Lender such documents as are expressly required by any Loan Document to be transmitted by the Agent to the Lenders.

(c) Each Lender further understands that there may be situations where members of the Agent’s Group or their respective customers (including the Borrower and its Affiliates) either now have or may in the future have interests or take actions that may conflict with the interests of any one or more of the Lenders (including the interests of the Lenders hereunder and under the other Loan Documents). Each Lender agrees that no member of the Agent’s Group is or shall be required to restrict its activities as a result of the Person serving as Agent being a member of the Agent’s Group, and that each member of the Agent’s Group may undertake any Activities without further consultation with or notification to any Lender party. None of (i) this Agreement nor any other Loan Document, (ii) the receipt by the Agent’s Group of information concerning the Borrower or its Affiliates (including information concerning the ability of the Borrower to perform its Obligations hereunder and under the other Loan Documents) nor (iii) any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) owing by the Agent or any member of the Agent’s Group to any Lender including any such duty that would prevent or restrict the Agent’s Group from acting on behalf of customers (including the Borrower or its Affiliates) or for its own account.

(d) If the Agent notifies a Lender or any Person who has received funds on behalf of a Lender (any such Lender or other recipient, a “Payment Recipient”) that the Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (e)) that any funds received by such Payment Recipient from the Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively,

an “Erroneous Payment”) and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Agent, and such Lender shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two Business Days thereafter, return to the Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Agent to any Payment Recipient under this clause (d) shall be conclusive, absent manifest error.

(e) Without limiting immediately preceding clause (d), each Lender or any Person who has received funds on behalf of a Lender hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates), or (z) that such Lender or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part) in each case:

- (i) (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Agent to the contrary) or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and
- (ii) such Lender shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Agent pursuant to this Section 11.2(e).

(f) Each Lender hereby authorizes the Agent to set off, net and apply any and all amounts at any time owing to such Lender under any Loan Document, or otherwise payable or distributable by the Agent to such Lender from any source, against any amount due to the Agent under immediately preceding clause (d) or under the indemnification provisions of this Agreement.

(g) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Agent for any reason, after demand therefor by the Agent in accordance with immediately preceding clause (d), from any Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "Erroneous Payment Return Deficiency"), upon the Agent's notice to such Lender at any time, (i) such Lender shall be deemed to have assigned its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the "Erroneous Payment Impacted Class") in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the "Erroneous Payment Deficiency Assignment") at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Acceptance (or, to the extent applicable, an agreement incorporating an Assignment and Acceptance by reference pursuant to the Platform as to which the Agent and such parties are participants) with respect to such Erroneous Payment Deficiency Assignment, and such Lender shall deliver any Notes evidencing such Loans to the Borrower or the Agent, (ii) the Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment, (iii) upon such deemed acquisition, the Agent as the assignee Lender shall become a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Commitments which shall survive as to such assigning Lender and (iv) the Agent may reflect in the Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. The Agent may, in its discretion, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and the Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Lender and such Commitments shall remain available in accordance with the terms of this Agreement. In addition, each party hereto agrees that, except to the extent that the Agent has sold a Loan (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Agent may be equitably subrogated, the Agent shall be contractually subrogated to all the rights and interests of the applicable Lender under the Loan Documents with respect to each Erroneous Payment Return Deficiency (the "Erroneous Payment Subrogation Rights").

(h) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Credit Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Agent from the Borrower or any other Credit Party for the purpose of making such Erroneous Payment.

(i) To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on “discharge for value” or any similar doctrine

(j) Each party’s obligations, agreements and waivers under this Section 11.2(j) shall survive the resignation or replacement of the Agent, any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

### 11.3. Duties of Agent; Exculpatory Provisions.

(a) The Agent’s duties hereunder and under the other Loan Documents are solely ministerial and administrative in nature and the Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, but shall be required to act or refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written direction of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent or any of its Affiliates to liability or that is contrary to any Loan Document or applicable law.

(b) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Article X or (ii) in the absence of its own gross negligence or willful misconduct. The Agent shall be deemed not to have knowledge of any Default or the event or events that give or may give rise to any Default unless and until the Borrower or any Lender shall have given notice to the Agent describing such Default and such event or events.

(c) Neither the Agent nor any member of the Agent’s Group shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty, representation or other information made or supplied in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith or the adequacy, accuracy and/or completeness of the information contained therein, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other Loan Document or (v) the satisfaction of any condition set forth in Article VI or elsewhere herein, other than (but subject to the foregoing clause (ii)) to confirm receipt of items expressly required to be delivered to the Agent.



(d) Nothing in this Agreement or any other Loan Document shall require the Agent or any of its Affiliates or representatives to carry out any “know your customer” or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or any of its Affiliates or representatives.

(e) In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates’ understanding, that, (i) the Lenders each are and have each been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, have not been, are not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (ii) the Lenders may have conflicting economic interests from time to time. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Lenders with respect to any breach or alleged breach of agency, advisory or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

#### 11.4. Reliance by Agent.

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Agent may presume that such condition is satisfactory to such Lender unless an officer of the Agent responsible for the transactions contemplated hereby shall have received notice to the contrary from such Lender prior to the making of such Loan, and in the case of a borrowing, such Lender shall not have made available to the Agent such Lender’s ratable portion of such borrowing. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

#### 11.5. Indemnification.

The Lenders agree to indemnify the Agent (to the extent not reimbursed under Section 12.9 hereof, but without limiting the obligations of the Borrower under such Section) ratably in accordance with their respective Revolving Credit Commitments, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable attorneys’ fees), or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Agent (including by any Lender) in any way relating to or arising out of any Loan Document or the transactions contemplated thereby or any action taken or omitted by the Agent under any Loan Document; provided that no Lender

shall be liable for any of the foregoing to the extent they arise from (x) the gross negligence or willful misconduct of the Person to be indemnified or (y) the failure by another Lender to comply with such other Lender's obligations under Sections 11.2(d) through 11.2(g). Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any costs or expenses payable by the Borrower under Section 12.5, to the extent that the Agent is not promptly reimbursed for such costs and expenses by the Borrower. The agreements contained in this Section 11.5 shall survive payment in full of the Loans and all other amounts payable under this Agreement.

11.6. Delegation of Duties.

The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. Each such sub-agent and the Related Parties of the Agent and each such sub-agent shall be entitled to the benefits of all provisions of this Article XI, Section 12.5 and Section 12.9 (as though such sub-agents were the "Agent" under the Loan Documents) as if set forth in full herein with respect thereto.

