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 December 31, 2011

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 001-15369

WILLIS LEASE FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**68-0070656**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
773 San Marin Drive, Suite 2215, Novato, CA	**94998**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (415) 408-4700

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

Title of Each Class	Name of each exchange on which registered
Common Stock	NASDAQ
Series A Preferred Stock	NASDAQ
Series I Preferred Stock	NASDAQ

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. ☒

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

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

The aggregate market value of voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2011) was approximately $77.5 million (based on a closing sale price of $13.40 per share as reported on the NASDAQ National Market).

The number of shares of the registrant's Common Stock outstanding as of March 7, 2012 was 9,160,936.

The Company's Proxy Statement for the 2012 Annual Meeting of Stockholders is incorporated by reference into Part III of this Form 10-K.

WILLIS LEASE FINANCE CORPORATION
2011 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS

INTRODUCTION

Willis Lease Finance Corporation with its subsidiaries is a leading lessor of commercial aircraft engines. Our principal business objective is to build value for our shareholders by acquiring commercial aircraft engines and managing those engines in order to provide a return on investment, primarily through lease rent and maintenance reserve revenues, as well as through management fees earned for managing aircraft engines owned by other parties. As of December 31, 2011, we had a total lease portfolio consisting of 194 engines and related equipment, 13 aircraft and three spare parts packages with 71 lessees in 37 countries and an aggregate net book value of $981.5 million. As of December 31, 2011, we managed a total lease portfolio of 26 engines and related equipment for other parties. We also seek, from time to time, to act as leasing agent of engines for other parties.

Our strategy is to lease aircraft engines and aircraft and provide related services to a diversified group of commercial aircraft operators and maintenance, repair and overhaul organizations ("MROs") worldwide. Commercial aircraft operators need engines in addition to those installed in the aircraft that they operate. These spare engines are required for various reasons including requirements that engines be inspected and repaired at regular intervals based on equipment utilization. Furthermore, unscheduled events such as mechanical failure, FAA airworthiness directives or manufacturer-recommended actions for maintenance, repair and overhaul of engines result in the need for spare engines. Commercial aircraft operators and others in the industry generally estimate that the total number of spare engines needed is between 10% and 14% of the total number of installed engines. Today it is estimated that there are nearly 45,000 engines installed on commercial aircraft. Accordingly, we estimate that there are between 4,500 and 6,300 spare engines in the market, including both owned and leased spare engines.

Our engine portfolio consists of noise-compliant Stage III commercial jet engines manufactured by CFMI, General Electric, Pratt & Whitney, Rolls Royce and International Aero Engines. These engines generally may be used on one or more aircraft types and are the most widely used engines in the world, powering Airbus, Boeing, McDonnell Douglas, Bombardier and Embraer aircraft.

The Company acquires engines for its leasing portfolio in a number of ways. It enters into sale and lease back transactions with operators of aircraft and providers of engine maintenance cost per hour services. We also purchase both new and used engines, on a speculative basis (i.e. without a lease attached from manufacturers or other parties which own such engines).

We hold a fifty percent membership interest in a joint venture, WOLF A340, LLC, a Delaware limited liability company, ("WOLF"). On December 30, 2005, WOLF completed the purchase of two Airbus A340-313 aircraft from Boeing Aircraft Holding Company for a purchase price of $96.0 million. These aircraft are currently leased to Emirates with remaining lease terms of 18 and 20 months. Our investment in the joint venture is $9.9 million as of December 31, 2011.

On May 25, 2011, we entered into an agreement with Mitsui & Co., Ltd. to participate in a joint venture formed as a Dublin-based Irish limited company – Willis Mitsui & Company Engine Support Limited ("WMES") for the purpose of acquiring and leasing IAE V2500-A5 and General Electric CF34-10E jet engines. Each partner holds a fifty percent interest in the joint venture. Our investment in the joint venture is $5.4 million as of December 31, 2011.

We are a Delaware corporation, incorporated in 1996. Our executive offices are located at 773 San Marin Drive, Suite 2215, Novato, California 94998. We transact business directly and through our subsidiaries unless otherwise indicated.

We maintain a website at www.willislease.com where our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are available without charge, as soon as reasonably practicable following the time they are filed with or furnished to the SEC. You may read and copy any materials we file with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0300. The SEC also maintains an electronic Internet site that contains our reports, proxy and information statements, and other information at http://www.sec.gov.

We do not break our business into multiple segments. Instead, we consider our continuing operations to operate in one reportable segment.

THE WEST SECURITIZATION

Willis Engine Securitization Trust, or "WEST," is a special-purpose, bankruptcy-remote, Delaware statutory trust that is wholly-owned by us and consolidated in our financial statements. We established WEST in 2005 to acquire and finance engines owned by another of our wholly-owned subsidiaries, WEST Engine Funding LLC (formerly Willis Engine Funding LLC). In August 2005 and again in March 2008, WEST issued and sold notes to finance its acquisition of engines. WEST's obligations under these notes are serviced by revenues from the lease and disposition of its engines, and are secured by all its assets, including all its interests in its engines, its subsidiaries, restricted cash accounts, engine maintenance reserve accounts, all proceeds from the sale or disposition of engines, and all insurance proceeds. We have not guaranteed any obligations of WEST and none of our assets secure such obligations.

We are the servicer and administrative agent for WEST. Our annual fees for these services are 11.5% as servicer and 2.0% as administrative agent of the aggregate net rents actually received by WEST on its engines, and such fees are payable to us monthly. We are also paid a fee of 3.0% of the net proceeds from the sale of any engines. As WEST is consolidated in our financial statements these fees eliminate on consolidation. Proceeds from engine sales will be used, at WEST's election, to reduce WEST's debt or to acquire other engines.

WEST gives us the flexibility to manage the portfolio to adapt to changes in aircraft fleets and customer demand over time, benefiting both us and our investors. The asset-backed securitization provides a significant improvement to our capital structure by better matching debt maturity to asset life.

INDUSTRY BACKGROUND—THE DEMAND FOR LEASED AIRCRAFT ENGINES

Historically, commercial aircraft operators owned rather than leased their engines. As engines become more powerful and technically sophisticated, they also become more expensive to acquire and maintain. In part due to cash constraints on commercial aircraft operators and the costs associated with engine ownership, commercial aircraft operators have become more cost-conscious and now utilize operating leases for a portion of their engines and are therefore better able to manage their finances in this capital-intensive business. Engine leasing is a specialized business that has evolved into a discrete sector of the commercial aviation market. Participants in this sector need access to capital, as well as specialized technical knowledge, in order to compete successfully.

Growth in the spare engine leasing industry is dependent on two fundamental drivers:

- the number of commercial aircraft, and therefore engines, in the market; and
- the proportion of engines that are leased, rather than owned, by commercial aircraft operators.

We believe both drivers will increase over time.

Increased number of aircraft, and therefore engines, in the market

We believe that the number of commercial and cargo aircraft, and hence spare engines, will increase. Boeing estimates that there are roughly 19,000 aircraft as of 2010 and projects this will grow to approximately 40,000 aircraft by 2030. Aircraft equipment manufacturers have predicted such an increase in aircraft to address the rapid growth of both passenger and cargo traffic in the Asian markets, as well as demand for new aircraft in more mature markets.

Increased lease penetration rate

Spare engines provide support for installed engines in the event of routine or other engine maintenance or unscheduled removal. The number of spare engines needed to service any fleet is determined by many factors. These factors include:

- the number and type of aircraft in an aircraft operator's fleet;
- the geographic scope of such aircraft operator's destinations;
- the time an engine is on-wing between removals;

- average shop visit time; and
- the number of spare engines an aircraft operator requires in order to ensure coverage for predicted and unscheduled removals.

We believe that commercial aircraft operators are increasingly considering their spare engines as significant capital assets, where operating leases may be more attractive than capital leases or ownership of spare engines. Some believe that currently as many as 35% to 40% of the spare engine market falls under the category of leased engines. Industry analysts have forecast that the percentage of leased engines is likely to increase over the next 15 years as engine leasing follows the growth of aircraft leasing. We believe this is due to the increasing cost of newer engines, the anticipated modernization of the worldwide aircraft fleet and the significant cost associated therewith, and the emergence of new niche-focused airlines which generally use leasing in order to obtain their capital assets.

ENGINE LEASING

As of December 31, 2011, all but one of our leases to air carriers, manufacturers and MROs are operating leases as opposed to finance leases. Under operating leases, we retain the potential benefit and assume the risk of the residual value of the aircraft equipment, in contrast to capital or financing leases where the lessee has more of the potential benefits and risks of ownership. Operating leases allow commercial aircraft operators greater fleet and financial flexibility due to the relatively small initial capital outlay necessary to obtain use of the aircraft equipment, and the availability of short and long term leases to better meet their needs. Operating lease rates are generally higher than finance lease rates, in part because of the risks associated with the residual value.

We describe all of our current leases as “triple-net” operating leases. A triple-net operating lease requires the lessee to make the full lease payment and pay any other expenses associated with the use of the engines, such as maintenance, casualty and liability insurance, sales or use taxes and personal property taxes. The leases contain detailed provisions specifying the lessees’ responsibility for engine damage, maintenance standards and the required condition of the engine upon return at the end of the lease. During the term of the lease, we generally require the lessee to maintain the engine in accordance with an approved maintenance program designed to meet applicable regulatory requirements in the jurisdictions in which the lessee operates.

We lease our assets under both short and long term leases. Short term leases are generally for periods of less than one year. Under many of our leases the lessee pays use fees designed to cover expected future maintenance costs (often called maintenance reserves) which are reimbursable for certain maintenance expenditures. Under long term leases, at the end of the lease the accumulated use fees are retained by us to fund future maintenance not performed by the lessee as indicated by the remaining use fees. Under short-term leases and certain medium-term leases, we may undertake a portion of the maintenance and regulatory compliance risk. For these leases, the lessee has no claim to the maintenance reserves paid to us throughout the term of the lease. Use fees received are recognized in revenue as maintenance reserve revenue if they are not reimbursable to the lessee which is typically the case with short term leases. Use fees that are reimbursable under longer term leases are recorded as a maintenance reserve liability until they are reimbursed to the lessee or the lease terminates, at which time they are recognized in revenue as maintenance reserve revenue.

We try to mitigate risk where possible. For example, we make an analysis of the credit risk associated with the lessee before entering into any significant lease transaction. Our credit analysis generally consists of evaluating the prospective lessee’s financial standing by utilizing financial statements and trade and/or banking references. In certain circumstances, we may require our lessees to provide additional credit support such as a letter of credit or a guaranty from a bank or a third party or a security deposit. We also evaluate insurance and expropriation risk and evaluate and monitor the political and legal climate of the country in which a particular lessee is located in order to determine our ability to repossess our engines should the need arise. Despite these guidelines, we cannot give assurance that we will not experience collection problems or significant losses in the future. See “Risk Factors” below.

At the commencement of a lease, we may collect, in advance, a security deposit normally equal to at least one month’s lease payment. The security deposit is returned to the lessee after all lease return conditions have been met. Under the terms of some of our leases, during the term of the lease, the lessees pay amounts to us based on usage of the engine, which are referred to as maintenance reserves or use fees, which are designed to cover the expected future maintenance costs. For those leases in which the maintenance reserves are reimbursable to the lessee, maintenance reserves are collected and are reimbursed to the lessee when qualifying maintenance is performed. Under longer-term leases, to the extent that cumulative use fee billings are inadequate to fund expenditures required prior to return of the engine to us, the lessee is obligated to cover the shortfall. Recovery is therefore dependent upon the financial condition of the lessee.

During the lease period, our leases require that maintenance and inspection of the leased engines be performed at qualified maintenance facilities certified by the FAA or its foreign equivalent. In addition, when an engine becomes off-lease, it undergoes inspection to verify compliance with lease return conditions. Our management believes that our attention to our lessees, and our emphasis on maintenance and inspection helps preserve residual values and generally helps us to recover our investment in our leased engines.

Upon termination of a lease, we will lease, sell or part out the related engines. The demand for aftermarket engines for either sale or lease may be affected by a number of variables, including:

- general market conditions;
- regulatory changes (particularly those imposing environmental, maintenance and other requirements on the operation of engines);
- changes in demand for air travel;
- fuel costs;
- changes in the supply and cost of aircraft equipment; and
- technological developments.

The value of particular used engines varies greatly depending upon their condition, the maintenance services performed during the lease term and, as applicable, the number of hours or cycles remaining until the next major maintenance is required. If we are unable to lease or sell engines on favorable terms, our financial results and our ability to service debt may be adversely affected. See "Risk Factors" below.

The value of a particular model of engine is heavily dependent on the status of the types of aircraft on which it is installed. We believe values of engines tend to be stable so long as the host aircraft for the engines as well as the engines themselves are still being manufactured. Prices will also tend to remain stable and even rise after a host aircraft is no longer manufactured so long as there is sufficient demand for the host aircraft. However, the value of an engine begins to decline rapidly once the host aircraft begins to be retired from service and/or parted out in significant numbers. Values of engines also may decline because of manufacturing defects that may surface subsequently.

As of December 31, 2011, we had a total lease portfolio of 194 aircraft engines and related equipment, three spare parts packages, 13 aircraft and various parts and other engine-related equipment with a cost of $1,210.2 million in our lease portfolio. As of December 31, 2010, we had a total lease portfolio of 179 aircraft engines and related equipment, four spare parts packages, three aircraft and various parts and other engine-related equipment with a cost of $1,190.4 million in our lease portfolio.

As of December 31, 2011, minimum future rentals under non-cancelable operating leases of these engines, parts and aircraft assets were as follows:

Year	(in thousands)
2012	57,868
2013	41,381
2014	33,387
2015	27,335
2016	20,632
Thereafter	29,474
	$ 210,077

As of December 31, 2011, we had 71 lessees of commercial aircraft engines, aircraft, and other aircraft-related equipment in 37 countries. Our exposure to one large customer has decreased during 2011. We believe the loss of any one customer would not have a significant long-term adverse effect on our business. We operate in a global market in which our engines are easily transferable among lessees located in many countries, which stabilizes demand and allows us to recover from the loss of a particular customer. As a result, we do not believe we are dependent on a single customer or a few customers the loss of which would have a material adverse effect on our revenues.

AIRCRAFT LEASING

As of December 31, 2011, we owned three DeHaviland DHC-8-100 turboprop aircraft, all of which we lease to Hawaii Island Air, Inc. ("Island Air"). These aircraft have a net book value of $2.6 million.

Gavarnie Holding, LLC, a Delaware limited liability company ("Gavarnie") owned by Charles F. Willis, IV, purchased the stock of Aloha Island Air, Inc., a Delaware Corporation, ("Island Air") from Aloha AirGroup, Inc. ("Aloha") on May 11, 2004. Charles F. Willis, IV is the CEO and Chairman of our Board of Directors and owns approximately 31% of our common stock. As of December 31, 2011, Island Air leases three DeHaviland DHC-8-100 aircraft and four spare engines from us. The aircraft and engines on lease to Island Air have a net book value of $3.0 million at December 31, 2011.

Effective January 2, 2011 we converted the operating leases with Island Air to a finance lease, with a principal amount of $7.0 million, under which they have resumed monthly payments. Revenue is recorded throughout the lease term as cash is received, with $1.6 million recorded as lease rent revenue in the year ended December 31, 2011. In October 2010, Island Air purchased one airframe from us, generating a net gain of $0.4 million.

Beginning in 2006 Island Air experienced cash flow difficulties, which affected their payments to us due to a fare war commenced by a competitor, their dependence on tourism which has suffered from the current economic environment as well as volatile fuel prices. The Board of Directors approved lease rent deferrals which were accounted for as a reduction in lease revenue in the applicable periods. Because of the question regarding collectability of amounts due under these leases, lease rent revenue for these leases have been recorded on a cash basis until such time as collectability becomes reasonably assured. After taking into account the deferred amounts, Island Air owed us $2.9 million in overdue rent and late charges. Effective as of May 3, 2011 we entered into a Settlement Agreement with Island Air which was approved by the Board of Directors, which provides that the overdue rent and late charges will be settled by the Company forgiving 65% of the claim and Island Air paying the remaining 35% of the claim as follows: $0.1 million on signing and $1.0 million over 60 months at 5% interest. A note receivable in the amount of $1.0 million and offsetting reserve was established. As cash is collected on this note, revenue will be recorded, with $0.1 million received in the year ended December 31, 2011. The Settlement Agreement was dependent on Island Air obtaining substantially similar concessions from their other major creditors which have been obtained.

Our aircraft leases are "triple-net" leases and the lessee is responsible for making the full lease payment and paying any other expenses associated with the use of the aircraft, such as maintenance, casualty and liability insurance, sales or use taxes and personal property taxes. In addition, the lessee is responsible for normal maintenance and repairs, engine and airframe overhauls, and compliance with return conditions of flight equipment on lease. Under the provisions of many leases, for certain engine and airframe overhauls, we reimburse the lessee for costs incurred up to but not exceeding maintenance reserves the lessee has paid to us. Maintenance reserves are designed to cover the expected maintenance costs. The lessee is also responsible for compliance with all applicable laws and regulations with respect to the aircraft. We require our lessees to comply with FAA requirements. We periodically inspect our leased aircraft. Generally, we require a deposit as security for the lessee's performance of obligations under the lease and the condition of the aircraft upon return. In addition, the leases contain extensive provisions regarding our remedies and rights in the event of a default by the lessee and specific provisions regarding the condition of the aircraft upon return. The lessee is required to continue to make lease payments under all circumstances, including periods during which the aircraft is not in operation due to maintenance or grounding.

We hold a fifty percent membership interest in a joint venture, WOLF A340, LLC, a Delaware limited liability company, ("WOLF"). On December 30, 2005, WOLF completed the purchase of two Airbus A340-313 aircraft from Boeing Aircraft Holding Company for a purchase price of $96.0 million. These aircraft are currently on lease to Emirates until 2013. Our investment in the joint venture at December 31, 2011 is $9.9 million.

In late 2011, we purchased three ATR 42-320 turboprop aircraft and seven ATR 72-202 turboprop aircraft. The aircraft are currently undergoing inspection and repair and upon completion of the repair process will be marketed for sale or lease.

OUR COMPETITIVE ADVANTAGES

We are uniquely positioned in the market and remain competitive, in part, due to the following advantages:

- *We have an entrepreneurial culture and our size and independent ownership structure gives us a unique ability to move faster than our competition*. We were founded in 1985 as a startup venture by our Chief Executive Officer, Charles F. Willis, IV, and we continue to foster an entrepreneurial attitude among our executives and employees. Unlike most other aircraft engine leasing companies, we are not tied to a particular manufacturer and are not part of a larger corporate entity. As a result, we can react more nimbly to customer demands and changes in the industry.
- *Our independent ownership allows us to meet our customer needs without regard to any potentially conflicting affiliate demands to use their engines or services*. Many of the aircraft engine leasing companies with which we compete are owned in whole or part by aircraft engine manufacturers. As a result, these leasing companies are inherently motivated to sell to customers the aircraft equipment that is manufactured by their owners, regardless of whether that equipment best meets the needs of their customers. As an independent public company we have the ability to work with customers to correctly identify their needs and provide them with the engines, equipment and services that are best suited to those needs.
- *We have significant technical expertise and experience.* Our management as well as our marketing and sales teams all have extensive experience in leasing aircraft engines and equipment. Our technical group makes up approximately half of our total company staff levels. As a result, we possess a deep knowledge of the technical details of commercial aircraft engines and maintenance issues associated with these engines that enables us to provide our customers with comprehensive and up to date information on the various engine types available for lease.
- *We have extensive industry contacts/relationships—worldwide*. We have developed long-standing relationships with aircraft operators, equipment manufacturers and aircraft maintenance organizations around the world. Our extensive network of relationships enables us to quickly identify new leasing opportunities, procure engines and equipment and facilitate the repair of equipment owned by us and equipment leased by our customers.
- *We have a trusted reputation for quality engines and engine records*. We have been an independent lessor of aircraft engines and engine equipment since 1985. Since that time we have focused on providing customers with high quality engines and engine records. As a result of our commitment to these high standards, a significant portion of our customer base consists of customers who have leased engines from us previously.
- *We have a diverse portfolio by customer, geography and engine type*. As of December 31, 2011, we had a total lease portfolio consisting of 194 engines and related equipment, 13 aircraft and three spare parts packages with 71 lessees in 37 countries and an aggregate net book value of $981.5 million.
- *We have a diverse product offering (by engine type and types of leases*). We lease a variety of noise-compliant, Stage III commercial jet engines manufactured by CFMI, General Electric, Pratt & Whitney, Rolls Royce and International Aero Engines. These engines generally may be used on one or more aircraft types and are the most widely used engines in the world, powering Airbus, Boeing, McDonnell Douglas, Bombardier and Embraer aircraft. We offer short and long-term leases, sale/leaseback transactions and engine pooling arrangements where members of the pool have quick access to available spare engines from us or other pool members, which are typically structured as short-term leases.

COMPETITION

The markets for our products and services are very competitive, and we face competition from a number of sources. These competitors include aircraft engine and aircraft parts manufacturers, aircraft and aircraft engine lessors, airline and aircraft service and repair companies and aircraft spare parts distributors. Many of our competitors have substantially greater resources than us. Those resources may include greater name recognition, larger product lines, complementary lines of business, greater financial, marketing, information systems and other resources. In addition, equipment manufacturers, aircraft maintenance providers, FAA certified repair facilities and other aviation aftermarket suppliers may vertically integrate into the markets that we serve, thereby significantly increasing industry competition. We can give no assurance that competitive pressures will not materially and adversely affect our business, financial condition or results of operations.

We compete primarily with aircraft engine manufacturers as well as with other aircraft engine lessors. It is common for commercial aircraft operators and MRO's to utilize several leasing companies to meet their aircraft engine needs and to minimize reliance on a single leasing company.

Our competitors compete with us in many ways, including pricing, technical expertise, lease flexibility, engine availability, supply reliability, customer service and the quality and condition of engines. Some of our competitors have greater financial resources than we do, or are affiliates of larger companies. We emphasize the quality of our portfolio of aircraft engines, supply reliability and high level of customer service to our aircraft equipment lessees. We focus on ensuring adequate aircraft engine availability in high-demand locations, dedicate large portions of our organization to building relationships with lessees, maintain close day-to-day coordination with lessees and have developed an engine pooling arrangement that allows pool members quick access to available spare aircraft engines.

INSURANCE

In addition to requiring full indemnification under the terms of our leases, we require our lessees to carry the types of insurance customary in the air transportation industry, including comprehensive third party liability insurance and physical damage and casualty insurance. We require that we be named as an additional insured on liability insurance with ourselves and our lenders normally identified as the loss payee for damage to the equipment on policies carried by lessees. We monitor compliance with the insurance provisions of the leases. We also carry contingent physical damage and third party liability insurance as well as product liability insurance.

GOVERNMENT REGULATION

Our customers are subject to a high degree of regulation in the jurisdictions in which they operate. For example, the FAA regulates the manufacture, repair and operation of all aircraft operated in the United States and equivalent regulatory agencies in other countries, such as the European Aviation Safety Agency ("EASA") in Europe, regulate aircraft operated in those countries. Such regulations also indirectly affect our business operations. All aircraft operated in the United States must be maintained under a continuous condition-monitoring program and must periodically undergo thorough inspection and maintenance. The inspection, maintenance and repair procedures for commercial aircraft are prescribed by regulatory authorities and can be performed only by certified repair facilities utilizing certified technicians. The FAA can suspend or revoke the authority of air carriers or their licensed personnel for failure to comply with regulations and ground aircraft if their airworthiness is in question.

While our leasing and reselling business is not regulated, the aircraft, engines and engine parts that we lease and sell to our customers must be accompanied by documentation that enables the customer to comply with applicable regulatory requirements. Furthermore, before parts may be installed in an aircraft, they must meet certain standards of condition established by the FAA and/or the equivalent regulatory agencies in other countries. Specific regulations vary from country to country, although regulatory requirements in other countries are generally satisfied by compliance with FAA requirements. With respect to a particular engine or engine component, we utilize FAA and/or EASA certified repair stations to repair and certify engines and components to ensure marketability.

Effective January 1, 2000, federal regulations stipulate that all aircraft engines hold, or be capable of holding, a noise certificate issued under Chapter 3 of Volume 1, Part II of Annex 16 of the Chicago Convention, or have been shown to comply with Stage III noise levels set out in Section 36.5 of Appendix C of Part 36 of the FAA Regulations of the United States if the engines are to be used in the continental United States. Additionally, much of Europe has adopted similar regulations. As of December 31, 2011, all of the engines in our lease portfolio are Stage III engines and are generally suitable for use on one or more commonly used aircraft.

We believe that the aviation industry will be subject to continued regulatory activity. Additionally, increased oversight has and will continue to originate from the quality assurance departments of airline operators. We have been able to meet all such requirements to date, and believe that we will be able to meet any additional requirements that may be imposed. We cannot give assurance, however, that new, more stringent government regulations will not be adopted in the future or that any such new regulations, if enacted, would not have a material adverse impact on us.

GEOGRAPHIC AREAS IN WHICH WE OPERATE

Approximately 85% of our on-lease engines, related aircraft parts, and equipment (all of which we sometimes refer to as "equipment") by net book value are leased and operated internationally. All leases relating to this equipment are denominated and payable in U.S. dollars, which is customary in the industry. Future leases may provide for payments to be made in euros or other foreign currencies. In 2011, we leased our equipment to lessees domiciled in eight geographic regions. We are subject to a number of risks related to our foreign operations. See "Risk Factors" below.

The following table displays the regional profile of our lease customer base for the years ended December 31, 2011, 2010 and 2009. No single country accounted for more than 10% of our lease rent revenue for any of those periods except for the United States and Switzerland in each of 2009-2011 and Brazil and China in each of 2009-2010. The tables include geographic information about our leased equipment grouped by the lessee's domicile (which does not necessarily indicate the asset's actual location):

	Years Ended December 31,					
	2011		2010		2009	
	Lease Rent Revenue	Percentage	Lease Rent Revenue	Percentage	Lease Rent Revenue	Percentage
	(dollars in thousands)					
United States	$ 20,790	20%	$ 22,662	22%	$ 21,944	21%
Mexico	6,806	6	6,367	6	5,548	6
Canada	3,183	3	1,662	2	1,264	1
Europe	38,626	37	32,604	32	31,057	30
South America	9,818	9	14,380	14	16,575	16
Asia	18,635	18	18,413	18	19,164	19
Africa	2,084	2	432	1	480	1
Middle East	4,721	5	5,613	5	6,358	6
Total	$104,663	100%	$102,133	100%	$102,390	100%

FINANCING/SOURCE OF FUNDS

We, directly or through WEST, typically acquire engines with a combination of equity capital and funds borrowed from financial institutions. In order to facilitate financing and leasing of engines, each engine is generally owned through a statutory or common law trust that is wholly-owned by us or our subsidiaries. We usually borrow 70% to 83% of an engine purchase price. Substantially all of our assets secure our related indebtedness. We typically acquire engines from airlines in a sale-lease back transaction, from engine manufacturers or from other lessors. From time to time, we selectively acquire engines prior to a firm commitment to lease or sell the engine, depending on the price of the engine, market demand with the expectation that we can lease or sell such engines.

EMPLOYEES

As of December 31, 2011, we had 74 full-time employees (excluding consultants), in sales and marketing, technical service and administration. None of our employees is covered by a collective bargaining agreement and we believe our employee relations are satisfactory.

ITEM 1A. RISK FACTORS

The following risk factors and other information included in this Annual Report should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks occur, our business, financial condition, operating results, and cash flows could be materially adversely affected.

RISKS RELATING TO OUR BUSINESS

We are affected by the risks faced by commercial aircraft operators and MROs because they are our customers.

Commercial aircraft operators are engaged in economically sensitive, highly cyclical and competitive businesses. We are a supplier to commercial aircraft operators and MROs. As a result, we are indirectly affected by all the risks facing commercial aircraft operators and MROs, which are beyond our control. Our results of operations depend, in part, on the financial strength of our customers and our customers' ability to compete effectively in the marketplace and manage their risks. These risks include, among others:

- general economic conditions in the countries in which our customers operate, including changes in gross domestic product;
- demand for air travel and air cargo shipments;

- changes in interest rates and the availability and terms of credit available to commercial aircraft operators;
- concerns about security, terrorism, war, public health and political instability;
- environmental compliance and other regulatory costs;
- labor contracts, labor costs and stoppages at commercial aircraft operators;
- aircraft fuel prices and availability;
- technological developments;
- maintenance costs;
- airport access and air traffic control infrastructure constraints;
- insurance and other operating costs incurred by commercial aircraft operators and MROs;
- industry capacity, utilization and general market conditions; and
- market prices for aviation equipment.

To the extent that our customers are negatively affected by these risk factors, we may experience:

- a decrease in demand for some engine types in our portfolio;
- greater credit risks from our customers, and a higher incidence of lessee defaults and repossessions;
- an inability to quickly lease engines and aircraft on commercially acceptable terms when these become available through our purchase commitments and regular lease terminations; and
- shorter lease terms, which may increase our expenses and reduce our utilization rates.

Our engine values and lease rates, which are dependent on the status of the types of aircraft on which engines are installed, and other factors, could decline.

The value of a particular model of engine depends heavily on the types of aircraft on which it may be installed and the supply of available engines. We believe values of engines tend to be relatively stable so long as there is sufficient demand for the host aircraft. However, we believe the value of an engine begins to decline rapidly once the host aircraft begins to be retired from service and/or used for spare parts in significant numbers. Certain types of engines may be used in significant numbers by commercial aircraft operators that are currently experiencing financial difficulties. If such operators were to go into liquidation or similar proceedings, the resulting over-supply of engines from these operators could have an adverse effect on the demand for the affected engine types and the values of such engines.

Upon termination of a lease, we may be unable to enter into new leases or sell the engine on acceptable terms.

We own the engines that we lease to customers and bear the risk of not recovering our entire investment through leasing and selling the engines. Upon termination of a lease, we seek to enter a new lease or to sell the engine. We also selectively sell engines on an opportunistic basis. We cannot give assurance that we will be able to find, in a timely manner, a lessee for our engines coming off-lease. If we do find a lessee, we may not be able to obtain satisfactory lease rates and terms (including maintenance and redelivery conditions) or rates and terms comparable to our current leases, and we can give no assurance that the creditworthiness of any future lessee will be equal to or better than that of the existing lessees of our engines. Because the terms of engine leases may be less than 12 months, we may frequently need to remarket engines. We face the risk that we may not be able to keep the engines on lease consistently.

We are subject to the risks and costs of aircraft maintenance and obsolescence on the aircraft that we own.

We currently own three DeHaviland DHC-8-100, three ATR42-320 turboprop aircraft and seven ATR72-202 turboprop aircraft and interests through WOLF in two Airbus A340-313 aircraft. We may buy other aircraft or interests in aircraft in the future primarily to seek opportunities to realize value from the engines. Among other risks described in this Annual Report, the following risks apply when we lease or sell aircraft:

- we will be subject to the greater maintenance risks and risks of declines in value that apply to aircraft as opposed to engines, as well as the potentially greater risks of leasing or selling aircraft;
- intense competition among manufacturers, lessors, and sellers may, among other things, adversely affect the demand for, lease rates and residual values of our aircraft;
- our aircraft lessees are aircraft operators engaged in economically sensitive, highly cyclical and competitive businesses and our results of operations from aircraft leasing depend, in part, on their financial strength (for more details, see the risk factor entitled "We are affected by the risks faced by commercial aircraft operators and MROs because they are our customers" above);
- our aircraft lessees may encounter significant financial difficulties, which could result in our agreeing to amend our leases with the customer to, among other things, defer or forgive rent payments or extend lease terms as an alternative to repossession;
- our aircraft lessees may file for bankruptcy which could result in us incurring greater losses with respect to aircraft than with respect to engines; and
- aircraft technology is constantly improving and, as a result, aircraft of a particular model and type tend to become obsolete and less in demand over time, when newer, more advanced and efficient aircraft become available.

We carry the risk of maintenance for our leased assets. Our maintenance reserves may be inadequate or lessees may default on their obligations to perform maintenance, which could increase our expenses.

Under most of our engine leases, the lessee makes monthly maintenance reserve payments to us based on the engine's usage and management's estimate of maintenance costs. A certain level of maintenance reserve payments on the WEST engines are held in related engine reserve restricted cash accounts. Generally the lessee under long term leases is responsible for all scheduled maintenance costs, even if they exceed the amounts of maintenance reserves paid. 19 of our leases comprising approximately 12.4% of the net book value of our on-lease engines at December 31, 2011 do not provide for any monthly maintenance reserve payments to be made by lessees, and we can give no assurance that future leases of the engines will require maintenance reserves. In some cases, including engine repossessions, we may decide to pay for refurbishments or repairs if the accumulated use fees are inadequate.

We can give no assurance that our operating cash flows and available liquidity reserves, including the amounts held in the engine reserve restricted cash accounts, will be sufficient to fund necessary engine maintenance. Actual maintenance reserve payments by lessees and other cash that we receive may be significantly less than projected as a result of numerous factors, including defaults by lessees. Furthermore, we can provide no assurance that lessees will meet their obligations to make maintenance reserve payments or perform required scheduled maintenance or, to the extent that maintenance reserve payments are insufficient to cover the cost of refurbishments or repairs.

Failures by lessees to meet their maintenance and recordkeeping obligations under our leases could adversely affect the value of our leased engines and our ability to lease the engines in a timely manner following termination of the lease.

The value and income producing potential of an engine depend heavily on it being maintained in accordance with an approved maintenance system and complying with all applicable governmental directives and manufacturer requirements. In addition, for an engine to be available for service, all records, logs, licenses and documentation relating to maintenance and operations of the engine must be maintained in accordance with governmental and manufacturer specifications.

Our leases make the lessees primarily responsible for maintaining the engines, keeping related records and

complying with governmental directives and manufacturer requirements. Over time, certain lessees have experienced and may experience in the future, difficulties in meeting their maintenance and recordkeeping obligations as specified by the terms of our leases.

Our ability to determine the condition of the engines and whether the lessees are properly maintaining our engines is generally limited to the lessees' reporting of monthly usage and any maintenance performed, confirmed by periodic inspections performed by us and third-parties. A lessee's failure to meet its maintenance or recordkeeping obligations under a lease could result in:

- a grounding of the related engine;
- a repossession which would likely cause us to incur additional and potentially substantial expenditures in restoring the engine to an acceptable maintenance condition;
- a need to incur additional costs and devote resources to recreate the records prior to the sale or lease of the engine;
- loss of lease revenue while we perform refurbishments or repairs and recreate records; and
- a lower lease rate and/or shorter lease term under a new lease entered into by us following repossession of the engine.

Any of these events may adversely affect the value of the engine, unless and until remedied, and reduce our revenues and increase our expenses. If an engine is damaged during a lease and we are unable to recover from the lessee or insurance, we may incur a loss.

Our operating results vary and comparisons to results for preceding periods may not be meaningful.

Due to a number of factors, including the risks described in this ITEM 1A, our operating results may fluctuate. These fluctuations may also be caused by:

- the timing and number of purchases and sales of engines;
- the timing and amount of maintenance reserve revenues recorded resulting from the termination of long term leases, for which significant amount of maintenance reserves may have accumulated;
- the termination or announced termination of production of particular aircraft and engine types;
- the retirement or announced retirement of particular aircraft models by aircraft operators;
- the operating history of any particular engine or engine model;
- the length of our operating leases; and
- the timing of necessary overhauls of engines.

These risks may reduce our engine utilization rates, lease margins, maintenance reserve revenues, proceeds from engine sales, and result in higher legal, technical, maintenance, storage and insurance costs related to repossession and costs of engines being off-lease. As a result of the foregoing and other factors, the availability of engines for lease or sale periodically experiences cycles of oversupply and undersupply of given engine models. The incidence of an oversupply of engines may produce substantial decreases in engine lease rates, the appraised and resale value of engines and increase the time and costs incurred to lease or sell engines.

We anticipate that fluctuations from period to period will continue in the future. As a result, we believe that comparisons to results for preceding periods may not be meaningful and that results of prior periods should not be relied upon as an indication of our future performance.

Our customers face intense competition and some carriers are in troubled financial condition.

The commercial aviation industry deteriorated sharply in 2001 and 2002 after the September 11, 2001 terrorist attacks and the related slowdown in economic activity. However, after a period of recovery, the airline industry was negatively impacted in 2008 and 2009 by the spike in fuel prices and the deepening worldwide recession, caused by the turmoil in the credit and financial markets. The airline industry has recovered in 2010 and 2011, returning to profitability with carriers in emerging markets and the U.S. faring better than European carriers. However, we cannot give assurance that delinquencies and defaults on our leases will not increase during future cyclical downturns in the economy and commercial aviation industry.

