



Avolon announces initial US\$1.4 billion capital raise

Aircraft leasing group attracts US\$750 million from Cinven, CVC and Oak Hill Capital

Dublin, New York, Hong Kong & Shanghai | 20 May 2010: Avolon, the aircraft leasing group, today announces it has successfully completed its initial capital raise of US\$1.4 billion including an equity commitment of US\$750 million from three of the world's leading private equity firms.

The US\$750 million equity commitment was subject to EU merger and takeover approval which was received on 18 May 2010.

Highlights

- ❖ US\$1.4 billion capital raised
- ❖ US\$750 million equity capital committed equally by leading private equity firms Cinven, CVC Capital Partners ("CVC") and Oak Hill Capital Partners ("Oak Hill Capital")
- ❖ US\$400 million warehouse debt financing facility arranged by UBS (MLA) with co-arrangers Credit Agricole, Deutsche Bank and KfW IpeX-Bank - the first facility of this type to be successfully executed since 2007
- ❖ US\$215 million term debt financing facility provided by DVB Bank
- ❖ Avolon to become a leading player in the global aircraft leasing sector
- ❖ Avolon team has significant experience in delivering innovative sale and leaseback and financing transactions to the world's airlines
- ❖ Avolon has executed contracts and letters of intent for the purchase of 26 aircraft. A number of other transactions are in advanced stages of discussion with airlines globally. Avolon also provides lease management services on a further 2 aircraft
- ❖ Denis Nayden appointed Chairman of Avolon with over thirty years experience in the aircraft leasing sector

Mr Nayden commented:

"Avolon has successfully attracted significant equity capital to develop the business into a global leader in aircraft leasing. This successful equity raise and the support of such highly respected aviation banks reflects the strength of the team assembled, their experience in the sector and the opportunity presented by current market conditions. Cinven, CVC and Oak Hill Capital have identified Avolon as the right investment opportunity, led by the right team, entering the market at the right time."

Avolon

Headquartered in Ireland, Avolon provides aircraft leasing and lease management services. Avolon is led by an experienced team with offices in Dublin, New York, Hong Kong and Shanghai.

Avolon's initial focus is to expand its aircraft fleet and provide sale & leaseback and other financing services to airlines world-wide. Avolon also provides lease management services to third-party aircraft owners.

As of today, Avolon has executed contracts and letters of intent for the purchase of 26 aircraft comprising Airbus A320s, Airbus A330s and Boeing 737NGs. These aircraft are leased to airlines around the world including airlines in China, the UAE, the United States, Russia and Western Europe. A number of other transactions are at an advanced stage of discussion with airlines globally. Avolon also provides lease management services on a further 2 aircraft.

Avolon is led by Dómhnaíl Slattery, CEO, who is the former founding CEO of RBS Aviation Capital, one of the largest aircraft lessors in the world. The management team of 15 professionals has a proven track record in aircraft leasing and has an extensive network of established senior industry relationships across the airline, manufacturer and aviation banking sectors. In particular, the team has significant experience in delivering innovative sale and leaseback and financing transactions to the world's airlines.

Denis Nayden, an industry veteran with over thirty years experience in the aircraft leasing sector, has been appointed as Chairman of Avolon.

Market Opportunity

Aircraft operating leasing has grown to become a core mechanism for the financing of commercial aircraft. Over 30% of the entire global fleet of aircraft - in excess of 6,000 commercial passenger jets - are leased to approximately two thirds of the world's airlines.

In recent years, approximately 40% of all new aircraft deliveries (c. 400 aircraft *per annum*) have been financed through operating lease structures. Given the tightening of available bank and capital markets financing, operating leasing has become an increasingly attractive option for airlines seeking to finance deliveries of new aircraft and to release equity from aircraft within their existing fleet. This growth in demand for leasing services also comes at a time when a number of the large incumbent aircraft lessors are experiencing capital constraints. It is estimated that over US\$450 billion of aircraft finance will be required by the world's airlines over the next five years.

Avolon, together with its three private equity partners, intends to capitalise on the opportunity presented by current and expected market conditions within the global aircraft leasing sector. Airlines need to renew their fleets both for replacement and growth while also addressing liquidity and balance sheet issues. These combined factors will drive continued growth in the demand for sale and leaseback transactions and for operating leases generally.

Capital Raising | Equity

Avolon has equity capital of US\$750 million committed from three leading private equity investment firms: Cinven, CVC and Oak Hill Capital. Each firm has committed US\$250 million. Cinven, CVC and Oak Hill Capital all bring complementary strengths to the Avolon business and each has a range of experience in the aerospace and transportation sectors. Further details are set out at the end of this release.

Capital Raising | Debt

Avolon has also agreed initial debt financing of US\$615 million. This comprises a US\$400 million warehouse debt financing facility arranged by UBS as Mandated Lead Arranger with co-arrangers Credit Agricole, Deutsche Bank and KfW IpeX-Bank. This transaction marks the reopening of the lessor warehouse market and is the first facility of this type to be successfully executed since 2007. Avolon has also secured a US\$215 million term debt financing facility provided by DVB Bank.

Avolon was advised by Freshfields, KPMG and Maples and Calder.

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For further information:

Avolon contacts

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Notes to Editors

Avolon Management Team

Dómhnaíl Slattery - CEO

Dómhnaíl Slattery is the former Managing Director of the Structured Asset Finance business for the Royal Bank of Scotland Group ("RBS"). Dómhnaíl had direct responsibility for a number of global business including the bank's commercial aviation and corporate aviation finance businesses. He was also the Founder and Chief Executive Officer of Claret Capital, a private investment firm based in Dublin. The firm has completed investments in the private equity, real estate, media and technology sectors.