11.7. Resignation of Agent.

(a) The Agent may at any time give notice of its resignation to the Lender and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in New York, New York, or an Affiliate of any such bank with an office in New York, New York. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (such 30-day period, the "Lender Appointment Period"), then the retiring Agent may on behalf of the Lender parties, appoint a successor Agent meeting the qualifications set forth above. The resignation of the retiring Agent shall not be effective until a successor Agent has been appointed; provided that, notwithstanding the foregoing, the retiring Agent may at any time upon or after the 60<sup>th</sup> day after the retiring Agent gives notice of its resignation notify the Borrower and the Lender parties that no qualifying Person has accepted appointment as successor Agent and the effective date of such retiring Agent's resignation which effective date shall be no earlier than three (3) Business Days after the date of such notice; provided further that the retiring Agent has no obligation to appoint, on behalf of the Lender parties, a successor Agent. Upon the resignation effective date the retiring Agent's resignation shall become effective and (i) the retiring Agent shall be discharged from its duties and obligations as Agent hereunder and under the other Loan Documents and (ii) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this paragraph. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties as Agent of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations as Agent hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this paragraph). The

fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article XI, Section 12.5 and Section 12.9 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

11.8. Non-Reliance on Agent and Other Lenders.

(a) Each Lender confirms to the Agent, each other Lender and each of their respective Related Parties that it (i) possesses (individually or through its Related Parties) such knowledge and experience in financial and business matters that it is capable, without reliance on the Agent, any other Lender or any of their respective Related Parties, of evaluating the merits and risks (including tax, legal, regulatory, credit, accounting and other financial matters) of (x) entering into this Agreement, (y) making Loans and other extensions of credit hereunder and under the other Loan Documents and (z) in taking or not taking actions hereunder and thereunder, (ii) is financially able to bear such risks and (iii) has determined that entering into this Agreement and making Loans and other extensions of credit hereunder and under the other Loan Documents is suitable and appropriate for it.

(b) Each Lender acknowledges that (i) it is solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with this Agreement and the other Loan Documents, (ii) that it has, independently and without reliance upon the Agent, any other Lender or any of their respective Related Parties, made its own appraisal and investigation of all risks associated with, and its own credit analysis and decision to enter into, this Agreement based on such documents and information, as it has deemed appropriate and (iii) it will, independently and without reliance upon the Agent, any other Lender or any of their respective Related Parties, continue to be solely responsible for making its own appraisal and investigation of all risks arising under or in connection with, and its own credit analysis and decision to take or not take action under, this Agreement and the other Loan Documents based on such documents and information as it shall from time to time deem appropriate, which may include, in each case:

(i) the financial condition, status and capitalization of the Borrower;

(ii) the legality, validity, effectiveness, adequacy or enforceability of this Agreement and each other Loan Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;

(iii) determining compliance or non-compliance with any condition hereunder to the making of a Loan and the form and substance of all evidence delivered in connection with establishing the satisfaction of each such condition; and

(iv) the adequacy, accuracy and/or completeness of the information delivered by the Agent, any other Lender or by any of their respective Related Parties under or in connection with this Agreement or any other Loan Document, the transactions

contemplated hereby and thereby or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document.

11.9. Withholding.

To the extent required by any applicable Law, the Agent may withhold from any payment to any Lender an amount equal to any applicable withholding Tax. If the IRS or any other Governmental Authority asserts a claim that the Agent did not properly withhold Tax from any amount paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered or was not properly executed, or because such Lender failed to notify the Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify and hold harmless the Agent (to the extent that the Agent has not already been reimbursed by a Credit Party and without limiting or expanding the obligation of the Credit Parties to do so) for all amounts paid, directly or indirectly, by the Agent as Tax or otherwise, including any penalties, additions to Tax or interest thereon, together with all expenses incurred, including legal expenses and any out-of-pocket expenses, whether or not such Tax was correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Agent under this Article XI. The agreements in this Article XI shall survive the resignation and/or replacement of the Agent, any assignment of rights by, or the replacement of, a Lender, the termination of the Loans and the repayment, satisfaction or discharge of all obligations under this Agreement. Unless required by applicable Laws, at no time shall the Agent have any obligation to file for or otherwise pursue on behalf of a Lender any refund of Taxes withheld or deducted from funds paid for the account of such Lender.

11.10. No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the Persons acting as Joint Lead Arrangers shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Agent or as a Lender hereunder.

11.11. Fees.

The Borrower agrees to pay to the Agent, for its individual account, an Agent's fee as from time to time agreed to by the Borrower and the Agent in writing.

11.12. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for

the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that at least one of the following is and will be true:

- (i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Total Revolving Credit Commitment or this Agreement,
  - (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Total Revolving Credit Commitment and this Agreement,
  - (iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Total Revolving Credit Commitment and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Total Revolving Credit Commitment and this Agreement, or
  - (iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Lender.
- (b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that the Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender’s entrance into, participation in, administration of and performance of the Loans, the Total Revolving Credit Commitment and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

## ARTICLE XII

### MISCELLANEOUS

#### 12.1. Assignments and Participations.

(a) Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Loans, its Note and its Revolving Credit Commitment); provided, however, that:

(i) each such assignment shall be to an Eligible Assignee;

(ii) except in the case of an assignment to another Lender (or an Affiliate of a Lender) or an assignment of all of a Lender's rights and obligations under this Agreement, any such partial assignment shall be in an amount at least equal to \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(iii) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its rights and obligations under this Agreement;

(iv) the parties to such assignment shall execute and deliver to the Agent for its acceptance an Assignment and Acceptance in the form of Exhibit B hereto, together with any Note subject to such assignment and a processing fee of \$3,500 (which amount shall not be payable by the Borrower);

(v) except in the case of an assignment to another Lender (or an Affiliate of a Lender) (but subject to the other requirements of this clause (a)), any assignment of all or any portion of the Revolving Credit Commitment shall require the consent of the Agent and, unless a Default or Event of Default has occurred and is continuing, an Authorized Representative, such consent in each case not to be unreasonably withheld or delayed;

(vi) no such assignment shall be made to a natural person; and

(vii) the Borrower shall not incur any greater expense or liabilities (including without limitation, indemnities and increased costs) than it would have incurred had such assignment not taken place.

Upon execution, delivery, and acceptance of such Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights (except for indemnification rights which survive termination of this Agreement) and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this Section, the assignor, the Agent and the Borrower shall make appropriate arrangements so that, if required, new Notes are issued to the assignor and the assignee. The assignee shall deliver to the Borrower and the Agent certifications as to the exemption from deduction or withholding of Taxes in accordance with Section 5.6.