Certain lessees may be significantly delinquent in their rental payments and may default on their lease obligations. As of December 31, 2011, we had an aggregate of approximately $1.5 million in lease rent and $1.5 million in maintenance reserve payments more than 30 days past due. Our inability to collect receivables or to repossess engines or other leased equipment in the event of a default by a lessee could have a material adverse effect on us.

Various airlines have filed for bankruptcy in the United States and other foreign jurisdictions, some of which are seeking to restructure their operations and others which are ceasing operations entirely. In the case of airlines which are restructuring, such airlines often reduce their flights or eliminate the use of certain types of aircrafts and the related engine types. Applicable bankruptcy law often allows these airlines to terminate leases early and to return our engines without meeting the contractual return conditions, and in that case, we may not be paid the full amount, or any part of, our claims for these lease terminations. Alternatively, we might negotiate agreements with those airlines under which the airline continues to lease the engine, but under modified lease terms. In the case of an airline which has ceased operations entirely, in addition to the risk of nonpayment, we face the enhanced risk of deterioration or total loss of an engine while it is under uncertain custody and control. In that case, we may be required to take legal action to secure the return of the engine and its records, or alternatively to negotiate a settlement under which we can immediately recover the engine and its records in exchange for waiving subsequent legal claims.

On November 28, 2011, American Airlines (“American”) filed for protection under Chapter 11 of the Bankruptcy Code. At the time of its filing, American had leased three engines from us with a total net book value of $17.1 million as of December 31, 2011. American owed us $0.1 million in rents and other billings as of December 31, 2011.

On January 5, 2010, Mesa Airlines filed for protection under Chapter 11 of the Bankruptcy Code. At the time of its filing, Mesa had leased six engines from us with a total net book value of $10.5 million as of December 31, 2009. Two of those engines were under leases which required ongoing maintenance reserve payments, and as of the filing Mesa was current on those payments. The other four engines were under leases which only required payment of maintenance reserves on a current basis if Mesa reported net losses for three consecutive quarters, and as of the filing, Mesa had not reported three consecutive loss quarters. Following the filing, Mesa terminated two of the leases and returned those engines to us. We also negotiated an agreement with Mesa under which Mesa extended the two engine leases under the original lease terms and continued the remaining two engine leases under modified lease terms. Under the modified leases, Mesa is required to make maintenance reserve payments for post-bankruptcy engine usage on a current basis, and we have filed proofs of claim in Mesa’s bankruptcy proceedings for the balance of maintenance reserve payments related to Mesa’s pre-bankruptcy engine usage.

In August 2010, Mexicana Airlines’ primary operating entity initiated commercial insolvency proceedings in Mexico. In September 2010, Mexicana Inter, the low-cost-carrier affiliate of Mexicana Airlines, also initiated its own commercial insolvency proceeding in Mexico. Mexicana and all of its affiliates also suspended all commercial passenger service on August 28, 2010, and have not resumed operations since then. At the time of their respective filings, Mexicana and Mexicana Inter had leased five engines from us with a total net book value of $19.9 million as of December 31, 2009. Two of those engines were under leases which required ongoing maintenance reserve payments (but no such reserves had accrued as of July 30, 2010), and the other three engines were under leases which did not require current payments of maintenance reserves. Due to the uncertainty of Mexicana’s ability to fully secure our engines after it ceased operations and the unlikelihood that it would resume operations in the immediate future, we focused our efforts on the immediate recovery of our assets from Mexico. In a negotiated settlement of claims against Mexicana, we were able to achieve the consensual return of all five of our engines and the related records between August and December 2010. As a result of the insolvency proceedings and subsequent settlement, the Company wrote-off to bad debt an outstanding notes receivable balance of $44,000 and $9,000 in recognized overdue rent.

Gavarnie Holding, LLC, a Delaware limited liability company (“Gavarnie”) owned by Charles F. Willis, IV, purchased the stock of Aloha Island Air, Inc., a Delaware Corporation, (“Island Air”) from Aloha AirGroup, Inc. (“Aloha”)

on May 11, 2004. Charles F. Willis, IV is the CEO and Chairman of our Board of Directors and owns approximately 31% of our common stock. As of December 31, 2011, Island Air leases three DeHaviland DHC-8-100 aircraft and four spare engines from us. The aircraft and engines on lease to Island Air have a net book value of $3.0 million at December 31, 2011.

Effective January 2, 2011 we converted the operating leases with Island Air to a finance lease, with a principal amount of $7.0 million, under which they have resumed monthly payments. Revenue is recorded throughout the lease term as cash is received with $1.6 million recorded as lease rent revenue for the year ended December 31, 2011. In October 2010, Island Air purchased one airframe from us, generating a net gain of $0.4 million.

Beginning in 2006 Island Air experienced cash flow difficulties, which affected their payments to us due to a fare war commenced by a competitor, their dependence on tourism which has suffered from the current economic environment as well as volatile fuel prices. The Board of Directors approved lease rent deferrals which were accounted for as a reduction in lease revenue in the applicable periods. Because of the question regarding collectability of amounts due under these leases, lease rent revenue for these leases have been recorded on a cash basis until such time as collectability becomes reasonably assured. After taking into account the deferred amounts, Island Air owed us $2.9 million in overdue rent and late charges. Effective as of May 3, 2011 we entered into a Settlement Agreement with Island Air which was approved by the Board of Directors, which provides that the overdue rent and late charges will be settled by the Company forgiving 65% of the claim and Island Air paying the remaining 35% of the claim as follows: $0.1 million on signing and $1.0 million over 60 months at 5% interest. A note receivable in the amount of $1.0 million and offsetting reserve was established. As cash is collected on this note, revenue will be recorded, with $0.1 million received in the year ended December 31, 2011. The Settlement Agreement was dependent on Island Air obtaining substantially similar concessions from their other major creditors which have been obtained.

We may not be able to repossess an engine when the lessee defaults, and even if we are able to repossess the engine, we may have to expend significant funds in the repossession and leasing of the engine.

When a lessee defaults we typically seek to terminate the lease and repossess the engine. If a defaulting lessee contests the termination and repossession or is under court protection, enforcement of our rights under the lease may be difficult, expensive and time-consuming. We may not realize any practical benefits from our legal rights and we may need to obtain consents to export the engine. As a result, the relevant engine may be off-lease or not producing revenue for a prolonged period. In addition, we will incur direct costs associated with repossessing our engine. These costs may include legal and similar costs, the direct costs of transporting, storing and insuring the engine, and costs associated with necessary maintenance and recordkeeping to make the engine available for lease or sale. During this time, we will realize no revenue from the leased engine, and we will continue to be obligated to pay our debt financing for the engine. If an engine is installed on an airframe, the airframe may be owned by an aircraft lessor or other third party. Our ability to recover engines installed on airframes may depend on the cooperation of the airframe owner.

We and our customers operate in a highly regulated industry and changes in laws or regulations may adversely affect our ability to lease or sell our engines.

Licenses and consents

We and our customers operate in a highly regulated industry. A number of our leases require specific governmental or regulatory licenses, consents or approvals. These include consents for certain payments under the leases and for the export, import or re-export of our engines. Consents needed in connection with future leasing or sale of our engines may not be received timely or have economically feasible terms. Any of these events could adversely affect our ability to lease or sell engines.

The U.S. Department of Commerce, or the "Commerce Department," regulates exports. We are subject to the Commerce Department's and the U.S. Department of State's regulations with respect to the lease and sale of engines and aircraft to foreign entities and the export of related parts. These Departments may, in some cases, require us to obtain export licenses for engines exported to foreign countries. The U.S. Department of Homeland Security, through the U.S. Customs and Border Protection, enforces regulations related to the import of engines and aircraft into the United States for maintenance or lease and imports of parts for installation on our engines and aircraft.

We are prohibited from doing business with persons designated by the U.S. Department of the Treasury's Office of Foreign Assets Control, or "OFAC," on its "Specially Designated Nationals List," and must monitor our operations and existing and potential lessees for compliance with OFAC's rules.

Anti-corruption Laws

As a U.S. corporation with significant international operations, we are required to comply with a number of U.S. and international laws and regulations, including those involving anti-corruption. For example, the U.S. Foreign Corrupt Practices Act (FCPA) and similar world-wide anti-bribery laws generally prohibit improper payments to foreign officials for the purpose of obtaining or keeping business. The scope and enforcement of anti-corruption laws and regulations may vary. Although our policies expressly mandate compliance with the FCPA and similar laws, there can be no assurance that none of our employees or agents will take any action in violation of our policies. Violations of such laws or regulations could result in substantial civil or criminal fines or sanctions. Actual or alleged violations could also damage our reputation, be expensive to defend, and impair our ability to do business.

Civil aviation regulation

Users of engines are subject to general civil aviation authorities, including the FAA and Joint Aviation Authorities in Europe, who regulate the maintenance of engines and issue airworthiness directives. Airworthiness directives typically set forth special maintenance actions or modifications to certain engine types or series of specific engines that must be implemented for the engine to remain in service. Also, airworthiness directives may require the lessee to make more frequent inspections of an engine or particular engine parts. Each lessee of an engine generally is responsible for complying with all airworthiness directives. However, if the engine is off lease, we may be forced to bear the cost of compliance with such airworthiness directives, and if the engine is leased, subject to the terms of the lease, if any, we may be forced to share the cost of compliance.

Environmental regulation

Governmental regulations of noise and emissions levels may be applicable where the related airframe is registered, and where the aircraft is operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with Stage III noise requirements. In addition to the current Stage III compliance requirements, the United States and the International Civil Aviation Organization, or "ICAO," have adopted a new, more stringent set of "Stage IV" standards for noise levels which will apply to engines manufactured or certified beginning in 2006. At this time, the United States regulations would not require any phase-out of aircraft that qualify only for Stage III compliance, but the European Union has established a framework for the imposition of operating limitations on non-Stage IV aircraft. These regulations could limit the economic life of our engines or reduce their value, could limit our ability to lease or sell the non-compliant engines or, if engine modifications are permitted, require us to make significant additional investments in the engines to make them compliant.

The United States and other jurisdictions are beginning to impose more stringent limits on the emission of nitrogen oxide, carbon monoxide and carbon dioxide emissions from engines, consistent with ICAO standards. These limits generally apply only to engines manufactured after 1999. Concerns over global warming could result in more stringent limitations on the operation of older, non-compliant engines.

Any change to current tax laws or accounting principles making operating lease financing less attractive could adversely affect our business, financial condition and results of operations.

Our lessees enjoy favorable accounting and tax treatment by using operating leases. Changes in tax laws or accounting principles that make operating leases less attractive to our lessees could have a material adverse effect on demand for our leases and on our business.

Our consolidated financial statements are prepared in accordance with GAAP. The Financial Accounting Standards Board ("FASB") and International Accounting Standards Board ("IASB") have recently issued a jointly developed proposal on lease accounting that could significantly change the accounting and reporting for lease arrangements. The main objective of the proposed standard is to create a new accounting model for both lessees and lessors, replacing the existing concepts of operating and capital leases with models. The new models would result in the elimination of most off-balance sheet lease financing for lessees. Lessors would apply one of two models depending upon whether the lessor retains exposure to significant risks or benefits of the underlying assets. The FASB's document is in the form of an exposure draft of a proposed Accounting Standards Update, Leases (Topic 840) ("ED"), issued in August 2010, and would apply to the accounting for all leases, with some exceptions. The ED also includes expanded disclosures including quantitative and qualitative information to enable users to understand the amount and timing of expected cash flows for both lessors and lessees.

The proposals set out in the ED were open for comment until December 15, 2010. The FASB has not completed all of its deliberations and the decisions made to date were sufficiently different from those published in the Lease ED to warrant re-exposure of the revised proposal. The FASB intends to complete its deliberations and publish a revised leases standard during the first half of 2012. We anticipate that the final standard may have an effective date no earlier than 2016. If there are future changes in GAAP with regard to how we and our customers must account for leases, it could change the way we and our customers conduct our businesses and, therefore, could have the potential to have an adverse effect on our business. We do not anticipate that the accounting pronouncement, when issued, will change the fundamental economic reasons that airlines lease aircraft and aircraft engines.

Our aircraft, engines or parts could cause bodily injury or property damage, exposing us to liability claims.

We are exposed to potential liability claims if the use of our aircraft, engines or parts is alleged to have caused bodily injury or property damage. Our leases require our lessees to indemnify us against these claims and to carry insurance customary in the air transportation industry, including liability, property damage and hull all risks insurance on our engines and on our aircraft at agreed upon levels. We can give no assurance that one or more catastrophic events will not exceed insurance coverage limits or that lessees' insurance will cover all claims that may be asserted against us. Any insurance coverage deficiency or default by lessees under their indemnification or insurance obligations may reduce our recovery of losses upon an event of loss.

We may not be adequately covered by insurance.

While we maintain contingent insurance covering losses not covered by our lessees' insurance, such coverage may not be available in circumstances where the lessee's insurance coverage is insufficient. In addition, if a lessee is not obligated to maintain sufficient insurance, we may incur the costs of additional insurance coverage during the related lease. We are required under certain of our debt facilities to obtain political risk insurance for leases to lessees in specified jurisdictions. We can give no assurance that such insurance will be available at commercially reasonable rates, if at all.

Currently, the U.S. government is still offering war risk insurance to U.S.-certificated airlines; however, most foreign governments have ceased this practice, forcing non-U.S. airlines back into the commercial insurance market for this coverage. It is unknown how long the U.S. government will continue to offer war risk insurance and whether U.S.-certificated airlines could obtain war risk insurance in the commercial markets on acceptable terms and conditions.

We and our lenders generally are named as an additional insured on liability insurance policies carried by our lessees and are usually the loss payees for damage to the engines. We have not experienced any significant aviation-related claims or any product liability claims related to our engines or spare parts that were not insured. However, an uninsured or partially insured claim, or a claim for which third-party indemnification is not available, could have a material adverse effect upon us. A loss of an aircraft where we lease the airframe, an engine or spare parts could result in significant monetary claims.

RISKS RELATING TO OUR CAPITAL STRUCTURE

Our inability to obtain sufficient capital would constrain our ability to grow our portfolio and to increase our revenues.

Our business is capital intensive and highly leveraged. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on the availability and cost of debt and equity capital. Additionally, our ability to borrow against our portfolio of engines is dependent, in part, on the appraised value of our engines. If the appraised value of our engines declines, we may be required to reduce the principal outstanding under certain of our debt facilities. Availability under such debt facilities may also be reduced, at least temporarily, as a result of such reduced appraisals.

The recent, well publicized, worldwide disruptions in the credit and financial markets increase the risk of adverse effects on our customers and our capital providers (lenders and derivative counter-parties) and therefore on us. The disruptions may also adversely affect our ability to raise additional capital to continue our recent growth trend. Although we have adequate debt commitments from our lenders, assuming they are willing and able to meet their contractual obligation to lend to us, the market disruptions may adversely affect our ability to raise additional equity capital to fund future growth, requiring us to rely on internally generated funds. This would lower our rate of capital investment.

We can give no assurance that the capital we need will be available to us on favorable terms, or at all. Our inability to obtain sufficient capital, or to renew or expand our credit facilities could result in increased funding costs and would limit our ability to:

- meet the terms and maturities of our existing and future debt facilities;
- add new equipment to our portfolio;
- fund our working capital needs and maintain adequate liquidity; and
- finance other growth initiatives.

Our financing facilities impose restrictions on our operations.

We have, and expect to continue to have, various credit and financing arrangements with third parties. These financing arrangements are secured by all or substantially all of our assets. Our existing credit and financing arrangements require us to meet certain financial condition and performance tests. Our revolving credit facility prohibits our declaring or paying dividends on shares of any class or series of our capital stock if an event of default under such facilities has or will occur and remains uncured. The agreements governing our debt, including the issuance of notes by WEST, also include restrictive financial covenants. A breach of those and other covenants could, unless waived or amended by our creditors, result in a cross-default to other indebtedness and an acceleration of all or substantially all of our debt. We have obtained such amendments and waivers to our financing agreements in the past, but we cannot provide any assurance that we will receive such amendments or waivers in the future if we request them. If our outstanding debt is accelerated at any time, we likely would have little or no cash or other assets available after payment of our debts, which could cause the value or market price of our outstanding equity securities to decline significantly and we would have few, if any, assets available for distributions to our equity holders in liquidation.

We are exposed to interest rate risk on our engine leases, which could have a negative impact on our margins.

We are affected by fluctuations in interest rates. Our lease rates are generally fixed, but nearly all our debt bears variable rate interest based on one-month LIBOR, so changes in interest rates directly affect our lease margins. We seek to reduce our interest rate volatility and uncertainty through hedging with interest rate derivative contracts with respect to a portion of our debt. Our lease margins, as well as our earnings and cash flows may be adversely affected by increases in interest rates, to the extent we do not have hedges or other derivatives in place or if our hedges or other derivatives do not mitigate our interest rate exposure from an economic standpoint. We would be adversely affected by increasing interest rates. As reported by British Bankers' Association, the one-month LIBOR has increased from approximately 0.26% on December 31, 2010 to approximately 0.30% on December 31, 2011.

We have risks in managing our portfolio of engines to meet customer needs.

The relatively long life cycles of aircraft and jet engines can be shortened by world events, government regulation or customer preferences. We seek to manage these risks by trying to anticipate demand for particular engine types, maintaining a portfolio mix of engines that we believe is diversified and that will have long-term value and will be sought by lessees in the global market for jet engines, and by selling engines that we expect will experience obsolescence or declining usefulness in the foreseeable future. The WEST securitization facility limits our sale of certain engines in that facility during any 12 month period to 10% of the "average aggregate adjusted borrowing value" of the engines during any 12 month period, which may inhibit engine sales that we otherwise believe should be pursued. We can give no assurance that we can successfully manage our engine portfolio to reduce these risks.

Our inability to maintain sufficient liquidity could limit our operational flexibility and also impact our ability to make payments on our obligations as they come due.

In addition to being capital intensive and highly leveraged, our business also requires that we maintain sufficient liquidity to enable us to contribute the non-financed portion of engine purchases as well as to service our payment obligations to our creditors as they become due despite the fact that the timing and amounts of payments under our leases do not match the timing under our debt service obligations. Our restricted cash is unavailable for general corporate purposes. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on our ability to continue to maintain sufficient liquidity, cash and available credit under our credit facilities. Our liquidity could be adversely impacted if we are subjected to one or more of the following: a significant decline in lease revenues, a material increase in interest expense that is not matched by a corresponding increase in lease rates, a significant increase in operating expenses, or a

reduction in our available credit under our credit facilities. If we do not maintain sufficient liquidity, our ability to meet our payment obligations to creditors or to borrow additional funds could become impaired as could our ability to make dividend payments or other distributions to our equity holders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

NUMEROUS FACTORS MAY AFFECT THE TRADING PRICE OF OUR COMMON STOCK AND OUR PREFERRED STOCK

The trading price of our common stock and our Series A Preferred Stock may fluctuate due to many factors, including:

- risks relating to our business described in this Annual Report;
- sales of our securities by a few stockholders or even a single significant stockholder;
- general economic conditions;
- changes in accounting mandated under GAAP;
- quarterly variations in our operating results;
- our financial condition, performance and prospects;
- changes in financial estimates by us;
- level, direction and volatility of interest rates and expectations of changes in rates;
- market for securities similar to our common stock and our Series A Preferred Stock; and
- changes in our capital structure, including additional issuances by us of debt or equity securities.

In addition, the U.S. stock markets have experienced price and volume volatility that has affected many companies' stock prices, often for reasons unrelated to the operating performance of those companies.

RISKS RELATING TO OUR FOREIGN OPERATIONS

A substantial portion of our lease revenue comes from foreign customers, subjecting us to divergent regulatory requirements.

For the year ended December 31, 2011, 80% of our lease revenue was generated by leases to foreign customers. Such international leases present risks to us because certain foreign laws, regulations and judicial procedures may not be as protective of lessor rights as those which apply in the United States. We are also subject to risks of foreign laws that affect the timing and access to courts and may limit our remedies when collecting lease payments and recovering assets. None of our leased engines have been expropriated; however, we can give no assurance that political instability abroad and changes in the policies of foreign nations will not present expropriation risks in the future that are not covered by insurance.

Our leases require payments in U.S. dollars but many of our customers operate in other currencies; if foreign currencies devalue against the U.S. dollar, our lessees may be unable to make their payments to us.

All of our current leases require that payments be made in U.S. dollars. If the currency that our lessees typically use in operating their businesses devalues against the U.S. dollar, the lessees could encounter difficulties in making payments in U.S. dollars. Furthermore, many foreign countries have currency and exchange laws regulating international payments that may impede or prevent payments from being paid to us in U.S. dollars. Future leases may provide for payments to be made in euros or other foreign currencies. Any change in the currency exchange rate that reduces the amount of U.S. dollars obtained by us upon conversion of future lease payments denominated in euros or other foreign currencies, may, if not appropriately hedged by us, have a material adverse effect on us and increase the volatility of our earnings. If payments on our leases are made in foreign currency, our risks and hedging costs will increase.

We operate globally and are affected by our customers' local and regional economic and other risks.

We believe that our customers' growth and financial condition are driven by economic growth in their service areas. The largest portion of our lease revenues come from Europe. European airline operations are among the most heavily regulated in the world. At the same time, new low-cost carriers have exerted substantial competitive and financial pressure on major European airlines. Low-cost carriers are having similar effects in North America and elsewhere.

Our operations may also be affected by political or economic instability in the areas where we have customers.

We may not be able to enforce our rights as a creditor if a lessee files for bankruptcy outside of the United States.

When a debtor seeks protection under the United States Bankruptcy Code, creditors are automatically stayed from enforcing their rights. In the case of United States-certificated airlines, Section 1110 of the Bankruptcy Code provides certain relief to lessors of aircraft equipment. Section 1110 has been the subject of significant litigation and we can give no assurance that Section 1110 will protect our investment in an aircraft or engines in the event of a lessee's bankruptcy. In addition, Section 1110 does not apply to lessees located outside of the United States and applicable foreign laws may not provide comparable protection.

Liens on our engines could exceed the value of the engines, which could negatively affect our ability to repossess, lease or sell a particular engine.

Liens that secure the payment of repairers' charges or other liens may, depending on the jurisdiction, attach to the engines. Engines also may be installed on airframes to which liens unrelated to the engines have attached. These liens may secure substantial sums that may, in certain jurisdictions or for limited types of liens, exceed the value of the particular engine to which the liens have attached. In some jurisdictions, a lien may give the holder the right to detain or, in limited cases, sell or cause the forfeiture of the engine. Such liens may have priority over our interest as well as our creditors' interest in the engines, either because they have such priority under applicable local law or because our creditors' security interests are not filed in jurisdictions outside the United States. These liens and lien holders could impair our ability to repossess and lease or sell the engines. We cannot give assurance that our lessees will comply with their obligations to discharge third party liens on our engines. If they do not, we may, in the future, find it necessary to pay the claims secured by such liens to repossess the engines.

In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and we may not be able to exercise our ownership rights over the engine.

In some jurisdictions, an engine affixed to an aircraft may become an accession to the aircraft, so that the ownership rights of the owner of the aircraft supersede the ownership rights of the owner of the engine. If an aircraft is security for the owner's obligations to a third-party, the security interest in the aircraft may supersede our rights as owner of the engine. This legal principle could limit our ability to repossess an engine in the event of a lease default while the aircraft with the engine installed remains in such a jurisdiction. We may suffer a loss if we are not able to repossess engines leased to lessees in these jurisdictions.

RISKS RELATED TO OUR SMALL SIZE AND CORPORATE STRUCTURE

Intense competition in our industry, particularly with major companies with substantially greater financial, personnel, marketing and other resources, could cause our revenues and business to suffer.

The engine leasing industry is highly competitive and global. Our primary competitors include GE Engine Leasing, Shannon Engine Support, Pratt &Whitney, Rolls-Royce Partners Finance and Engine Lease Finance.

Our primary competitors generally have significantly greater financial, personnel and other resources, and a physical presence in more locations, than we do. In addition, competing engine lessors may have lower costs of capital and may provide financial or technical services or other inducements to customers, including the ability to sell or lease aircraft or provide other forms of financing that we do not provide. We cannot give assurance that we will be able to compete effectively or that competitive pressures will not adversely affect us.

There is no organized market for the spare engines we purchase. Typically, we purchase engines from commercial aircraft operators, engine manufacturers, MROs and other suppliers. We rely on our representatives, advertisements and

reputation to generate opportunities to purchase and sell engines. The market for purchasing engine portfolios is highly competitive, generally involving an auction bidding process. We can give no assurance that engines will continue to be available to us on acceptable terms and in the types and quantities we seek consistent with the diversification requirements of our debt facilities and our portfolio diversification goals.

Substantially all of our assets are pledged to our creditors.

Substantially all of our assets are pledged to secure our obligations to creditors. Our revolving credit banks have a lien on all of our assets, including our equity in WEST. Due to WEST's bankruptcy remote structure, that equity is subject to the prior payments of WEST's debt and other obligations. Therefore, our rights and the rights of our creditors to participate in any distribution of the assets of WEST upon its liquidation, reorganization, dissolution or winding up will be subject to the prior claims of WEST's creditors. Similarly, the rights of our shareholders are subject to satisfaction of the claims of our lenders and other creditors.

We may be unable to manage the expansion of our operations.

We can give no assurance that we will be able to manage effectively the potential expansion of our operations, or that if we are successful expanding our operations that our systems, procedures or controls will be adequate to support our operations, in which event our business, financial condition, results and cash flows could be adversely affected.

Any acquisition or expansion involves various risks, which may include some or all of the following:

- incurring or assuming additional debt;
- diversion of management's time and attention from ongoing business operations;
- future charges to earnings related to the possible impairment of goodwill and the write down of other intangible assets;
- risks of unknown or contingent liabilities;
- difficulties in the assimilation of operations, services, products and personnel;
- unanticipated costs and delays;
- risk that the acquired business does not perform consistently with our growth and profitability expectations;
- risk that growth will strain our infrastructure, staff, internal controls and management, which may require additional personnel, time and expenditures; and
- potential loss of key employees and customers.

Any of the above factors could have a material adverse effect on us.

Compliance with the regulatory requirements imposed on us as a public company results in significant costs that will likely have an adverse effect on our results.

As a public company, we are subject to various regulatory requirements including, but not limited to, compliance with the Sarbanes-Oxley Act of 2002. Compliance with these regulations results in significant additional costs to us both directly, through increased audit and consulting fees, and indirectly, through the time required by our limited resources to address the regulations. We have complied with Section 404a of the Sarbanes-Oxley Act as of December 31, 2007, completing our annual assessment of internal controls over financial reporting. We complied with Section 404b of the Sarbanes-Oxley Act as of December 31, 2009 and our independent registered public accounting firm has audited internal controls over financial reporting. Such compliance requires us to incur additional costs on audit and consulting fees and require additional management time that will adversely affect our results of operations and cash flows.

We are effectively controlled by one principal stockholder, who has the power to contest the outcome of most matters submitted to the stockholders for approval and to affect our stock prices adversely if he were to sell substantial amounts of his common stock.

As of December 31, 2011, our principal stockholder, Chairman of the Board of Directors and Chief Executive Officer, Mr. Charles F. Willis, IV, beneficially owned or had the ability to direct the voting of 2,865,735 shares of our common stock, representing approximately 31% of the outstanding shares of our common stock. As a result, Mr. Willis effectively controls us and has the power to contest the outcome of substantially all matters submitted to our stockholders for approval, including the election of the board of directors. In addition, future sales by Mr. Willis of substantial amounts of our common stock, or the potential for such sales, could adversely affect the prevailing market price of our common stock and possibly other classes or series of our stock such as our Series A Preferred Stock.

Our business might suffer if we were to lose the services of certain key employees.

Our business operations depend upon our key employees, including our executive officers. Loss of any of these employees, particularly our Chief Executive Officer, could have a material adverse effect on our business as our key employees have knowledge of our industry and customers and would be difficult to replace.

We are the servicer and administrative agent for the WEST facility and our cash flows would be materially and adversely affected if we were removed from these positions.

We are the servicer and administrative agent with respect to engines in the WEST facility. We receive annual fees of 11.5% as servicer and 2.0% as administrative agent of the aggregate net rents actually received by WEST on its engines. We may be removed as servicer and administrative agent by the affirmative vote of a requisite number of holders of WEST facility notes upon the occurrence of certain specified events, including the following events, subject to WEST following certain specified procedures and providing us certain cure rights as set forth in the servicing agreement:

- We fail to perform the requisite services set forth in the servicing agreement or administrative agent agreement;
- We fail to provide adequate insurance or otherwise materially and adversely affects the rights of WEST;
- We cease to be engaged in the aircraft engine leasing business;
- We become subject to an insolvency or bankruptcy proceeding, either voluntarily or involuntarily;
- We fail to maintain the following financial covenants set forth in the servicing agreement:
    - Maintain a ratio of total indebtedness to tangible net worth ratio of less than 5.0-to-1.0; and
    - Maintain a ratio of earnings before interest, taxes to interest (excluding any extraordinary gains or losses and pre-WEST engine financing costs) of at least 1.2-to-1.0 on a rolling-four -quarter-basis;
- We undergo one of certain change of control transactions set forth in the servicing agreement; and
- We default in the payment of other indebtedness of $10.0 million or more or indebtedness in such amount shall have been accelerated as a result of an event of default under the applicable agreements.

As of December 31, 2011, we were in compliance with the financial covenants set forth above. There can be no assurance that we will be in compliance with these covenants in the future or will not otherwise be terminated as service or administrative agent for the WEST facility. If we are removed, our expenses would increase since our consolidated subsidiary, WEST, would have to hire an outside provider to replace the servicer and administrative agent functions, and we would be materially and adversely affected. Consequently, our business, financial condition, results of operations and cash flows would be adversely affected.

Provisions in Delaware law and our charter and bylaws might prevent or delay a change of control.

Certain provisions of law, our amended certificate of incorporation, bylaws and amended rights agreement could make the following more difficult: (1) an acquisition of us by means of a tender offer, a proxy contest or otherwise, and (2) the removal of incumbent officers and directors.

Our board of directors has authorized the issuance of shares of Series I Preferred Stock pursuant to our amended rights agreement, by and between us and American Stock Transfer and Trust Company, as rights agent. The rights agreement could make it more difficult to proceed with and tend to discourage a merger, tender offer or proxy contest. Our amended certificate of incorporation also provides that stockholder action can be taken only at an annual or special meeting of stockholders and may not be taken by written consent and, in certain circumstances relating to acquisitions or other changes in control, requires an 80% supermajority vote of all outstanding shares of our common stock. Our bylaws also limit the ability of stockholders to raise matters at a meeting of stockholders without giving advance notice.

ITEM 2. PROPERTIES

Our principal offices are located at 773 San Marin Drive, Suite 2215, Novato, California, 94998. We occupy space in Novato under a lease that covers approximately 20,534 square feet of office space and expires September 30, 2018. The remaining lease rental commitment is approximately $3.5 million, with $0.4 million owing for 2012. Equipment leasing, financing, sales and general administrative activities are conducted from the Novato location. We also sub-lease approximately 7,150 square feet of office and warehouse space for our operations at San Diego, California. This lease expires October 31, 2013, and the remaining lease commitment is approximately $0.3 million. We also lease office space in Shanghai, China. The lease expires December 31, 2012 and the remaining lease commitment is approximately $65,000. We also lease office and living space in London, United Kingdom. Both of these leases expire December 31, 2012 and the remaining lease commitments are $0.1 million and $0.2 million, respectively. We also lease office space in Blagnac, France. The lease expires December 31, 2012 and the remaining lease commitment is approximately $51,000.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of stockholders during the fourth quarter of the fiscal year 2011.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The following information relates to our Common Stock, which is listed on the NASDAQ National Market under the symbol WLFC. As of March 7, 2012 there were approximately 1,647 shareholders of our Common Stock.

The high and low closing sales price of the Common Stock for each quarter of 2011 and 2010, as reported by NASDAQ, are set forth below:

	2011		2010	
	High	Low	High	Low
First Quarter	$14.20	$12.15	$17.61	$13.80
Second Quarter	13.69	12.55	15.75	9.22
Third Quarter	14.00	11.00	11.22	8.12
Fourth Quarter	12.19	9.91	13.54	9.87

During the years ended December 31, 2011 and 2010, we did not pay cash dividends to our common shareholders. We have not made any dividend payments to our common shareholders since our inception as all available cash has been utilized for the business. We have no intention of paying dividends on our common stock in the foreseeable future. In addition, certain of our debt facilities contain negative covenants which prohibit us from paying any dividends or making distributions of any kind with respect to our common stock.

The following table outlines our Equity Compensation Plan Information.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Plans Not Approved by Stockholders:			
None	n/a	n/a	n/a
Plans Approved by Stockholders:			
Employee Stock Purchase Plan	—	n/a	76,862
1996 Stock Option/Stock Issuance Plan*	443,581	$ 6.35	—
2007 Stock Incentive Plan	—	n/a	643,404
Total	443,581	$ 6.35	720,266

* Plan expired

The 1996 Stock Option/Stock Issuance Plan and the 2007 Stock Incentive Plan were approved by security holders. The 2007 Stock Incentive Plan authorized 2,000,000 shares of common stock. 1,417,116 shares of restricted stock were granted under the 2007 Stock Incentive Plan by December 31, 2011. Of this amount, 60,520 shares of restricted stock were withheld or forfeited and returned to the pool of shares which could be granted under the 2007 Stock Incentive Plan resulting in a net number of 643,404 shares which were available as of December 31, 2011 for future issuance under the 2007 Incentive Plan.

On December 8, 2009, the Company's Board of Directors authorized a plan to repurchase up to $30.0 million of the Company's common stock, depending upon market conditions and other factors, over the next three years. The repurchased shares are to be subsequently retired. 434,748 shares totaling $5.7 million were repurchased in 2011 under our authorized plan. As of December 31, 2011, the total number of common shares outstanding was approximately 9.1 million.

Common stock repurchases, under our authorized plan, in the quarter ended December 31, 2011 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans
		(in thousands, except per share data)		
October	10	$ 10.89	10	$ 20,310
November	7	$ 11.68	7	$ 20,232
December	8	$ 11.39	8	$ 20,142
Total	25	$ 11.32	25	$ 20,142

ITEM 6. SELECTED FINANCIAL DATA

The following table summarizes our selected consolidated financial data and operating information. The selected consolidated financial and operating data should be read in conjunction with the Consolidated Financial Statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K.

	Years Ended December 31,				
	2011	2010	2009	2008	2007
	(dollars in thousands, except per share data)				
Revenue:					
Lease rent revenue	$ 104,663	$ 102,133	$ 102,390	$102,421	$ 86,084
Maintenance reserve revenue	39,161	34,776	46,049	33,716	28,169
Gain on sale of leased equipment	11,110	7,990	1,043	12,846	7,389
Other income	1,719	3,403	958	3,823	768
Total revenue	$ 156,653	$ 148,302	$ 150,440	$152,806	$122,410
Net income	$ 14,508	$ 12,050	$ 22,367	$ 26,601	$ 17,664
Net income attributable to common shareholders	$ 11,380	$ 8,922	$ 19,239	$ 23,473	$ 14,536
Basic earnings per common share	$ 1.35	$ 1.03	$ 2.30	$ 2.85	$ 1.79
Diluted earnings per common share	$ 1.28	$ 0.96	$ 2.14	$ 2.68	$ 1.66
Balance Sheet Data:					
Total assets	$1,133,205	$1,125,962	$1,097,702	$982,712	$868,590
Debt (includes capital lease obligation)	$ 718,134	$ 731,632	$ 726,235	$641,125	$567,108
Shareholders' equity	$ 236,661	$ 226,970	$ 220,793	$192,207	$174,652
Lease Portfolio:					
Engines at end of the period	194	179	169	160	144
Spare parts packages at the end of the period	3	4	3	3	3
Aircraft and Helicopters at the end of the period	13	3	4	4	6

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

OVERVIEW

Forward-Looking Statements. This Annual Report on Form 10-K includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding prospects or future results of operations or financial position, made in this Annual Report on Form 10-K are forward-looking. We use words such as anticipates, believes, expects, future, intends, and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Actual results could differ materially for a variety of reasons, including, among others, the effects on the airline industry and the global economy of events such as terrorist activity, changes in oil prices and other disruptions to the world markets; trends in the airline industry, including growth rates of markets and other economic factors; risks associated with owning and leasing jet engines and aircraft; our ability to successfully negotiate equipment purchases, sales and leases, to collect outstanding amounts due and to control costs and expenses; changes in interest rates and availability of capital, our ability to continue to meet the changing customer demands; regulatory changes affecting airline operations, aircraft maintenance, accounting standards and taxes; the market value of engines and other assets in our portfolio. These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ significantly from management's expectations, are described in greater detail in Item 1A of Part I, "Risk Factors," which, along with the previous discussion, describes some, but not all, of the factors that could cause actual results to differ significantly from management's expectations.