Dómhnaíl started his aviation financing career in 1989, initially in marketing roles with Guinness Peat Aviation (GPA) and GECAS. In 1994, he established his own aircraft advisory and investment banking services company, International Aviation Management Group (IAMG) which arranged aircraft asset and related transactions amounting to more than US\$5 billion in value on behalf of a wide range of leading airline and investor clients worldwide over the following 7 years. In 2001, IAMG was acquired by RBS to lead its entry into the aircraft operating leasing market and to be the dedicated vehicle for its aircraft financing activities generally. Dómhnaíl Slattery founded RBS Aviation Capital and was Chief Executive Officer from 2001 to 2004. He continued as a non-executive Director until his resignation from the Board in January, 2008.

John Higgins – President and Chief Commercial Officer (CCO)

John Higgins has over 16 years experience in the aviation industry. He qualified as a Chartered Accountant with Price Waterhouse before joining GPA in 1994 as Treasury Manager. He subsequently joined GECAS in 1996 where he held a number of marketing roles. He joined RBS Aviation Capital in 2004 as Head of Origination for Europe, Middle East, Africa & Asia and in 2007 was promoted to Chief Commercial Officer with global responsibility for all airline and OEM relationships (including new business origination, aircraft remarketing and new order placement).

Tom Ashe – Chief Operations Officer (COO)

Tom Ashe has over 15 years experience in the aviation industry. A Chartered Accountant by profession, he joined GPA/AerFi in 1994 and held responsibility for financial planning until 2000 when, following the company's acquisition by debis/Aercap, he assumed responsibility for originating aircraft and engine trading opportunities. He joined RBS Aviation Capital in 2002 as a Senior Vice President in the Europe, Middle East & Africa (EMEA) origination team, becoming Head of Origination for EMEA in 2007, before joining Avolon in April, 2010.

Andy Cronin – Chief Financial Officer (CFO) and Head of Capital Markets

Andy Cronin started his professional and aviation industry career in 2000 with FLS Aerospace Ltd. where he spent four years starting as project engineer and progressing to a variety of management positions. He joined RBS Aviation Capital in 2004 as a Business Analyst before being appointed SVP Investor Markets in 2005, having responsibility for the disposal, financing and debt syndication of operating lease and structured debt products to a wide pool of investor and bank communities. From 2008 until the end of 2009, he was extensively involved in the financial planning and balance sheet structuring of RBS Aviation Capital.

Additional team members:

Pat Hannigan	Head of Europe, Middle East & Africa
Simon Hanson	Head of Asia Pacific
Susan Guo	Head of China
Paul Geaney	Head of Marketing; Americas
Ed Riley	General Counsel
Dick Forsberg	Head of Risk and Strategy
Daire O'Críodain	Head of Special Projects
Steven Graham	Director, Transaction Structuring

About Cinven

Cinven is a leading European buyout firm, founded in 1977. We acquire companies that require an equity investment by our funds of €100 million or more. We focus on six sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials, and Technology, Media and Telecommunications (TMT). Cinven acquires successful, high-quality companies and works with them to help them grow and develop, using our proven value creation strategies. Typically, Cinven holds its investments for between three and five years. We take a responsible approach towards our portfolio companies, their employees, suppliers and local communities, the environment and society as a whole. Investments in the financial services sector include Partnership Assurance, a specialist life assurance provider in the UK. Investments in the aerospace sector include Avio (€2.57 billion) and Amadeus (€4.4 billion). Other investments include Ziggo (€5.5bn), Gondola (€1.3bn), and Spire Healthcare (€2.1bn).

Our European focus and expertise are complemented by an ability to capitalise on global growth opportunities through our Asian office. Cinven has offices in London, Paris, Frankfurt, Milan and Hong Kong. Wherever they are based, Cinven's people work together as one team.

Cinven Limited is authorised and regulated by the Financial Services Authority.

For more information, please visit: www.cinven.com

About CVC Capital Partners

CVC Capital Partners is a leading global private equity firm with over US\$45 billion in funds. CVC was founded in 1981 and today has a network of 20 offices throughout Europe, Asia and the United States. CVC has completed over 250 investments across a wide range of industries and countries. Currently, CVC has over 35 active investments in Europe and the US and 15 active investments in the Asia-Pacific region.

This deal has been executed by CVC's Global Financial Institutions Group. The deal demonstrates CVC's continuing ability to execute and inject significant equity into financial services companies.

CVC believes that the effective ownership and management of a company creates benefits for all stakeholders, from employees to customers, suppliers to shareholders, and the wider community at large. CVC actively encourages its portfolio companies to respect all stakeholder groups and to be responsible corporate citizens.

For more information, please visit: www.cvc.com

About Oak Hill Capital Partners

Oak Hill Capital Partners is a private equity firm with more than US\$8.2 billion of committed capital from leading entrepreneurs, endowments, foundations, corporations, pension funds and global financial institutions. Robert M. Bass is the lead investor.

Over a period of more than 24 years, the professionals at Oak Hill Capital Partners and its predecessors have invested in more than 60 significant private equity transactions including several companies in the aerospace industry, including Firth Rixson, Primus International and Southern Air. Denis Nayden is a Managing Partner at Oak Hill Capital Partners.

Oak Hill Capital Partners is one of several Oak Hill partnerships, each of which has a dedicated and independent management team. These Oak Hill partnerships comprise over US\$30 billion of investment capital across multiple asset classes.

For more information about Oak Hill Capital Partners, please visit: www.oakhillcapital.com