(b) The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at its address referred to in Section 12.2 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Revolving Credit Commitment of, and principal and interest amounts of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) Upon its receipt of an Assignment and Acceptance executed by the parties thereto, together with any Note subject to such assignment and payment of the processing fee, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the parties thereto.

(d) Each Lender may sell participations to one or more Persons that meets the criteria of an Eligible Assignee in all or a portion of its rights, obligations or rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment or its Loans); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article V and the right of set-off contained in Section 12.3, to the same extent as if it were a Lender and has acquired its interest by assignment pursuant to paragraph (a) of this Section 12.1, (iv) the Borrower shall not have any greater obligation to a participant than it would have had to such Lender in the absence of the existence of such participant except to the extent that any entitlement to a greater payment results from a change in any Requirement of Law arising after such participant became a participant and (v) the Borrower shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to its Loans and to approve any amendment, modification, or waiver of any provision of this Agreement (other than amendments, modifications, or waivers decreasing the amount of principal of or the rate at which interest or fees are payable on such Loans, extending any scheduled principal payment date or date fixed for the payment of interest on such Loans or increasing its Revolving Credit Commitment).

(e) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign and pledge all or any portion of its Loans to secure obligations of such Lender, including any pledge or assignment to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) Any Lender may furnish any information concerning the Borrower or any of its Subsidiaries in the possession of such Lender from time to time to assignees and

participants (including prospective assignees and participants), subject, however, to the provisions of Section 12.15.

12.2. Notices.

All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid by certified or registered mail, return receipt requested, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower and the Agent, and as set forth in an administrative questionnaire delivered to the Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto

(a) if to the Borrower:

to the Borrower  
c/o Aircastle Advisor LLC  
201 Tresser Boulevard, Suite 400  
Stamford, CT 06901  
Attn: Lease Management  
E-Mail: leasemanagement@aircastle.com  
Facsimile Number: (917)591-9106  
Confirmation Number: (203) 504-1020

(b) if to the Agent:

Citibank, N.A.  
1615 Brett Road OPS III  
New Castle, DE 19720  
Attention: Agency Operations  
Telephone: (302) 894-6010  
Facsimile: (646) 274-5080  
Electronic Mail: glagentofficeops@citi.com

Each Credit Party further agrees that the Agent may make communications available to the Lenders by posting such communications on SyndTrak or a substantially similar secure electronic transmission system (the "Platform"). The Platform is provided "as is" and "as available." The Agent does not warrant the accuracy or completeness of the communications, or the adequacy of the Platform and expressly disclaim liability for errors or omissions in the communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by the Agent in connection with the communications or the Platform. In no event shall the Agent or any of its Related Parties have any liability to any Credit Party, any Lender or any other person for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party's or the



Agent's transmission of communications through the Internet, except to the extent the liability of such person is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such person's gross negligence or willful misconduct.

### 12.3. Right of Set-off; Adjustments.

(a) Upon the occurrence and during the continuance of any Event of Default, each Lender (and each of its affiliates) is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (or any of its affiliates) to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, irrespective of whether such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower and Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 12.3 are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender may have.

(b) If any Lender (a "benefited Lender") shall at any time receive any payment of all or part of the Loans owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans owing to it, or interest thereon, such benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loans owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. Each Borrower agrees that any Lender so purchasing a participation from a Lender pursuant to this Section 12.3 may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Person were the direct creditor of the Borrower in the amount of such participation.

### 12.4. Survival.

All covenants, agreements, representations and warranties made herein shall survive the making by the Lenders of the Loans and the execution and delivery to the Lenders of this Agreement and any Notes and shall continue in full force and effect so long as any of Obligations remain outstanding or any Lender has any Loan hereunder or the Borrower has continuing obligations hereunder unless otherwise provided herein. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party and all covenants, provisions and agreements by or on behalf

of the Borrower which are contained in the Loan Documents shall inure to the benefit of the successors and permitted assigns of the Lenders or any of them.

#### 12.5. Expenses.

The Borrower agrees to pay on demand (subject, in the case of preparation, execution, delivery and administration costs, to the fees separately agreed to by the Borrower and the Agent), all reasonable costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification, and amendment of this Agreement, the other Loan Documents and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and expenses of counsel for the Agent (excluding the cost of internal counsel) with respect thereto and with respect to advising the Agent as to its rights and responsibilities under the Loan Documents. The Borrower further agrees to pay on demand all costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable external attorneys' fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings, or otherwise) of the Loan Documents and the other documents to be delivered hereunder.

#### 12.6. Amendments and Waivers.

Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 12.6. The Required Lenders and the Borrower may, or, with the written consent of the Required Lenders, the Agent and the Borrower may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive or reduce the principal amount or extend the final scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder (except that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Revolving Credit Commitment, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 12.6 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents without the written consent of all Lenders; (iv) amend, modify or waive any provision of Article XI without the written consent of the Agent; (v) amend or modify the definition of "Required Lenders" without the written consent of all Lenders or (vi) amend, modify or waive any provision of Section 2.6, Section 10.5, Section 12.3(b) or this Section 12.6 without the written consent of all Lenders. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, the Agent and all future holders of the

Loans. In the case of any waiver, the Borrower, the Lenders and the Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon;

No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances, except as otherwise expressly provided herein. No delay or omission on any Lender's or the Agent's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

12.7. Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully executed counterpart.

12.8. Return of Funds.

If after receipt of any payment of all or any part of the Obligations, any Lender is for any reason compelled to surrender such payment to any Person because such payment is determined to be void or voidable as a preference, impermissible setoff, a diversion of trust funds or for any other reason, this Agreement shall continue in full force and the Borrower shall be liable to, and shall indemnify and hold the Agent or such Lender harmless for, the amount of such payment surrendered until the Agent or such Lender shall have been finally and irrevocably paid in full. The provisions of the foregoing sentence shall be and remain effective notwithstanding any contrary action which may have been taken by the Agent or the Lenders in reliance upon such payment, and any such contrary action so taken shall be without prejudice to the Agent or the Lenders' rights under this Agreement and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

12.9. Indemnification; Limitation of Liability.

(a) The Borrower agrees to indemnify and hold harmless the Agent and each Lender and each of their affiliates and their respective officers, directors, employees, agents, and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, costs, and expenses (including, without limitation, reasonable external attorneys' fees, but excluding principal and accrued interest on any Loan) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation, or proceeding or preparation of defense in connection therewith) the Loan Documents, any of the transactions contemplated herein, or the actual or proposed use of the proceeds of the Loans, except to the extent such claim, damage, loss, liability, cost, or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation,

litigation or other proceeding to which the indemnity in this Section 12.9 applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated.