General. Our core business is acquiring and leasing pursuant to operating leases, commercial aircraft engines and related aircraft equipment, and the selective sale of such engines, all of which we sometimes refer to as "equipment." As of December 31, 2011, 70 of our leases were operating leases and one was a finance lease. As of December 31, 2011, we had 71 lessees in 37 countries. Our portfolio is continually changing due to acquisitions and sales. As of December 31, 2011, our total lease portfolio consisted of 194 engines and related equipment,13 aircraft and three spare engine parts packages with an aggregate net book value of $981.5 million. As of December 31, 2011, we also managed 26 engines and related equipment on behalf of other parties.

On December 30, 2005, we entered into a joint venture called WOLF with Oasis International Leasing (USA), Inc., which is now known as Waha Capital PJSC. WOLF completed the purchase of two Airbus A340-313 aircraft from Boeing Aircraft Holding Company for a purchase price of $96.0 million. On May 25, 2011, we entered into an agreement with Mitsui & Co., Ltd. to participate in a joint venture formed as a Dublin-based Irish limited company – Willis Mitsui & Company Engine Support Limited ("WMES") for the purpose of acquiring and leasing IAE V2500-A5 and General Electric CF34-10E jet engines. Each partner holds a fifty percent interest in the joint venture.

We actively manage our portfolio and structure our leases to maximize the residual values of our leased assets. Our leasing business focuses on popular Stage III commercial jet engines manufactured by CFMI, General Electric, Pratt & Whitney, Rolls Royce and International Aero Engines. These engines are the most widely used engines in the world, powering Airbus, Boeing, McDonnell Douglas, Bombardier and Embraer aircraft.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to residual values, estimated asset lives, impairments and bad debts. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies, grouped by our activities, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Leasing Related Activities. Revenue from leasing of aircraft equipment is recognized as operating lease revenue over the terms of the applicable lease agreements. Where collection cannot be reasonably assured, for example, upon a lessee bankruptcy, we do not recognize revenue until cash is received. We also estimate and charge to income a provision for bad debts based on our experience in the business and with each specific customer and the level of past due accounts. The

financial condition of our customers may deteriorate and result in actual losses exceeding the estimated allowances. In addition, any deterioration in the financial condition of our customers may adversely affect future lease revenues. As of December 31, 2011, all but one of our leases are accounted for as operating leases. Under an operating lease, we retain title to the leased equipment, thereby retaining the potential benefit and assuming the risk of the residual value of the leased equipment.

We generally depreciate engines on a straight-line basis over 15 years to a 55% residual value. Spare parts packages are generally depreciated on a straight-line basis over 15 years to a 25% residual value. Aircraft are generally depreciated on a straight-line basis over 13-20 years to a 15%-17% residual value. For equipment which is unlikely to be repaired at the end of its current expected life, and is likely to be disassembled upon lease termination, we depreciate the equipment over its estimated life to a residual value based on an estimate of the wholesale value of the parts after disassembly. Currently, 50 engines having a net book value of $92.9 million are depreciated using this policy. It is our policy to review estimates regularly to accurately expense the cost of equipment over the useful life of the engines. On July 1, 2010 and again on July 1, 2011, we adjusted the depreciation for certain older engine types within the portfolio. The 2011 change in depreciation estimate had no significant impact to the net income and diluted earnings per share over what they would have otherwise been had the change to depreciation not been made. If useful lives or residual values are lower than those estimated by us, future write-downs may be recorded or a loss may be realized upon sale of the equipment.

Sales Related Activities. For equipment sold out of our lease portfolio, we recognize the gain or loss associated with the sale as revenue. Gains or losses consist of sales proceeds less the net book value of the equipment sold and any costs directly associated with the sale.

Asset Valuation. Long-lived assets and certain identifiable intangibles to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, and long-lived assets and certain identifiable intangibles to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. Impairment is identified by comparison of undiscounted forecasted cash flows, including estimated sales proceeds, over the life of the asset with the asset's book value. If the forecasted undiscounted cash flows are less than the book value, we write the asset down to its fair value. We determine fair value by reference to independent appraisals, quoted market prices (e.g., an offer to purchase) and other factors. If the undiscounted forecasted cash flows and fair value of our long-lived assets decrease in the future we may incur impairment charges.

Accounting for Maintenance Expenditures and Maintenance Reserves. Use fees received are recognized in revenue as maintenance reserve revenue if they are not reimbursable to the lessee. Use fees that are reimbursable are recorded as a maintenance reserve liability until they are reimbursed to the lessee or the lease terminates, at which time they are recognized in revenue as maintenance reserve revenue. Our expenditures for maintenance are expensed as incurred. Expenditures that meet the criteria for capitalization are recorded as an addition to equipment recorded on the balance sheet.

YEAR ENDED DECEMBER 31, 2011 COMPARED TO THE YEAR ENDED DECEMBER 31, 2010

Revenue is summarized as follows:

	Years Ended December 31,			
	2011		2010	
	Amount	%	Amount	%
	(dollars in thousands)			
Lease rent revenue	$104,663	66.8%	$102,133	68.9%
Maintenance reserve revenue	39,161	25.0%	34,776	23.4%
Gain on sale of leased equipment	11,110	7.1%	7,990	5.4%
Other income	1,719	1.1%	3,403	2.3%
Total revenue	$156,653	100.0%	$148,302	100.0%

Lease Rent Revenue. Our lease rent revenue for the year ended December 31, 2011, increased by 2.4% over the comparable period in 2010. This increase primarily reflects a growth in the size of the lease asset portfolio which translated into a higher amount of equipment on lease throughout the year. The sale of lease assets in the last half of 2011 resulted in a drop in the year end portfolio value compared to the year ago period. The aggregate of net book value of equipment held for lease at December 31, 2011 and 2010, was $981.5 million and $998.0 million, respectively, a decrease of 1.7%. Portfolio utilization is defined as the net book value of on-lease assets as a percentage of the net book value of total lease assets. At December 31, 2011, and 2010, respectively, approximately 82% and 90% of equipment by net book value was on-lease. The average utilization for each of the years ended December 31, 2011 and December 31, 2010 was 86%. During the year ended

December 31, 2011, 10 aircraft and 30 engines were added to our lease portfolio at a total cost of $135.4 million (including capitalized costs). During the year ended December 31, 2010, 16 engines were added to our lease portfolio at a total cost of $120.0 million (including capitalized costs).

Maintenance Reserve Revenue. Our maintenance reserve revenue for the year ended December 31, 2011, increased 12.6% to $39.2 million from $34.8 million for the comparable period in 2010. This increase was primarily due to the larger average lease portfolio and an increased amount of equipment on-lease during 2011, particularly as a result of higher maintenance reserve revenues generated for engines on short term leases, for which usage was higher in 2011 than in the year ago period.

Gain on Sale of Leased Equipment. During the year ended December 31, 2011, we sold 12 engines and various engine-related equipment from the lease portfolio for a net gain of $11.1 million. The 2011 gain on sales included $3.6 million which represents 50% of the total $7.2 million gain related to the sale by the Company of seven engines to WMES in the period, as described in footnote 4 to our consolidated financial statements. During the year ended December 31, 2010, we sold 7 engines and various engine-related equipment from the lease portfolio and one airframe for a net gain of $8.0 million.

Other Income. Our other income consists primarily of management fee income and lease administration fees, and decreased $1.7 million from the prior year. The decrease was primarily due to the sale of our interest in the SSAMC joint venture in 2010 for $3.5 million, which generated a gain of $2.0 million in the prior year. This was partially offset in 2011 by higher fees earned on a larger portfolio of engines managed on behalf of third parties.

Depreciation Expense. Depreciation expense increased $2.5 million or 5.2% to $51.3 million for the year ended December 31, 2011, from the comparable period in 2010 due to an increase in the average lease portfolio value. On July 1, 2010 and again on July 1, 2011, we adjusted the depreciation for certain older engine types within the portfolio. It is our policy to review estimates regularly to reflect the cost of equipment over the useful life of these engines. The net effect of the change in depreciation estimate had no significant impact to the net income and diluted earnings per share for the year ended December 31, 2011 over what net income would have otherwise been had the change in depreciation estimate not been made.

Write-down of Equipment. Write-down of equipment to their estimated fair values totaled $3.3 million for the year ended December 31, 2011, an increase of $0.4 million from the $2.9 million recorded in the comparable period in 2010. A write-down of $2.3 million was recorded for the year ended December 31, 2011 to adjust the carrying values of engine parts held on consignment for which market conditions for the sale of parts has changed. Write-downs on held for use equipment to their estimated fair values totaled $1.0 million for the year ended December 31, 2011, due to the adjustment of carrying values for certain impaired engines within the portfolio to reflect estimated market values. A write-down of $2.7 million was recorded for the year ended December 31, 2010 to adjust the carrying values of engine parts held on consignment for which market conditions for the sale of parts has changed. Write-downs on held for use equipment to their estimated fair values totaled $0.2 million for the year ended December 31, 2010, due to the adjustment of carrying values for certain impaired engines within the portfolio to reflect estimated market values.

General and Administrative Expenses. General and administrative expenses increased 21.8% to $35.7 million for the year ended December 31, 2011, from the comparable period in 2010 due mainly to increases in employment related costs ($4.0 million), selling expenses ($1.0 million) and accounting, legal and consulting fees ($1.0 million).

Technical Expense. Technical expenses consist of the cost of engine repairs, engine thrust rental fees, outsourced technical support services, sublease engine rental expense, engine storage and freight costs. These expenses increased 3.7% to $8.4 million for the year ended December 31, 2011, from the comparable period in 2010 due mainly to increases in engine maintenance costs due to higher repair activity ($0.9 million) and higher engine freight costs ($0.3 million), which was partially offset by decreases in operating lease costs ($0.5 million) and engine thrust rental fees due to a decrease in the number of engines being operated at higher thrust levels under the CFM thrust rental program ($0.4 million).

Net Finance Costs. Net finance costs include interest expense, interest income and net (gain)/loss on debt extinguishment. Interest expense decreased 13.9% to $35.2 million for the year ended December 31, 2011, from the comparable period in 2010, due to a decrease in average debt outstanding and a decrease in the average notional value of interest rate swaps held throughout the period. Virtually all of our debt is tied to one-month U.S. dollar LIBOR which decreased from an average of 0.27% for the year ended December 31, 2010 to an average of 0.23% for the year ended December 31, 2011 (average of month-end rates). At December 31, 2011 and 2010, one-month LIBOR was 0.30% and 0.26%, respectively. To mitigate exposure to interest rate changes, we have entered into interest rate swap agreements. As of December 31, 2011, such swap agreements had notional outstanding amounts of $375.0 million, average remaining terms of between three and forty months and fixed rates of between 2.10% and 5.05%. In 2011 and 2010, $11.3 and $18.6 million was realized through the income statement as an increase in interest expense, respectively.

Interest income for the year ended December 31, 2011 and 2010, decreased by 21.2% to $167,000 compared to the year ago period due to the drop in the rate of interest earned on deposit balances.

Income Taxes. Income taxes for the year ended December 31, 2011, increased to $9.4 million from $7.6 million for the comparable period in 2010 reflecting increased pre-tax income. The overall effective tax rate for the year ended December 31, 2011was 39.1% compared to 38.8% for the prior year. Our tax rate is subject to change based on changes in the mix of assets leased to domestic and foreign lessees, the proportions of revenue generated within and outside of California and numerous other factors, including changes in tax law.

YEAR ENDED DECEMBER 31, 2010 COMPARED TO THE YEAR ENDED DECEMBER 31, 2009

Revenue is summarized as follows:

	Years Ended December 31,			
	2010		2009	
	Amount	%	Amount	%
	(dollars in thousands)			
Lease rent revenue	$102,133	68.9%	$102,390	68.1%
Maintenance reserve revenue	34,776	23.4	46,049	30.6
Gain on sale of leased equipment	7,990	5.4	1,043	0.7
Other income	3,403	2.3	958	0.6
Total revenue	$148,302	100.0%	$150,440	100.0%

Lease Rent Revenue. Our lease rent revenue for the year ended December 31, 2010, was flat with the comparable period in 2009. This primarily reflects lower average portfolio utilization in the current period, lower lease rates for certain engine types and the deferral of revenue related to certain customers for which revenue is recorded on a cash, rather than accrual, basis, offset by portfolio growth. Portfolio utilization is defined as the net book value of on-lease assets as a percentage of the net book value of total lease assets. The aggregate of net book value of equipment held for lease at December 31, 2010 and 2009, was $998.0 million and $976.8 million, respectively, an increase of 2.2%. At December 31, 2010, and 2009, respectively, approximately 90% and 85% of equipment by net book value was on-lease. The average utilization for the year ended December 31, 2010 was 86% compared to 89% in the prior year. During the year ended December 31, 2010, 16 engines were added to our lease portfolio at a total cost of $120.0 million (including capitalized costs). During the year ended December 31, 2009, 21 engines were added to our lease portfolio at a total cost of $214.1million (including capitalized costs).

Maintenance Reserve Revenue. Our maintenance reserve revenue for the year ended December 31, 2010, decreased 24.5% to $34.8 million from $46.0 million for the comparable period in 2009. Eight long term leases terminated in 2010 compared with the termination of thirteen long term leases in the year ago period. Higher balances of maintenance reserves had accumulated for the long term leases that terminated in 2009 compared to those that terminated in the current period, resulting in the decrease in maintenance reserve revenue in the current year.

Gain on Sale of Leased Equipment. During the year ended December 31, 2010, we sold 7 engines and various engine-related equipment from the lease portfolio and one airframe for a net gain of $8.0 million. During the year ended December 31, 2009, we sold 5 engines and various engine-related equipment from the lease portfolio for a net gain of $1.0 million.

Other Income. Our other income consists primarily of management fee income and lease administration fees, and increased $2.4 million from the prior year. The increase was primarily due to the sale of our interest in the SSAMC joint venture in November 2010 for $3.5 million, which generated a gain of $2.0 million in the current period.

Depreciation Expense. Depreciation expense increased $4.6 million or 10.5% to $48.7 million for the year ended December 31, 2010, from the comparable period in 2009 due to increased lease portfolio value and changes in estimates of residual values on certain older engine types. On July 1, 2009 and again on July 1, 2010, we adjusted the depreciation for certain older engine types within the portfolio. It is our policy to review estimates regularly to reflect the cost of equipment over the useful life of these engines. The 2010 change in depreciation estimate resulted in a $2.0 million increase in depreciation in 2010. The net effect of the 2010 change in depreciation estimate is a reduction in 2010 net income of $1.2 million or $0.13 in diluted earnings per share over what net income would have otherwise been had the change in depreciation estimate not been made.

Write-down of Equipment. Write-down of equipment to their estimated fair values totaled $2.9 million for the year ended December 31, 2010, a decrease of $3.2 million from the $6.1 million recorded in the comparable period in 2009. A write-down of $2.7 million was recorded for the year ended December 31, 2010 to adjust the carrying values of engine parts held on consignment for which market conditions for the sale of parts has changed. Write-downs on held for use equipment to their estimated fair values totaled $0.2 million for the year ended December 31, 2010, due to the adjustment of carrying values for certain impaired engines within the portfolio to reflect estimated market values. A write-down of $3.0 million was recorded for the year ended December 31, 2009 due to a management decision to sell two engines and consign seven engines for part out and sale. Further write-downs of $3.1 million were recorded in the year ended December 31, 2009 to adjust the carrying values of engine parts held on consignment for which market conditions for the sale of parts has changed.

General and Administrative Expenses. General and administrative expenses increased 9.5% to $29.3 million for the year ended December 31, 2010, from the comparable period in 2009 due mainly to increases in selling expenses ($0.7 million), accounting, legal and consulting fees ($0.7 million), employment related costs ($0.6 million), system conversion expenses ($0.5 million) and employee relocation costs ($0.3 million), which was offset partially by decreases in bad debt expense ($0.5 million) and insurance expense ($0.1 million).

Technical Expense. Technical expenses consist of the cost of engine repairs, engine thrust rental fees, outsourced technical support services, sublease engine rental expense, engine storage and freight costs. These expenses increased 13.6% to $8.1 million for the year ended December 31, 2010, from the comparable period in 2009 due mainly to increases in engine maintenance costs due to higher repair activity ($1.3 million) and engine operating lease costs ($0.3 million), which was partially offset by decreases in outsourced technical support services expenses ($0.4 million) and engine thrust rental fees due to a decrease in the number of engines being operated at higher thrust levels under the CFM thrust rental program ($0.1 million).

Net Finance Costs. Net finance costs include interest expense, interest income and net (gain)/loss on debt extinguishment. Interest expense increased 13.6% to $40.9 million for the year ended December 31, 2010, from the comparable period in 2009, due to an increase in average debt outstanding and an increase in the average notional value of interest rate swaps held throughout the period. Virtually all of our debt is tied to one-month U.S. dollar LIBOR which decreased from an average of 0.33% for the year ended December 31, 2009 to an average of 0.27% for the year ended December 31, 2010 (average of month-end rates). At December 31, 2010 and 2009, one-month LIBOR was 0.26% and 0.23%, respectively. To mitigate exposure to interest rate changes, we have entered into interest rate swap agreements. As of December 31, 2010, such swap agreements had notional outstanding amounts of $430.0 million, average remaining terms of between two and 51 months and fixed rates of between 2.10% and 5.05%. In 2010 and 2009, $18.6 and $16.2 million was realized through the income statement as an increase in interest expense, respectively.

Interest income for the year ended December 31, 2010, decreased to $0.2 million from $0.3 million for the year ended December 31, 2009, due to a decrease in cash deposit balances from the prior period.

We recorded $0.9 million as a gain upon extinguishment of debt in the year ended December 31, 2009 when we purchased $3.0 million original principal amount, representing $2.1 million principal outstanding as of May 15, 2009, of WEST's Series 2005-A1 notes for a purchase price of $1.2 million. After write-off of unamortized debt issuance costs and purchase discount of $0.06 million related to the notes, a gain on extinguishment of debt of $0.9 million was recorded in the period.

Income Taxes. Income taxes for the year ended December 31, 2010, decreased to $7.6 million from $10.0 million for the comparable period in 2009 reflecting decreased pre-tax income and the impact of discrete items booked in 2009. The overall effective tax rate for the year ended December 31, 2010 was 38.8% compared to 30.9% for the prior year. For the year ended December 31, 2009, the Company's effective tax rate was reduced by $2.3 million related to a change in California state tax law during 2009 regarding state apportionment of income, which is effective 2011, and due to a change in the method used by the Company to allocate revenue to U.S. states. These changes resulted in a reduction in the long term deferred tax liability. For the year ended December 31, 2009, the Company also recognized an adjustment of $1.2 million increasing the tax provision in the period related to the tax treatment of individual employee non-performance based compensation costs in excess of $1.0 million annually. The adjustment was based on compensation earned in 2007, 2008 and 2009 that had not previously been recognized as non-deductible in the financial statements, by period as follows: 2007 $0.2 million, 2008 $0.5 million, 2009 $0.5 million. Our tax rate is subject to change based on changes in the mix of assets leased to domestic and foreign lessees, the proportions of revenue generated within and outside of California and numerous other factors, including changes in tax law.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2010, the FASB issued ASU 2010-6, *Improving Disclosures About Fair Value Measurements,* which requires reporting entities to make new disclosures about recurring or nonrecurring fair value measurements including significant transfers into and out of Level 1 and Level 2 fair value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. ASU 2010-6 is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual periods beginning after December 15, 2010. Other than requiring additional disclosures, the adoption of ASU 2010-6 did not have a material impact on our Consolidated Financial Statements.

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"). This ASU clarifies the concepts related to highest and best use and valuation premise, blockage factors and other premiums and discounts, the fair value measurement of financial instruments held in a portfolio and of those instruments classified as a component of shareholder's equity. The guidance includes enhanced disclosure requirements about recurring Level 3 fair value measurements, the use of nonfinancial assets, and the level in the fair value hierarchy of assets and liabilities not recorded at fair value. The guidance provided in ASU 2011-04 is effective for interim and annual periods beginning on or after December 15, 2011 and is applied prospectively. We do not expect the adoption of these provisions to have a material impact on our Consolidated Financial Statements.

In June 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-05, "Presentation of Comprehensive Income" ("ASU 2011-05"). This ASU intends to enhance comparability and transparency of other comprehensive income components. The guidance provides an option to present total comprehensive income, the components of net income and the components of other comprehensive income in a single continuous statement or two separate but consecutive statements. This ASU eliminates the option to present other comprehensive income components as part of the Statement of Shareholder's Equity and Comprehensive Income. The guidance provided in ASU 2011-05 is effective for interim and annual period beginning on or after December 15, 2011 and should be applied retrospectively. We do not expect the adoption of this ASU to have a material impact on our Consolidated Financial Statements.

In November 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-11, "Balance Sheet Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). This ASU requires companies to provide information about trading financial instruments and related derivatives in expanded disclosures. This ASU is the result of a joint project conducted by the FASB and the IASB to enhance disclosures and provide converged disclosures about financial instruments and derivative instruments that are either offset on the statement of financial position or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the statement of financial position. The guidance provided in ASU 2011-11 is effective for interim and annual period beginning on or after January 1, 2013 and should be applied retrospectively. We do not expect the adoption of this ASU to have a material impact on our Consolidated Financial Statements.

In December 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-12, "Comprehensive Income Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" ("ASU 2011-12"). This ASU defers only those changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. The amendments are being made to allow the Board time to re-deliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. All other requirements in ASU 2011-05 are not affected by this ASU, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. The guidance provided in ASU 2011-12 is effective for interim and annual period beginning on or after December 15, 2011 and should be applied retrospectively. The adoption of this ASU did not have a material impact on our Consolidated Financial Statements.

During 2011, the FASB issued several ASU's — ASU No. 2011-01 through ASU No. 2011-12. Except for those ASU's discussed above, the ASU's entail technical corrections to existing guidance or affect guidance related to specialized industries or entities and therefore do not have a material impact on the Company's financial position and results of operations.

LIQUIDITY AND CAPITAL RESOURCES

We finance our growth through borrowings secured by our equipment lease portfolio. Cash of approximately $132.4 million, $174.8 million and $397.6 million, in the years ended December 31, 2011, 2010 and 2009, respectively, was derived from this activity. In these same time periods $146.4 million, $170.0 million and $312.3 million, respectively, was used to pay down related debt. Cash flow from operating activities generated $76.7 million, $56.6 million and $88.2 million in the years ended December 31, 2011, 2010 and 2009, respectively.

Our primary use of funds is for the purchase of equipment for lease. Purchases of equipment (including capitalized costs) totaled $144.3 million, $121.5 million and $205.1 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Cash flows from operations are driven significantly by payments made under our lease agreements, which comprise lease revenue and maintenance reserves, and are offset by interest expense. Cash received as maintenance reserve payments for some of our engines on lease are restricted per our debt arrangements. The lease revenue stream, in the short-term, is at fixed rates while virtually all of our debt is at variable rates. If interest rates increase, it is unlikely we could increase lease rates in the short term and this would cause a reduction in our earnings and operating cash flows. Revenue and maintenance reserves are also affected by the amount of equipment off lease. Approximately 82%, by book value, of our assets were on-lease at December 31, 2011 compared to approximately 90% at December 31, 2010. The average utilization rate for the year ended December 31, 2011 remained at 86%, the same as a year ago. If there is an increase in off-lease rates or deterioration in lease rates that are not offset by reductions in interest rates, there will be a negative impact on earnings and cash flows from operations.

At December 31, 2011, notes payable consists of loans totaling $718.1 million (net of discounts of $2.1 million) payable over periods of six months to approximately 14 years with interest rates varying between approximately 1.5% and 8.0% (excluding the effect of our interest rate derivative instruments). At December 31, 2011, we had warehouse and revolving credit facilities totaling approximately $345.0 million compared to $440.0 million at December 31, 2010. At December 31, 2011, and December 31, 2010, respectively, approximately $117.0 million and $54.2 million were available under these combined facilities.

Our significant debt instruments are discussed below:

At December 31, 2011, we had a $345.0 million revolving credit facility to finance the acquisition of aircraft engines for lease as well as for general working capital purposes. We closed on this facility on November 18, 2011 and the proceeds of the new facility, net of $3.3 million in debt issuance costs, was used to pay off the balance remaining from our prior revolving facility. As of December 31, 2011, $117.0 million was available under this facility. The revolving facility ends in November 2016. The interest rate on this facility at December 31, 2011 was one-month LIBOR plus 2.75%. Under the revolver facility, all subsidiaries except Willis Engine Securitization Trust ("WEST") and WEST Engine Funding LLC jointly and severally guarantee payment and performance of the terms of the loan agreement. The guarantee would be triggered by a default under the agreement.

On September 30, 2011, we closed on a term loan for a three year term totaling $4.0 million. Interest is payable at a fixed rate of 3.94% and principal and interest is paid monthly. The loan is secured by our corporate aircraft. The funds were used to refinance the loan for our corporate aircraft. The balance outstanding on this loan is $3.7 million as of December 31, 2011.

On January 11, 2010, we closed on a term loan for a four year term totaling $22.0 million, the proceeds of which were used to pay down our revolving credit facility. Interest is payable at a fixed rate of 4.50% and principal and interest is paid quarterly. The loan is secured by three engines. The balance outstanding on this loan is $18.8 million as of December 31, 2011.

On August 9, 2005, we closed an asset-backed securitization through WEST, a bankruptcy remote Delaware Statutory Trust, which is the issuer of various series of term notes secured by a portfolio of engines. At December 31, 2011, $436.8 million of WEST term notes were outstanding. Included in the term notes outstanding are the Series 2007-A2 and Series 2007-B2 warehouse notes that converted to term notes effective February 14, 2011. The term notes are divided into $99.8 million Series 2005-A1 notes, $162.5 million Series 2007-A2 notes, $23.5 million Series 2007-B2 notes and $151.1 million Series 2008-A1 notes.

The Series 2005-A1 notes were issued on August 9, 2005 in the original principal amount of $200.0 million. The interest rate on the Series 2005-A1 notes equals one-month LIBOR plus a margin of 1.25%. The Series 2008-A1 notes were issued on March 28, 2008 in the original principal amount of $212.4 million. The interest rate on the Series 2008-A1 notes equals one-month LIBOR plus a margin of 1.50%. The Series 2005-A1 and 2008-A1 term notes expected maturity is July 2018 and March 2021, respectively.

The Series 2007-A2 and Series 2007-B2 notes were issued on December 13, 2007 in the original principal amounts of $175.0 million and $25.0 million, respectively. The interest rate on the Series 2007-A2 notes and the Series 2007-B2 notes at December 31, 2011 is equal to one-month LIBOR plus a margin of 2.25% and 4.75%, respectively. The Series 2007-A2 and 2007-B2 notes expected maturity is January 2024 and January 2026, respectively.

WEST also entered into a Senior Liquidity Facility on December 13, 2007 which expires on the final maturity date of the Series 2008-A1 term notes in March 2021. The maximum facility size is 4% of the outstanding Series 2007-A2 notes and Series 2008-A1 notes. This facility replaced the requirement to maintain 4% cash reserves for the 2007-A2 notes and the Series 2008-A1 notes. The facility may be drawn on any payment date should the cash flow at WEST be insufficient to pay interest on the Series 2007-A2 notes, Series 2008-A1 notes and any required hedge payments. A commitment fee is payable on the facility. The establishment of this facility resulted in the release of $7.1 million of cash held previously in the Senior Restricted Cash Account in December 2007.

The Series 2008-B1 notes were issued on March 28, 2008 in the original principal amount of $20.3 million. On June 30, 2008, we purchased the WEST Series 2008-B1 notes for $19.8 million (the then-unpaid principal amount of the 2008-B1 notes) with the proceeds of a $20.0 million term loan made by an affiliate of the prior note holder. This term loan is secured by a pledge of the WEST Series 2008-B1 notes to the lender. The term loan was originally for a term of two years with maturity on July 1, 2010 with no amortization with all amounts due at maturity. On May 3, 2010, the Company extended the maturity date from July 1, 2010 to December 31, 2010 and amended the covenants for this term loan to conform to that of the $240.0 million revolving credit facility. On December 29, 2010, the Company further extended the maturity date from December 31, 2010 to December 31, 2011 and increased the interest rate for the term loan from one-month LIBOR plus 3.50% to one-month LIBOR plus 4.00%. On December 14, 2011 the Company further extended the maturity date from

December 31, 2011 to June 30, 2012. The interest rate remains at one-month LIBOR plus 4.00% and the loan continues to amortize on a monthly basis, with a $14.5 million bullet payment required at the June 30, 2012 maturity date. The balance outstanding on this term loan is $15.2 million as of December 31, 2011.

The Series 2005-B1 notes were issued on August 9, 2005 in the original principal amount of $28.3 million. On January 18, 2011, we purchased the Series 2005-B1 notes for $17.9 million (the then-unpaid principal amount of the 2005-B1 notes) with the proceeds of a term loan made by the bank which was the prior note holder. This term loan is secured by a pledge of the WEST Series 2005-B1 notes to the lender. Interest on this term loan is equal to one-month LIBOR plus a margin of 3.00%. The term of this loan is five years and the loan amortization is consistent with the amortization on the underlying WEST Series 2005-B1 notes, with a bullet payment required at the end of the five year term.

The assets of WEST and WEST Engine Funding LLC are not available to satisfy our obligations or any of our affiliates. WEST is consolidated for financial statement presentation purposes. WEST's ability to make distributions and pay dividends to us is subject to the prior payments of its debt and other obligations and WEST's maintenance of adequate reserves and capital. Under WEST, cash is collected in a restricted account, which is used to service the debt and any remaining amounts, after debt service and defined expenses, are distributed to us. Additionally, maintenance reserve payments and lease security deposits are accumulated in restricted accounts and are not available for general use. Cash from maintenance reserve payments is held in the restricted cash account and is subject to a minimum balance established annually based on an engine portfolio maintenance reserve study provided by a third party. Any excess maintenance reserve amounts remain within the restricted cash accounts and may be utilized for the purchase of new engines.

At December 31, 2011 and 2010, one-month LIBOR was 0.30% and 0.26%, respectively.

Virtually all of the above debt requires our ongoing compliance with the covenants of each financing, including debt/equity ratios, minimum tangible net worth and minimum interest coverage ratios, and other eligibility criteria including customer and geographic concentration restrictions. In addition, under these facilities, we can typically borrow 70% to 83% of an engine's net book value and approximately 70% of spare part's net book value. Therefore we must have other available funds for the balance of the purchase price of any new equipment to be purchased or we will not be permitted to draw on these facilities. Many of our facilities are also cross-defaulted against other facilities. If we do not comply with the covenants or eligibility requirements, we may not be permitted to borrow additional funds and accelerated payments may become necessary. Additionally, much of the above debt is secured by engines and to the extent that engines are sold, repayment of that portion of the debt could be required. We were in compliance with all covenants at December 31, 2011.

Approximately $66.5 million of our debt is repayable during 2012 which includes the $15.2 million under our senior term loan. Such repayments primarily consist of scheduled installments due under term loans. Repayments are funded by the use of unrestricted cash reserves and from cash flows from ongoing operations. The table below summarizes our contractual commitments at December 31, 2011:

		Payment due by period (in thousands)			
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt obligations	$720,219	$ 66,535	$118,149	$331,732	$203,803
Interest payments under long-term debt obligations	61,476	17,242	17,323	11,841	15,070
Interest payments under derivative rate instruments	15,328	7,480	7,321	527	—
Operating lease obligations	4,300	1,017	1,317	1,034	932
Purchase obligations	27,132	9,044	18,088	—	—
Total	$828,455	$101,318	$162,198	$345,134	$219,805

We have estimated the interest payments due under long-term debt by applying the interest rates applicable at December 31, 2011 to the remaining debt, adjusted for the estimated debt repayments identified in the table above. Actual interest payments made will vary due to changes in the rates for one-month LIBOR.

We have made purchase commitments to secure the purchase of three engines and related equipment for a gross purchase price of $28.5 million, for delivery in 2012 to 2014. As at December 31, 2011, non-refundable deposits paid related to this purchase commitment were $1.4 million. In October 2006, we entered into an agreement with CFM International ("CFM") to purchase new spare aircraft engines. The agreement specifies that, subject to availability, we may purchase up to

a total of 45 CFM56-7B and CFM56-5B spare engines over a five year period, with options to acquire up to an additional 30 engines. Our outstanding purchase orders with CFM for three engines represent deferral of engine deliveries originally scheduled for 2009 and are included in our commitments to purchase in 2012 to 2014.

We entered into a new lease effective November 1, 2007 for our offices in Novato, California that covers approximately 18,375 square feet of office space. This lease was amended on January 6, 2012 to cover an additional 2,159 square feet of office space. The total remaining rent commitment is approximately $ 3.5 million and expires September 30, 2018. The sub-lease of our premises in San Diego, California expires in October 2013. Our Shanghai, China office lease expires in December 2012. Our office and living space leases in London, United Kingdom expire in December 2012. Our Blagnac, France office lease expires in December 2012.

We believe our equity base, internally generated funds and existing debt facilities are sufficient to maintain our level of operations through 2012. A decline in the level of internally generated funds, such as could result if the amount of equipment off-lease increases or there is a decrease in availability under our existing debt facilities, would impair our ability to sustain our level of operations. We are discussing additions to our capital base with our commercial and investment banks. If we are not able to access additional capital, our ability to continue to grow our asset base consistent with historical trends will be impaired and our future growth limited to that which can be funded from internally generated capital.

Management of Interest Rate Exposure

At December 31, 2011, all but $24.0 million of our borrowings were on a variable rate basis at various interest rates tied to one-month LIBOR. Our equipment leases are generally structured at fixed rental rates for specified terms. Increases in interest rates could narrow or result in a negative spread, between the rental revenue we realize under our leases and the interest rate that we pay under our borrowings. We have entered into interest rate derivative instruments to mitigate our exposure to interest rate risk and not to speculate or trade in these derivative products. We currently have interest rate swap agreements which have notional outstanding amounts of $375.0 million, with remaining terms of between three and forty months and fixed rates of between 2.10% and 5.05%. The fair value of the swaps at December 31, 2011 and 2010 was negative $12.3 million and negative $14.3 million, respectively, representing a net liability for us.

We record derivative instruments at fair value as either an asset or liability. We use derivative instruments (primarily interest rate swaps) to manage the risk of interest rate fluctuation. While substantially all our derivative transactions are entered into for the purposes described above, hedge accounting is only applied where specific criteria have been met and it is practicable to do so. In order to apply hedge accounting, the transaction must be designated as a hedge and the hedge relationship must be highly effective. The hedging instrument's effectiveness is assessed utilizing regression analysis at the inception of the hedge and on at least a quarterly basis throughout its life. All of the transactions that we have designated as hedges are accounted for as cash flow hedges. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is reported as a component of other comprehensive income and is reclassified into earnings in the period during which the transaction being hedged affects earnings. The ineffective portion of these hedges flows through earnings in the current period. The hedge accounting for these derivative instrument arrangements increased interest expense by $11.3 million and $18.6 million in 2011 and 2010, respectively. This incremental cost for the swaps effective for hedge accounting was included in interest expense for the respective periods.

We will be exposed to risk in the event of non-performance of the interest rate hedge counter-parties. We anticipate that we may hedge additional amounts of our floating rate debt during the next year.

Related Party and Similar Transactions

Gavarnie Holding, LLC, a Delaware limited liability company ("Gavarnie") owned by Charles F. Willis, IV, purchased the stock of Aloha Island Air, Inc., a Delaware Corporation, ("Island Air") from Aloha AirGroup, Inc. ("Aloha") on May 11, 2004. Charles F. Willis, IV is the CEO and Chairman of our Board of Directors and owns approximately 31% of our common stock. As of December 31, 2011, Island Air leases three DeHaviland DHC-8-100 aircraft and four spare engines from us. The aircraft and engines on lease to Island Air have a net book value of $3.0 million at December 31, 2011.

Effective January 2, 2011 we converted the operating leases with Island Air to a finance lease, with a principal amount of $7.0 million, under which they have resumed monthly payments. Revenue is recorded throughout the lease term as cash is received with $1.6 million recorded as lease rent revenue for the year ended December 31, 2011. In October 2010, Island Air purchased one airframe from us, generating a net gain of $0.4 million.

Beginning in 2006 Island Air experienced cash flow difficulties, which affected their payments to us due to a fare

war commenced by a competitor, their dependence on tourism which has suffered from the current economic environment as well as volatile fuel prices. The Board of Directors approved lease rent deferrals which were accounted for as a reduction in lease revenue in the applicable periods. Because of the question regarding collectability of amounts due under these leases, lease rent revenue for these leases have been recorded on a cash basis until such time as collectability becomes reasonably assured. After taking into account the deferred amounts, Island Air owed us $2.9 million in overdue rent and late charges. Effective as of May 3, 2011 we entered into a Settlement Agreement with Island Air which was approved by the Board of Directors, which provides that the overdue rent and late charges will be settled by the Company forgiving 65% of the claim and Island Air paying the remaining 35% of the claim as follows: $0.1 million on signing and $1.0 million over 60 months at 5% interest. A note receivable in the amount of $1.0 million and offsetting reserve was established. As cash is collected on this note, revenue will be recorded, with $0.1 million received in the year ended December 31, 2011. The Settlement Agreement was dependent on Island Air obtaining similar concessions from their other major creditors which have been obtained.