(b) The Borrower agrees that none of the Agent, any Lender nor any of their respective affiliates nor their respective officers, directors, employees, agents, and advisors (each a "Lender Related Party") shall have any liability (whether direct or indirect, in contract or tort or otherwise) to it, any of its Subsidiaries or any security holders or creditors thereof arising out of, related to or in connection with the transactions contemplated in any Loan Document, except to the extent that such liability directly results from such Lender Related Party's gross negligence or willful misconduct (as determined in a final, non-appealable judgment by a court of competent jurisdiction). The Borrower agrees not to assert any claim against the Agent, any Lender, any of their affiliates, or any of their respective directors, officers, employees, attorneys, agents, and advisers, on any theory of liability, for special, indirect, consequential, or punitive damages arising out of or otherwise relating to the Loan Documents, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Loans.

(c) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 12.9 shall survive the payment in full of the Loans and all other amounts payable under this Agreement.

#### 12.10. Severability.

If any provision of this Agreement or the other Loan Documents shall be determined to be illegal or invalid as to one or more of the parties hereto, then such provision shall remain in effect with respect to all parties, if any, as to whom such provision is neither illegal nor invalid, and in any event all other provisions hereof shall remain effective and binding on the parties hereto.

#### 12.11. Entire Agreement.

This Agreement together with the other Loan Documents, constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all previous proposals, negotiations, representations, and other communications between or among the parties, both oral and written, with respect thereto.

#### 12.12. Payments.

All principal, interest, and other amounts to be paid by the Borrower under this Agreement and the other Loan Documents shall be paid to the Agent at the Principal Office in Dollars and in immediately available funds, without setoff, deduction or counterclaim. Subject to the definition of "Interest Period" herein, whenever any payment under this Agreement or any other Loan Document shall be stated to be due on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time in such case shall be included in the computation of interest and fees, as applicable, and as the case may be.

12.13. Confidentiality.

The Agent and each Lender (each, a “Lending Party”) agrees to keep confidential any information furnished or made available to it by the Borrower or any Affiliate thereof, pursuant to or in connection with this Agreement or the other Loan Documents; provided that nothing herein shall prevent any Lending Party from disclosing such information (a) to any other Lending Party or any affiliate of any Lending Party, or any officer, director, employee, agent, or advisor of any Lending Party or affiliate of any Lending Party, (b) to any other Person if reasonably incidental to the administration of the credit facility provided herein, (c) as required by any law, rule, or regulation, (d) upon the order of any court or administrative agency, (e) upon the request or demand of any regulatory agency or authority or self-regulatory body, (f) that is or becomes available to the public or that is or becomes available to any Lending Party other than as a result of a disclosure by any Lending Party prohibited by this Agreement, (g) in connection with any litigation to which such Lending Party or any of its affiliates may be a party, (h) to the extent necessary in connection with the exercise of any remedy under this Agreement or any other Loan Document, (i) to any direct, indirect, actual or prospective counterparty (and its advisor) to any swap, derivative or securitization transaction related to the obligations under this Agreement, (j) to any credit insurance provider relating to the Borrower and its Obligations, (k) to market data collectors and service providers to the extent necessary or customary for inclusion in league table measurements and (l) subject to provisions substantially similar to those contained in this Section, to any actual or proposed participant or assignee.

12.14. Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE IN ANY WAY TO THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY PRINCIPLE OF CONFLICTS OF LAW THAT COULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

(b) THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN THE BOROUGH OF MANHATTAN, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, AND THE BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE, OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN, OR TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY, ANY SUCH COURT IN ANY

SUCH SUIT, ACTION OR PROCEEDING, THE BORROWER HEREBY IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) THE BORROWER HEREBY APPOINTS AIRCASTLE ADVISOR LLC AS ITS PROCESS AGENT HEREUNDER, AND AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS PROVIDED IN SECTION 12.2(a), OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF NEW YORK.

(d) NOTHING CONTAINED IN SUBSECTION (a) OR (b) HEREOF SHALL PRECLUDE THE AGENT OR ANY LENDER FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT IN THE COURTS OF ANY OTHER JURISDICTION. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, OBJECTION TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY ANY SUCH OTHER COURT OR COURTS WHICH NOW OR HEREAFTER MAY BE AVAILABLE UNDER APPLICABLE LAW.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO ANY LOAN DOCUMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION THEREWITH, THE BORROWER, THE AGENT AND THE LENDERS HEREBY AGREE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND HEREBY IRREVOCABLY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PERSON MAY HAVE TO TRIAL BY JURY IN ANY SUCH ACTION OR PROCEEDING.

12.15. Judgment Currency.

(a) To the extent permitted by applicable law, if for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in United States Dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given.

(b) To the extent permitted by applicable law, the obligation of the Borrower in respect of any sum due in United States Dollars from it to any Lender or the Agent hereunder

shall, notwithstanding any judgment in a currency other than United States Dollars, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be) of any sum adjudged to be so due in such other currency, such Lender or the Agent (as the case may be) may in accordance with normal banking procedures purchase United States Dollars with such other currency; if the United States Dollars so purchased are less than such sum due to such Lender or the Agent (as the case may be) in United States Dollars, the Borrower agrees, to the extent permitted by applicable law, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent (as the case may be) against such loss, and if the United States Dollars so purchased exceed such sum due to any Lender or the Agent (as the case may be) in United States Dollars, such Lender or the Agent (as the case may be) agrees to remit to the Borrower such excess.

12.16. USA PATRIOT Act.

Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

12.17. Counterparts.

(a) This Agreement and each other Loan Document may be executed in one or more counterparts (and by different parties hereto in different counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier or other electronic transmission of an executed counterpart of a signature page to this Agreement and each other Loan Document shall be effective as delivery of an original executed counterpart of this Agreement and such other Loan Document. The Agent may also require that any such documents and signatures delivered by telecopier or other electronic transmission be confirmed by a manually-signed original thereof; provided, that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by telecopier or other electronic transmission.

(b) The words "execution," "execute", "signed," "signature," and words of like import in or related to this Agreement and any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that (x) notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it and (y) each party hereto shall use commercially reasonable efforts to promptly provide manually executed counterparts of its electronic

signatures if reasonably requested by any other party hereto. Without limiting the generality of the foregoing, the Borrower hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Agent, the Lenders and the Borrower, electronic images of this Agreement or any other Loan Documents (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto. The Borrower assumes all risks arising out of the use of digital signatures and electronic methods to submit communications, including without limitation the risk of a Person acting on unauthorized instructions, and the risk of interception and misuse by third parties.

12.18. Acknowledgement and Consent to Bail-In of Affected Financial Institutions.

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an Affected Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

12.19. Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for swap agreements or any other agreement or instrument that is a QFC (such support “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”)



in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

By: /s/ Michael Inglese

Name: Michael Inglese

Title: Director

CITIBANK, N.A., as Agent and a Lender

By: /s/ Maureen Maroney

Name: Maureen Maroney

Title: Vice President

Signature Page to Credit Agreement

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GOLDMAN SACHS BANK USA

By: /s/ Ryan Durkin

Name: Ryan Durkin

Title: Authorized Signatory

Signature Page to Credit Agreement

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JPMORGAN CHASE BANK, N.A.

By: /s/ Cristina Caviness

Name: Cristina Caviness

Title: Executive Director

Signature Page to Credit Agreement

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ROYAL BANK OF CANADA

By: /s/ Scott Umbs

Name: Scott Umbs

Title: Authorized Signatory

Signature Page to Credit Agreement

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CREDIT AGRICOLE CORPORATE &  
INVESTMENT BANK

By: /s/ Thomas Jean

Name: Thomas Jean

Title: Director

By: /s/ Brian Bolotin

Name: Brian Bolotin

Title: Managing Director



BNP Paribas

By: /s/ Robert Papas

Name: Robert Papas

Title: Managing Director

By: /s/ Thomas Iacono

Name: Thomas Iacono

Title: Director

Signature Page to Credit Agreement

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FIFTH THIRD BANK, NATIONAL  
ASSOCIATION

By: /s/ Peter Samboul

Name: Peter Samboul

Title: Managing Director

Signature Page to Credit Agreement

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MUFG Bank, Ltd.

By: /s/ Subramanian Alagappan

Name: Subramanian Alagappan

Title: Managing Director

Signature Page to Credit Agreement

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Acknowledged by:

WELLS FARGO BANK, NATIONAL  
ASSOCIATION

By: /s/ William R. Eustis

Name: William R. Eustis

Title: Managing Director

Signature Page to Credit Agreement

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MIZUHO BANK, LTD.

By: /s/ Donna DeMagistris

Name: Donna DeMagistris

Title: Authorized Signatory

Signature Page to Credit Agreement

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Amendment Agreement

This Amendment Agreement is dated as of September 8, 2022 (this "Amendment Agreement") by and among each of the Lenders party to the Existing Credit Agreement (as defined below), BMO Harris Bank N.A. ("BMO" or the "Increasing Lender"), AIRCASTLE LIMITED, an exempted company organized and existing under the laws of Bermuda (the "Borrower") and CITIBANK, N.A., as agent for the Lenders (the "Agent").

WITNESSETH:

WHEREAS, reference is hereby made to that certain Sixth Amended and Restated Credit Agreement, dated as of April 26, 2021, as amended, restated, amended and restated or otherwise modified from time to time prior to the date hereof (the "Existing Credit Agreement"), among the Borrower, the Agent and each of the financial institutions from time to time party thereto as lenders (the "Lenders"). Capitalized terms used herein and not defined shall have the meanings set forth in the Existing Credit Agreement.

WHEREAS, the parties hereto desire to amend the Existing Credit Agreement to replace the Eurodollar Rate with a rate using Adjusted Term SOFR (as defined in Exhibit A) as a benchmark.

WHEREAS, pursuant to Section 2.7(b) of the Existing Credit Agreement and subject to the terms and conditions of the Existing Credit Agreement, the Borrower may increase the Total Revolving Credit Commitment by entering into one or more accession agreements with the Agent and Increasing Lender.

WHEREAS, on September 8, the Borrower delivered an Increased Commitment Notice to the Agent with respect to an aggregate principal amount of \$100,000,000 of Increased Commitments to be provided by the Increasing Lender on the date hereof.

WHEREAS, the Increasing Lender has agreed to make available the aggregate principal amount of \$100,000,000 of Increased Commitments as of the date hereof.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION ONE. Amendments to Existing Credit Agreement to Replace Eurodollar Rate with SOFR-based Rate.

Notwithstanding anything to the contrary contained in the Existing Credit Agreement, the Existing Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages attached hereto as Exhibit A. A copy of the Existing Credit Agreement is attached hereto as Exhibit A, and is marked, as described in the preceding sentence, to show the additions and deletions made to the Existing Credit Agreement on the Effective Date pursuant to this Amendment.

SECTION TWO. Agreements of Increasing Lenders.

Immediately after giving effect to the Amendments described in Section One, the Increasing Lender hereby commits to provide its Increased Commitment as set forth on Schedule

I(a) annexed hereto and, after giving effect to such Increased Commitments, will have total Commitments as set forth on Schedule I(b) annexed hereto. Such Increased Commitment shall be subject to the provisions of the Existing Credit Agreement and the other Loan Documents and shall constitute Total Revolving Commitments thereunder.

SECTION THREE. Conditions to Effectiveness. This Amendment Agreement shall become effective on September 8, 2022 (the "Effective Date") when, and only when, the following conditions have been satisfied:

(i) this Amendment Agreement shall have been executed and delivered by the Borrower, each Lender under the Existing Credit Agreement, the Increasing Lender and the Agent; and

(ii) the Agent shall have received (x) for the account of the Increasing Lender, an upfront fee equal to 0.2633% of the aggregate principal amount of such Increasing Lender's Increased Commitment and (y) all expenses for which reasonably detailed invoices have been presented (including the reasonable fees and expenses of a single legal counsel), on or before the Effective Date.

SECTION FOUR. Representations and Warranties. In order to induce each Lender, Increasing Lender and the Agent to enter into this Amendment Agreement, the Borrower represents and warrants to each Lender, Increasing Lender and the Agent that, as of the Effective Date, after giving effect to this Amendment Agreement and both before and after giving effect to the transactions contemplated by this Amendment Agreement:

(a) no Default or Event of Default has occurred and is continuing;

(b) the entry into this Amendment Agreement by the Borrower has been duly authorized by all necessary corporate or other action of each such entity; and

(c) each of the representations and warranties made by the Borrower in or pursuant to the Loan Documents is true and correct in all material respects (except to the extent any such representation or warranty is qualified by "materially," "Material Adverse Effect" or a similar term, in which case such representation and warranty shall be true and correct in all respects) on and as of the date hereof as if made on the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, in all material respects as of such specific date).