We entered into two Consignment Agreements dated January 22, 2008 and November 17, 2008, with J.T. Power, LLC ("J.T. Power"), an entity whose sole shareholder, Austin Willis, is the son of our President and Chief Executive Officer, and directly and indirectly, a shareholder of ours as well as a Director of the Company. According to the terms of the Consignment Agreements, J.T. Power was responsible to market and sell parts from the teardown of four engines with a book value of $5.2 million. During the year ended December 31, 2011, sales of consigned parts were $95,200. Under these agreements, J.T. Power provided a minimum guarantee of net consignment proceeds of $4.0 million as of February 22, 2012. Based on current consignment proceeds, J.T. Power was obligated to pay $1.3 million under the guarantee in February 2012. On March 7, 2012, this guarantee was restructured as follows – quarterly payments of $45,000 over five years at an interest rate of 6% with a balloon payment at the end of this five year term. The Agreement provides an option to skip one quarterly payment and apply it to the balloon payment at an interest rate of 12%. On February 25, 2009 and July 31, 2009, we entered into Consignment Agreements with J.T. Power, without guaranties of consignment proceeds, in which they are responsible to market and sell parts from the teardown of two engines with a book value of $633,400. During the year ended December 31, 2011, sales of consigned parts were $51,700. On July 27, 2006, we entered into an Aircraft Engine Agency Agreement with J.T. Power, in which we will, on a non-exclusive basis, provide engine lease opportunities with respect to available spare engines at J.T. Power. J.T. Power will pay us a fee based on a percentage of the rent collected by J.T. Power for the duration of the lease including renewals thereof. We earned no revenue during the year ended December 31, 2011 under this program.

The Company entered into an Independent Contractor Agreement dated September 9, 2009 with Hans Jorg Hunziker, a member of our Board of Directors. Under this Agreement, Mr. Hunziker will provide services in connection with the identification and qualification of potential investors in our equity securities. The board has determined that, notwithstanding this limited assignment, Mr. Hunziker remains an independent director. During 2010, the Company incurred $39,400 in consulting fees related to this Agreement. This Agreement expired, by its terms, on October 31, 2010.

During the year ended December 31, 2011, the Company recorded a gain on sale of equipment of $3.6 million which represents 50% of the total $7.2 million gain related to the sale by the Company of seven engines to the WMES joint venture in which we are a 50% partner.

ITEM 7A.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk exposure is that of interest rate risk. A change in LIBOR rates would affect our cost of borrowing. Increases in interest rates, which may cause us to raise the implicit rates charged to our customers, could result in a reduction in demand for our leases. Alternatively, we may price our leases based on market rates so as to keep the fleet on-lease and suffer a decrease in our operating margin due to interest costs that we are unable to pass on to our customers. All but $24.0 million of our outstanding debt is variable rate debt. We estimate that for every one percent increase or decrease in our variable rate debt (net of derivative instruments), annual interest expense would increase or decrease $3.2 million (in 2010, $2.8 million).

We hedge a portion of our borrowings, effectively fixing the rate of these borrowings. This hedging activity helps protect us against reduced margins on longer term fixed rate leases. Based on the implied forward rates for one-month LIBOR, we expect interest expense will be increased by approximately $7.1 million for the year ending December 31, 2012 as a result of our hedges. Such hedging activities may limit our ability to participate in the benefits of any decrease in interest rates, but may also protect us from increases in interest rates. Furthermore, since lease rates tend to vary with interest rate levels, it is possible that we can adjust lease rates for the effect of change in interest rates at the termination of leases. Other financial assets and liabilities are at fixed rates.

We are also exposed to currency devaluation risk. During 2011, 2010, and 2009, respectively, 80%, 78% and 79% of our total lease rent revenues came from non-United States domiciled lessees. All of our leases require payment in U.S. dollars. If these lessees' currency devalues against the U.S. dollar, the lessees could potentially encounter difficulty in making their lease payments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is submitted as a separate section of this report beginning on page 42.

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

None.

ITEM 9A.CONTROLS AND PROCEDURES

(a) *Evaluation of disclosure controls and procedures.* Based on management's evaluation (with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO)), as of the end of the period covered by this report, our CEO and CFO have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Inherent Limitations on Controls

Management, including the CEO and CFO, does not expect that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Management's Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting includes policies and procedures that: (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of assets; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements. Our internal control over financial reporting is a process designed with the participation of our principal executive officer and principal financial officer or persons performing similar functions to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounted principles.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on this assessment our management believes that, as of December 31, 2011, our internal control over financial reporting is effective under those criteria.

KPMG LLP, the independent registered public accounting firm that audited the Company's financial statements included in this Annual Report, issued an audit report on the Company's internal control over financial reporting. KPMG's audit report appears on page 46.

(b) *Changes in internal control over financial reporting.* There has been no change in our internal control over financial reporting during our fourth fiscal quarter ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B.OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

We have adopted a Standards of Ethical Conduct Policy ("Code of Ethics") that applies to all employees and directors including our Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer. The Code of Ethics is filed in Exhibit 14.1 and is also available on our website at www.willislease.com.

The remainder of the information required by this item is incorporated by reference to our Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement.

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

The information required by this item is incorporated by reference to our Proxy Statement. The information in Item 5 of this report regarding our Equity Compensation Plans is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference to our Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

We were billed the following amounts by our principal accountant:

	2011	2010
Audit fees	$653,631	$664,455
Audit-related fees	77,386	—
Tax fees	114,788	79,368
All other fees	25,000	10,400
Total	$870,805	$754,223

The remaining information required by this item is incorporated by reference to our Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements
The response to this portion of Item 15 is submitted as a separate section of this report beginning on page 43.

(a) (2) Financial Statement Schedules
Schedule I, Parent Company Financial Statements, and Schedule II, Valuation Accounts, are submitted as a separate section of this report starting on page 74.

All other financial statement schedules have been omitted as the required information is not pertinent to the Registrant or is not material or because the required information is included in the Financial Statements and Notes thereto.

(a) (3), (b) and (c): Exhibits: The response to this portion of Item 15 is submitted below.

EXHIBITS

Exhibit Number	Description
3.1	Certificate of Incorporation, dated March 12, 1998, as amended by the Certificate of Amendment of Certificate of Incorporation, dated May 6, 1998 (incorporated by reference to Exhibit 3.1 to our report on Form 10-K filed on March 31, 2009).
3.2	Bylaws, dated April 18, 2001 as amended by (1) Amendment to Bylaws, dated November 13, 2001, (2) Amendment to Bylaws, dated December 16, 2008, and (3) Amendment to Bylaws, dated September 28, 2010 (incorporated by reference to Exhibit 3.1 to our report on Form 10-Q filed on November 8, 2010).
4.1	Specimen of Series A Cumulative Redeemable Preferred Stock Certificate (incorporated by reference to Exhibit 4.1 to Form S-1 Registration Statement Amendment No. 2 filed on January 27, 2006).
4.2	Form of Certificate of Designations of the Registrant with respect to the Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 4.2 to Form S-1 Registration Statement Amendment No. 2 filed on January 27, 2006).
4.3	Form of Amendment No. 1 to Certificate of Designations of the Registrant with respect to the Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 4.3 to our report on Form 10-K filed on March 31, 2009).
4.4	Rights Agreement dated as of September 24, 1999, by and between Willis Lease Finance Corporation and American Stock Transfer and Trust Company, as Rights Agent (incorporated by reference to Exhibit 4.1 to Form 8-K filed on October 4, 1999).
4.5	Second Amendment to Rights Agreement dated as of December 15, 2005, by and between Willis Lease Finance Corporation and American Stock Transfer and Trust Company, as Rights Agent (incorporated by reference to Exhibit 4.5 to our report on Form 10-K filed on March 31, 2009).
4.6	Third Amendment to Rights Agreement dated as of September 30, 2008, by and between Willis Lease Finance Corporation and American Stock Transfer and Trust Company, as Rights Agent (incorporated by reference to Exhibit 4.6 to our report on Form 10-K filed on March 31, 2009).

4.7	Form of Certificate of Designations of the Registrant with respect to the Series I Junior Participating Preferred Stock (formerly known as "Series A Junior Participating Preferred Stock") (incorporated by reference to Exhibit 4.7 to our report on Form 10-K filed on March 31, 2009).
4.8	Form of Amendment No. 1 to Certificate of Designations of the Registrant with respect to Series I Junior Participating Preferred Stock (incorporated by reference to Exhibit 4.8 to our report on Form 10-K filed on March 31, 2009).
10.1	Form of Indemnification Agreement entered into between the Registrant and its directors and officers (incorporated by reference to Exhibit 10.1 to Form 8-K filed on October 1, 2010).
10.2	1996 Stock Option/Stock Issuance Plan, as amended and restated as of March 1, 2003 (incorporated by reference to Exhibit 99.1 to Form S-8 filed on September 26, 2003).
10.3	2007 Stock Incentive Plan (incorporated by reference to the Registrant's Proxy Statement for 2007 Annual Meeting of Stockholders filed on April 30, 2007).
10.4	Amended and Restated Employment Agreement between the Registrant and Charles F. Willis IV dated as of December 1, 2008 (incorporated by reference to Exhibit 10.1 to Form 8-K filed on December 22, 2008).
10.5	Employment Agreement between the Registrant and Donald A. Nunemaker dated November 21, 2000 (incorporated by reference to Exhibit 10.3 to our report on Form 10-K filed on April 2, 2001).
10.6	Amendment to Employment Agreement between Registrant and Donald A. Nunemaker dated December 31, 2008 (incorporated by reference to Exhibit 10.6 to our report on Form 10-Q filed on May 9, 2011).
10.7	Employment Agreement between the Registrant and Thomas C. Nord dated September 19, 2005 (incorporated by reference to Exhibit 10.1 to Form 8-K filed on September 23, 2005).
10.8	Amendment to Employment Agreement between Registrant and Thomas C. Nord dated December 31, 2008 (incorporated by reference to Exhibit 10.8 to our report on Form 10-Q filed on May 9, 2011).
10.9	Employment Agreement between the Registrant and Bradley S. Forsyth dated February 20, 2007 (incorporated by reference to Exhibit 10.2 to Form 8-K filed on February 21, 2007).
10.10	Amendment to Employment Agreement between Registrant and Bradley S. Forsyth dated December 31, 2008 (incorporated by reference to Exhibit 10.10 to our report on Form 10-Q filed on May 9, 2011).
10.11	Employment Offer Letter to Jesse V. Crews dated July 15, 2009 (incorporated by reference to Exhibit 10.33 to our report on Form 10-Q filed on November 12, 2009).
10.12	Loan and Aircraft Security Agreement dated September 30, 2012 between Banc of America Leasing & Capital, LLC and Willis Lease Finance Corporation (incorporated by reference to Exhibit 10.12 to our report on Form 10-Q filed on November 9, 2011).
10.13	Series 2005-A1 Note Purchase Agreement, dated as of July 28, 2005, among the Registrant, Willis Engine Securitization Trust, UBS Securities LLC and UBS Limited (incorporated by reference to Exhibit 10.35 to our report on Form 10-Q filed on November 29, 2005).
10.14	Series 2005-B1 Note Purchase Agreement, dated as of August 9, 2005, among the Registrant, Willis Engine Securitization Trust, Fortis Capital and HSH Nordbank AG (incorporated by reference to Exhibit 10.36 to our report on Form 10-Q filed on November 29, 2005).
10.15	Series 2007-A2 Note Purchase and Loan Agreement dated as of December 13, 2007, among Willis Engine Securitization Trust, Willis Lease Finance Corporation and the initial Series 2007-A2 Holders (incorporated by reference to Exhibit 10.59 to our report on Form 10-K filed on March 31, 2008).
10.16	Series 2007-B2 Note Purchase and Loan Agreement dated as of December 13, 2007 among Willis Engine Securitization Trust, Willis Lease Finance Corporation and the initial Series 2007-B2 Holders (incorporated by reference to Exhibit 10.60 to our report on Form 10-K filed on March 31, 2008).
10.17	Series 2008-A1 Note Purchase and Loan Agreement dated as of March 25, 2008, among Willis Engine Securitization Trust, Willis Lease Finance Corporation and the initial Series 2008-A1 Holders (incorporated by reference to Exhibit 10.16 to our report on Form 10-K filed on March 31, 2009).
10.18	Series 2008-B1 Note Purchase and Loan Agreement dated as of March 25, 2008, among Willis Engine Securitization Trust, Willis Lease Finance Corporation and the initial Series 2008-B1 Holders (incorporated by reference to Exhibit 10.17 to our report on Form 10-K filed on March 31, 2009).
10.19*	Amended and Restated Indenture, dated December 13, 2007, by and between Willis Engine Securitization Trust and

Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.18 to our report on Form 10-K filed on March 31, 2009).

10.20 Series A1 Indenture Supplement, dated August 9, 2005, by and between Willis Engine Securitization Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.40 to our report on Form 10-Q filed on November 29, 2005).

10.21 Series B1 Indenture Supplement, dated August 9, 2005, by and between Willis Engine Securitization Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.41 to our report on Form 10-Q filed on November 29, 2005).

10.22	Series 2007-A2 Supplement, dated as of December 13, 2007, by and between Willis Engine Securitization Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.21 to our report on Form 10-K filed on March 31, 2009).
10.23	Series 2007-B2 Supplement, dated as of December 13, 2007, by and between Willis Engine Securitization Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.22 to our report on Form 10-K filed on March 31, 2009).
10.24	Series 2008-A1 Supplement, dated as of March 28, 2008, by and between Willis Engine Securitization Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.23 to our report on Form 10-K filed on March 31, 2009).
10.25	Series 2008-B1 Supplement, dated as of March 28, 2008, by and between Willis Engine Securitization Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.24 to our report on Form 10-K filed on March 31, 2009).
10.26	General Supplement 2008-1 dated as of March 28, 2008 (incorporated by reference to Exhibit 10.25 to our report on Form 10-K filed on March 31, 2009).
10.27	General Supplement 2009-1 dated as of March 20, 2009 (incorporated by reference to Exhibit 10.26 to our report on Form 10-K filed on March 31, 2009).
10.28	Servicing Agreement, dated as of August 9, 2005, among the Registrant, Willis Engine Securitization Trust, WEST Engine Funding and 59 engine owning trusts named therein (incorporated by reference to Exhibit 10.44 to our report on Form 10-Q filed on November 29, 2005).
10.29	Administrative Agency Agreement, dated as of August 9, 2005, among the Registrant, Willis Engine Securitization Trust, WEST Engine Funding and 59 engine owning trusts named therein (incorporated by reference to Exhibit 10.45 to our report on Form 10-Q filed on November 29, 2005).
10.30	Limited Liability Company Agreement of WOLF A340 LLC, dated as of December 8, 2005, between Oasis International Leasing (USA), Inc. and the Registrant (incorporated by reference to Exhibit 10.49 to Form S-1 Registration Statement Amendment No. 1 filed on January 9, 2006).
10.31*	Amended and Restated Credit Agreement, dated as of November 18, 2011, among Willis Lease Finance Corporation, Union Bank, N.A., as administrative agent and security agent, and certain lenders and financial institutions named therein.
11.1	Statement re Computation of Per Share Earnings.
12.1	Statement re Computation of Ratios.
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to our report on Form 10-K filed on March 16, 2010).
21.1	Subsidiaries of the Registrant.
23.1	Consent of KPMG LLP.
31.1	Certification of Charles F. Willis, IV, pursuant to Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Bradley S. Forsyth, pursuant to Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101+	The following materials from the Company's report on Form 10-K for the year ended December 31, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Shareholder's Equity and Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Unaudited Consolidated Financial Statements.

* Portions of these exhibits have been omitted pursuant to a request for confidential treatment and the redacted material has been filed separately with the Commission.

\+ Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

(d) Financial Statements

Financial Statements are submitted as a separate section of this report beginning on page 45.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 12, 2012

Willis Lease Finance Corporation

By: /s/ CHARLES F. WILLIS, IV
Charles F. Willis, IV
Chairman of the Board and
Chief Executive Officer

Dated:	Title	Signature
Date: March 12, 2012	Chief Executive Officer and Director (Principal Executive Officer)	/s/ CHARLES F. WILLIS, IV Charles F. Willis, IV
Date: March 12, 2012	Chief Financial Officer and Senior Vice President (Principal Finance and Accounting Officer)	/s/ BRADLEY S. FORSYTH Bradley S. Forsyth
Date: March 12, 2012	Director	/s/ ROBERT T. MORRIS Robert T. Morris
Date: March 12, 2012	Director	/s/ HANS JORG HUNZIKER Hans Jorg Hunziker
Date: March 12, 2012	Director	/s/ W. WILLIAM COON, JR. W. William Coon, Jr.
Date: March 12, 2012	Director	/s/ AUSTIN C. WILLIS Austin C. Willis
Date: March 12, 2012	Director	/s/ GERARD LAVIEC Gerard Laviec

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Willis Lease Finance Corporation:

We have audited the accompanying consolidated balance sheets of Willis Lease Finance Corporation and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2011. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedules I and II. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Willis Lease Finance Corporation and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedules I and II, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Willis Lease Finance Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 12, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

San Francisco, California
March 12, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Willis Lease Finance Corporation:

We have audited Willis Lease Finance Corporation and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Willis Lease Finance Corporation and subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting, appearing under Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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 that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Willis Lease Finance Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Willis Lease Finance Corporation and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated March 12, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

San Francisco, California
March 12, 2012

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	$ 6,440	$ 2,225
Restricted cash	76,252	77,013
Equipment held for operating lease, less accumulated depreciation of $228,708 and $192,377 at December 31, 2011 and 2010, respectively	981,505	998,001
Equipment held for sale	20,648	7,418
Operating lease related receivable, net of allowances of $477 and $423 at December 31, 2011 and 2010, respectively	8,434	8,872
Notes receivable	542	747
Investments	15,239	9,381
Property, equipment & furnishings, less accumulated depreciation of $4,957 and $3,984 at December 31, 2011 and 2010, respectively	6,901	6,971
Equipment purchase deposits	1,369	2,769
Other assets	15,875	12,565
Total assets	$1,133,205	$1,125,962
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 16,833	$ 18,099
Liabilities under derivative instruments	12,341	14,274
Deferred income taxes	84,706	75,645
Notes payable, net of discount of $2,085 and $2,617 at December 31, 2011 and 2010, respectively	718,134	731,632
Maintenance reserves	54,509	50,442
Security deposits	6,278	5,726
Unearned lease revenue	3,743	3,174
Total liabilities	896,544	898,992
Shareholders' equity:		
Preferred stock ($0.01 par value, 5,000,000 shares authorized; 3,475,000 shares issued and outstanding at December 31, 2011 and 2010)	31,915	31,915
Common stock ($0.01 par value, 20,000,000 shares authorized; 9,109,663 and 9,181,365 shares issued and outstanding at December 31, 2011 and 2010, respectively)	91	92
Paid-in capital in excess of par	56,842	60,108
Retained earnings	156,704	145,324
Accumulated other comprehensive loss, net of income tax benefit of $5,249 and $6,085 at December 31, 2011 and 2010, respectively	(8,891)	(10,469)
Total shareholders' equity	236,661	226,970
Total liabilities and shareholders' equity	$1,133,205	$1,125,962

See accompanying notes to the consolidated financial statements.

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Income
(In thousands, except per share data)

	Years Ended December 31,		
	2011	2010	2009
REVENUE			
Lease rent revenue	$104,663	$102,133	$102,390
Maintenance reserve revenue	39,161	34,776	46,049
Gain on sale of leased equipment	11,110	7,990	1,043
Other income	1,719	3,403	958
Total revenue	156,653	148,302	150,440
EXPENSES			
Depreciation expense	51,250	48,704	44,091
Write-down of equipment	3,341	2,874	6,133
General and administrative	35,701	29,302	26,765
Technical expense	8,394	8,118	7,149
Net finance costs:			
Interest expense	35,201	40,945	36,013
Interest income	(167)	(212)	(280)
Net loss/(gain) on debt extinguishment	343	—	(876)
Total net finance costs	35,377	40,733	34,857
Total expenses	134,063	129,731	118,995
Earnings from operations	22,590	18,571	31,445
Earnings from joint ventures	1,295	1,109	942
Income before income taxes	23,885	19,680	32,387
Income tax expense	(9,377)	(7,630)	(10,020)
Net income	$ 14,508	$ 12,050	$ 22,367
Preferred stock dividends paid and declared-Series A	3,128	3,128	3,128
Net income attributable to common shareholders	$ 11,380	$ 8,922	$ 19,239
Basic earnings per common share:	$ 1.35	$ 1.03	$ 2.30
Diluted earnings per common share:	$ 1.28	$ 0.96	$ 2.14
Average common shares outstanding	8,423	8,681	8,364
Diluted average common shares outstanding	8,876	9,251	8,983

See accompanying notes to the consolidated financial statements.

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity and Comprehensive Income
Years Ended December 31, 2011, 2010 and 2009
(In thousands)

	Preferred Stock	Issued and Outstanding Shares of Common Stock	Common Stock	Paid-in Capital in Excess of par	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Total Shareholders' Equity
Balances at December 31, 2008	$31,915	9,078	$ 91	$ 57,939	$ (14,901)	$117,163	$ 192,207
Net income	—	—	—	—	—	22,367	22,367
Unrealized gain from derivative instruments, net of tax expense of $3,726	—	—	—	—	6,614	—	6,614
Total comprehensive income							28,981
Preferred stock dividends paid	—	—	—	—	—	(3,128)	(3,128)
Shares repurchased	—	(3)	—	(40)	—	—	(40)
Shares issued under stock compensation plans	—	167	2	815	—	—	817
Cancellation of restricted stock units in satisfaction of withholding tax	—	(60)	(1)	(742)	—	—	(743)
Stock-based compensation, net of forfeitures	—	—	—	2,435	—	—	2,435
Excess tax benefit from stock-based compensation	—	—	—	264	—	—	264
Balances at December 31, 2009	$31,915	9,182	$ 92	$ 60,671	$ (8,287)	$136,402	$ 220,793
Net income	—	—	—	—	—	12,050	12,050
Unrealized loss from derivative instruments, net of tax benefit of $1,242	—	—	—	—	(2,182)	—	(2,182)
Total comprehensive income							9,868
Preferred stock dividends paid	—	—	—	—	—	(3,128)	(3,128)
Shares repurchased	—	(367)	(4)	(4,152)	—	—	(4,156)
Shares issued under stock compensation plans	—	429	5	1,264	—	—	1,269
Cancellation of restricted stock units in satisfaction of withholding tax	—	(63)	(1)	(775)	—	—	(776)
Stock-based compensation, net of forfeitures	—	—	—	2,678	—	—	2,678
Excess tax benefit from stock-based compensation	—	—	—	422	—	—	422
Balances at December 31, 2010	$31,915	9,181	$ 92	$ 60,108	$ (10,469)	$145,324	$ 226,970
Net income	—	—	—	—	—	14,508	14,508
Unrealized gain from derivative instruments, net of tax expense of $838	—	—	—	—	1,578	—	1,578
Total comprehensive income							16,086
Preferred stock dividends paid	—	—	—	—	—	(3,128)	(3,128)
Shares repurchased	—	(435)	(4)	(5,657)	—	—	(5,661)
Cash settlement of stock options	—	(172)	(2)	(1,260)	—	—	(1,262)
Shares issued under stock compensation plans	—	614	6	666	—	—	672
Cancellation of restricted stock units in satisfaction of withholding tax	—	(78)	(1)	(967)	—	—	(968)
Stock-based compensation, net of forfeitures	—	—	—	3,173	—	—	3,173

Excess tax benefit from stock-based compensation	—	—	—	779	—	—	779
Balances at December 31, 2011	$31,915	9,110	$ 91	$ 56,842	$ (8,891)	$156,704	$ 236,661

See accompanying notes to the consolidated financial statements.

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	2011	2010	2009
Cash flows from operating activities:			
Net income	$ 14,508	$ 12,050	$ 22,367
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	51,250	48,704	44,091
Write-down of equipment	3,341	2,874	6,133
Stock-based compensation expenses	3,173	2,678	2,435
Amortization of deferred costs	4,544	5,246	4,521
Amortization of loan discount	532	594	676
Amortization of interest rate derivative cost	483	2,956	258
Allowances and provisions	54	(44)	570
Gain on sale of leased equipment	(11,110)	(7,990)	(1,043)
Gain on sale of leased equipment deposits	—	—	(400)
Gain on sale of interest in joint venture	—	(2,020)	—
Other non-cash items	(1,113)	—	—
Settlement of interest rate derivative	—	—	(2,557)
Income from joint ventures, net of distributions	(485)	(160)	(267)
Net loss/(gain) on debt extinguishment	343	—	(876)
Deferred income taxes	8,335	7,767	9,273
Changes in assets and liabilities:			
Receivables	385	(3,045)	1,657
Notes receivable	205	196	(943)
Other assets	(4,507)	(3,108)	(430)
Accounts payable and accrued expenses	(979)	3,596	(2,511)
Restricted cash	2,515	(17,383)	9,395
Maintenance reserves	4,067	3,690	(2,406)
Security deposits	552	245	302
Unearned lease revenue	569	(213)	(1,996)
Net cash provided by operating activities	76,662	56,633	88,249
Cash flows from investing activities:			
Proceeds from sale of equipment held for operating lease (net of selling expenses)	110,777	63,777	25,493
Proceeds from sale of equipment deposits (net of selling expenses)	—	—	6,580
Proceeds from sale of interest in joint venture	—	3,500	—
Restricted cash for investing activities	(1,754)	—	169
Investment in joint venture	(8,943)	—	—
Purchase of equipment held for operating lease	(144,334)	(121,509)	(205,132)
Purchase of property, equipment and furnishings	(904)	(399)	(199)
Net cash used in investing activities	(45,158)	(54,631)	(173,089)
Cash flows from financing activities:			
Proceeds from issuance of notes payable	132,409	174,841	397,630
Debt issuance cost	(3,691)	(268)	(4,201)
Distribution to preferred stockholders	(3,128)	(3,128)	(3,128)
Proceeds from issuance of common stock	672	1,269	817
Cancellation of restricted stock units in satisfaction of withholding tax	(968)	(776)	(743)
Excess tax benefit from stock-based compensation	779	422	264
Repurchase of common stock	(5,661)	(4,156)	(40)
Cash settlement of stock options	(1,262)	—	—
Principal payments on notes payable	(146,439)	(170,037)	(312,321)
Net cash provided by (used in) financing activities	(27,289)	(1,833)	78,278
Increase/(Decrease) in cash and cash equivalents	4,215	169	(6,562)
Cash and cash equivalents at beginning of period	2,225	2,056	8,618
Cash and cash equivalents at end of period	$ 6,440	$ 2,225	$ 2,056
Supplemental disclosures of cash flow information:			
Net cash paid for:			
Interest	$ 20,063	$ 17,629	$ 16,496

Income Taxes	$ 155	$ 549	$ 544

Supplemental disclosures of non-cash investing activities:

During the years ended December 31, 2011, 2010, 2009, a liability of $0, $6,099 and $0, respectively, was incurred but not paid in connection with our purchase of aircraft and engines.

During the years ended December 31, 2011, 2010, 2009, engines and equipment totalling $17,067, $70,000 and $9,039, respectively, were transferred from Held for Operating Lease to Held for Sale but not settled.

See accompanying notes to the consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Willis Lease Finance Corporation ("Willis" or the "Company") is a provider of aviation services whose primary focus is providing operating leases of commercial aircraft engines and other aircraft-related equipment to air carriers, manufacturers and overhaul/repair facilities worldwide. Willis also engages in the selective purchase and resale of commercial aircraft engines. WLFC (Ireland) Limited, WLFC Funding (Ireland) Limited and WLFC Lease (Ireland) Limited are wholly-owned Irish subsidiaries of Willis formed to facilitate certain of Willis' international leasing activities. Willis Aviation Finance Limited in Ireland is a wholly-owned subsidiary formed to facilitate the leasing and technical support of worldwide activities. Willis Lease France is a wholly-owned French subsidiary of Willis formed to facilitate sales and marketing activities in Europe. Willis Lease (China) Limited is a wholly-owned subsidiary of Willis formed to facilitate the acquisition and leasing of assets in China.

Willis Engine Securitization Trust ("WEST") is a bankruptcy remote special purpose vehicle which was established for the purpose of financing aircraft engines through an asset-backed securitization. WEST Engine Funding LLC ("WEF") is a wholly-owned subsidiary of WEST and owns the engines which secure the notes issued by WEST. WEST Engine Funding (Ireland) Limited is another wholly-owned subsidiary of WEST and was established to facilitate certain international leasing activities by WEF.

Management considers the continuing operations of our company to operate in one reportable segment.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Willis, WEST, WEF, WEST Engine Funding (Ireland) Limited, WLFC (Ireland) Limited, WLFC Funding (Ireland) Limited, WLFC Lease (Ireland) Limited, Willis Aviation Finance Limited and Willis Lease France (together, the "Company"). All intercompany balances and transactions have been eliminated in consolidation.

(c) Revenue Recognition

Revenue from leasing of aircraft equipment is recognized as operating lease revenue straight-line over the terms of the applicable lease agreements. Revenue is not recognized when cash collection is not reasonably assured. When collectability is not reasonably assured, the customer is placed on non-accrual status and revenue is recognized when cash payments are received.

We regularly sell equipment from our lease portfolio. This equipment may or may not be subject to a lease at the time of sale. The gain or loss on such sales is recognized as revenue and consists of proceeds associated with the sale less the net book value of the asset sold and any direct costs associated with the sale. To the extent that deposits associated with the engine are not included in the sale we include any such amount in our calculation of gain or loss.

In the years ended December 31, 2011 and 2010, the Company sold three and four engines to an investor group for $29.0 and $32.9 million, respectively. After the date of each sale, the Company retains responsibility to manage the engines that were sold to the investor group. Because the arrangements have multiple deliverables, the Company evaluated the arrangements under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 605-25, *Revenue Recognition: Multiple Element Arrangements ("FASB ASC 605-25"),* formerly Emerging Issues Task Force Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*, which addresses accounting for multiple element arrangements. The Company has determined that the two deliverables under the arrangements, the sale of the engines and the management services, are separate units of accounting. Therefore, revenue is recognized in accordance with FASB ASC 605-10-S99, *Revenue Recognition: Overall: SEC Materials,* formerly SAB 104, for each unit.

One requirement of FASB ASC 605-25 for the two deliverables to be accounted for as separate units of accounting is that management can determine the fair value of the undelivered item (the management services), when the first item (the sale of engines) is delivered. Assessing fair value evidence requires judgment. In determining fair value, the Company has reviewed information from management agreements entered into by other parties on a standalone basis, compared it to the

management agreements entered into with the investor group and determined that the fees charged on a standalone basis were comparable to the fees charged when the Company entered into the management agreement concurrent with the sale of the portfolio of engines. Accordingly, the Company determined that the fees charged for its management services were comparable to those charged by other asset managers for the same service. As such, the Company has concluded that evidence exists to support its assessment of the fair value of the management services.

Based on the conclusion that the sale of engines and the management services can be accounted for separately, the Company recognized a $5.0 million gain on sale of the three engines in the year ended December 31, 2011 and recognized a $7.2 million gain on sale of the four engines in the year ended December 31, 2010. The gains recorded were the difference between the sales price and the net book value of the engines sold.

The Company recognizes revenue from management fees under equipment management agreements as earned on a monthly basis. Management fees are based upon a percentage of net lease rents of the investor group's engine portfolio calculated on an accrual basis and recorded in Other income.

Under the terms of some of our leases, the lessees pay use fees (also known as maintenance reserves) to us based on usage of the leased asset, which are designed to cover expected future maintenance costs. Some of these amounts are reimbursable to the lessee if they make specifically defined maintenance expenditures. Use fees received are recognized in revenue as maintenance reserve revenue if they are not reimbursable to the lessee. Use fees that are reimbursable are recorded as a maintenance reserve liability until they are reimbursed to the lessee or the lease terminates, at which time they are recognized in revenue as maintenance reserve revenue.

Certain lessees may be significantly delinquent in their rental payments and may default on their lease obligations. As of December 31, 2011, we had an aggregate of approximately $1.5 million in lease rent and $1.5 million in maintenance reserve payments more than 30 days past due. Our inability to collect receivables or to repossess engines or other leased equipment in the event of a default by a lessee could have a material adverse effect on us. The Company estimates an allowance for doubtful accounts for lease receivables it does not consider fully collectible. The allowance for doubtful accounts includes the following: (1) specific reserves for receivables which are impaired for which management believes full collection is doubtful; and (2) a general reserve for estimated losses based on historical experience.

Our largest customer accounted for approximately 12.1% of total revenue during 2011. This customer had $29,700 in past due rents as of December 31, 2011. No other customer accounted for greater than 10% of total revenue in 2011, 2010 and 2009.

(d) Equipment Held for Operating Lease

Aircraft assets held for operating lease are stated at cost, less accumulated depreciation. Certain costs incurred in connection with the acquisition of aircraft assets are capitalized as part of the cost of such assets. Major overhauls paid for by us, which improve functionality or extend original useful life, are capitalized and depreciated over the estimated remaining useful life of the equipment. The cost of overhauls of aircraft assets under long term leases, for which the lessee is responsible for maintenance during the period of the lease, are paid for by the lessee or from reimbursable maintenance reserves paid to the Company in accordance with the lease, and are not capitalized.

Based on specific aspects of the equipment, we generally depreciate engines on a straight-line basis over a 15-year period from the acquisition date to a 55% residual value. We believe that this methodology accurately reflects our typical holding period for the assets and, that the residual value assumption reasonably approximates the selling price of the assets 15 years from date of acquisition.

For engines or aircraft that are unlikely to be repaired at the end of the current expected useful lives, we depreciate the engines or aircraft over their estimated lives to a residual value based on an estimate of the wholesale value of the parts after disassembly.

The spare parts packages owned by us are depreciated on a straight-line basis over an estimated useful life of 15 years to a 25% residual value. The aircraft owned by us are depreciated on a straight-line basis over an estimated useful life of 13 to 20 years to a 15% to 17% residual value.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed are reported at the lower of carrying amount or fair value less cost to sell. Impairment is identified by comparison of undiscounted forecasted cash flows, including estimated sales proceeds, over the life of the asset with the assets' book value. If the forecasted undiscounted cash flows are less than the book value the asset is written down to its fair value. Fair value is determined per individual asset by reference to independent appraisals, quoted market prices (e.g. an offer to purchase) and other factors considered relevant by

Management. We conduct a formal annual review of the carrying value of long-lived assets and also evaluate assets during the year if we note a triggering event indicating impairment is possible. Such reviews resulted in impairment charges for engines and aircraft of $1.0 million, $0.2 million and $3.0 million (disclosed separately as "Write-down of equipment" in the Consolidated Statements of Income) in 2011, 2010 and 2009, respectively.

(e) Debt Issuance Costs and Related Fees

To the extent that we are required to pay fees in order to secure debt, such fees are capitalized and amortized over the life of the related loan using the effective interest method.

(f) Maintenance and Repair Costs

Maintenance and repair costs under our leases are generally the responsibility of the lessees. Under many of our leases, lessees pay periodic use fees (often called maintenance reserves) to us based on the usage of the asset. Under the terms of some of our leases, the lessees pay amounts to us based on usage, which are designed to cover the expected maintenance cost. Some of these amounts are reimbursable to the lessee if they make specifically defined maintenance expenditures.

Use fees billed are recognized in maintenance reserve revenue if they are not reimbursable to the lessee. Use fees that are reimbursable are included in maintenance reserve liability until they are reimbursed to the lessee or the lease terminates, at which time they are recognized in maintenance reserve revenue. Our expenditures for maintenance are expensed as incurred. Expenditures that meet the criteria for capitalization are recorded as an addition to equipment recorded on the balance sheet. Major overhauls paid for by us, which improve functionality or extend original useful life, are capitalized and depreciated over the estimated remaining useful life of the equipment.

(g) Interest Rate Hedging

We have entered into various derivative instruments to mitigate our exposure on our variable rate borrowings. The derivative instruments are fixed-rate interest swaps and are recorded at fair value as either an asset or liability.

While substantially all our derivative transactions are entered into for the purposes described above, hedge accounting is only applied where specific criteria have been met and it is practicable to do so. In order to apply hedge accounting, the transaction must be designated as a hedge and it must be highly effective. The hedging instrument's effectiveness is assessed utilizing regression analysis at the inception of the hedge and on at least a quarterly basis throughout its life. All of the transactions that we have designated as hedges are cash flow hedges. The effective portion of the change in fair value on a derivative instrument designated as a cash flow hedge is reported as a component of other comprehensive income and is reclassified into earnings in the period during which the transaction being hedged affects earnings. The ineffective portion of the hedges are recorded in earnings in the current period.

(h) Income Taxes

We use the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in the tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes in the financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. (See Note 7).

The Company files income tax returns in various states and countries which may have different statutes of limitations. The open tax years for federal and state tax purposes are from 2008-2010 and 2007-2010, respectively. The Company records penalties and accrued interest related to uncertain tax positions in income tax expense. Such adjustments have historically been minimal and immaterial to our financial results.

(i) Property, Equipment and Furnishings

Property, equipment and furnishings are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Leasehold improvements are recorded at cost and depreciated by the straight-line method over the shorter of the lease term or useful life of the leasehold.

(j) Cash and Cash Equivalents

We consider highly liquid investments readily convertible into known amounts of cash, with original maturities of 90 days or less, as cash equivalents.

(k) Restricted Cash

We have certain bank accounts that are subject to restrictions in connection with our WEST borrowings. Under WEST, cash is collected in a restricted account, which is used to service the debt and any remaining amounts, after debt service and defined expenses, are distributed to us. Additionally, maintenance reserve payments and lease security deposits are accumulated in restricted accounts and are not available for general use.

Cash from maintenance reserve payments are held in the restricted cash account and are subject to a minimum balance established annually based on an engine portfolio maintenance reserve study provided by a third party. This structure was incorporated into the Indenture in December 2007, which resulted in the redeployment of cash that is now available to fund future engine purchases. Any excess maintenance reserve amounts remain within the restricted cash accounts and are utilized for the purchase of new engines. Engines purchased with these funds are not included as part of the borrowing capacity for WEST. Maintenance reserve accounts are only available to meet the costs of specified engine maintenance or repair provisions and can be reimbursed to the lessee. In the event an engine is sold, accumulated maintenance reserves remaining after the sale may be used for new engine purchases.

Security deposits are held until the end of the lease, at which time provided return conditions have been met, the deposit will be returned to the lessee. To the extent return conditions are not met, these deposits may be retained by us. Further, WEST deposits cash in the Senior Restricted Cash Account in an amount equal to 4% of the sum of the outstanding principal balance of the Series 2005-A1 notes and in the Junior Restricted Cash Account in an amount equal to 3% of the sum of the outstanding principal balances of all Series of Series B notes. A Senior Liquidity Facility was established in December 2007 which replaced the need to maintain cash reserves for the Series 2007-A2 notes and the Series 2008-A1 notes.

(l) Notes Receivable

Notes receivable are recorded net of any unamortized fees and incremental direct costs. Amortization of any fees is recorded over the term of the related loan. As applicable, interest income on the notes receivable is accrued as earned. We evaluate the collectability of both interest and principal for each note receivable to determine whether it is impaired, based on current information and events. Once collectability is not reasonably assured, interest income is recognized on a cash basis, unless we determine the note should be on the cost recovery method, and any cash payments received would then be reflected as a reduction of principal.

(m) Management Estimates

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

The preparation of consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to residual values, estimated asset lives, impairments and bad debts. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes that the accounting policies on revenue recognition, maintenance reserves and expenditures, useful life of equipment, asset residual values, asset impairment and allowance for doubtful accounts are critical to the results of operations.

If the useful lives or residual values are lower than those estimated by us, upon sale of the asset a loss may be realized. Significant management judgment is required in the forecasting of future operating results, which are used in the preparation of projected undiscounted cash-flows and should different conditions prevail, material impairment write-downs may occur.

(n) Per share information

Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. The computation of fully diluted earnings per share is similar to the computation of basic earnings per share, except for the inclusion of all potentially dilutive common shares. The reconciliation between basic common shares and fully diluted common shares is presented below:

	Years Ended December 31,		
	2011	2010	2009
		(in thousands)	
Shares:			
Weighted-average number of common shares outstanding	8,423	8,681	8,364
Potentially dilutive common shares	453	570	619
Total shares	8,876	9,251	8,983
Potential common stock excluded as anti-dilutive in period	—	4	39

(o) Investments

We have two investments in joint ventures where we own 50% of the equity of the venture and account for these investments using the equity method of accounting. These investments are recorded at the amount invested plus or minus our 50% share of net income or loss less any distributions or return of capital received from the entity.

We also had an investment in a non-marketable security and it was recorded at cost. The investment was sold in November 2010 for $3.5 million resulting in a gain of $2.0 million that was recorded as Other income in 2010.

(p) Stock Based Compensation

We recognize compensation expense in the financial statements for share-based awards based on the grant-date fair value of those awards. Additionally, stock-based compensation expense includes an estimate for pre-vesting forfeitures and is recognized over the requisite service periods of the awards on a straight-line basis, which is generally commensurate with the vesting term.

(q) Initial Direct Costs associated with Leases

We account for the initial direct costs, including sales commission and legal fees, incurred in obtaining a new lease by deferring and amortizing those costs over the term of the lease. The amortization of these costs is recorded under General and Administrative expenses in the Consolidated Statements of Income. The amounts amortized were $1.4 million, $1.6 million and $1.6 million for the years ended December 31, 2011, 2010 and 2009, respectively.

(r) Fair Value Measurements

In January 2010, the Financial Accounting Standards Board ("FASB") issued guidance which expanded the required disclosures about fair value measurements. In particular, this guidance requires (i) separate disclosure of the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements along with the reasons for such transfers, (ii) information about purchases, sales, issuances and settlements to be presented separately in the reconciliation for Level 3 fair value measurements, (iii) fair value measurement disclosures for each class of assets and liabilities and (iv) disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for fair value measurements that fall in either Level 2 or Level 3. The adoption of this guidance did not have a material effect on our financial condition or results of operations.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

As of December 31, 2011, we measure the fair value of our interest rate swaps of $375.0 million (notional amount) based on Level 2 inputs, due to the usage of inputs that can be corroborated by observable market data. The Company estimates the fair value of derivative instruments using a discounted cash flow technique and, at December 31, 2011, has used creditworthiness inputs that corroborate observable market data evaluating the Company's and counterparties' risk of non-performance. We have interest rate swap agreements which have a net liability fair value of $12.3 million and $14.3 million as of December 31, 2011and December 31, 2010, respectively. In 2011 and 2010, $11.3 million and $18.6 million, respectively, were realized through the income statement as an increase in interest expense.

The following table shows by level, within the fair value hierarchy, the Company's assets and liabilities at fair value as of December 31, 2011 and 2010:

	Assets and (Liabilities) at Fair Value							
	December 31, 2011				December 31, 2010			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(in thousands)							
Derivatives	$(12,341)	$ —	$(12,341)	$ —	$(14,274)	$ —	$(14,274)	$ —
Total	$(12,341)	$ —	$(12,341)	$ —	$(14,274)	$ —	$(14,274)	$ —

In 2011 and 2010, all hedges were effective and no change in fair value was recorded in earnings.

Assets Measured and Recorded at Fair Value on a Nonrecurring Basis

We determine fair value of long-lived assets held and used by reference to independent appraisals, quoted market prices (e.g. an offer to purchase) and other factors. An impairment charge is recorded when the carrying value of the asset exceeds its fair value.

The following table shows by level, within the fair value hierarchy, the Company's assets measured at fair value on a nonrecurring basis as of December 31, 2011 and 2010, and the gains (losses) recorded as of December 31, 2011 and 2010 on those assets:

	Assets at Fair Value								Total Losses	
	December 31, 2011				December 31, 2010				December 31,	
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	2011	2010
	(in thousands)								(in thousands)	
Equipment held for operating lease	$ 8,302	$ —	$ 8,302	$ —	$ 275	$ —	$ 275	$ —	$(1,035)	$ (215)
Equipment held for sale	2,501	—	1,862	639	4,734	—	3,970	764	(2,306)	(2,659)
Total	$10,803	$ —	$10,164	$ 639	$5,009	$ —	$4,245	$ 764	$(3,341)	$(2,874)

We determine fair value of long-lived assets held and used by reference to independent appraisals, quoted market prices (e.g., an offer to purchase) and other factors. At December 31, 2011, the Company used Level 2 inputs to measure the fair value of long-lived assets held and used. These assets, with a carrying amount of $9.3 million, were written down to their fair value of $8.3 million, resulting in an impairment charge of $1.0 million, which was included in earnings in 2011. At December 31, 2010, the Company used Level 2 inputs to measure the fair value of long-lived assets held and used. These assets, with a carrying amount of $0.5 million, were written down to their fair value of $0.3 million, resulting in an

impairment charge of $0.2 million, which was included in earnings in 2010. At December 31, 2011, the Company used Level 2 inputs and, due to a portion of the valuations requiring management judgment due to the absence of quoted market prices, Level 3 inputs to measure the fair value of engines that were held as consignment inventory with third parties. An asset write-down of $2.3 million and $2.7 million was recorded in 2011 and 2010, respectively, based upon a comparison of the asset net book values with the revised net proceeds expected from part sales arising from consignment of the engines.

(s) Recent Accounting Pronouncements

In January 2010, the FASB issued ASU 2010-6, *Improving Disclosures About Fair Value Measurements,* which requires reporting entities to make new disclosures about recurring or nonrecurring fair value measurements including significant transfers into and out of Level 1 and Level 2 fair value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. ASU 2010-6 is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual periods beginning after December 15, 2010. Other than requiring additional disclosures, the adoption of ASU 2010-6 did not have a material impact on our Consolidated Financial Statements.

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"). This ASU clarifies the concepts related to highest and best use and valuation premise, blockage factors and other premiums and discounts, the fair value measurement of financial instruments held in a portfolio and of those instruments classified as a component of shareholder's equity. The guidance includes enhanced disclosure requirements about recurring Level 3 fair value measurements, the use of nonfinancial assets, and the level in the fair value hierarchy of assets and liabilities not recorded at fair value. The guidance provided in ASU 2011-04 is effective for interim and annual periods beginning on or after December 15, 2011 and is applied prospectively. We do not expect the adoption of these provisions to have a material impact on our Consolidated Financial Statements.

In June 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-05, "Presentation of Comprehensive Income" ("ASU 2011-05"). This ASU intends to enhance comparability and transparency of other comprehensive income components. The guidance provides an option to present total comprehensive income, the

components of net income and the components of other comprehensive income in a single continuous statement or two separate but consecutive statements. This ASU eliminates the option to present other comprehensive income components as part of the Statement of Shareholder's Equity and Comprehensive Income. The guidance provided in ASU 2011-05 is effective for interim and annual period beginning on or after December 15, 2011 and should be applied retrospectively. We do not expect the adoption of this ASU to have a material impact on our Consolidated Financial Statements.

In November 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-11, "Balance Sheet Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). This ASU requires companies to provide information about trading financial instruments and related derivatives in expanded disclosures. This ASU is the result of a joint project conducted by the FASB and the IASB to enhance disclosures and provide converged disclosures about financial instruments and derivative instruments that are either offset on the statement of financial position or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the statement of financial position. The guidance provided in ASU 2011-11 is effective for interim and annual period beginning on or after January 1, 2013 and should be applied retrospectively. We do not expect the adoption of this ASU to have a material impact on our Consolidated Financial Statements.

In December 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-12, "Comprehensive Income Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" ("ASU 2011-12"). This ASU defers only those changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. The amendments are being made to allow the Board time to re-deliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. All other requirements in ASU 2011-05 are not affected by this ASU, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. The guidance provided in ASU 2011-12 is effective for interim and annual period beginning on or after December 15, 2011 and should be applied retrospectively. The adoption of this ASU did not have a material impact on our Consolidated Financial Statements.

During 2011, the FASB issued several ASU's — ASU No. 2011-01 through ASU No. 2011-12. Except for those ASU's discussed above, the ASU's entail technical corrections to existing guidance or affect guidance related to specialized industries or entities and therefore do not have a material impact on the Company's financial position and results of operations.

(t) Subsequent Events

Management has reviewed and evaluated subsequent events through the date that the financial statements were issued.

(2) Equipment Held for Lease

At December 31, 2011, we had 194 aircraft engines and related equipment with a cost of $1,171.4 million, three spare parts packages with a cost of $5.1 million and 13 aircraft with a cost of $30.7 million, in our lease portfolio. At December 31, 2010, we had 179 aircraft engines and related equipment with a cost of $1,170.8 million, four spare parts packages with a cost of $5.7 million and three aircraft with a cost of $13.9 million, in our operating lease portfolio.

A majority of our aircraft equipment is leased and operated internationally. All leases relating to this equipment are denominated and payable in U.S. dollars.

We lease our aircraft equipment to lessees domiciled in eight geographic regions. The tables below set forth geographic information about our leased aircraft equipment grouped by domicile of the lessee (which is not necessarily indicative of the asset's actual location):

Lease rent revenue	Years Ended December 31, 2011	2010 (in thousands)	2009
Region			
United States	$ 20,790	$ 22,662	$ 21,944
Mexico	6,806	6,367	5,548
Canada	3,183	1,662	1,264
Europe	38,626	32,604	31,057
South America	9,818	14,380	16,575
Asia	18,635	18,413	19,164
Africa	2,084	432	480
Middle East	4,721	5,613	6,358
Totals	$104,663	$102,133	$102,390

Lease rent revenue less applicable depreciation and interest	Years Ended December 31, 2011	2010 (in thousands)	2009
Region			
United States	$ 9,663	$11,371	$12,059
Mexico	3,609	3,686	3,203
Canada	1,731	957	831
Europe	13,844	13,313	15,916
South America	5,266	6,812	6,806
Asia	7,162	7,014	8,778
Africa	1,180	246	316
Middle East	1,727	2,859	3,824
Off-lease and other	(10,539)	(9,923)	(8,198)
Totals	$ 33,643	$36,335	$43,535

Net book value of equipment held for operating lease	Years Ended December 31, 2011	2010 (in thousands)	2009
Region			
United States	$128,989	$170,742	$187,598
Mexico	66,317	59,869	46,557
Canada	30,987	14,786	9,416
Europe	305,154	345,256	245,683
South America	86,301	84,238	143,608
Asia	159,022	180,936	143,979
Africa	11,844	12,268	4,118
Middle East	49,208	46,791	63,043
Off-lease and other	143,683	83,115	132,820
Totals	$981,505	$998,001	$976,822

As of December 31, 2011 and 2010, the lease status of the equipment held for operating lease was as follows:

Lease Term	December 31, 2011 Net Book Value (in thousands)
Off-lease and other	$ 143,683
Month-to-month leases	151,828
Leases expiring 2012	301,385
Leases expiring 2013	84,393
Leases expiring 2014	49,149
Leases expiring 2015	36,571
Leases expiring 2016	75,510
Leases expiring thereafter	138,986
	$ 981,505

Lease Term	December 31, 2010 Net Book Value (in thousands)
Off-lease and other	$ 83,115
Month-to-month leases	142,544
Leases expiring 2011	324,992
Leases expiring 2012	101,612
Leases expiring 2013	83,171
Leases expiring 2014	43,899
Leases expiring 2015	54,430
Leases expiring thereafter	164,238
	$ 998,001

As of December 31, 2011, minimum future payments under non-cancelable leases were as follows:

Year	(in thousands)
2012	$ 57,868
2013	41,381
2014	33,387
2015	27,335
2016	20,632
Thereafter	29,474
	$ 210,077

(3) Notes Receivable

At December 31, 2011, we had Notes Receivable of $0.5 million relating to settlement agreements for the payment of outstanding balances from two lessees for four aircraft and three engines. One note of $0.8 million is payable monthly over five years with interest of 5.0% per annum, with a final payment due in April 2016. Due to concerns regarding collectability, we have fully reserved for the amount owing under this unsecured note. The remaining note of $0.5 million is due in full in May 2012.

(4) Investments

On May 25, 2011, we entered into an agreement with Mitsui & Co., Ltd. to participate in a joint venture formed as a Dublin-based Irish limited company – Willis Mitsui & Company Engine Support Limited ("WMES") for the purpose of acquiring and leasing IAE V2500-A5 and General Electric CF34-10E jet engines. Each partner holds a fifty percent interest in the joint venture. The initial capital contribution by the Company for its investment in WMES was $8.0 million. The Company provided the initial lease portfolio by transferring seven V2500 engines to the joint venture in June 2011. In addition, the Company made a $1.0 million capital contribution to WMES for an engine purchase in September 2011, resulting in a total of eight engines in the lease portfolio. The $9.0 million of capital contributions has been partially offset by $3.6 million, resulting in a net investment of $5.4 million. The $3.6 million

reduction in investment represents 50% of the $7.2 million gain related to the sale by the Company of the seven engines to WMES. WMES executed a loan agreement with JA Mitsui Leasing, Ltd., establishing a credit facility of up to $120.0 million for the purposes of acquiring the initial engines as well as providing funding for future engine acquisitions. Our investment in the joint venture is $5.4 million as of December 31, 2011.

We hold a fifty percent membership interest in a joint venture, WOLF A340, LLC, a Delaware limited liability company, ("WOLF"). On December 30, 2005, WOLF completed the purchase of two Airbus A340-313 aircraft from Boeing Aircraft Holding Company for a purchase price of $96.0 million. The purchase was funded by four term notes with one financial institution totaling $76.8 million, with interest payable at LIBOR plus 1.0% to 2.5% and maturing in 2013. These aircraft are currently on lease to Emirates until 2013. Our investment in the joint venture is $9.9 million and $9.4 million as of December 31, 2011 and December 31, 2010, respectively.

Year Ending December 31, 2011 and 2010 (in thousands)	WOLF	WMES	Total
Investment in joint ventures as of December 31, 2009	$9,221	$ —	$ 9,221
Investment	—	—	—
Earnings from joint ventures	1,109	—	1,109
Distribution	(949)	—	(949)
Investment in joint ventures as of December 31, 2010	$9,381	$ —	$ 9,381
Investment	—	5,373	5,373
Earnings from joint ventures	1,292	3	1,295
Distribution	(810)	—	(810)
Investment in joint ventures as of December 31, 2011	$9,863	$5,376	$15,239

In July 1999, we entered into an agreement to participate in a joint venture formed as a limited company—Sichuan Snecma Aero-engine Maintenance Co. Ltd. ("Sichuan Snecma") for the purpose of providing airlines in the Asia Pacific area with modern maintenance, leased engines and spare parts. Sichuan Snecma focuses on providing maintenance services for CFM56 series engines and is located in Chengdu, China. The investment of $1.48 million represented a 4.6% interest in the joint venture. On November 8, 2010, the sale of the Company's interest in Sichuan Snecma was completed. The sales proceeds totaled $3.5 million, resulting in a gain of $2.0 million on the sale which was recorded as Other income in 2010.

(5) Notes Payable

Notes payable consisted of the following:

	As of December 31, 2011	2010
	(in thousands)	
Credit facility at a floating rate of interest of LIBOR plus 2.75%, secured by engines. The facility has a committed amount of $345.0 million, which revolves until the maturity date of November 2016.	$228,000	$ —
Credit facility at a floating rate of interest of LIBOR plus 3.50%, secured by engines. The facility has a committed amount of $240.0 million, which revolves until the maturity date of November 2012.	—	186,000
WEST Series 2005-A1 term notes payable of $99.8 million (2010, $114.9 million) payable at a floating rate of interest based on LIBOR plus 1.25%, maturing in July 2018; and $0 million (2010, $18.1 million) Series 2005-B1 term notes payable at LIBOR plus 6.00%, maturing in July 2020. Secured by engines.	99,763	132,983
WEST Series 2008-A1 term notes payable, a floating rate of interest based on LIBOR plus 1.50%, maturing in March 2021. Secured by engines.	151,120	167,457
WEST Series 2007-A2 warehouse notes payable of $162.5 million (2010, $174.8 million) payable at a floating rate of interest based on LIBOR plus 2.25%, maturing in January 2024; and $23.5 million (2010, $25.0 million) Series 2007-B2 warehouse notes payable at LIBOR plus 4.75%, maturing in January 2026. Secured by engines.	185,937	199,790
Note payable at a floating rate of LIBOR plus 4.00%, maturing in June 2012. Secured by Series 2008-B1 notes ($15.2 million).	15,212	20,000
Note payable at a fixed interest rate of 4.50%, maturing in January 2014. Secured by engines.	18,840	20,936
Note payable at a floating rate of LIBOR plus 3.00%, maturing in January 2016. Secured by Series 2005-B1 notes ($16.2 million).	16,180	—
Note payable at a fixed interest rate of 8.00%, unsecured, maturing in December 2013.	1,500	1,500
Note payable at a floating rate of LIBOR plus 1.20%, secured by an aircraft. Repaid in October 2011.	—	5,299
Note payable at a floating rate of LIBOR plus 1.50%, secured by an aircraft. Repaid in October 2011.	—	284
Note payable at a fixed interest rate of 3.94%, maturing in September 2014. Secured by an aircraft.	3,667	—
Total notes payable before discount	$720,219	$734,249
WEST Series 2005-A1 term notes discount, $3,000 at issuance, and WEST Series 2008-A1 term notes discount, $2,888 at issuance, net of amortization	(2,085)	(2,617)
Total notes payable	$718,134	$731,632

At December 31, 2011, one-month LIBOR was 0.30%. At December 31, 2010, the one-month LIBOR rate was 0.26%.

Principal outstanding at December 31, 2011, is repayable as follows:

Year	(in thousands)
2012 (includes $15.2 million outstanding on senior term loan)	$ 66,535
2013	52,695
2014	65,454
2015	48,488
2016 (includes $228.0 million outstanding on revolving credit facility)	283,244
Thereafter	203,803
	$ 720,219

Certain of the debt instruments above have covenant requirements such as minimum tangible net worth, maximum balance sheet leverage and various interest coverage ratios. The Company also has certain negative financial covenants such as liens, advances, change in business, sales of assets, dividends and stock repurchase. These covenants are tested quarterly and the Company was in full compliance with all covenant requirements at December 31, 2011.

At December 31, 2011, notes payable consists of loans totaling $718.1 million (net of discounts of $2.1 million) payable over periods of six months to approximately 14 years with interest rates varying between approximately 1.5% and 8.0% (excluding the effect of our interest rate derivative instruments). At December 31, 2011, we had warehouse and revolving credit facilities totaling approximately $345.0 million compared to $440.0 million at December 31, 2010. At December 31, 2011, and December 31, 2010, respectively, approximately $117.0 million and $54.2 million were available under these combined facilities. The significant facilities are described below.

At December 31, 2011, we had a $345.0 million revolving credit facility to finance the acquisition of aircraft engines for lease as well as for general working capital purposes. We closed on this facility on November 18, 2011 and the proceeds of the new facility, net of $3.3 million in debt issuance costs, was used to pay off the balance remaining from our prior revolving facility which is described below. As of December 31, 2011, $117.0 million was available under this facility. The revolving facility ends in November 2016. The interest rate on this facility at December 31, 2011 was one-month LIBOR plus 2.75%. Under the revolver facility, all subsidiaries except Willis Engine Securitization Trust (“WEST”) and WEST Engine Funding LLC jointly and severally guarantee payment and performance of the terms of the loan agreement. The guarantee would be triggered by a default under the agreement.

At December 31, 2010, we had a $240.0 million revolving credit facility to finance the acquisition of aircraft engines for lease as well as for general working capital purposes. We closed on this facility on November 20, 2009 and the proceeds of the new facility, net of $3.5 million in debt issuance costs, was used to pay off the balance remaining from our prior revolving facility. As of December 31, 2010, $54.0 million was available under this facility. Effective January 21, 2011, we exercised our option under the facility to increase the size of this facility to $285.0 million from the original $240.0 million. The three year term was scheduled to end in November 2012. On November 18, 2011, the facility was paid off and replaced by the facility described above. The interest rate on this facility at December 31, 2010 was one-month LIBOR plus 3.50%.

On September 30, 2011, we closed on a term loan for a three year term totaling $4.0 million. Interest is payable at a fixed rate of 3.94% and principal and interest is paid monthly. The loan is secured by our corporate aircraft. The funds were used to refinance the loan for our corporate aircraft. The balance outstanding on this loan is $3.7 million as of December 31, 2011.

On January 11, 2010, we closed on a new term loan for a four year term totaling $22.0 million, the proceeds of which were used to pay down the balance under our revolving credit facility. At December 31, 2011, $18.8 million was outstanding under this loan. Interest is payable at a fixed rate of 4.50% and principal and interest is paid quarterly. This loan is secured by three engines.

On August 9, 2005, we closed an asset-backed securitization through WEST, a bankruptcy remote Delaware Statutory Trust, which is the issuer of various series of term notes secured by a portfolio of engines. At December 31, 2011, $436.8 million of WEST term notes were outstanding. Included in the term notes outstanding are the Series 2007-A2 and Series 2007-B2 warehouse notes that converted to term notes effective February 14, 2011. The term notes are divided into $99.8 million Series 2005-A1 notes, $162.5 million Series 2007-A2 notes, $23.4 million Series 2007-B2 notes and $151.1 million Series 2008-A1 notes.

The Series 2005-A1 notes were issued on August 9, 2005 in the original principal amount of $200.0 million. The interest rate on the Series 2005-A1 notes equals one-month LIBOR plus a margin of 1.25%. The Series 2008-A1 notes were issued on March 28, 2008 in the original principal amount of $212.4 million. The interest rate on the Series 2008-A1 notes equals one-month LIBOR plus a margin of 1.50%. The Series 2005-A1 and 2008-A1 term notes expected maturity is July 2018 and March 2021, respectively.

The Series 2007-A2 and Series 2007-B2 notes were issued on December 13, 2007 in the original principal amounts of $175.0 million and $25.0 million, respectively. The interest rate on the Series 2007-A2 notes and the Series 2007-B2 notes at December 31, 2011 is equal to one-month LIBOR plus a margin of 2.25% and 4.75%, respectively. The Series 2007-A2 and 2007-B2 notes expected maturity is January 2024 and January 2026, respectively.

WEST also entered into a Senior Liquidity Facility on December 13, 2007 which expires on the final maturity date of the Series 2008-A1 term notes in March 2021. The maximum facility size is 4% of the outstanding Series 2007-A2 notes and Series 2008-A1 notes. This facility replaced the requirement to maintain 4% cash reserves for the 2007-A2 notes and the Series 2008-A1 notes. The facility may be drawn on any payment date should the cash flow at WEST be insufficient to pay interest on the Series 2007-A2 notes, Series 2008-A1 notes and any required hedge payments. A commitment fee is payable on the facility. The establishment of this facility resulted in the release of $7.1 million of cash held previously in the Senior Restricted Cash Account in December 2007.

The Series 2008-B1 notes were issued on March 28, 2008 in the original principal amount of $20.3 million. On June 30, 2008, we purchased the WEST Series 2008-B1 notes for $19.8 million (the then-unpaid principal amount of the 2008-B1 notes) with the proceeds of a $20.0 million term loan made by an affiliate of the prior note holder. This term loan is secured by a pledge of the WEST Series 2008-B1 notes to the lender. The term loan was originally for a term of two years with maturity on July 1, 2010 with no amortization with all amounts due at maturity. On May 3, 2010, the Company extended the maturity date from July 1, 2010 to December 31, 2010 and amended the covenants for this term loan to conform to that of the $240.0 million revolving credit facility. On December 29, 2010, the Company further extended the maturity date from December 31, 2010 to December 31, 2011 and increased the interest rate for the term loan from one-month LIBOR plus 3.50% to one-month LIBOR plus 4.00%. On December 14, 2011 the Company further extended the maturity date from December 31, 2011 to June 30, 2012. The interest rate remains at one-month LIBOR plus 4.00% and the loan continues to amortize on a monthly basis, with a $14.5 million bullet payment required at the June 30, 2012 maturity date. The balance outstanding on this term loan is $15.2 million as of December 31, 2011.

The Series 2005-B1 notes were issued on August 9, 2005 in the original principal amount of $28.3 million. On January 18, 2011, we purchased the Series 2005-B1 notes for $17.9 million (the then-unpaid principal amount of the 2005-B1 notes) with the proceeds of a term loan made by the bank which was the prior note holder. This term loan is secured by a pledge of the WEST Series 2005-B1 notes to the lender. Interest on this term loan is equal to one-month LIBOR plus a margin of 3.00%. The term of this loan is five years and the loan amortization is consistent with the amortization on the underlying WEST Series 2005-B1 notes, with a bullet payment required at the end of the five year term.

The assets of WEST and WEST Engine Funding LLC are not available to satisfy our obligations or any of our affiliates. WEST is consolidated for financial statement presentation purposes. WEST's ability to make distributions and pay dividends to us is subject to the prior payments of its debt and other obligations and WEST's maintenance of adequate reserves and capital. Under WEST, cash is collected in a restricted account, which is used to service the debt and any remaining amounts, after debt service and defined expenses, are distributed to us. Additionally, maintenance reserve payments and lease security deposits are accumulated in restricted accounts and are not available for general use. Cash from maintenance reserve payments is held in the restricted cash account and is subject to a minimum balance established annually based on an engine portfolio maintenance reserve study provided by a third party. Any excess maintenance reserve amounts remain within the restricted cash accounts and may be utilized for the purchase of new engines.

At December 31, 2011 and 2010, one-month LIBOR was 0.30% and 0.26%, respectively.

(6) Derivative Instruments

We hold a number of interest rate derivative instruments to mitigate exposure to changes in interest rates, in particular one-month LIBOR, as all but $24.0 million of our borrowings at December 31, 2011 are at variable rates. As a matter of policy, we do not use derivatives for speculative purposes. In addition, WEST is required under its credit agreement

to hedge a portion of its borrowings. At December 31, 2011, we were a party to interest rate swap agreements with notional outstanding amounts of $375.0 million, remaining terms of between three and forty months and fixed rates of between 2.10% and 5.05%. At December 31, 2010, we were a party to interest rate swap agreements with notional outstanding amounts of $430.0 million, remaining terms of between two and fifty-one months and fixed rates of between 2.10% and 5.05%. The net fair value of the swaps at December 31, 2011 and 2010 was negative $12.3 million and negative $14.3 million, respectively, representing a net liability for us. These amounts represent the estimated amount we would be required to pay if we terminated the swaps.

The Company estimates the fair value of derivative instruments using a discounted cash flow technique and, as of December 31, 2011, has used creditworthiness inputs that corroborate observable market data evaluating the Company's and counterparties' risk of non-performance. Valuation of the derivative instruments requires certain assumptions for underlying variables and the use of different assumptions would result in a different valuation. Management believes it has applied assumptions consistently during the period. We apply hedge accounting and account for the change in fair value of our cash flow hedges through other comprehensive income for all derivative instruments.

Based on the implied forward rate for LIBOR at December 31, 2011, we anticipate that net finance costs will be increased by approximately $7.1 million for the year ending December 31, 2012 due to the interest rate derivative contracts currently in place.

We terminated three swaps with a notional value of $105.0 million on November 18, 2009. The originally specified hedged forecasted transactions remain probable to occur as the debt remains in place. The effective portion of the loss on these hedges at the termination date was $2.6 million and will be reclassified into earnings over the original term of the swaps.

Fair Values of Derivative Instruments in the Consolidated Balance Sheets

The following table provides information about the fair value of our derivative instruments, by contract type:

	Derivatives		
		Fair Value	
		Years Ended December 31,	
Derivatives Designated as Hedging Instruments	Balance Sheet Location	2011	2010
		(in thousands)	
Interest rate contracts	Liabilities under derivative instruments	$ 12,341	$ 14,274

Earnings Effects of Derivative Instruments on the Statements of Income

The following table provides information about the income effects of our cash flow hedging relationships for the years ended December 31, 2011, 2010 and 2009:

		Amount of Loss (Gain) Recognized on Derivatives in the Statements of Income		
		Years Ended December 31,		
Derivatives in Cash Flow Hedging Relationships	Location of Loss (Gain) Recognized on Derivatives in the Statements of Income	2011	2010	2009
			(in thousands)	
Interest rate contracts	Interest expense	$ 11,349	$ 18,633	$ 16,227
Total		$ 11,349	$ 18,633	$ 16,227

Our derivatives are designated in a cash flow hedging relationship with the effective portion of the change in fair value of the derivative reported in the cash flow hedges subaccount of accumulated other comprehensive income.

Effect of Derivative Instruments on Cash Flow Hedging

The following tables provide additional information about the financial statement effects related to our cash flow hedges for the years ended December 31, 2011, 2010 and 2009:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion) Years Ended December 31,			Location of Loss (Gain) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss (Gain) Reclassified from Accumulated OCI into Income (Effective Portion) Years Ended December 31,		
	2011	2010	2009		2011	2010	2009
		(in thousands)				(in thousands)	
Interest rate contracts*	$ 1,933	$ (6,380)	$ 12,639	Interest expense	$ 11,349	$ 18,633	$ 16,227
Total	$ 1,933	$ (6,380)	$ 12,639	Total	$ 11,349	$ 18,633	$ 16,227

* These amounts are shown net of $10.9 million, $15.7 million and $18.5 million of interest payments reclassified to the income statement during the years ended December 31, 2011, 2010 and 2009, respectively.

The effective portion of the change in fair value on a derivative instrument designated as a cash flow hedge is reported as a component of other comprehensive income and is reclassified into earnings in the period during which the transaction being hedged affects earnings. The ineffective portion of the hedges is recorded in earnings in the current period. However, these are highly effective hedges and no significant ineffectiveness occurred in either of the periods presented.

Counterparty Credit Risk

The Company evaluates the creditworthiness of the counterparties under its hedging agreements, all of which are large financial institutions in the United States and Germany with investment grade credit ratings. Based on those ratings, the Company believes that the counterparties are currently creditworthy and that their continuing performance under the hedging agreements is probable, and has not required those counterparties to provide collateral or other security to the Company.

(7) Income Taxes

The components of income tax expense for the years ended December 31, 2011, 2010 and 2009, included in the accompanying consolidated statements of income were as follows:

	Federal	State	Total
		(in thousands)	
December 31, 2011			
Current	$ 1,373	$ (331)	$ 1,042
Deferred	9,783	(1,448)	8,335
Total 2011	$11,156	$(1,779)	$ 9,377
December 31, 2010			
Current	$ (458)	$ 321	$ (137)
Deferred	7,609	158	7,767
Total 2010	$ 7,151	$ 479	$ 7,630
December 31, 2009			
Current	$ 108	$ 639	$ 747
Deferred	13,047	(3,774)	9,273
Total 2009	$13,155	$(3,135)	$10,020

The following is a reconciliation of the federal income tax expense at the statutory rate of 34% to the effective income tax expense:

	Years Ended December 31,					
	2011		2010		2009	
	(in thousands and % of pre-tax income)					
	$	%	$	%	$	%
Statutory federal income tax expense	8,147	34.0	6,690	34.0	11,012	34.0
State taxes, net of federal benefit	(38)	(0.2)	713	3.7	250	0.8
State income tax apportionment adjustment	(1,137)	(4.7)	(396)	(2.0)	(2,319)	(7.2)
Extraterritorial income exclusion	(7)	0.0	(101)	(0.5)	(92)	(0.3)
Tax consequences of the sale of engines to WMES	1,214	5.1	—	—	—	—
FIN 48 liability	195	0.8	113	0.6	—	—
Permanent differences-162(m)	737	3.1	406	2.1	516	1.6
Permanent differences and other	266	1.0	205	0.9	653	2.0
Effective income tax expense	9,377	39.1	7,630	38.8	10,020	30.9

In 2011, 2010, and 2009, we determined that a number of assets and their associated leases qualify for exclusion from federal taxable income under the Extraterritorial Income Exclusion rules, resulting in a reduction in the federal effective tax rate.

For the years ended December 31, 2011, 2010 and 2009, the Company's effective tax rate was reduced by $1.1 million, $0.4 million and $2.3 million, respectively, related to a change in California state tax law enacted during 2009 regarding state apportionment of income which became effective in 2011. For the year ended December 31, 2009, the Company also recognized an adjustment of $1.2 million increasing the tax provision in the period related to the tax treatment of individual employee non-performance based compensation costs in excess of $1.0 million annually. The adjustment was based on compensation earned in 2007, 2008 and 2009 that had not previously been recognized as non-deductible for tax purposes, by period as follows: 2007 $0.2 million, 2008 $0.5 million, 2009 $0.5 million.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

	(in thousands)
Balance as of December 31, 2009	—
Increases related to current year tax positions	113
Balance as of December 31, 2010	113
Increases related to current year tax positions	195
Balance as of December 31, 2011	$ 308

As of December 31, 2011 and 2010, we reserved $0.2 million and $0.1 million, respectively, for tax exposure in Europe. If the Company is able to eventually recognize these uncertain tax positions, all of the unrecognized benefit would reduce the Company's effective tax rate. We did not carry any specified tax reserves as of December 31, 2009.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	As of December 31,	
	2011	2010
	(in thousands)	
Deferred tax assets:		
Unearned lease revenue	$ 1,274	$ 1,175
State taxes	603	2,518
Reserves and allowances	1,595	1,811
Other accruals	1,795	4,014
Alternative minimum tax credit	527	377
Net operating loss carry forward	21,805	23,807
Charitable contributions	16	—
Total deferred tax assets	27,615	33,702
Deferred tax liabilities:		
Depreciation and impairment on aircraft engines and equipment	(113,956)	(106,834)
Section 481 adjustment-Maintenance reserve	—	(4,929)
Other deferred tax liabilities	(3,612)	(3,669)
Net deferred tax liabilities	(117,568)	(115,432)
Other comprehensive income, deferred tax asset	5,247	6,085
Net deferred tax liabilities	$ (84,706)	$ (75,645)

As of December 31, 2011, we had net operating loss carry forwards of approximately $61.8 million for federal tax purposes and $12.5 million for state tax purposes. The federal net operating loss carry forwards will expire at various times from 2022 to 2029 and the state net operating loss carry forwards will expire at various times from 2016 to 2020. The Company's ability to utilize the net operating loss and tax credit carry forwards in the future may be subject to restriction in the event of past or future ownership changes as defined in Section 382 of the Internal Revenue Code and similar state tax law. As of December 31, 2011, we also had alternative minimum tax credit of approximately $0.5 million for federal income tax purposes which has no expiration date and which should be available to offset future regular tax liabilities. Management believes that no valuation allowance is required on deferred tax assets, as it is more likely than not that all amounts are recoverable through future taxable income.