SECTION FIVE. Reference to and Effect on the Loan Documents. On and after the Effective Date, each reference in the Existing Credit Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement," "thereunder," "thereof" or words of like import referring to the Existing Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment Agreement, and this Amendment Agreement shall constitute a "Loan Document" for all purposes under the Credit Agreement. Each of the parties hereto confirms that the amendments to the Existing Credit Agreement pursuant to this Amendment Agreement shall not constitute a novation of the Existing Credit Agreement. The Credit Agreement, the Notes and each of the other Loan Documents, as specifically amended by this Amendment Agreement, are and shall continue to be in full force and



effect. The execution, delivery and effectiveness of this Amendment Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION SIX. Costs, Expenses and Taxes. The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Agent in connection with the preparation, execution and delivery of this Amendment Agreement and the other instruments and documents to be delivered hereunder, if any (including, without limitation, the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP, counsel to the Agent) in accordance with the terms of Section 12.5 of the Credit Agreement.

SECTION SEVEN. Execution in Counterparts. This Amendment Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execution," "signed," "signature," and words of like import in this Amendment shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act..

SECTION EIGHT. Governing Law. **THIS AMENDMENT AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.**

[Signature Pages Follow]

AIRCASTLE LIMITED,  
as Borrower

By: /s/ Michael Inglese

Name: Michael Inglese  
Title: Director

[Aircastle – Amendment Agreement Signature Page]

CITIBANK, N.A.,  
as the Agent and a Lender

By: /s/ Maureen P. Maroney

Name: Maureen P. Maroney  
Title: Vice President

[Aircastle – Amendment Agreement Signature Page]

BMO HARRIS BANK N.A.,  
as an Increasing Lender

By: /s/ Chris Clark

Name: Chris Clark  
Title: Managing Director

[Aircastle – Amendment Agreement Signature Page]

GOLDMAN SACHS BANK USA,  
as a Lender

By: /s/ Keshia Leday

Name: Keshia Leday  
Title: Authorized Signatory

[Aircastle – Amendment Agreement Signature Page]

JPMORGAN CHASE BANK, N.A.,  
as a Lender

By: /s/ Cristina Caviness

Name: Cristina Caviness  
Title: Executive Director

[Aircastle – Amendment Agreement Signature Page]

ROYAL BANK OF CANADA,  
as a Lender

By: /s/ Scot Umbs

Name: Scott Umbs  
Title: Authorized Signatory

[Aircastle – Amendment Agreement Signature Page]

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK  
as a Lender

By: /s/ Brian Bolotin

Name: Brian Bolotin  
Title: Managing Director

By: /s/ Thomas Jean

Name: Thomas Jean  
Title: Managing Director

[Aircastle – Amendment Agreement Signature Page]



MUFG BANK, LTD.,  
as a Lender

By: /s/ Ian Held

Name: Ian Held  
Title: Director

[Aircastle – Amendment Agreement Signature Page]

BNP PARIBAS,  
as a Lender

By: /s/ Robert Papas

Name: Robert Papas  
Title: Managing Director

By: /s/ Ahsan Avais

Name: Ahsan Avais  
Title: Director

[Aircastle – Amendment Agreement Signature Page]

FIFTH THIRD BANK, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Lindsay Bossong

Name: Lindsay Bossong  
Title: Principal

[Aircastle – Amendment Agreement Signature Page]

MIZUHO BANK, LTD.,  
as a Lender

By: /s/ Donna DeMagistris

Name: Donna DeMagistris  
Title: Executive Director

[Aircastle – Amendment Agreement Signature Page]

**Subsidiaries of Aircastle Limited**  
**As of February 28, 2023**

	<u>Name of Subsidiary</u>	<u>Jurisdiction</u>
1.	ACS 2007-1 Limited	Bermuda
2.	ACS 2008-1 Limited	Bermuda
3.	ACS 2016 Funding (Bermuda) Limited	Bermuda
4.	ACS 2016 Funding (Ireland) Limited	Ireland
5.	ACS Aircraft Finance Ireland 2 Limited	Ireland
6.	ACS Aircraft Finance Ireland 3 Limited	Ireland
7.	AHCL Two Limited	Bermuda
8.	AYR Bermuda Limited	Bermuda
9.	AYR Delaware LLC	Delaware
10.	AYR Freighter LLC	Delaware
11.	AYR Ireland Holdco Limited	Ireland
12.	Aircastle Advisor Asia Pacific Limited	Bermuda
13.	Aircastle Advisor (International) Limited	Bermuda
14.	Aircastle Advisor (Ireland) Limited	Ireland
15.	Aircastle Aviation US LLC	Delaware
16.	Aircastle Aviation US Two LLC	Delaware
17.	Aircastle Advisor LLC	Delaware
18.	Aircastle Bermuda Securities Limited	Bermuda
19.	Aircastle Funding (Ireland) Designated Activity Company	Ireland
20.	Aircastle Holding Corporation Limited	Bermuda
21.	Aircastle Investment Holdings 2 Limited	Bermuda
22.	Aircastle Investment Holdings 3 Limited	Bermuda
23.	Aircastle Singapore Pte. Limited	Singapore
24.	Aircraft MSN EMB 1 LLC	Delaware
25.	Aircraft MSN EMB 2 LLC	Delaware
26.	Aircraft MSN EMB 3 LLC	Delaware
27.	Aircraft MSN EMB 4 LLC	Delaware
28.	Aircraft MSN EMB 5 LLC	Delaware
29.	Aircraft MSN EMB 6 LLC	Delaware
30.	Aircraft MSN EMB 7 LLC	Delaware
31.	Aircraft MSN EMB 8 LLC	Delaware
32.	Aircraft MSN EMB 9 LLC	Delaware
33.	Aircraft MSN EMB 10 LLC	Delaware
34.	Aircraft MSN EMB 11 LLC	Delaware
35.	Aircraft MSN EMB 12 LLC	Delaware
36.	Aircraft MSN EMB 13 LLC	Delaware
37.	Aircraft MSN EMB 14 LLC	Delaware
38.	Aircraft MSN EMB 15 LLC	Delaware
39.	Aircraft MSN 997 LLC	Delaware
40.	Aircraft MSN 1006 LLC	Delaware
41.	Aircraft MSN 1012 LLC	Delaware
42.	Aircraft MSN 1015 LLC	Delaware
43.	Aircraft MSN 1055 LLC	Delaware
44.	Aircraft MSN 1132 LLC	Delaware
45.	Aircraft MSN 1162 LLC	Delaware
46.	Aircraft MSN 1177 LLC	Delaware
47.	Aircraft MSN 1179 LLC	Delaware
48.	Aircraft MSN 1244 LLC	Delaware
49.	Aircraft MSN 1258 LLC	Delaware
50.	Aircraft MSN 1259 LLC	Delaware
51.	Aircraft MSN 1261 LLC	Delaware
52.	Aircraft MSN 1279 LLC	Delaware
53.	Aircraft MSN 1295 LLC	Delaware