(8) Fair Value of Financial Instruments

The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, restricted cash, operating lease related receivable, notes receivable and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments.

The carrying amount of the Company's outstanding balance on its Notes Payable as of December 31, 2011 and 2010 was estimated to have a fair value of approximately $634.5 million and $670.7 million, respectively, based on the fair value of estimated future payments calculated using the prevailing interest rates at each year end.

(9) Risk Management—Risk Concentrations and Interest Rate Risk

Risk Concentrations

Financial instruments which potentially subject us to concentrations of credit risk consist principally of cash deposits, lease receivables and interest rate swaps.

We place our cash deposits with financial institutions and other creditworthy institutions such as money market funds and limit the amount of credit exposure to any one party. We opt for security of principal as opposed to yield. In late 2008, we moved substantial deposits to U.S. treasury securities to avoid risk of loss. Concentrations of credit risk with respect to lease receivables are limited due to the large number of customers comprising our customer base, and their dispersion across different geographic areas. Some lessees are required to make payments for maintenance reserves at the end of the lease however, risk is considered limited due to the relatively few lessees which have this provision in the lease. We enter into interest rate swap agreements with five counterparties that are investment grade financial institutions.

Interest Rate Risk Management

To mitigate exposure to interest rate changes, we have entered into interest rate swap agreements. As of December 31, 2011, such swap agreements had notional outstanding amounts of $375.0 million, average remaining terms of between three and forty months and fixed rates of between 2.10% and 5.05%. In 2011, 2010 and 2009, $11.3 million, $18.6 million and $16.2 million was realized through the income statement as an increase in interest expense, respectively.

(10) Commitments, Contingencies, Guarantees and Indemnities

Our principal offices are located in Novato, California. We occupy space in Novato under a lease that expires September 30, 2018. The remaining lease rental commitment is approximately $3.5 million. Equipment leasing, financing, sales and general administrative activities are conducted from the Novato location. We also sub-lease office and warehouse space for our operations at San Diego, California. This lease expires October 31, 2013, and the remaining lease commitment is approximately $0.3 million. We also lease office space in Shanghai, China. The lease expires December 31, 2012 and the remaining lease commitment is approximately $65,000. We also lease office and living space in London, United Kingdom. Both of these leases expire on December 31, 2012 and the remaining commitments are $0.1 million and $0.2 million, respectively. We also lease office space in Blagnac, France. The lease expires December 31, 2012 and the remaining lease commitment is approximately $51,000.

We have made purchase commitments to secure the purchase of three engines and related equipment for a gross purchase price of $28.5 million, for delivery in 2012 to 2014. As at December 31, 2011, non-refundable deposits paid related to this purchase commitment were $1.4 million. In October 2006, we entered into an agreement with CFM International ("CFM") to purchase new spare aircraft engines. The agreement specifies that, subject to availability, we may purchase up to a total of 45 CFM56-7B and CFM56-5B spare engines over a five year period, with options to acquire up to an additional 30 engines. Our outstanding purchase orders with CFM for three engines represent deferral of engine deliveries originally scheduled for 2009 and are included in our commitments to purchase in 2012 to 2014.

(11) Shareholders' Equity

(a) Preferred Stock

On February 7, 2006 we completed a public offering of 3,475,000 shares of our 9.0% Series A Cumulative Redeemable Preferred Stock with a liquidation preference of $10.00 per share, or approximately $34.8 million in total. After underwriting commissions and expenses of issuance, we received net proceeds of approximately $31.9 million. The preferred stock accrues cash dividends from the date of issuance at a rate of 9.0% per annum, or approximately $260,625 per month. The first dividend payment was paid March 15, 2006. The payment of dividends is at the discretion of our board of directors. The Series A Preferred Stock is traded on the NASDAQ National Market under the symbol WLFCP.

Holders of the Series A Preferred Stock generally have no voting rights, but may elect two directors if we fail to pay dividends for an aggregate of 18 or more months (consecutive or nonconsecutive) and also may vote in certain other limited circumstances. The Series A Preferred Stock has no stated maturity date and is not convertible into any of our property or other securities. On or after February 11, 2011 we may, at our option, redeem the shares at $10.00 per preferred share plus accrued but unpaid dividends. Accordingly, the Series A Preferred Stock will remain outstanding indefinitely, unless we decide to redeem them, or they are otherwise cancelled or exchanged.

(b) Common Stock Repurchase

On December 8, 2009, the Company's Board of Directors authorized a plan to repurchase up to $30.0 million of the Company's common stock, depending upon market conditions and other factors, over the next three years. During 2011, the Company repurchased 434,748 shares of common stock for approximately $5.7 million under this program, at a weighted average price of $13.02 per share. The repurchased shares were subsequently retired. As of December 31, 2011, the total number of common shares outstanding was 9.1 million.

(12) Stock-Based Compensation Plans

The components of stock compensation expense for the years ended December 31, 2011, 2010 and 2009, included in the accompanying consolidated statements of income were as follows:

	2011	2010	2009
		(in thousands)	
2007 Stock Incentive Plan	$3,108	$2,603	$2,246
1996 Stock Option/Stock Issuance Plan	—	14	146
Employee Stock Purchase Plan	65	61	43
Total Stock Compensation Expense	$3,173	$2,678	$2,435

The significant stock compensation plans are described below.

Our 2007 Stock Incentive Plan (the 2007 Plan) was adopted on May 24, 2007. Under this 2007 Plan, a total of 2,000,000 shares are authorized for stock based compensation in the form of either restricted stock or stock options. There have been 1,417,116 shares of restricted stock awarded to date. Two types of restricted stock were granted in 2009: 10,000 shares vesting over 4 years and 18,220 shares vesting on the first anniversary date from date of issuance. Two types of restricted stock were granted in 2010: 190,375 shares vesting over 4 years and 21,635 shares vesting on the first anniversary date from date of issuance. Two types of restricted stock have been granted in 2011: 324,924 shares vesting over 4 years and 22,100 shares vesting on the first anniversary date from date of issuance. The fair value of the restricted stock awards equaled the stock price at the date of grants. There were 27,477 shares of restricted stock awards granted in 2008 through 2011 that were cancelled during 2011 due to employee changes. The shares have reverted to the share reserve and are available for issuance at a later date, in accordance with the Plan.

Our accounting policy is to recognize the associated expense of such awards on a straight-line basis over the vesting period. At December 31, 2011, the stock compensation expense related to the restricted stock awards that will be recognized over the average remaining vesting period of 2.6 years totals $5.6 million. At December 31, 2011, the intrinsic value of unvested restricted stock awards is $7.8 million. The Plan terminates on May 24, 2017.

A summary of activity under the 2007 Plan for the years ended December 31, 2011, 2010 and 2009 is as follows:

	Number Outstanding	Weighted Average Grant Date Fair Value	Aggregate Value
Balance as of December 31, 2008	721,376	$ 11.18	$ 8,061,861
Shares granted	28,220	13.44	379,408
Shares cancelled	—	—	—
Shares vested	(191,292)	11.63	(2,224,055)
Balance as of December 31, 2009	558,304	$ 11.14	$ 6,217,214
Shares granted	212,010	11.19	2,371,619
Shares cancelled	—	—	—
Shares vested	(194,523)	11.89	(2,312,649)
Balance as of December 31, 2010	575,791	$ 10.90	$ 6,276,184
Shares granted	347,024	12.45	4,318,920
Shares cancelled	(27,477)	11.34	(311,596)
Shares vested	(244,044)	11.14	(2,719,232)
Balance as of December 31, 2011	651,294	$ 11.61	$ 7,564,276

Employee Stock Purchase Plan: Under our Employee Stock Purchase Plan (ESPP), as amended and restated effective May 20, 2010, 250,000 shares of common stock have been reserved for issuance. The Purchase Plan was effective in September 1996. Eligible employees may designate not more than 10% of their cash compensation to be deducted each pay period for the purchase of common stock under the Purchase Plan. Participants may purchase not more than 1,000 shares or $25,000 of common stock in any one calendar year. Each January 31 and July 31 shares of common stock are purchased with the employees' payroll deductions from the immediately preceding six months at a price per share of 85% of the lesser of the market price of the common stock on the purchase date or the market price of the common stock on the date of entry into an offering period. In 2011 and 2010, 19,983 and 20,523 shares of common stock, respectively, were issued under the Purchase Plan. We issue new shares through our transfer agent upon employee stock purchase. The weighted average per share fair value of the employee's purchase rights under the Purchase Plan for the rights granted was $3.40, $3.40 and $2.77 for 2011, 2010 and 2009, respectively.

1996 Stock Option/Stock Issuance Plan: We granted stock options under our 1996 Stock Option/Stock Issuance Plan (the 1996 Plan), as amended and restated as of March 1, 2003, until the plan terminated in June 2006. Under this Plan, a total of 3,025,000 shares were authorized for grant. These options have a contractual term of ten years and vest at a rate of 25%

annually commencing on the first anniversary of the date of grant. For shares outstanding with graded vesting, our accounting policy is to value the options as one award and recognize the associated expense on a straight-line basis over the vesting period. We issue new shares through our transfer agent upon stock option exercise. In the year ended December 31, 2010, 206,146 options were exercised with a total intrinsic value at exercise date of approximately $1.4 million and 751 options were cancelled. In the year ended December 31, 2011, 369,310 options were exercised with a total intrinsic value at exercise date of approximately $2.1 million and no options were cancelled. There are 443,581 stock options vested and expected to vest under the 1996 Stock Option/Stock Issuance Plan which have an intrinsic value of $2.5 million.

A summary of the activity under the 1996 Plan for the years ended December 31, 2011, 2010 and 2009 is as follows:

	Options Available for Grant	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2009	—	1,204,407	$ 7.01		$3,270,437
Options exercised	—	(122,299)	5.65		
Options cancelled	—	(62,320)	15.19		
Outstanding as of December 31, 2009	—	1,019,788	$ 6.68	2.53	$8,486,579
Options exercised	—	(206,146)	6.20		
Options cancelled	—	(751)	6.50		
Outstanding as of December 31, 2010	—	812,891	$ 6.80	1.81	$5,064,940
Options exercised	—	(369,310)	7.34		
Options cancelled	—	—	—		
Outstanding as of December 31, 2011	—	443,581	$ 6.35	1.82	$2,484,009
Vested and expected to vest at: December 31, 2011		443,581	$ 6.35	1.82	$2,484,009
Options exercisable at:					
December 31, 2009		1,014,538	$ 6.66	2.53	$8,463,664
December 31, 2010		812,891	$ 6.80	1.81	$5,064,940
December 31, 2011		443,581	$ 6.35	1.82	$2,484,009

The following table summarizes information concerning outstanding and exercisable options at December 31, 2011:

	Options Outstanding			Options Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
From $4.50 to $4.50	1,516	0.39	$ 4.50	1,516	$ 4.50
From $4.68 to $4.68	83,844	0.35	4.68	83,844	4.68
From $4.92 to $4.92	7,775	1.41	4.92	7,775	4.92
From $5.01 to $5.01	207,204	1.17	5.01	207,204	5.01
From $8.40 to $8.40	3,921	3.38	8.40	3,921	5.40
From $8.49 to $8.49	3,890	2.4	8.49	3,890	8.44
From $8.70 to $8.70	6,681	4.40	8.70	6,681	8.70
From $9.20 to $9.20	112,750	3.6	9.20	112,750	9.20
From $11.24 to $11.24	16,000	4.26	11.24	16,000	11.24
From $4.50 to $11.24	443,581	1.82	$ 6.35	443,581	$ 6.35

(13) Employee 401(k) Plan

We adopted The Willis 401(k) Plan (the 401(k) Plan) effective as of January 1997. The 401(k) Plan provides for deferred compensation as described in Section 401(k) of the Internal Revenue Code. The 401(k) Plan is a contributory plan available to all our full-time and part-time employees in the United States. In 2011, employees who participated in the 401(k) Plan could elect to defer and contribute to the 401(k) Plan up to 20% of pretax salary or wages up to $16,500 (or $22,000 for employees at least 50 years of age). We match 50% of employee contributions up to 8% of the employee's salary which totaled $306,837 in 2011, $303,000 in 2010 and $271,000 in 2009.

(14) Quarterly Consolidated Financial Information (Unaudited)

The following is a summary of the unaudited quarterly results of operations for the years ended December 31, 2011, 2010 and 2009 (in thousands, except per share data).

Fiscal 2011	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Total revenue	$ 40,812	$ 38,692	$ 39,480	$ 37,669	$156,653
Net income	5,063	3,481	2,316	3,648	14,508
Net income attributable to common shareholders	4,281	2,699	1,534	2,866	11,380
Basic earnings per common share	0.50	0.33	0.18	0.34	1.35
Diluted earnings per common share	0.47	0.31	0.17	0.33	1.28
Average common shares outstanding	8,552	8,322	8,397	8,425	8,423
Diluted average common shares outstanding	9,048	8,796	8,811	8,758	8,876

Fiscal 2010	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Total revenue	$ 35,699	$ 32,778	$ 40,191	$ 39,634	$148,302
Net income	3,050	1,907	3,083	4,010	12,050
Net income attributable to common shareholders	2,268	1,125	2,301	3,228	8,922
Basic earnings per common share	0.26	0.13	0.27	0.37	1.03
Diluted earnings per common share	0.24	0.12	0.25	0.35	0.96
Average common shares outstanding	8,660	8,729	8,683	8,654	8,681
Diluted average common shares outstanding	9,303	9,255	9,080	9,199	9,251

Fiscal 2009	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Total revenue	$ 34,579	$ 33,390	$ 43,642	$ 38,829	$150,440
Net income	7,022	5,019	9,299	1,027	22,367
Net income attributable to common shareholders	6,240	4,237	8,517	245	19,239
Basic earnings per common share	0.75	0.51	1.01	0.03	2.30
Diluted earnings per common share	0.71	0.47	0.93	0.03	2.14
Average common shares outstanding	8,306	8,342	8,391	8,414	8,364
Diluted average common shares outstanding	8,675	8,926	9,051	9,072	8,983

(15) Related Party and Similar Transactions

Gavarnie Holding, LLC, a Delaware limited liability company (“Gavarnie”) owned by Charles F. Willis, IV, purchased the stock of Aloha Island Air, Inc., a Delaware Corporation, (“Island Air”) from Aloha AirGroup, Inc. (“Aloha”) on May 11, 2004. Charles F. Willis, IV is the CEO and Chairman of the Company’s Board of Directors and owns approximately 31% of the Company’s common stock. As of December 31, 2011, Island Air leases three DeHaviland DHC-8-100 aircraft and four spare engines from the Company. The aircraft and engines on lease to Island Air have a net book value of $3.0 million at December 31, 2011.

Effective January 2, 2011 the Company converted the operating leases with Island Air to a finance lease, with a principal amount of $7.0 million, under which they have resumed monthly payments. Revenue is recorded throughout the lease term as cash is received with $1.6 million recorded as lease rent revenue for the year ended December 31, 2011. In October 2010, Island Air purchased one airframe from the Company, generating a net gain of $0.4 million.

Beginning in 2006 Island Air experienced cash flow difficulties, which affected their payments to the Company due to a fare war commenced by a competitor, their dependence on tourism which has suffered from the current economic environment as well as volatile fuel prices. The Board of Directors approved lease rent deferrals which were accounted for as a reduction in lease revenue in the applicable periods. Because of the question regarding collectability of amounts due under these leases, lease rent revenue for these leases have been recorded on a cash basis until such time as collectability becomes reasonably assured. After taking into account the deferred amounts, Island Air owed the Company $2.9 million in overdue rent and late charges. Effective as of May 3, 2011 the Company entered into a Settlement Agreement with Island Air which was approved by the Board of Directors, which provides that the overdue rent and late charges will be settled by the Company forgiving 65% of the claim and Island Air paying the remaining 35% of the claim as follows: $0.1 million on signing and $1.0 million over 60 months at 5% interest. A note receivable in the amount of $1.0 million and offsetting reserve was established. As cash is collected on this note, revenue will be recorded, with $0.1 million received in the year ended December 31, 2011. The Settlement Agreement was dependent on Island Air obtaining similar concessions from their other major creditors which have been obtained.

The Company entered into two Consignment Agreements dated January 22, 2008 and November 17, 2008, with J.T. Power, LLC ("J.T. Power"), an entity whose sole shareholder, Austin Willis, is the son of the Company's President and Chief Executive Officer, and directly and indirectly, a shareholder and a Director of the Company. According to the terms of the Consignment Agreements, J.T. Power was responsible to market and sell parts from the teardown of four engines with a book value of $5.2 million. During the year ended December 31, 2011, sales of consigned parts were $95,200. Under these agreements, J.T. Power provided a minimum guarantee of net consignment proceeds of $4.0 million as of February 22, 2012. Based on current consignment proceeds, J.T. Power was obligated to pay $1.3 million under the guarantee in February 2012. On March 7, 2012, this guarantee was restructured as follows - quarterly payments of $45,000 over five years at an interest rate of 6% with a balloon payment at the end of this five year term. The Agreement provides an option to skip one quarterly payment and apply it to the balloon payment at an interest rate of 12%. On February 25, 2009 and July 31, 2009, the Company entered into Consignment Agreements with J.T. Power, without guaranties of consignment proceeds, in which they are responsible to market and sell parts from the teardown of two engines with a book value of $633,400. During the year ended December 31, 2011, sales of consigned parts were $51,700. On July 27, 2006, the Company entered into an Aircraft Engine Agency Agreement with J.T. Power, in which the Company will, on a non-exclusive basis, provide engine lease opportunities with respect to available spare engines at J.T. Power. J.T. Power will pay the Company a fee based on a percentage of the rent collected by J.T. Power for the duration of the lease including renewals thereof. The Company earned no revenue during the year ended December 31, 2011 under this program.

The Company entered into an Independent Contractor Agreement dated September 9, 2009 with Hans Jorg Hunziker, a member of our Board of Directors. Under this Agreement, Mr. Hunziker will provide services in connection with the identification and qualification of potential investors in our equity securities. The board has determined that, notwithstanding this limited assignment, Mr. Hunziker remains an independent director. During 2010, the Company incurred $39,400 in consulting fees related to this Agreement. This Agreement expired, by its terms, on October 31, 2010.

During the year ended December 31, 2011, the Company recorded a gain on sale of equipment of $3.6 million which represents 50% of the total $7.2 million gain related to the sale by the Company of seven engines to the WMES joint venture in which the Company is a 50% partner.

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
SCHEDULE I—CONDENSED BALANCE SHEETS
Parent Company Information
December 31, 2011 and 2010
(In thousands, except share data)

	December 31, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	$ 6,429	$ 2,202
Equipment held for operating lease, less accumulated depreciation	320,240	299,175
Equipment held for sale	14,164	7,379
Operating lease related receivable, net of allowances	3,395	2,200
Notes receivable	5	83
Investments	15,239	9,381
Investment in subsidiaries	148,104	140,264
Due from affiliate, net	2,298	2,851
Property, equipment & furnishings, less accumulated depreciation	6,901	6,971
Equipment purchase deposits	1,369	2,769
Other assets, net	9,722	6,950
Total assets	$ 527,866	$ 480,225
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 11,375	$ 15,576
Liabilities under derivative instruments	2,789	3,516
Deferred income taxes	9,555	4,923
Notes payable, net of discount	252,006	217,455
Maintenance reserves	11,820	8,812
Security deposits	2,676	1,917
Unearned lease revenue	984	1,056
Total liabilities	291,205	253,255
Shareholders' equity:		
Preferred stock ($0.01 par value, 5,000,000 shares authorized; 3,475,000 shares issued and outstanding at December 31, 2011 and 2010, respectively)	31,915	31,915
Common stock ($0.01 par value, 20,000,000 shares authorized; 9,109,663 and 9,181,365 shares issued and outstanding at December 31, 2011 and 2010, respectively)	91	92
Paid-in capital in excess of par	56,842	60,108
Retained earnings	156,704	145,324
Accumulated other comprehensive loss, net of income tax benefit	(8,891)	(10,469)
Total shareholders' equity	236,661	226,970
Total liabilities and shareholders' equity	$ 527,866	$ 480,225

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
SCHEDULE I—CONDENSED STATEMENTS OF INCOME
Parent Company Information
Years Ended December 31, 2011, 2010 and 2009
(In thousands)

	Years Ended December 31,		
	2011	2010	2009
REVENUE			
Lease rent revenue	$36,181	$28,486	$34,301
Maintenance reserve revenue	11,344	11,187	15,445
Gain on sale of leased equipment	7,895	3,782	611
Other income	12,487	14,586	10,722
Total revenue	67,907	58,041	61,079
EXPENSES			
Depreciation expense	17,783	14,800	17,385
Write-down of equipment	2,306	2,874	4,992
General and administrative	34,151	27,917	24,857
Technical expense	3,711	3,720	2,378
Net finance costs:			
Interest expense	14,328	15,039	10,835
Interest income	(40)	(25)	(14)
Net loss on debt extinguishment	343	—	19
Total net finance costs	14,631	15,014	10,840
Total expenses	72,582	64,325	60,452
Earnings from operations	(4,675)	(6,284)	627
Earnings from joint venture	1,295	1,109	942
Income/(Loss) before income taxes	(3,380)	(5,175)	1,569
Income tax benefit/(expense)	(628)	1,602	(1,052)
Earnings from investment in affiliate	18,516	15,623	21,850
Net income	$14,508	$12,050	$22,367
Preferred stock dividends paid and declared-Series A	3,128	3,128	3,128
Net income attributable to common shareholders	$11,380	$ 8,922	$19,239

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
SCHEDULE I—CONDENSED STATEMENTS OF CASH FLOWS
Parent Company Information
Years Ended December 31, 2011, 2010 and 2009
(In thousands)

	Years Ended December 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net income	$ 14,508	$ 12,050	$ 22,367
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in income of subsidiary	(18,516)	(15,623)	(21,850)
Depreciation expense	17,783	14,800	17,385
Write-down of equipment	2,306	2,874	4,992
Stock-based compensation expenses	3,173	2,678	2,435
Amortization of deferred costs	1,360	2,719	1,764
Amortization of interest rate derivative cost	483	2,956	258
Allowances and provisions	(157)	(21)	532
Gain on sale of leased equipment	(7,895)	(3,782)	(611)
Gain on sale of leased equipment deposits	—	—	(400)
Gain on sale of interest in JV	—	(2,020)	—
Other non-cash items	(1,113)	—	—
Settlement of interest rate derivative	—	—	(2,557)
Income from joint ventures, net of distributions	(485)	(160)	(267)
Net loss on debt extinguishment	343	—	19
Deferred income taxes	4,325	(2,041)	4,840
Changes in assets and liabilities:			
Receivables	(1,037)	(908)	1,155
Notes receivable	78	259	(342)
Other assets	(910)	(2,146)	92
Accounts payable and accrued expenses	(9,066)	4,473	(7,496)
Due to / from subsidiary	553	(546)	(680)
Maintenance reserves	3,008	(2,590)	(5,433)
Security deposits	759	379	(40)
Unearned lease revenue	(72)	144	(1,045)
Net cash provided by operating activities	9,428	13,495	15,118
Cash flows from investing activities:			
Increase in investment in subsidiary	(1,800)	(21,814)	(28,868)
Distributions received from subsidiary	22,851	39,314	50,979
Proceeds from sale of equipment held for operating lease (net of selling expenses)	61,309	13,520	10,091
Proceeds from sale of equipment deposits (net of selling expenses)	—	—	6,580
Proceeds from sale of interest in joint venture	—	3,500	—
Investment in joint venture	(8,943)	—	—
Purchase of equipment held for operating lease	(99,132)	(25,946)	(88,913)
Purchase of property, equipment and furnishings	(904)	(399)	(199)
Net cash provided by (used in) investing activities	(26,619)	8,175	(50,330)
Cash flows from financing activities:			
Proceeds from issuance of notes payable	132,409	120,466	311,832
Debt issuance cost	(3,565)	(268)	(3,993)
Distribution to preferred stockholders	(3,128)	(3,128)	(3,128)
Proceeds from shares issued under stock compensation plans	672	1,268	816
Cancellation of restricted stock units in satisfaction of Withholding tax	(968)	(775)	(742)
Excess tax benefit from stock-based compensation	779	422	264
Repurchase of common stock	(5,661)	(4,156)	(40)
Cash settlement of stock options	(1,262)	—	—
Principal payments on notes payable	(97,858)	(135,309)	(276,276)
Net cash provided by (used in) financing activities	21,418	(21,480)	28,733
Increase/(Decrease) in cash and cash equivalents	4,227	190	(6,479)
Cash and cash equivalents at beginning of period	2,202	2,012	8,491

Cash and cash equivalents at end of period	$ 6,429	$ 2,202	$ 2,012
Supplemental disclosures of cash flow information:			
Net cash paid for:			
Interest	$ 9,307	$ 7,462	$ 6,002
Income Taxes	$ 155	$ 541	$ 511
Supplemental disclosures of non-cash investing activities:			
During the years ended December 31, 2011, 2010, 2009, engines and equipment totalling $17,067, $70 and $6,569, respectively, were transferred from Held for Operating Lease to Held for Sale but not settled.			

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
SCHEDULE II—VALUATION ACCOUNTS
December 31, 2011, 2010 and 2009
(In thousands)

	Balance at Beginning of Period	Additions Charged (Credited) to Expense	Net (Deductions) Recoveries	Balance at End of Period
December 31, 2009				
Accounts receivable, allowance for doubtful accounts	$ 339	$ 513	$ (385)	$ 467
December 31, 2010				
Accounts receivable, allowance for doubtful accounts	467	(35)	(9)	423
December 31, 2011				
Accounts receivable, allowance for doubtful accounts	423	350	(296)	477

Deductions in allowance for doubtful accounts represent uncollectible accounts written off, net of recoveries.

Exhibit 10.31

REDACTED COPY

Portions of this Exhibit 10.31 have been omitted pursuant to a confidential treatment request. The omitted material has been filed with the Securities and Exchange Commission.

AMENDED AND RESTATED CREDIT AGREEMENT

BETWEEN

WILLIS LEASE FINANCE CORPORATION,
as Borrower

UNION BANK, N.A.,
as Administrative Agent, Joint Lead Arranger and Sole Bookrunner

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Syndication Agent

WELLS FARGO SECURITIES, LLC,
as Joint Lead Arranger

and

U.S. BANK NATIONAL ASSOCIATION,
as Documentation Agent and Joint Lead Arranger

November 18, 2011

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AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT ("Agreement"), is entered into as of November 18, 2011, between WILLIS LEASE FINANCE CORPORATION, a Delaware corporation ("Borrower"), UNION BANK, N.A., together with any other Lender hereunder from time to time (collectively, the "Lenders" and individually, a "Lender") and UNION BANK, N.A., as administrative agent (in such capacity, "Administrative Agent"), as the Swing Line Lender (in such capacity, "Swing Line Lender"), Issuing Lender ("Issuing Lender"), Security Agent (in such capacity, "Security Agent"), and Joint Lead Arranger, WELLS FARGO BANK, NATIONAL ASSOCIATION, as Syndication Agent (in such capacity, "Syndication Agent"), WELLS FARGO SECURITIES, LLC, as Joint Lead Arranger, and U.S. BANK NATIONAL ASSOCIATION, as Documentation Agent (in such capacity, "Documentation Agent") and Joint Lead Arranger, effective as of the Closing Date, with reference to the following facts:

RECITALS

A. Borrower, each of the financial institutions as a lender party thereto (collectively, the "Original Lenders"), Union Bank, as administrative agent, security agent and lead arranger for the Original Lenders and Wells Fargo, as co-lead arranger for the Original Lenders (collectively, the foregoing parties are referred to herein as the "Original Parties") are parties to that certain Credit Agreement dated as of November 18, 2009 (the "Original Credit Agreement"). Pursuant to the Original Credit Agreement, Original Lenders made a revolving credit facility available to the Borrower to be used for the purchase or refinance of certain engines and equipment and for working capital and general corporate purposes.

B. Borrower is in the business of purchasing and leasing airplane engines and equipment, and has requested that Lenders, Issuing Lender, and Swing Line Lender (collectively, the "Credit Facility Lenders") provide Borrower with a revolving line of credit in an amount equal to the Revolving Commitment to be used by Borrower for among other things, refinancing the loans outstanding under the Original Credit Agreement and for its general corporate purposes, including financing aircraft engines and equipment owned and held for lease.

C. Credit Facility Lenders are willing to extend such a revolving line of credit to Borrower, subject to the terms and conditions set forth herein.

D. Borrower has requested and the parties hereto agree that the Original Credit Agreement shall be amended and restated in its entirety as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. DEFINITIONS AND ACCOUNTING TERMS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Acceptable Manufacturer" means any of General Electric Company, Snecma, CFM International, Pratt & Whitney, Rolls-Royce, International Aero Engines and any other aircraft engine manufacturer approved by Administrative Agent in the exercise of its reasonable discretion.

"Account Debtor" means any Person who is obligated under an Account.

"Accounts" means all "accounts," as such term is defined in the UCC, now owned or hereafter acquired by Borrower, including (a) all accounts receivable, payments and pre-payments under Leases, other receivables, book debts and other forms of obligations (other than forms of obligations evidenced by chattel paper, documents or instruments), whether arising out of goods sold or services rendered by it or from any other transaction (including any such obligations that may be characterized as an account or contract right under the UCC), (b) all purchase orders or receipts for goods or services, (c) all rights to any goods represented by any of the foregoing (including unpaid sellers' rights of rescission, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), (d) all monies due or to become due to Borrower under all purchase orders and contracts for the sale of goods or the performance of services or both by Borrower or in connection with any other transaction (whether or not yet earned by performance on the part of Borrower) now or hereafter in existence, including the right to receive the proceeds of said purchase orders and contracts, and (e) all collateral security and guaranties of any kind, now or hereafter in existence, given by any Person with respect to any of the foregoing.

"Acquisition" means any transaction, or any series of related transactions, consummated after the Closing Date, by which Borrower and/or any of its Subsidiaries directly or indirectly (a) acquires any ongoing business or all or substantially all of the assets of any Person engaged in any ongoing business, whether through purchase of assets, merger or otherwise, (b) acquires control of securities of a Person engaged in an ongoing business representing more than 50% of the ordinary voting power for the election of directors or other governing position if the business affairs of such Person are managed by a board of directors or other governing body or (c) acquires control of more than 50% of the ownership interest in any partnership, joint venture, limited liability company, business trust or other Person engaged in an ongoing business that is not managed by a board of directors or other governing body.

"Adjusted Base Value" means, with respect to an Engine, such Engine's Base Value, adjusted for the actual maintenance status of such Engine, but without regard to any Lease, Maintenance Reserve Payments, Security Deposits or other related assets.

"Administrative Agent" means that party mentioned in the introductory paragraph hereof, when such party is acting in its capacity as Administrative Agent under any of the Loan Documents, or any successor Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that, directly or indirectly, Controls, or is Controlled by or is under common Control with such other Person. For the purpose of this definition, "Control" or "Controlled" means the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, "Affiliate" shall not include Hawaii Island Air, Inc., JT Power LLC or Willis Mitsui & Co Engine Support Limited.

"Agent" means Administrative Agent and/or Security Agent, as applicable, and "Agents" means, collectively, Administrative Agent and Security Agent.

"Aggregate Effective Amount" means, as of any date of determination and with respect to all Letters of Credit then outstanding, the sum of (a) the aggregate effective face amounts of all such Letters of Credit not then paid by Issuing Lender plus (b) the aggregate amounts paid by Issuing Lender under such Letters of Credit not then reimbursed to Issuing Lender by Borrower pursuant to **Section 2.3.4** and not the subject of Loans made pursuant to **Section 2.3.4**.

"Agreement" means this Credit Agreement, as the same may, from time to time, be amended, supplemented, modified or restated.

"Airframe" means the remaining parts of an aircraft, less its Engines, and owned by Borrower for less than twelve (12) months.

"Applicable Base Rate" means the percentage as calculated in **Section 2.4.1(a)**.

"Applicable Base Rate Margin" means the percentage determined by reference to **Table 1** in **Section 2.4.1(c)** of this Agreement.

"Applicable Law" means, in respect of any Person, all provisions of constitutions, statutes, rules, regulations and orders of governmental bodies or regulatory agencies applicable to such Person, and all orders and decrees of all courts and arbitrators in proceedings or actions to which the Person in question is a party or by which it or its properties are bound.

"Applicable LIBOR Margin" means the percentage determined by reference to **Table 1** in **Section 2.4.1(c)** of this Agreement.

"Applicable LIBOR Rate" means the percentage as calculated in Section 2.4.1(b).

"Applicable Unused Line Fee Percentage" means the percentage determined by reference to **Table 1** in **Section 2.4.1(c)** of this Agreement.

"Appraisal" means a "desktop appraisal" (i.e., an appraisal of the value of a particular engine or equipment type, which is rendered without a physical inspection of such Engine or Equipment and its related records), or, if a Default or Event of Default exists and is continuing, such other type of appraisal as shall be required by Security Agent, including an "extended desktop appraisal" (i.e., an appraisal of the Engine or Equipment considering its maintenance status, but which is rendered without any visual inspection of such Engine or Equipment) or a "full appraisal" (which does include a visual inspection)), of an Engine or Equipment to determine the Appraised Value of such Engine or Equipment, performed by an Appraiser retained by Security Agent on behalf of the Lenders.

"Appraisal Deficiency" means the excess, if any, of (i) the aggregate Net Book Value of all Eligible Engines and Eligible Equipment included in the Borrowing Base over (ii) the most recent Appraised Value of the foregoing (calculated in the case of both (i) and (ii) by multiplying such values times the applicable advance percentage specified in clauses (a) through (d) of the definition of Borrowing Base).

"Appraised Value" means, with respect to an Engine, the Adjusted Base Value of such Engine, and, with respect to Equipment, the Equipment Market Value or Parts Market Value, as the case may be, of such Equipment, in each case as determined in an Appraisal.

"Appraiser" means Avitas, Inc., or any other an independent appraiser that is a member of the International Society of Transport Aircraft Trading ("ISTAT") or, if ISTAT ceases to exist, any similar professional aircraft appraiser organization and that in each case (other than with respect to Avitas) is acceptable to Administrative Agent.

"APU" means an auxiliary power unit, capable of being installed on an aircraft, to start the main engines, usually with compressed air, and to provide electrical power and air conditioning while the aircraft is on the ground and, in certain cases, in the air.

"Authorized Party" means each Person identified in **Section 2.16**.

"Authorized Signatory" means (a) the chairman of the board and chief executive officer, (b) the president, (c) the senior vice president and chief financial officer and (d) any executive or senior vice president, in each case of Borrower, and solely with respect to (i) Borrowing Notices, (ii) letter of credit requests, (iii) Borrowing Base Certificates (iv) and Compliance Certificates, each person listed above (a) - (d) and the treasurer of Borrower.

"Aviation Authority" means the FAA, the EASA and/or any other Governmental Authority which, from time to time, has control or supervision of civil aviation or has jurisdiction over the airworthiness, operation and/or maintenance of an Eligible Equipment or Eligible Engine.

"Bankruptcy Code" means the Bankruptcy Code (11 U.S.C. Sections 101 et seq.).

"Base Rate" shall have the meaning ascribed thereto in **Section 2.4.1(a)**.

"Base Rate Loans" means a Revolving Loan or Swing Line Loan which Borrower requests to be made as a Base Rate Loan or a Revolving Loan which is reborrowed as, or converted to, a Base Rate Loan, in accordance with the provisions of **Sections 2.1.2** and **2.1.3(c)**.

"Base Value" means, with respect to an Engine, an Appraiser's opinion of the underlying economic value of an Engine in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration of its "highest and best use." An Engine's Base Value is founded in the historical trend of values and in the projection of value trends and presumes an arm's-length, cash transaction between willing and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time for marketing. Base Value typically assumes that an engine's physical condition is average for an engine of its type and age, and its maintenance time status is at mid-life, mid-time (or benefiting from an above-average maintenance status if new).