	<u>Name of Subsidiary</u>	<u>Jurisdiction</u>
54.	Aircraft MSN 1308 LLC	Delaware
55.	Aircraft MSN 1322 LLC	Delaware
56.	Aircraft MSN 1329 LLC	Delaware
57.	Aircraft MSN 1364 LLC	Delaware
58.	Aircraft MSN 1411 LLC	Delaware
59.	Aircraft MSN 1466 LLC	Delaware
60.	Aircraft MSN 1481 LLC	Delaware
61.	Aircraft MSN 1513 LLC	Delaware
62.	Aircraft MSN 1572 LLC	Delaware
63.	Aircraft MSN 1655 LLC	Delaware
64.	Aircraft MSN 1674 LLC	Delaware
65.	Aircraft MSN 1673 LLC	Delaware
66.	Aircraft MSN 1742 LLC	Delaware
67.	Aircraft MSN 1780 LLC	Delaware
68.	Aircraft MSN 1836 LLC	Delaware
69.	Aircraft MSN 1989 LLC	Delaware
70.	Aircraft MSN 1913 LLC	Delaware
71.	Aircraft MSN 2002 LLC	Delaware
72.	Aircraft MSN 2004 LLC	Delaware
73.	Aircraft MSN 2098 LLC	Delaware
74.	Aircraft MSN 2104 LLC	Delaware
75.	Aircraft MSN 1015 LLC	Delaware
76.	Aircraft MSN 2208 LLC	Delaware
77.	Aircraft MSN 2220 LLC	Delaware
78.	Aircraft MSN 2248 LLC	Delaware
79.	Aircraft MSN 2254 LLC	Delaware
80.	Aircraft MSN 2310 LLC	Delaware
81.	Aircraft MSN 2357 LLC	Delaware
82.	Aircraft MSN 2381 LLC	Delaware
83.	Aircraft MSN 2391 LLC	Delaware
84.	Aircraft MSN 2401 LLC	Delaware
85.	Aircraft MSN 2472 LLC	Delaware
86.	Aircraft MSN 2488 LLC	Delaware
87.	Aircraft MSN 2495 LLC	Delaware
88.	Aircraft MSN 2563 LLC	Delaware
89.	Aircraft MSN 2565 LLC	Delaware
90.	Aircraft MSN 2578 LLC	Delaware
91.	Aircraft MSN 2605 LLC	Delaware
92.	Aircraft MSN 2636 LLC	Delaware
93.	Aircraft MSN 2646 LLC	Delaware
94.	Aircraft MSN 2677 LLC	Delaware
95.	Aircraft MSN 2691 LLC	Delaware
96.	Aircraft MSN 2715 LLC	Delaware
97.	Aircraft MSN 2742 LLC	Delaware
98.	Aircraft MSN 2744 LLC	Delaware
99.	Aircraft MSN 2754 LLC	Delaware
100.	Aircraft MSN 2756 LLC	Delaware
101.	Aircraft MSN 2765 LLC	Delaware
102.	Aircraft MSN 2769 LLC	Delaware
103.	Aircraft MSN 2777 LLC	Delaware
104.	Aircraft MSN 2779 LLC	Delaware
105.	Aircraft MSN 2782 LLC	Delaware
106.	Aircraft MSN 2792 LLC	Delaware
107.	Aircraft MSN 2795 LLC	Delaware
108.	Aircraft MSN 2803 LLC	Delaware
109.	Aircraft MSN 2818 LLC	Delaware
110.	Aircraft MSN 2822 LLC	Delaware

	<u>Name of Subsidiary</u>	<u>Jurisdiction</u>
111.	Aircraft MSN 2928 LLC	Delaware
112.	Aircraft MSN 2956 LLC	Delaware
113.	Aircraft MSN 3045 LLC	Delaware
114.	Aircraft MSN 3117 LLC	Delaware
115.	Aircraft MSN 3157 LLC	Delaware
116.	Aircraft MSN 3182 LLC	Delaware
117.	Aircraft MSN 3209 LLC	Delaware
118.	Aircraft MSN 3277 LLC	Delaware
119.	Aircraft MSN 3223 LLC	Delaware
120.	Aircraft MSN 3291 LLC	Delaware
121.	Aircraft MSN 3338 LLC	Delaware
122.	Aircraft MSN 3421 LLC	Delaware
123.	Aircraft MSN 3443 LLC	Delaware
124.	Aircraft MSN 3450 LLC	Delaware
125.	Aircraft MSN 3486 LLC	Delaware
126.	Aircraft MSN 3524 LLC	Delaware
127.	Aircraft MSN 3543 LLC	Delaware
128.	Aircraft MSN 3582 LLC	Delaware
129.	Aircraft MSN 3628 LLC	Delaware
130.	Aircraft MSN 3637 LLC	Delaware
131.	Aircraft MSN 3667 LLC	Delaware
132.	Aircraft MSN 3673 LLC	Delaware
133.	Aircraft MSN 3690 LLC	Delaware
134.	Aircraft MSN 3762 LLC	Delaware
135.	Aircraft MSN 3911 LLC	Delaware
136.	Aircraft MSN 4070 LLC	Delaware
137.	Aircraft MSN 4077 LLC	Delaware
138.	Aircraft MSN 4088 LLC	Delaware
139.	Aircraft MSN 4968 LLC	Delaware
140.	Aircraft MSN 5010 LLC	Delaware
141.	Aircraft MSN 5127 LLC	Delaware
142.	Aircraft MSN 5598 LLC	Delaware
143.	Aircraft MSN 5796 LLC	Delaware
144.	Aircraft MSN 6077 LLC	Delaware
145.	Aircraft MSN 6201 LLC	Delaware
146.	Aircraft MSN 6253 LLC	Delaware
147.	Aircraft MSN 7160 LLC	Delaware
148.	Aircraft MSN 7316 LLC	Delaware
149.	Aircraft MSN 7791 LLC	Delaware
150.	Aircraft MSN 25702-2 LLC	Delaware
151.	Aircraft MSN 27137 LLC	Delaware
152.	Aircraft MSN 28623 LLC	Delaware
153.	Aircraft MSN 29345 LLC	Delaware
154.	Aircraft MSN 29346 LLC	Delaware
155.	Aircraft MSN 29356 LLC	Delaware
156.	Aircraft MSN 29368 LLC	Delaware
157.	Aircraft MSN 29918 LLC	Delaware
158.	Aircraft MSN 29920 LLC	Delaware
159.	Aircraft MSN 30295 LLC	Delaware
160.	Aircraft MSN 30687 LLC	Delaware
161.	Aircraft MSN 30702 LLC	Delaware
162.	Aircraft MSN 30710 LLC	Delaware
163.	Aircraft MSN 32457 LLC	Delaware
164.	Aircraft MSN 32704 LLC	Delaware
165.	Aircraft MSN 32705 LLC	Delaware
166.	Aircraft MSN 32881 LLC	Delaware
167.	Aircraft MSN 33030 LLC	Delaware