"Beneficial Interest" means a beneficial interest in a trust which owns one or more Engines or items of Equipment.

"Beneficial Interest Pledge Agreements" means, collectively, those certain Beneficial Interest Pledge Agreements, in the form attached hereto as **Exhibit F**, as each may be amended, modified or supplemented from time to time, entered into by Borrower (or its Wholly-Owned Subsidiary, if applicable), the applicable Owner Trustee, and Security Agent, whereby Borrower (or its Wholly-Owned Subsidiary, if applicable) pledges to Security Agent all of its right, title and interest in the Beneficial Interest under each applicable Trust Agreement.

"Books and Records" means all books, records, board minutes, contracts, licenses, insurance policies, environmental audits, business plans, files, accounting books and records, financial statements (actual and pro forma), and filings with Governmental Authorities.

"Borrower" means Willis Lease Finance Corporation, a Delaware corporation.

"Borrowing Availability" means, at any time, the lesser of (a) the Maximum Amount, or (b) the Borrowing Base Availability.

"Borrowing Base" means, at any time, an amount equal to the sum of the following (without duplication), as shall be determined by Administrative Agent based on the Borrowing Base Certificate most recently delivered by Borrower to Administrative Agent and on other information available to Administrative Agent:

(a) *** percent (***%) of the Net Book Value of Eligible Engines that have not been Off-Lease for a period of greater than 180 days as of the date of determination; plus

(b) *** percent (***%) of the Net Book Value of all other Eligible Engines; plus

(c) *** percent (***%) of the Net Book Value of Eligible Equipment that has not been Off-Lease for a period of greater than 180 days as of the date of determination; plus

(d) *** percent (***%) of the Net Book Value of all other Eligible Equipment;

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

provided that all of the following conditions shall apply to the Borrowing Base:

(x) Annual Appraisal. The Net Book Value of all assets included in the Borrowing Base shall be adjusted annually based on an Appraisal of such assets by an Appraiser, as set forth in **Section 8.1.6**, and Borrower will be required, as set forth in **Section 2.8.3**, to pay down the Loans by the amount of any Appraisal Deficiency; and

(y) Additional Conditions. The aggregate Net Book Value of Eligible Engines and Eligible Equipment included in the Borrowing Base (subject to the conditions and restrictions set forth in the definition of "Borrowing Base") shall, collectively, comply with the following additional conditions:

(i) Eligible Lease Limitation. If an Eligible Engine or an item of Eligible Equipment is subject to a Lease and to be included in the Borrowing Base under clauses (a) or (c) above, the Eligible Engine or item of Eligible Equipment will be included in the Borrowing Base only if the applicable Lease is an Eligible Lease;

(ii) Geographic Limitations. The aggregate contribution to the Borrowing Base of the Net Book Values of Eligible Engines and Eligible Equipment subject to Eligible Leases with Lessees other than (x) maintenance, repair and overhaul organizations or (y) original equipment manufacturers which are domiciled, or have their chief executive offices located, in particular countries and geographic regions shall not at any time exceed in the aggregate, the percentages of the Borrowing Base shown on **Schedule 1.1b**; and

(iii) Concentration Limitations. The following additional concentration limitations shall apply to the determination of the Borrowing Base:

(A) the aggregate contribution to the Borrowing Base of the Net Book Values of Eligible Equipment shall not exceed ***% of the Borrowing Base;

(B) the aggregate contribution to the Borrowing Base of the Net Book Values of Eligible Engines and Eligible Equipment used on a single make and model of narrow-body aircraft shall not exceed ***% of the Borrowing Base; provided, the foregoing limitation shall not apply to the 737-600, -700, -800 and -900 model aircraft;

(C) the aggregate contribution to the Borrowing Base of the Net Book Values of Eligible Engines and Eligible Equipment used on a single make and model of wide-body aircraft shall not exceed ***% of the Borrowing Base;

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

(D) the aggregate contribution to the Borrowing Base of the Net Book Values of Eligible Engines and Eligible Equipment used on wide-body aircraft shall not exceed ***% of the Borrowing Base;

(E) the aggregate contribution to the Borrowing Base of the Net Book Values of Eligible Engines and Eligible Equipment subject to Leases to the Three Primary Lessees shall not exceed ***% of the Borrowing Base;

(F) the aggregate contribution to the Borrowing Base of the Net Book Values of Eligible Engines and Eligible Equipment subject to Leases to a single Lessee shall not exceed ***% of the Borrowing Base; and

(G) the aggregate contribution to the Borrowing Base of the Net Book Values of Eligible Engines and Eligible Equipment which are Off-Lease shall not exceed ***% of the Borrowing Base.

"Borrowing Base Availability" means, as determined by Administrative Agent, based on the Borrowing Base Certificate most recently delivered by Borrower to Administrative Agent and on other information available to Administrative Agent, an amount equal to the Borrowing Base less (i) the aggregate undrawn and unreimbursed amounts of any Letters of Credit outstanding hereunder at such time and (ii) the aggregate amount of any negative net mark-to-market valuation of any Non-Lender Protection Agreement(s) secured by the Collateral, which mark-to-market valuation shall be recalculated at the end of each Fiscal Quarter in accordance with GAAP.

"Borrowing Base Certificate" means a certificate in the form attached hereto as **Exhibit A**.

"Borrowing Base Deficiency" means, at any time, the amount, if any, by which the aggregate amount of any Loans then outstanding (excluding the aggregate undrawn and unreimbursed amounts of any Letters of Credit outstanding hereunder at such time) exceeds the Borrowing Base Availability.

"Borrowing Notice" means a written request for a Loan substantially in the form of **Exhibit B** signed by an Authorized Signatory of Borrower and properly completed to provide all information required to be included therein.

"Business Day" means (i) any day that is not a Saturday, Sunday, or other day on which banks in the State of California are authorized or required to close, and (ii) in reference to LIBOR Loans means a Business Day that is also a day on which banks in the city of London are open for interbank or foreign exchange transactions.

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

"Cape Town Convention" means the official English language texts of the "Convention on International Interests in Mobile Equipment" and the "Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment", both of which were signed in Cape Town, South Africa on November 16, 2001, and including the Regulations for the International Registry and the Procedures for the International Registry, as promulgated thereunder.

"Cape Town Eligible Lease" means those certain Leases which constitute International Interests under the Cape Town Convention.

"Capital Lease Obligations" means all monetary obligations of a Person under any leasing or similar arrangement which, in accordance with GAAP, is classified as a capital lease.

"Cash" means, when used in connection with any Person, all monetary and non-monetary items owned by that Person that are treated as cash in accordance with GAAP, consistently applied, including, but not limited to, cash held in ordinary demand deposit accounts.

"Cash Equivalents" means, when used in connection with any Person, that Person's Investments in:

(a) Government Securities due within one year after the date of the making of the Investment;

(b) readily marketable direct obligations of any State of the United States of America or any political subdivision of any such State or any public agency or instrumentality thereof given on the date of such Investment a credit rating of at least AA by Moody's Investors Service, Inc. or AA by Standard & Poor's Rating Group (a division of McGraw Hill, Inc.), in each case due within one year from the making of the Investment;

(c) certificates of deposit issued by, bank deposits in, Eurodollar deposits through, bankers' acceptances of, and repurchase agreements covering Government Securities executed by Lender or any bank incorporated under the Applicable Laws of the United States of America, any State thereof or the District of Columbia and having on the date of such Investment combined capital, surplus and undivided profits of at least $250,000,000, or total assets of at least $5,000,000,000, in each case due within one year after the date of the making of the Investment;

(d) certificates of deposit issued by, bank deposits in, Eurodollar deposits through, bankers' acceptances of, and repurchase agreements covering Government Securities executed by Lender or any branch or office located in the United States of

America of a bank incorporated under the Applicable Laws of any jurisdiction outside the United States of America having on the date of such Investment combined capital, surplus and undivided profits of at least $500,000,000, or total assets of at least $15,000,000,000, in each case due within one year after the date of the making of the Investment;

(e) repurchase agreements covering Government Securities executed by a broker or dealer registered under Section 15(b) of the Securities Exchange Act of 1934, as amended, having on the date of the Investment capital of at least $50,000,000, due within ninety (90) days after the date of the making of the Investment; provided that the maker of the Investment receives written confirmation of the transfer to it of record ownership of the Government Securities on the books of a "primary dealer" in such Government Securities or on the books of such registered broker or dealer, as soon as practicable after the making of the Investment;

(f) readily marketable commercial paper or other debt securities issued by corporations doing business in and incorporated under the Applicable Laws of the United States of America or any State thereof or of any corporation that is the holding company for a bank described in clause (c) or (d) above given on the date of such Investment a credit rating of at least P 1 by Moody's Investors Service, Inc. or A 1 by Standard & Poor's Rating Group (a division of McGraw Hill, Inc.), in each case due within one year after the date of the making of the Investment;

(g) "money market preferred stock" issued by a corporation incorporated under the Applicable Laws of the United States of America or any State thereof (i) given on the date of such Investment a credit rating of at least AA by Moody's Investors Service, Inc. and AA by Standard & Poor's Rating Group (a division of McGraw Hill, Inc.), in each case having an investment period not exceeding fifty (50) days or (ii) to the extent that investors therein have the benefit of a standby letter of credit issued by Lender or a bank described in clauses (c) or (d) above; provided that (y) the amount of all such Investments issued by the same issuer does not exceed $5,000,000 and (z) the aggregate amount of all such Investments does not exceed $15,000,000;

(h) a readily redeemable "money market mutual fund" sponsored by a bank described in clause (c) or (d) hereof, or a registered broker or dealer described in clause (e) hereof, that has and maintains an investment policy limiting its investments primarily to instruments of the types described in clauses (a) through (g) hereof and given on the date of such Investment a credit rating of at least AA by Moody's Investors Service, Inc. and AA by Standard & Poor's Rating Group (a division of McGraw Hill, Inc.); and

(i) corporate notes or bonds having an original term to maturity of not more than one year issued by a corporation incorporated under the Applicable Laws of the United States of America, or a participation interest therein; provided that (i) commercial paper issued by such corporation is given on the date of such Investment a credit rating of at least AA by Moody's Investors Service, Inc. and AA by Standard & Poor's Rating Group (a division of McGraw Hill, Inc.), (ii) the amount of all such Investments issued by the same issuer does not exceed $5,000,000 and (iii) the aggregate amount of all such Investments does not exceed $15,000,000.

"Change in Control" means (i) (a) any transaction or series of related transactions in which any Unrelated Person or two or more Unrelated Persons acting in concert acquire beneficial ownership (within the meaning of Rule 13d 3(a)(1) under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the voting power of all of the outstanding capital stock of Borrower and (b) at any time during any consecutive two-year period, individuals who at the beginning of such period constituted the Board of Directors of Borrower (together with any new directors whose elections by the shareholders of Borrower was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of Borrower then in office; or (ii) Borrower consolidates with or merges into another Person or conveys, transfers or leases all or substantially all of its assets to any Person or any Person consolidates with or merges into Borrower, in either event pursuant to a transaction in which the ownership interests in Borrower are changed into or exchanged for cash, securities or other property, with the effect that any Unrelated Person acquires beneficial ownership, directly or indirectly, of more than 50% of the voting power of all the outstanding capital stock of Borrower or that the Persons who were the holders of the voting power of all the outstanding capital stock of Borrower immediately prior to the transaction hold less than 50% of the interests of the surviving entity after the transaction. For purposes of the foregoing, the term "Unrelated Person" means any Person other than (i) an Affiliate or Subsidiary of Borrower, (ii) an employee stock ownership plan or other employee benefit plan covering the employees of Borrower and its Subsidiaries, or (iii) each of Charles F. Willis IV and Austin Willis, any member of each of their respective immediate families, and each of their respective trusts, family limited partnerships or heirs).

"Charges" means all Federal, state, county, city, municipal, local, foreign or other governmental taxes (including taxes owed to PBGC at the time due and payable), levies, assessments, charges, liens, and all additional charges, interest, penalties, expenses, claims or encumbrances upon or relating to (a) the Collateral, (b) the Obligations, (c) the employees, payroll, income or gross receipts of Borrower, (d) the ownership or use of any assets by Borrower, or (e) any other aspect of Borrower's business.

"Chattel Paper" means all "chattel paper," as such term is defined in the UCC, now owned or hereafter acquired by any Person, wherever located, but excluding Leases.

"Claim" means any and all suits, actions, or proceedings in any court or forum, at law, in equity or otherwise; costs, fines, deficiencies, or penalties; asserted claims or demands by any Person; arbitration demands, proceedings or awards; damages, losses, liabilities and expenses (including reasonable attorneys' fees and disbursements and other costs of collection, defense or appeal); enforcement of rights and remedies; or criminal, civil or regulatory investigations.

"Closing Date" means the time and Business Day on which the conditions set forth in **Section 4.1** are satisfied or waived.

"Collateral" means all right, title and interest of the Borrower and its Subsidiaries (other than the Excluded Subsidiaries) in and to all of its assets and properties, whether now existing or owned or hereafter acquired (including 100% of residual cash distributions from WEST), but excluding (i) Borrower's beneficial interest in WEST; (ii) the WEST Servicing Agreement; (iii) the WEST Series 2008-B1 Note, (iv) the WEST Series 2005-B1 Note, (v) (a) one Canadair Ltd. Model CL-600 2412 (Challenger 601-1A) aircraft bearing MSN *** and (b) the two General Electric Model CF-34-3A aircraft engines bearing MSNs *** and ***; and (vi) (x) One CFM56-7B aircraft engine bearing MSN ***, (y) One CFM56-7B aircraft engine bearing MSN ***, and (z) One V2500-A aircraft engine bearing MSN ***, in each case, as more specifically defined as "Collateral" in each of the Collateral Documents.

"Collateral Documents" means, collectively, that certain Security Agreement, the Mortgage and Security Agreement, the Custodial Agreement, the Stock Pledge Agreement, each Owner Trustee Mortgage and Security Agreement, each Beneficial Interest Pledge Agreement, each Subsidiary Guaranty, each Owner Trustee Guaranty, each Leasing Subsidiary Security Assignment, UCC financing statements, and such other agreements, and all amendments thereto, instruments and documents as Security Agent may reasonably require pursuant to this Agreement.

"Commitment Assignment and Acceptance" means a commitment assignment and acceptance substantially in the form of **Exhibit C**.

"Compliance Certificate" means a Compliance Certificate in the form attached hereto as **Exhibit D** signed by an Authorized Signatory.

"Contract" means, individually and collectively, all contracts, leases, undertakings, and agreements (other than rights evidenced by Chattel Paper, Documents or Instruments) in or under which any Person may now or hereafter have any right, title or interest, including any agreement relating to the terms of payment or the terms of performance of any Account.

"Contracting State" shall have the meaning given to such term under Article 4 of the Cape Town Convention.

"Contractual Obligation" means, as to any Person, any provision of any outstanding security issued by that Person or of any material agreement, instrument or undertaking to which that Person is a party or by which it or any of its property is bound.

"Credit Facility" means the Revolving Commitment, Swing Line Commitment and issuance of Letters of Credit hereunder.

"Credit Facility Lenders" means, collectively, the Lenders, the Swing Line Lender, and Issuing Lender.

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

"Custodial Agreement" means the Custodial Agreement, dated as of June 29, 2004, by and among The Bank of New York, as custodian, the Borrower and Fortis Bank (Nederland) NV, as amended from time to time, or any other custodial agreement, if any, as may be approved by the Security Agent.

"Custodian" means the Security Agent, McAfee and Taft as counsel for the Security Agent or the custodian under the Custodial Agreement, if any.

"Default" means any event which, with the passage of time or notice or both, would, unless cured or waived, become an Event of Default.

"Default Rate" means (i) for all Base Rate Loans and LIBOR Loans converted into Base Rate Loans, a per annum default rate equal to the Applicable Base Rate plus two percent (2.0%), and (ii) for all then outstanding LIBOR Loans, a per annum default rate equal to the Applicable LIBOR Rate plus two percent (2.0%), which Default Rate with respect to any LIBOR Loans shall be in effect until the earlier to occur of (x) the cure of the applicable "Event of Default" and (y) the end of the LIBOR Loan Period, at which time (provided an Event of Default is then continuing) any such LIBOR Loan(s) shall automatically convert to Base Rate Loan (s) and accrue interest at the Default Rate set forth herein for Base Rate Loans.

"Defaulting Lender" means a Lender which fails to fund any amounts due from such Lender to any Agent, Lender or the Borrower under this Agreement within one (1) Business Day following written notice by the Administrative Agent of such failure to fund. A Lender shall cease to be a "Defaulting Lender" immediately upon the cure of such failure to fund.

"Demand Deposit Account" means account number *** in the name of Borrower maintained at the Administrative Agent, or such other demand deposit account as may be established by Borrower and maintained at the Administrative Agent from time to time.

"Designated Eurodollar Market" shall have the meaning set forth in **Section 2.8.5** hereof.

"Distribution" shall have the meaning set forth in **Section 7.14** hereof.

"Documents" means all "documents," as such term is defined in the UCC, now owned or hereafter acquired by any Person, wherever located, including all bills of lading, dock warrants, dock receipts, warehouse receipts, and other documents of title, whether negotiable or non-negotiable.

"Documentation Agent" means that party mentioned in the introductory paragraph hereof, when such party is acting in its capacity as Documentation Agent under any of the Loan Documents, or any successor Documentation Agent.

"Dollars" means lawful currency of the United States.

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

"EASA" means the European Aviation Safety Agency. For purposes of any Loan Document, any reference therein to the "JAA" or the "Joint Airworthiness Authorities of the European Union" shall be deemed to mean EASA, as the successor in interest to the JAA.

"Eligible Asset" means, at any time, an Engine or item of Equipment that meets all of the following criteria:

(a) the purchase price of which has been paid in full and it is not subject to any other financing;

(b) as to which an Engine Owner (in the case of an Engine) or Equipment Owner (in the case of items of Equipment) has good and marketable title, on which Security Agent has a fully perfected first priority Lien, and which is not subject to any other Lien other than Permitted Liens;

(c) as to which, if owned by an Owner Trustee, the Borrower (or its Wholly-Owned Subsidiary, if applicable) shall have executed and delivered to Security Agent a Beneficial Interest Pledge Agreement covering, among other things, its Beneficial Interest in the owner trust which owns such Engine(s) or item(s) of Equipment, and as to which the Owner Trustee shall have executed and delivered to Security Agent an (x) Owner Trustee Mortgage and Security Agreement covering, among other things, such Engines(s), items of Equipment, (y) a Trust Agreement and (z) an Owner Trustee Guaranty;

(d) as to which the Engine Owner (in the case of an Engine) or Equipment Owner (in the case of items of Equipment) shall have executed and delivered to Security Agent and/or filed (x) a Mortgage and Security Agreement covering, among other things, such Engine(s), items of Equipment and/or Lease, and (y) the other documentation required in respect of Engines as set forth in **Section 4.3**; and

(e) as to which, in the case of Engines or items of Equipment, it has not suffered an Event of Loss, it is being used solely for lawful purposes and in the ordinary course of business of the Engine Owner or Equipment Owner and, in the case of Engines and Equipment subject to Lease, the Lessee, and it is insured against loss by either the Engine Owner, Equipment Owner or the Lessee in accordance with this Agreement and industry practice.

"Eligible Assignee" means (a) another Lender, (b) with respect to any Lender, any Affiliate of that Lender, and (c) any commercial bank having total assets of $1,000,000,000 or more, which, in each case (A) has total assets of $1,000,000,000 or more, (B) is engaged in the business of lending money and extending credit under credit facilities substantially similar to those extended under this Agreement and (C) is operationally and procedurally able to meet the obligations of a Lender hereunder to the same degree as a commercial bank; provided that each Eligible Assignee must either (aa) be organized under the laws of the United States of America, any State thereof or the District of Columbia or (bb) be organized under the laws of the Cayman Islands or any country which is a member of the Organization for Economic Cooperation and

Development ("OECD"), or a political subdivision of such a country, and (i) act hereunder through a branch, agency or funding office located in the United States of America or in a country which is a member of the OECD and (ii) be exempt from withholding of tax on interest and deliver the documents related thereto pursuant to **Section 12.17**.

"Eligible Engine" means an Engine that is an Eligible Asset.

"Eligible Equipment" means Equipment that satisfies each of the following requirements:

(a) it is an Eligible Asset; and

(b) it is an APU for a Stage III Aircraft, a Turboprop Engine, an Airframe or Parts; and

(c) in the case of Parts, it satisfies the requirements of Eligible Parts;

provided that all of the Equipment listed on **Schedule 5.23** shall constitute Eligible Equipment.

"Eligible Lease" means a Lease that satisfies each of the following requirements (provided that in respect of a Leasing Subsidiary, the requirements below (except where otherwise indicated) shall apply both to the Head Lease in respect of which the Borrower is Lessor and to the sublease and sublessee in respect of which a Leasing Subsidiary is sublessor):

(a) it is with a Lessee for the Lease of Eligible Engines and/or Eligible Equipment;

(b) it is freely assignable and transferable for security purposes, assuming satisfaction of any notice or consent conditions and, except for a Head Lease of any Engine or item of Equipment to a Leasing Subsidiary, prohibits assignment in whole or in part by the Lessee thereof, provided that such Lease may permit a Lessee to assign such Lease to a related entity in connection with a business merger or reorganization, subject to such Lessee's satisfaction of requirements related to the preservation of the Lessor's and the Security Agent's rights in connection with such Engine or item of Equipment and its related Lease;

(c) it provides that the Lessee's obligations thereunder are absolute and unconditional and which obligations are not, either pursuant to the terms of such Lease or otherwise, subject to contingencies, defense, deduction, set-off, reduction, claim or counterclaim of any kind whatsoever and as to which no defenses, deductions, set-offs, reductions, claims or counterclaims exist or have been asserted by the Lessee or anyone on its behalf and the Borrower has no material obligations thereunder, including without limitation, any service or maintenance of the related Equipment (excluding agreements to share in the costs of applicable airworthiness directives), other than the obligation to sell, lease or finance the Equipment and grant a covenant of quiet enjoyment to such lessee, whereby Lessor covenants not to repossess or to disturb the lessee's possession or use of a leased asset so long as the lessee is in compliance with its obligations under the lease;

(d) it is a triple net contract and with respect to which the Lessee thereunder is responsible for all payments in connection therewith, including payment of all taxes (including sales and use taxes), insurance and maintenance expenses (or payment of maintenance reserves in lieu thereof) and all other expenses pertaining to the assets subject thereto;

(e) with respect to which the Borrower's books and records are accurate, complete and genuine;

(f) the rent is payable in Dollars or in Euros by periodic, fixed Lease payments; provided that the Borrower will maintain Foreign Exchange Contracts covering all Leases payable in Euros in the event the aggregate amount included in the Borrowing Base in respect of Engines and/or Equipment subject to such Leases at any time exceeds five percent (5%) of the Borrowing Base;

(g) it is the valid and binding obligation of the parties thereto, is in full force and effect and each Engine and/or item of Equipment leased thereunder has been delivered to and accepted by the Lessee;

(h) other than a Leasing Subsidiary (with respect to a Head Lease), the Lessee under which is not a Subsidiary, employee, agent or other Affiliate of the Borrower;

(i) it requires the Lessee to comply with all maintenance, return, alteration, replacement, pooling and sublease conditions as typically found in leases for similar types of engines or equipment and as necessary to maintain at all times the airworthiness certification and serviceability status of the related Engine or Equipment pursuant to all applicable governmental and regulatory requirements;

(j) it requires the Lessee to provide liability insurance, all risk ground and flight engine coverage for damage or loss of the related Engine, and war risk insurance (if applicable), and with respect to which Agents are named as additional insureds on liability insurance and Security Agent is named as a loss payee on hull insurance as set forth in **Section 6.4** of this Agreement;

(k) Unless Security Agent or Requisite Lenders have confirmed to the Borrower that, based on the credit quality of the Lessee, such insurance is not necessary, it requires the Lessee to provide confiscation and expropriation insurance, with deductibles that are acceptable to Agents, for Engines or Equipment operated (x) on routes with respect to which it is customary for air carriers flying comparable routes to carry such insurance or (y) in any area designated by companies providing such coverage as a recognized or threatened war zone or area of hostilities or an area where there is a substantial risk of confiscation or expropriation;

(l) the Lessee is not based in, and the Lease requires that the related Engine or Equipment not be operated in (i) unless appropriate insurance as determined by Security Agent is obtained, any country or any jurisdiction that would not be covered by or would void any insurance coverage required hereunder, or (ii) any country which is subject to any United States, European Union or United Nations sanctions or the lease to which would violate United States law, rule or regulation or other restrictions;

(m) the designated "Chattel Paper" original of which is in the possession of the Custodian or, with respect to chattel paper, if there shall be more than one original, then the sole counterpart which shall constitute "chattel paper" for purposes of perfection by possession under the UCC shall be in the possession of the Custodian.

(n) for which, in the case of any Head Lease under which a Leasing Subsidiary is the Lessee, (i) the Lease and Head Lease have been assigned to Security Agent pursuant to a Leasing Subsidiary Security Agreement; (ii) a charge over the Lease and Head Lease, or other similar security filing or registration, has been filed or made in the appropriate office in the jurisdiction in which the Leasing Subsidiary is registered or domiciled together with such other filings or recordings as are deemed reasonably necessary in such jurisdiction to protect the interests of Security Agent; and (iii) the sublessee thereunder is not domiciled or whose chief executive office is not located in a non-U.S. jurisdiction in which the ability of Security Agent to foreclose upon and receive possession or sell any related Engine or item of Equipment is unsatisfactory (in each case, as reasonably determined by Security Agent);

(o) that, if the Lessee (other than a Leasing Subsidiary under a Head Lease) of the related Engine(s) and/or item(s) of Equipment is domiciled or whose chief executive office is located in a Non-U.S. jurisdiction, (a) such Engine(s) and item(s) of Equipment shall be owned by and leased from an Owner Trustee (acting under a Trust Agreement), (b) such Owner Trustee shall have executed and delivered to Security Agent the Owner Trustee Guaranty, (c) such Owner Trustee shall have executed and delivered to Security Agent an Owner Trustee Mortgage and Security Agreement covering, among other things, such Engine (s), such item(s) of Equipment and such Lease, and (d) the Borrower shall have executed and delivered to Security Agent the Beneficial Interest Pledge Agreement covering, among other things, the Borrower's Beneficial Interest in the owner trust which owns such Engine(s) or item(s) of Equipment; and

(p) if it contains a fixed purchase option, the terms thereof provide for payment upon exercise thereof of an amount which is not less than the Net Book Value of the Engine(s) or the item(s) of Equipment being purchased determined at the date or dates such option is exercisable.

"Eligible Parts" means Parts that in each case (a) unless consented to in writing by Administrative Agent, are for Eligible Engines or aircraft supported by Eligible Engines, (b) are not unmerchantable or obsolete, and (d) have been held by the Borrower for not more than twelve (12) months from the date of purchase of such Part (or in the case of disassembled engine parts, twelve (12) months from the date a value was allocated to such parts), (e) are physically tagged with identifiable part or serial numbers, (f) are not subject to a consignment or lease arrangement or held on the premises of an air carrier certificated under 49 U.S.C. 44705, and (g) comply with all applicable Aviation Authority requirements. Eligible Parts will be valued at the lower of cost or Parts Market Value.

"Emerging Country" shall have the meaning given thereto on **Schedule 1.1b** (Borrowing Base Geographic Limitations).

"Engine" means any Stage III compliant jet propulsion engine manufactured by an Acceptable Manufacturer, owned by an Engine Owner and designed or suitable for use to propel an aircraft, whether or not subject to a Lease.

"Engine Owner" means the Borrower or any Owner Trustee.

"Environmental Liabilities and Costs" means all liabilities, obligations, responsibilities, remedial actions, removal costs, losses, damages, costs and expenses that relate to any health or safety condition regulated under any Environmental Law or in connection with any other environmental matter or Release, threatened Release, or the presence of any Hazardous Material.

"Equipment" means all Turboprop Engines, APUs, Airframes and Parts owned by the Equipment Owner, whether or not such items are subject to a Lease.

"Equipment Market Value" means, with respect to an item of Equipment other than Parts, an amount as determined by the Appraiser to be the amount that would be obtained in an arm's length cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable time period available for marketing, adjusted to account for the maintenance status of such item of Equipment, but without taking into account any existing maintenance reserves, any value attributed to Lease payments or any security deposits under the related Lease.

"Equipment Owner" means the Borrower or any Owner Trustee.

"ERISA" means the Employee Retirement Income Security Act of 1974 and the regulations thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) which is a member of a "controlled group of corporations," a group of trades or businesses under "common control," or an "affiliated service group," which includes Borrower within the meaning of Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986.

"Euro" means the single official currency of the participating member states of the European Monetary Union.

"Event of Default" means any of the events specified in **Section 9.1**.

"Event of Loss" means (i) if an Engine or item of Equipment is not subject to a Lease, any of the following events: (x) the actual or constructive total loss of such Engine or item of Equipment or the agreed or compromised total loss of such Engine or item of Equipment; (y) its destruction, damage beyond economic repair or being rendered permanently unfit for normal use for any reason whatsoever and (z) any capture, condemnation, confiscation, requisition, purchase, seizure or forfeiture of, or any taking for use or of title to, such Engine or item of Equipment, in each case, that shall have resulted in the loss of possession or title of such

Engine or item of Equipment by the Lessor (other than a requisition for use for not more than one hundred eighty (180) days by the United States Government) and (ii) in addition, if an Engine or item of Equipment is subject to a Lease, any events defined as an "Event of Loss," "Casualty Occurrence" or similar term in such Lease. An Event of Loss shall be deemed to have occurred on the earlier to occur of (a) the Borrower's or Administrative Agent's (as applicable) receipt of insurance proceeds in respect of such Engine or Equipment and (b) the date that is forty-five (45) days after the date of such loss, damage or destruction.

"Excluded Subsidiary" shall mean, collectively and each individually, (i) each of WEST and the WEST Subsidiaries, (ii) WLFC Funding (Ireland) Limited, (iii) Willis Lease France, (iv) Willis Aviation Finance Limited, (v) Willis Lease (China) Limited, and any other Wholly-Owned Subsidiary of the Borrower formed solely for the purpose of owning the equity of Willis Lease (China) Limited, and (vi) any Wholly-Owned Subsidiary of the Borrower formed for the purpose of owning or leasing the Borrower's Canadair Model CL-600 aircraft and registering such aircraft in the Isle of Man.

"FAA" means the Federal Aviation Administration or any Governmental Authority succeeding to the functions thereof.

"FAR" means the Federal Aviation Regulations issued by the FAA as in effect from time to time.

"Federal Funds Rate" means, as of any date of determination, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, "H.15(519)") for such date opposite the caption "Federal Funds (Effective)". If for any relevant date such rate is not yet published in H.15(519), the rate for such date will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the "Composite 3:30 p.m. Quotation") for such date under the caption "Federal Funds Effective Rate". If on any relevant date the appropriate rate for such date is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such date will be the arithmetic mean of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that date by each of three leading brokers of Federal funds transactions in New York City selected by Administrative Agent. For purposes of this Agreement, any change in the Base Rate due to a change in the Federal Funds Rate shall be effective as of the opening of business on the effective date of such change.

"Financial Statements" means the income statement, balance sheet and statement of cash flows of Borrower and its Subsidiaries, internally prepared for each Fiscal Quarter, and audited for each Fiscal Year, in each case prepared in accordance with GAAP including the notes and schedules thereto.

"Fiscal Quarter" means any of the quarterly accounting periods of Borrower, specifically ending March 31, June 30, September 30, and December 31 of each year.

"Fiscal Year" means the twelve month fiscal period of Borrower ending December 31 of each year. Subsequent changes of the Fiscal Year of Borrower shall not change the term "Fiscal Year" unless Administrative Agent shall consent in writing to such change.

"Foreign Exchange Contract" means any foreign exchange contract, currency exchange contract or other contractual arrangement protecting a Person against fluctuations in the exchange rate of different currencies.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States, consistently applied, subject to Section 1.2 below.

"Governmental Authority" means (a) any international, foreign, federal, state, county or municipal government, or political subdivision thereof, (b) any governmental or quasi governmental agency, authority, board, bureau, commission, department, instrumentality or public body or (c) any court or administrative tribunal of competent jurisdiction.

"Government Securities" means readily marketable direct full faith and credit obligations of the United States of America or obligations guaranteed by the full faith and credit of the United States of America.

"Guaranteed Indebtedness" means, with respect to any Person, any obligation of such Person guaranteeing any indebtedness, lease, dividend, or other obligation ("primary obligations") of any other Person (the "primary obligor") in any manner, including any obligation or arrangement of such Person (a) to purchase or repurchase any such primary obligation, (b) to advance or supply funds (1) for the purchase or payment of any such primary obligation, or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet condition of the primary obligor, (c) 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, or (d) to indemnify the owner of such primary obligation against loss in respect thereof (other than ordinary course indemnities or guaranties included in leases, purchase and sale agreements, repair and maintenance agreements, servicing and other consulting agreements, or ordinary course trade payables or liabilities). The amount of any "Guaranteed Indebtedness" at any time shall be deemed to be an amount equal to the lesser at such time of (x) the stated or determinable amount of the primary obligation in respect of which such Guaranteed Indebtedness is made, and (y) the maximum amount for which such Person may be liable pursuant to the terms of the instrument embodying such Guaranteed Indebtedness; or, if not stated or determinable, the maximum reasonably anticipated liability (assuming full performance) in respect thereof.

"Hazardous Material" means any substance, material or waste, the generation, handling, storage, treatment or disposal of which is regulated by any Governmental Authority, or forms the bases of liability now or hereafter under, any Environmental Law in any jurisdiction in which Borrower has owned, leased, or operated real property or disposed of hazardous materials other than cleaning, maintenance or office supplies used in the ordinary course of business and in compliance with Environmental Laws.

"Head Lease" means a lease between an Engine Owner or Equipment Owner and a Leasing Subsidiary substantially in the form of the sublease between the Leasing Subsidiary and the operator.

"Indebtedness" means as to any Person at any time (without duplication) and, for the Borrower, determined on a consolidated basis: (a) all indebtedness for borrowed money or for the deferred purchase price of property or services (including reimbursement and all other obligations with respect to surety bonds, letters of credit (including Letters of Credit) and bankers' acceptances, whether or not matured); (b) all obligations evidenced by notes, bonds, debentures or similar instruments; (c) all indebtedness created or arising under any conditional sale or other title retention agreements with respect to property acquired by Borrower (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (d) all Capital Lease Obligations; (e) all Guaranteed Indebtedness; (f) all Indebtedness referred to in clauses (a), (b), (c), (d) or (e) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; (g) with respect to Borrower, the Obligations; (h) all liabilities under Title IV of ERISA; (i) the net present value of the non-cancelable payments owed under any Lease which is qualified as an operating lease in accordance with GAAP for engines, aircraft and aircraft and engine parts, using a 10% discount rate; and (j) all obligations with respect to deposits or maintenance reserves to the extent not supported by cash reserved specifically therefor; provided, however, that the term Indebtedness shall not include ordinary course trade accounts payable.

"Indemnified Person" means Administrative Agent, Security Agent, Issuing Lender, Swing Line Lender, and each Lender and each of the foregoing parties' respective Affiliates, employees, attorneys and agents.

"Instruments" means all "instruments," as such term is defined in the UCC, now owned or hereafter acquired by Borrower, wherever located, including all certificated securities and all notes and other evidences of indebtedness, other than instruments that constitute, or are a part of a group of writings that constitute, Chattel Paper.

"Intellectual Property" means all of the following now owned or hereafter acquired by Borrower: (a) patents, trademarks, trade dress, trade names, service marks, copyrights, trade secrets and all other intellectual property or Licenses thereof; and (b) all Proceeds of the foregoing.

"Interest Rate Protection Agreement" means a written agreement providing for "swap", "cap", "collar" or other interest rate protection with respect to any Indebtedness.

"International Interest" shall have the meaning given to such term in the Cape Town Convention.

"International Registry" shall have the meaning given to such term in the Cape Town Convention.

"Investment" means, when used in connection with any Person, any investment by or of that Person, whether by means of purchase or other acquisition of stock or other securities of any other Person or by means of a loan, advance creating a debt, capital contribution, guaranty or other debt or equity participation or interest in any other Person, including any partnership and joint venture interests of such Person. The amount of any Investment shall be the amount actually invested (minus any return of capital with respect to such Investment which has actually been received in Cash or has been converted into Cash), without adjustment for subsequent increases or decreases in the value of such Investment.

"Issuing Lender" means Union Bank, N.A.

"Joint Lead Arranger" means a Lender in charge of arranging the Credit Facility.