	<u>Name of Subsidiary</u>	<u>Jurisdiction</u>
168.	Aircraft MSN 33212 LLC	Delaware
169.	Aircraft MSN 33380 LLC	Delaware
170.	Aircraft MSN 33417 LLC	Delaware
171.	Aircraft MSN 34409 LLC	Delaware
172.	Aircraft MSN 35022 LLC	Delaware
173.	Aircraft MSN 35082 LLC	Delaware
174.	Aircraft MSN 35093 LLC	Delaware
175.	Aircraft MSN 35233 LLC	Delaware
176.	Aircraft MSN 35236 LLC	Delaware
177.	Aircraft MSN 35237 LLC	Delaware
178.	Aircraft MSN 35679 LLC	Delaware
179.	Aircraft MSN 35680 LLC	Delaware
180.	Aircraft MSN 36826 LLC	Delaware
181.	Aircraft MSN 36829 LLC	Delaware
182.	Aircraft MSN 36808 LLC	Delaware
183.	Aircraft MSN 36821 LLC	Delaware
184.	Aircraft MSN 37294 LLC	Delaware
185.	Aircraft MSN 37742 LLC	Delaware
186.	Aircraft MSN 37887 LLC	Delaware
187.	Aircraft MSN 38019 LLC	Delaware
188.	Aircraft MSN 38494 LLC	Delaware
189.	Aircraft MSN 38683 LLC	Delaware
190.	Aircraft MSN 38686 LLC	Delaware
191.	Aircraft MSN 40713 LLC	Delaware
192.	Aircraft MSN 41522 LLC	Delaware
193.	Aircraft MSN 19000484 LLC	Delaware
194.	Aircraft MSN 19000575 LLC	Delaware
195.	Aircraft MSN 19000588 LLC	Delaware
196.	Aircraft MSN 19000609	Delaware
197.	Aircraft MSN 19000628	Delaware
198.	ALC A320 4694, LLC	Delaware
199.	ALC B378 33104, LLC	Delaware
200.	ALC B378 34242, LLC	Delaware
201.	Anfield Funding Limited	Bermuda
202.	Blue Coast Aircraft Leasing (France) Sarl	France
203.	Constellation Aircraft Leasing (France) SARL	France
204.	Constitution Aircraft Leasing (Ireland) 3 Limited	Ireland
205.	Constitution Aircraft Leasing (Ireland) 5 Limited	Ireland
206.	Constitution Aircraft Leasing (Ireland) 9 Limited	Ireland
207.	Constitution Aircraft Leasing (Ireland) 10 Limited	Ireland
208.	Constitution Aircraft Leasing (Ireland) 1086 Limited	Ireland
209.	Delphie Aircraft Leasing Limited	Bermuda
210.	Dolphin Leasing (Ireland) Limited	Ireland
211.	Dunvegan Aircraft Leasing (Ireland) Limited	Ireland
212.	Endeavor Aircraft Leasing (Sweden) AB	Sweden
213.	Enterprise Aircraft Leasing (France) SARL	France
214.	Gold Coast Aircraft Leasing (France) Sarl	France
215.	Grayston Aircraft Leasing Limited	Cayman Islands
216.	Haneda Aircraft Leasing (Norway) AS	Norway
217.	Intrepid Aircraft Leasing (France) SARL	France
218.	Jakarta Aircraft Leasing (Ireland) Limited	Ireland
219.	Kale Aircraft Leasing (Ireland) Limited	Ireland
220.	Aircastle (Ireland) Limited	Ireland
221.	Koala Aircraft Leasing (Ireland) Limited	Ireland
222.	Macstay Aircraft Leasing Limited	Bermuda
223.	Marrow Aircraft Leasing (Ireland) Limited	Ireland
224.	Medan Aircraft Leasing (Ireland) Limited	Ireland



	<u>Name of Subsidiary</u>	<u>Jurisdiction</u>
225.	Melbourne Aircraft Leasing (UK) Limited	United Kingdom
226.	Momo Aircraft Leasing Limited	Bermuda
227.	Orchard Aviation (A330) Pte. Ltd.	Singapore
228.	Orchard Aviation 41522 (UK) Limited	United Kingdom
229.	Platypus Aircraft Leasing (Ireland) Limited	Ireland
230.	Salmon Aircraft Leasing (Ireland) Limited	Ireland
231.	Sulaco Aircraft Leasing (Ireland) Limited	Ireland
232.	Tempelhof Aircraft Leasing (Ireland) Limited	Ireland
233.	Thunderbird 1 Leasing Limited	Mauritius
234.	Thunderbird 2 Leasing Limited	Mauritius
235.	Thunderbird 3 Leasing Limited	Mauritius
236.	Thunderbird 4 Leasing Limited	Mauritius
237.	Trojan Aircraft Leasing (France) SARL	France
238.	Zebra Aircraft Leasing Limited	Cayman Islands
239.	Zephyr Aircraft Leasing B.V.	The Netherlands

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Inglese, certify that:

1. I have reviewed this annual report on Form 10-K of Aircastle Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2023

/s/ Michael Inglese

Michael Inglese  
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Roy Chandran, certify that:

1. I have reviewed this annual report on Form 10-K of Aircastle Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2023

/s/ Roy Chandran  
Roy Chandran  
Chief Financial Officer

**CERTIFICATION OF  
CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Aircastle Limited (the "Company") for the fiscal year ended February 28, 2023, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Michael Inglese, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Michael Inglese  
Michael Inglese  
Chief Executive Officer  
Date: April 25, 2023

**CERTIFICATION OF  
CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Aircastle Limited (the "Company") for the fiscal year ended February 28, 2023, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Roy Chandran, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Roy Chandran  
Roy Chandran  
Chief Financial Officer  
Date: April 25, 2023