"Lease" means, with respect to an Engine or an item of Equipment, any written lease agreement, general terms agreement or other similar arrangement, as may be in effect with respect to such Engine or item of Equipment between a Lessor, including an Engine Owner, an Equipment Owner or a Leasing Subsidiary, and a Lessee, as such agreement or arrangement may be amended, modified, extended, supplemented, assigned or novated from time to time in accordance with the terms thereof and the Loan Documents.

"Leasing Subsidiary" means each of Willis Lease (Ireland) Limited, WLFC (Ireland) Limited and, subject to satisfaction of the conditions for a Subsidiary set forth in Section 7.15.5, any other Subsidiary of Borrower to which an Engine Owner or Equipment Owner may lease one or more Engines or items of Equipment pursuant to a Head Lease and which are Lessors under Leases of such Engines or Equipment to Lessees.

"Leasing Subsidiary Security Assignment" means, collectively, those certain Leasing Subsidiary Security Assignments substantially in the form attached hereto as **Exhibit I**, each as amended, modified or supplemented from time to time, made by each Leasing Subsidiary in favor of Security Agent, whereby each Leasing Subsidiary assigns to Security Agent all of such Leasing Subsidiary's rights under subleases of Engines and Equipment.

"Lender" means each Lender named in **Schedule 2.1** and each other party that may be named a "Lender" under this Agreement.

"Lender and Non-Lender Obligations" means (i) all of the Obligations and (ii) all liabilities and obligations of the Borrower under any Interest Rate Protection Agreements, Foreign Exchange Contracts, Cash Management Services Agreements, including any Non-Lender Protection Agreements (subject only to Permitted Liens).

"Lessee" means the lessee of Engines or Equipment subject to a Lease (including a Leasing Subsidiary in its capacity as lessee under a Head Lease).

"Lessor" means (i) any Engine Owner or Equipment Owner party to a Lease as lessor and (ii) a Leasing Subsidiary as sublessor under a Lease.

"Letter of Credit" means an irrevocable standby letter of credit issued for the account of Borrower pursuant to **Section 2.3**.

"Letter of Credit Fees" means those fees to be paid by Borrower to Issuing Lender and/or Administrative Agent for the ratable benefit of Lenders or for the benefit of Issuing Lender as set forth in **Section 2.6.2**.

"Letter of Credit Obligations" means all obligations incurred by Issuing Lender at the request of Borrower in connection with the issuance of Letters of Credit.

"Leverage Ratio" means the ratio set forth in **Section 6.14.2.**

"LIBOR" means, for any LIBOR Loan Period, the rate determined by Administrative Agent to be the per annum rate (rounded upward to the nearest one-hundredth of one percent (1/100%)) at which deposits in immediately available funds and in lawful money of the United States would be offered to Administrative Agent by reference to the British Bankers' Association Interest Settlement Rates for deposits in dollars (as set forth by any service selected by Administrative Agent that has been nominated by the British Banker's Association as an authorized information vendor for the purpose of displaying such rates) at approximately 11:00 a.m. (London time) two (2) Business Days before the first day of such LIBOR Loan Period, in an amount equal to the principal amount of, and for a length of time equal to the LIBOR Loan Period for, the LIBOR Loan sought by Borrower.

"LIBOR Basis" means a per annum interest rate equal to the quotient of (a) LIBOR divided by (b) one minus the LIBOR Reserve Percentage, stated as a decimal. The LIBOR Basis shall be rounded upward to the nearest one thirty second of one percent (1/32%) and, once determined, shall remain unchanged during the applicable LIBOR Loan Period, except for changes to reflect adjustments in the LIBOR Reserve Percentage.

"LIBOR Loan" means a Revolving Loan that Borrower requests to be made as a LIBOR Loan or that is reborrowed as, or converted to, a LIBOR Loan, in each case in accordance with the provisions of **Section 2.1.3**.

"LIBOR Loan Period" means, for each LIBOR Loan, each one (1), two (2), three (3) or six (6) month period (or such other longer or shorter period as approved by Lenders), as selected by Borrower pursuant to **Section 2.1.3**, during which LIBOR applicable to such LIBOR Loan shall remain unchanged; provided that (a) any applicable LIBOR Loan Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such LIBOR Loan Period shall end on the immediately preceding Business Day, (b) any applicable LIBOR Loan Period which begins on a day for which there is no numerically corresponding day in the calendar month during which such LIBOR Loan Period is to end shall (subject to clause (a) above) end on the last day of such calendar month, and (c) no LIBOR Loan Period shall extend beyond the Maturity Date.

"LIBOR Reserve Percentage" means the percentage in effect from time to time under Regulation D of the Board of Governors of the Federal Reserve System as the maximum reserve requirement applicable with respect to Eurocurrency Liabilities (as that term is defined in Regulation D), whether or not any Lender has any Eurocurrency Liabilities subject to such reserve requirement at that time. The LIBOR Basis for any LIBOR Loan shall be adjusted as of the effective date of any change in the LIBOR Reserve Percentage.

"License" means any license under any written agreement now owned or hereafter acquired by Borrower granting the right to use any Intellectual Property or other license of rights or interests now held or hereafter acquired by Borrower.

"Lien" means, with respect to any property, any security deed, mortgage, deed to secure debt, deed of trust, lien, pledge, assignment, charge, security interest, title retention agreement, negative pledge, levy, execution, seizure, attachment, garnishment, or other encumbrance of any kind in respect of such property, whether or not perfected.

"Loan Documents" means collectively, this Agreement, the Notes, the Collateral Documents, and any and all other agreements, documents, or instruments (including financing statements) entered into in connection with the transactions contemplated by this Agreement, together with all alterations, amendments, changes, extensions, modifications, refinancings, refundings, renewals, replacements, restatements, or supplements, of or to any of the foregoing.

"Loans" means all loans and advances made by Lenders to or for the benefit of Borrower under this Agreement or under any of the Loan Documents, including the Revolving Loans extended to Borrower under the Revolving Commitment, any Swing Line Loan(s) and the undrawn and unreimbursed amounts of any Letter of Credit Obligations.

"Maintenance Reserve Payments" means any payment (including any use fee or utilization payment) that is based on the usage of an Engine or which is based on, or in respect of which, the Lessor under a Lease may be obligated to reimburse the Lessee under such Lease for specified maintenance activities with respect to the Engine subject to such Lease.

"Material Adverse Effect" means a material adverse effect on (a) the business, property, assets, operations or condition (financial or otherwise) of Borrower, (b) the ability of Borrower to pay or perform in accordance with the terms of any of the Loan Documents taken as a whole, or (c) the rights and remedies of any Credit Facility Lender under any of the Loan Documents.

"Maturity Date" means the earliest of (a) five years after the Closing Date (November 18**,** 2016), (b) the date Credit Facility Lenders' obligation to make Loans and incur Letter of Credit Obligations is terminated and the Obligations are declared to be due and payable pursuant to **Section 9.2**, or (c) the date of prepayment in full by Borrower of the Obligations in accordance with the provisions of **Section 2.10**.

"Maximum Amount" means **$**345,000,000.00, or such other increased or decreased amount as provided for under **Sections 2.10** and **2.19** of this Agreement.

"Mortgage and Security Agreement" means that certain Mortgage and Security Agreement dated as of November 18, 2009, as amended, modified or supplemented from time to time, made by Borrower in favor of Security Agent, whereby Borrower granted to Security Agent a security interest in the "Collateral" as defined therein.

"Negative Pledge" means a Contractual Obligation which contains a covenant binding on Borrower or any of its Subsidiaries that prohibits Liens on any of its Property, other than (a) any such covenant contained in a Contractual Obligation granting or relating to a particular Lien which affects only the Property that is the subject of such Lien; (b) any such covenant that does not apply to Liens securing the Obligations; and (c) permitted junior Liens under **Section 7.9**.

"Net Book Value" of an Engine or an item of Equipment shall be calculated as the lesser of: (i) the book value of such Engine or item of Equipment determined in accordance with GAAP as set forth on Borrower and its Subsidiaries financial statements or (ii) such Engine's Adjusted Base Value or item of Equipment's Equipment Market Value or Parts Market Value, as the case may be, in each case reduced utilizing depreciation methods consistent with current practice and GAAP.

"Net Income" means, with respect to any fiscal period, the consolidated net income (or loss) of Borrower and its Subsidiaries attributable to common shareholders for that period (after taxes), determined in accordance with GAAP, consistently applied, provided that "Net Income" shall not take into account (i) gains or losses resulting from changes in the fair market value of derivative instruments (within the meaning of Statement of Financial Accounting Standards No. 133), and (ii) nonrecurring non-cash and cash charges per GAAP matched exactly to a one-time refinancing of Indebtedness under the WEST Funding Facility (including any related early termination of any Interest Rate Protection Agreements entered into by WEST) and recognized in the Fiscal Quarter the refinancing closes.

"New Lender" means those lenders described in **Section 2.19.4**.

"Non-Defaulting Lender" means any Lender which is not a Defaulting Lender.

"Non-Lender" means a Person who is not a Credit Facility Lender and who has entered into a Non-Lender Protection Agreement with Borrower.

"Non-Lender Protection Agreement" means an Interest Rate Protection Agreement entered into (i) between Borrower and a Non-Lender, including each such agreement existing as of the date hereof, set forth on **Schedule 5.22** hereto, or (ii) between Borrower and a Lender who during the term of such agreement becomes a Non-Lender, and in each case, in clauses (i) and (ii), which agreement or contract is nonetheless secured by the Collateral pursuant to this Agreement on a pari passu basis with Lenders, subject to the condition set forth in **Section 7.13**.

"Non-Recourse Debt" shall mean Indebtedness for which the remedy for nonpayment or non-performance of any obligation or any default (other than for breach of standard representations and warranties or misapplication of funds) in respect thereof is limited to specified collateral securing such indebtedness and in respect of which the Borrower is not subject to any personal liability.

"Note" means any note, including any Revolving Note or Swing Line Note, executed and delivered by Borrower to any Credit Facility Lender under this Agreement, and "Notes" means collectively all such notes executed and delivered by Borrower to each Lender under this Agreement.

"Obligations" means all loans, advances, debts, expenses reimbursements, fees, liabilities and obligations, for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or amounts are liquidated or determinable) owing by Borrower to any Lender, Swing Line Lender, or Issuing Lender of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, arising under this Agreement or in connection with any of the other Loan Documents (including an Interest Rate Protection Agreement entered into in connection with this Agreement and Foreign Exchange Contracts), and all covenants and duties regarding such amounts. This term includes all principal, interest (including interest which accrues after the commencement of any case or proceeding in bankruptcy, or for the reorganization of Borrower), fees, Charges, expenses, reasonable attorneys' fees and any other sum chargeable to Borrower under this Agreement or any of the other Loan Documents or any Interest Rate Protection Agreement entered into in connection with this Agreement or Foreign Exchange Contract, and all principal and interest due in respect of the Loans.

"Off-Lease" means, with respect to an Engine or item of Equipment , at the time of determination or for any specified period, not subject to a Lease (or, in respect of an Engine or item of Equipment subject to a Head Lease, not subject to a Lease with a sublessee).

"Overadvance" means the amount by which the aggregate amount of all Loans then outstanding exceeds the Maximum Amount.

"Owner Trust" means an owner trust created under a Trust Agreement.

"Owner Trustee" means Wells Fargo Bank Northwest, National Association or another bank or trust company reasonably satisfactory to the Administrative Agent and the Security Agent acting as trustee under a Trust Agreement.

"Owner Trustee Guaranty" means each and collectively those certain Owner Trustee Guaranties, in the form attached hereto as **Exhibit H**, as amended, modified or supplemented from time to time, made by Owner Trustee in favor of Security Agent, whereby Owner Trustee guaranties performance of the Obligations under the Loan Documents.

"Owner Trustee Mortgage and Security Agreement" means, each and collectively, those certain Owner Trustee Mortgage and Security Agreements, in the form attached hereto as **Exhibit G**, as amended, modified or supplemented from time to time, made by Borrower in favor of Security Agent, whereby Owner Trustee grants to Security Agent a first priority security interest in that certain Equipment or other collateral as defined therein.

"Partial Recourse Debt" shall mean Indebtedness of any Person a portion of which (but in no event less than eighty-five (85%) percent of the principal amount thereof) shall constitute Non-Recourse Debt.

"Parts" means components of an aircraft or an Engine or any systems within an aircraft or an Engine that have either been removed from an aircraft or an Engine or have not yet been incorporated into an aircraft or an Engine.

"Parts Market Value" means, with respect to any Parts, the "current market value" (as such term is defined by the International Society of Transport Aircraft Trading (ISTAT)) as determined by the Appraiser. The current market value shall take into consideration of, maintenance status of such assets, current trading history and other methodologies as are consistent with the methodologies utilized in current industry practices, but without taking into account any existing maintenance reserves.

"Payment Date" means the last day of each LIBOR Loan Period for a LIBOR Loan.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Permitted Indebtedness" means, as applied to Borrower, (i) all Indebtedness other than the Obligations hereunder, whether such other Indebtedness is secured or unsecured, in an aggregate amount of up to $150,000,000.00; provided such $150,000,000.00 maximum shall exclude any Indebtedness of any Excluded Subsidiary, and in addition to the foregoing, (ii) all Guaranteed Indebtedness of the Borrower in respect of (x) the Willis Aviation Finance Limited Financing Facility and (y) the Willis Lease (China) Limited Financing Facility.

"Permitted Liens" means, as applied to any Property: (a) Liens securing taxes, assessments, and other governmental charges or levies (excluding any Lien imposed pursuant to any of the provisions of ERISA that would result in an Material Adverse Effect) or the claims of materialmen, mechanics, carriers, repairmen, warehousemen, or landlords or other like Liens, but which (1) are for amounts not yet due, or (2) which are being contested in good faith by appropriate proceedings and for which Borrower shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP, provided that such contested claims shall not exceed an aggregate amount of $5,000,000.00; (b) Liens consisting of deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under worker's compensation, unemployment insurance, or similar legislation; (c) Liens constituting encumbrances in the nature of zoning restrictions, easements, and rights of way or restrictions of record on use of real property which do not materially detract from the value of such property or impair the use thereof in the business of Borrower; (d) Liens of record set forth in **Schedule 1.1d**; (e) Liens created under the Loan Documents; (f) the rights of any Lessee or sublessee under any Lease to utilize any Collateral pursuant to the terms of a Lease; (g) Liens arising in connection with legal or equitable proceedings against Borrower, which Borrower is contesting with diligence and good faith and which Liens do not have a Material Adverse Effect; (h) liens in respect of personal property leases that do not affect any assets included in the Borrowing Base, which, in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower so as to cause a Material Adverse Effect; (i) any Lien on any asset not included in the Borrowing Base to secure Indebtedness permitted hereunder; (j) Liens securing Indebtedness that has since been repaid in full, which filings Borrower cannot

independently terminate; (k) Liens arising out of judgments that do not constitute an Event of Default under this Agreement; (l) any Lien arising by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution in the ordinary course of business; (m) Liens securing Capital Lease Obligations on assets subject to such leases provided that such capitalized leases are otherwise permitted under this Agreement; (n) Liens arising from the following types of liabilities of a lessee or any other operator of an Engine or item of Equipment, so long as such liabilities are either not yet due or are being contested in good faith through appropriate proceedings that do not give rise to any reasonable likelihood of the sale, forfeiture or other loss of such Engine or item of Equipment, title thereto or Security Agent's security interest therein or of criminal or unindemnified civil liability on the part of the Borrower, any Bank or any Agent and with respect to which the lessee maintains adequate reserves (in the reasonable judgment of the Borrower): (A) fees or charges of any airport or air navigation authority, (B) judgments that do not constitute an Event of Default under this Agreement, or (C) salvage or other rights of insurers; (o) Liens on assets not included in the Borrowing Base evidenced by UCC financing statements which are expressly permitted under the terms of the Loan Documents; and (p) Liens on assets which are not Collateral securing Permitted Indebtedness in an aggregate amount not in excess of $150,000,000.00.

"Person" means any individual or entity, including a trustee, sole proprietorship, partnership, limited partnership, limited liability partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, entity or government (whether Federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).

"Plan" means, with respect to Borrower or any of its Affiliates, at any time, an employee benefit plan, as defined in Section 3(3) of ERISA, which Borrower or any of its Affiliates maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any of them.

"Pro Rata Share" means, with respect to each Lender, the percentage of the Revolving Commitment set forth opposite the name of that Lender on **Schedule 2.1**, as such percentage may be increased or decreased pursuant to a Commitment Assignment and Acceptance executed in accordance with **Section 12.8**.

"Proceeds" means "proceeds," as such term is defined in the UCC and, in any event, shall include: (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Borrower from time to time with respect to any Collateral; (b) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any Collateral by any governmental body, authority, bureau or agency (or any person acting under color of Governmental Authority); (c) any claim of Borrower against third parties for past, present or future infringement or dilution of any Intellectual Property or for injury to the goodwill associated with any Intellectual Property; (d) any recoveries by Borrower against third parties with respect to any litigation or dispute concerning any Collateral; and (e) any and all other amounts from time to time paid or payable under or in connection with any Collateral, upon disposition or otherwise.

"Property" means any real property, personal property, or Intellectual Property owned, leased or operated by the Borrower, any Owner Trustee, or any Subsidiary of the Borrower.

"Prospective International Interest" shall have the meaning given to such term in the Cape Town Convention.

"Reference Rate" means the variable per annum rate of interest most recently announced by Administrative Agent at its corporate headquarters as the "Union Bank, N.A. Reference Rate," with the understanding that the "Union Bank, N.A. Reference Rate" is one of Administrative Agent's index rates and merely serves as a basis upon which effective rates of interest are calculated for loans making reference thereto and may not be the lowest or best rate at which Administrative Agent calculates interest or extends credit. The Reference Rate shall be adjusted on the last Business Day of the calendar month of any change in the "Union Bank, N.A. Reference Rate." The Reference Rate, as adjusted, shall constitute the Reference Rate on the date when such adjustment is made and shall continue as the applicable Reference Rate until further adjustment.

"Registerable Asset" means any Eligible Engine or Eligible Equipment with respect to which ownership thereof, a contract of sale in respect of, a lease of, and/or a security interest therein may be filed with the FAA or registered on the International Registry.

"Release" means, as to Borrower, any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Materials in the indoor or outdoor environment by Borrower, including the movement of Hazardous Materials through or in the air, soil, surface water, ground water or property.

"Reportable Event" has the meaning set forth in Title IV of ERISA.

"Request for Letter of Credit" means a written request for a Letter of Credit substantially in the form of **Exhibit E** signed by an Authorized Signatory of Borrower and properly completed to provide all information required to be included therein.

"Requisite Lenders" means (a) all Non-Defaulting Lenders, with respect to those decisions requiring unanimous consent of all Lenders as set forth in **Section 12.16** and (b) those Non-Defaulting Lenders holding Notes evidencing in the aggregate 50.1% or more of the aggregate Indebtedness then evidenced by the Notes held by Non-Defaulting Lenders, with respect to all other decisions required of the Lenders hereunder; provided that any Defaulting Lender or Indebtedness under Notes held by such Defaulting Lender shall not be included under the foregoing items (a) and (b) or have voting, waiver or consent rights with respect to any decision.

"Revolving Commitment" means, subject to **Sections 2.10** and **2.19**, $345,000,000.00. The respective Pro Rata Shares of the Lenders with respect to the Revolving Commitment are set forth in **Schedule 2.1**.

"Revolving Loan" means a loan(s) made by the Lenders to Borrower pursuant to **Section 2.1**.

"Revolving Note" means each Revolving Note or Amended and Restated Revolving Note executed and delivered by Borrower to each Lender in accordance with its Pro Rata Share of the Revolving Commitment, dated as of the Closing Date, in the original aggregate principal amount of the Revolving Commitment, together with any other notes executed and delivered by Borrower to any Lender evidencing at any time any portion of the Loans.

"Schedule of Documents" means the schedule, including all appendices, exhibits or schedules thereto, listing certain documents and information to be delivered in connection with this Agreement and the other Loan Documents and the transactions contemplated hereunder and thereunder, substantially in the form of **Schedule 1.1e**.

"Security Agent" means that party mentioned in the introductory paragraph hereof, when such party is acting in its capacity as Security Agent under any of the Loan Documents, or any successor Security Agent.

"Security Agreement" means that certain Security Agreement dated as of November 18, 2009, as amended, modified or supplemented from time to time, made by Borrower in favor of Security Agent.

"Security Deposit" means any cash deposits and other collateral provided by, or on behalf of, a Lessee to secure the obligations of such Lessee under a Lease.

"SEC" means the United States Securities Exchange Commission.

"Special Eurodollar Circumstance" means the application or adoption after the Closing Date of any Law or interpretation, or any change therein or thereof, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable authority charged with the interpretation or administration thereof, or compliance by Lender or its LIBOR lending office with any request or directive (whether or not having the force of Law) of any such Governmental Authority, central bank or comparable authority.

"Special Purpose Financing Vehicle" means a bankruptcy remote Subsidiary or Affiliate (including without limitation, WEST and the Subsidiaries of WEST) of the Borrower or other Person owned by or at the request of the Borrower (excluding any Owner Trustee which shall have executed and delivered an Owner Trustee Mortgage and Security Agreement) for the sole purpose of holding and/or assigning Engines received directly or indirectly from the Borrower or any of its Subsidiaries and issuing notes or other Indebtedness which are secured by such Engines or other securities representing interests in such Engines, and which Subsidiary or Affiliate or other Person is prohibited by its articles of incorporation or (if it is not a corporation) other organizational documents from engaging in any other business.

"Stage III" means, with respect to any aircraft or engine, any aircraft or engine which, at the time of its manufacture, was compliant with the noise regulations set forth in FAR Part 36.

"Stock" means all certificated and uncertificated shares, options, warrants, general or limited partnership interests, participation or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting

or nonvoting, including common stock, preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934).

"Stock Pledge Agreement" means collectively, and each individually, (i) that certain Stock Pledge Agreement dated as of November 18, 2009, as amended, modified or supplemented from time to time, made by Borrower in favor of Security Agent, whereby Borrower pledged to Security Agent sixty-five percent (65%) of the issued and outstanding shares of capital stock of WFLC (Ireland) Limited and (ii) that certain Share Mortgage dated as of June 28, 2011, as amended, modified or supplemented from time to time, made by Borrower in favor of Security Agent, whereby Borrower pledged to Security Agent fifty percent (50%) of the issued and outstanding shares of share capital of Willis Mitsui & Co Engine Support Limited.

"Stock Power" means collectively, and each individually, those certain Stock Powers executed by Borrower in favor of Security Agent in connection with each Stock Pledge Agreement.

"Subordinated Obligation" means any Indebtedness of Borrower that (a) does not have any scheduled principal payment, mandatory principal prepayment or sinking fund payment due prior to the date that is one year after the Maturity Date, (b) is not secured by any Lien on any Property of Borrower or any of its Subsidiaries, (c) is not guarantied by any Subsidiary of Borrower, (d) is subordinated by its terms in right of payment to the Obligations pursuant to provisions acceptable to Agents and the Requisite Lenders, (e) is subject to such financial and other covenants and events of defaults as may be acceptable to Agents and the Requisite Lenders, and (f) is subject to customary interest blockage and delayed acceleration provisions as may be acceptable to Agents and Credit Facility Lenders.

"Subsidiary" means, as of any date of determination and with respect to any Person, any corporation, limited liability company or partnership (whether or not, in any case, characterized as such or as a "joint venture"), trust or other legal entity, whether now existing or hereafter organized or acquired: (a) in the case of a corporation or limited liability company, of which a majority of the securities having ordinary voting power for the election of directors or other governing body (other than securities having such power only by reason of the happening of a contingency) are at the time beneficially owned by such Person and/or one or more Subsidiaries of such Person, or (b) in the case of a partnership or other ownership interests, of which (i) a majority of the partnership or other ownership interests are at the time beneficially owned by such Person and/or one or more of its Subsidiaries or (ii) a Subsidiary is the general partner. Notwithstanding the foregoing, the Excluded Subsidiaries shall only be considered Subsidiaries hereunder with respect to **Section 6.14** and **Section 7.3** and the definitions related thereto.

"Subsidiary Guaranty" means, collectively and each individually, those certain Subsidiary Guaranties dated as of November 18, 2009 or thereafter, as amended, modified or supplemented from time to time, made by each Subsidiary (but excluding the Excluded Subsidiaries) in favor of Security Agent, whereby such Subsidiary guaranties performance of the Obligations under the Loan Documents.

"Swing Line Commitment" means the commitment of the Swing Line Lender to make Swing Line Loans in an aggregate maximum principal amount at any one time outstanding of Fifteen Million Dollars ($15,000,000.00) or such lesser amount as shall be agreed to by the Swing Line Lender and Borrower pursuant to **Section 2.2** of this Agreement.

"Swing Line Lender" means that party mentioned in the introductory paragraph hereof or any successor Swing Line Lender.

"Swing Line Loans" means loans made by the Swing Line Lender to Borrower pursuant to **Section 2.2**.

"Swing Line Note" means the Amended and Restated Swing Line Note executed and delivered by Borrower to Swing Line Lender, dated as of the Closing Date, in the original aggregate principal amount of the Swing Line Commitment, together with any other notes executed and delivered by Borrower to any Lender evidencing at any time any portion of the Swing Line Loans.

"Syndication Agent" means that party mentioned in the introductory paragraph hereof, when such party is acting in its capacity as Syndication Agent under any of the Loan Documents, or any successor Syndication Agent.

"Tangible Net Worth" means on any date of determination, the following with respect to Borrower and its Subsidiaries on a consolidated basis: (a) the sum of the total assets less the total liabilities minus (b) intangibles (excluding gains and losses from fair value of derivatives charges whether or not included in other comprehensive income or net income) on such date, all as determined in accordance with GAAP, consistently applied.

"Termination Date" means the date on which the Loans, the Letters of Credit and all other Obligations under this Agreement and the other Loan Documents are indefeasibly paid in full, in cash (other than amounts in respect of Letter of Credit Obligations if any, then outstanding, provided that Borrower shall have paid to Lenders, in immediately available funds, the maximum amount then available to be drawn under outstanding Letters of Credit), and Borrower shall have no further right to borrow any moneys or obtain other credit extensions or financial accommodations under this Agreement.

"Three Primary Lessees" means the three Lessees under Leases which, at the time of determination, have leased (whether under one or more Leases) the highest percentages of the Engines and Equipment described in clause (y)(iii)(5) of the definition of Borrowing Base, based on Net Book Value, of all Eligible Engines and Eligible Equipment.

"Total Debt" means the all Indebtedness of the Borrower and its consolidated Subsidiaries, including, without limitation, Non-Recourse Debt, Partial Recourse Debt and Subordinated Debt.

"Transactional User Entity" is defined in the Regulations for the International Registry.

"Trust Agreement" means, each and collectively, those certain Trust Agreements entered into prior to the date hereof and any Trust Agreements entered into after the date hereof, each of which Trust Agreements shall be substantially in the form attached hereto as **Exhibit K**, by and between Owner Trustee, as owner trustee, and Borrower or a Wholly-Owned Subsidiary, as the sole beneficiary, as each such Trust Agreement is amended, supplemented or otherwise modified from time to time, whereby the parties agreed, among other things, that Owner Trustee shall act as trustee with respect to the "Equipment" and "Lease Agreement" as defined therein and by and between Owner Trustee, as owner trustee, and Borrower or a Wholly-Owned Subsidiary, as the sole beneficiary, as each Trust Agreement is amended, supplemented or otherwise modified from time to time, whereby the parties agreed, among other things, that Owner Trustee shall act as trustee with respect to the "Equipment" and "Lease Agreement" as defined therein.

"Turboprop Engine" means a gas turbine engine used in aircraft (other than an Engine) with at least 550 rated shaft horsepower.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the State of Delaware; provided that in the event by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Security Agent's Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of Delaware, the term "UCC" means the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

"Unused Line Fee" means that fee set forth in **Section 2.6.1**.

"WEST" means Willis Engine Securitization Trust, a Delaware statutory trust which is a wholly-owned Subsidiary of the Borrower.

"WEST Administrative Agency Agreement" means that certain Administrative Agency Agreement dated August 5, 2005 among WEST, Borrower, Deutsche Bank Trust Company Americas and the entities listed on Appendix A thereto

"WEST Funding Facility" means the transactions contemplated by (i) that certain Indenture dated as of August 9, 2005, by and between WEST and Deutsche Bank Trust Company Americas, as indenture trustee, as amended, waived, restated, supplemented, or otherwise modified from time to time, or (ii) any refinancing or increase of the indebtedness referenced in (i) above pursuant to another indenture, as amended, waived, restated, supplemented or otherwise modified from time to time in an amount not to exceed $600,000,000.00 and with a weighted average interest rate not to exceed seven percent (7%).

"WEST Owner Trusts" means the owner trusts in which WEST or a WEST Subsidiary holds 100% of the beneficial interest.

"WEST Servicing Agreement" means that certain Servicing Agreement dated as of August 9, 2005, among Borrower, as servicer and administrative agent, WEST, and the entities listed on Appendix A to the Servicing Agreement, as amended, waived, restated, supplemented, or otherwise modified from time to time.

"WEST Subsidiaries" means WEST Engine Funding LLC f/k/a Willis Engine Funding LLC, a Delaware limited liability company and a wholly-owned Subsidiary of WEST, WEST Engine Funding (Ireland) Limited, a limited liability company existing under the laws of Ireland, and each other legal entity owned by WEST or in respect of which WEST or a WEST Subsidiary holds 100% of the beneficial interest, including the WEST Owner Trusts.

"Wholly-Owned Subsidiary" means a Subsidiary of Borrower, 100% of the capital stock or other equity interest of which is owned, directly or indirectly, by Borrower, except for director's qualifying shares required by Applicable Laws.

"Willis Aviation Finance Limited Financing Facility" means one or more financing arrangements entered into by WLFC (Ireland) Limited in an amount not to exceed Two Hundred Million and 00/100 Dollars ($200,000,000.00) for general corporate purposes, including financing spare aircraft engines and equipment.

"Willis Lease (China) Limited Financing Facility" means one or more financing arrangements entered into by Willis Lease (China) Limited in an amount not to exceed Two Hundred Million and 00/100 Dollars ($200,000,000.00) for general corporate purposes, including financing spare aircraft engines and equipment.

1.2 Accounting Terms. All accounting terms used, but not specifically defined, in this Agreement shall be construed and defined in accordance with GAAP, provided that if GAAP shall change from the basis used in preparing the Financial Statements delivered to the Administrative Agent on or before the date of this Agreement, the Compliance Certificates delivered pursuant to this Agreement demonstrating compliance with the covenants contained in Section 6.14 shall include calculations setting forth the adjustments necessary to demonstrate how the Borrower is in compliance with the financial covenants based upon GAAP as in effect on the date of this Agreement.

1.3 UCC. Any terms that are defined in the UCC and used, but not specifically defined, in this Agreement shall be construed and defined in accordance with the UCC.

1.4 Construction. For purposes of this Agreement and the other Loan Documents, the following rules of construction shall apply, unless specifically indicated to the contrary: (a) wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter; (b) the term "or" is not exclusive; (c) the term "including" (or any form thereof) shall not be limiting or exclusive; (d) all references to statutes and related regulations shall include any amendments thereof and any successor statutes and regulations; (e) the words "herein," "hereof" and "hereunder" or other words of similar import refer to this Agreement as a whole, including the exhibits and schedules hereto, as the same may from time to time be amended, modified or supplemented, and not to any particular section, subsection or clause contained in this Agreement; (f) all references in this Agreement or in the schedules to this Agreement to sections, schedules, disclosure schedules, exhibits, and attachments shall refer to the corresponding sections, schedules, disclosure schedules,

exhibits, and attachments of or to this Agreement; and (g) all references to any instruments or agreements, including references to any of the Loan Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

1.5 USA Patriot Act Notice. Each Lender is subject to the USA Patriot Act and hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (as amended and supplemented from time to time, the "Patriot Act"), each Lender is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow each Lender to identify Borrower in accordance with the Patriot Act.

2. REVOLVING COMMITMENT

2.1 Revolving Loans. Subject to the terms and conditions of this Agreement, Lenders severally shall, pro rata according to that Lender's Pro Rata Share of the Revolving Commitment, extend Revolving Loans to Borrower from time to time until the Maturity Date. Subject to **Section 2.8.2**, the aggregate amount of Loans outstanding shall not exceed at any time the Borrowing Availability. Prior to the Maturity Date, Borrower may repay at any time any outstanding Loans and any amounts so repaid may be reborrowed, up to Borrowing Availability. Loans shall be evidenced by and repayable in accordance with the terms of the Revolving Note and this Agreement.

2.1.1 Choice of Interest Rate. Any Revolving Loan shall, at the option of Borrower, be made either as a Base Rate Loan or as a LIBOR Loan; provided that if a Default or Event of Default has occurred and is continuing, all Loans shall be made as Base Rate Loans. If Borrower fails to give notice to Administrative Agent specifying whether any LIBOR Loan is to be repaid or reborrowed on a Payment Date, such LIBOR Loan shall be repaid and then reborrowed as a Base Rate Loan on the Payment Date. Each request for a Revolving Loan shall, among other things, specify (1) the date of the proposed Revolving Loan, which shall be a Business Day, (2) the amount of the Revolving Loan, (3) whether it is to be a Base Rate Loan or a LIBOR Loan, and (4) the LIBOR Loan Period, if applicable.

2.1.2 Request for Base Rate Loans. Except as otherwise specified herein, Borrower shall give to Administrative Agent, irrevocable notice of a request for each Loan by telephone or facsimile transmission not later than 11:00 a.m. (California time) at least one (1) Business Day prior to the proposed Base Rate Loan. Any notice in connection with a requested Revolving Loan under this Agreement that is received by Administrative Agent after 11:00 a.m. (California time) on any Business Day, or at any time on a day that is not a Business Day, shall be deemed received by Administrative Agent on the next Business Day.

2.1.3 Request for LIBOR Loans.

(a) Borrower shall give to Administrative Agent irrevocable notice of a request for a LIBOR Loan by telephone or facsimile transmission not later than three (3) Business Days prior to the date of the proposed LIBOR Loan. Administrative Agent shall determine the applicable LIBOR Basis as of the Business Day prior to the date of the requested

LIBOR Loan. Each determination by Administrative Agent of a LIBOR Basis shall, absent manifest error, be deemed final, binding and conclusive upon Borrower. The LIBOR Loan Period for each LIBOR Loan shall be fixed at one (1), two (2), three (3) or six (6) months.

(b)(i) Each LIBOR Loan shall be in a principal amount of not less than Five Million and 0/100 Dollars ($5,000,000.00) and in an integral multiple of $100,000, (ii) at no time shall there be more than ten (10) tranches of LIBOR Loans outstanding, and (iii) subject to Section 2.8.2, the total aggregate principal amount of all LIBOR Loans outstanding at any one time shall not exceed Borrowing Availability.

(c) At least three (3) Business Days prior to each Payment Date for a LIBOR Loan, Borrower shall give irrevocable written notice to Lender specifying whether all or a portion of such LIBOR Loan outstanding on the Payment Date (i) is to be repaid and then reborrowed in whole or in part as a new LIBOR Loan, in which case such notice shall also specify the LIBOR Loan Period that Borrower shall have selected for such new LIBOR Loan; (provided that in the case of any such reborrowing as a new LIBOR Loan, if a Default or Event of Default has occurred and is continuing, Borrower shall not have the option to repay and then reborrow such LIBOR Loan as a new LIBOR Loan, but instead shall only be able to convert such LIBOR Loan to a Base Rate Loan), (ii) is to be repaid and then reborrowed in whole or in part as a Base Rate Loan, or (iii) is to be repaid and not reborrowed; provided that any such reborrowings described in clauses (i) and (ii) above shall be in a principal amount of not less than $5,000,000.00 and in an integral multiple of $100,000. Upon such Payment Date such LIBOR Loan will, subject to the provisions of this Agreement, be so repaid and, as applicable, reborrowed.

2.1.4 Request and Disbursement. Administrative Agent shall, upon the reasonable request of Borrower from time to time, provide to Borrower such information with regard to the LIBOR Basis as Borrower may request. Promptly following receipt of a request for a Loan, Administrative Agent shall notify each Lender by telephone or telecopier or electronic mail (and if by telephone, promptly confirmed by telecopier or electronic mail) of the date and type of Loan, the applicable LIBOR Loan Period, and that Lender's Pro Rata Share of the Loan. Not later than 10:00 a.m., California time, on the date specified for any Loan (which must be a Business Day), each Lender shall make its Pro Rata Share of the Loan in immediately available funds available to Administrative Agent at Administrative Agent's office. Prior to 11:00 a.m. (California time) on the date of a Revolving Loan, Administrative Agent shall, subject to the satisfaction of the conditions set forth in Section 2.2, disburse the amount of the requested Revolving Loan by deposit into the Demand Deposit Account or by wire transfer pursuant to Borrower's written instructions.

2.2 Swing Line Loans.

2.2.1 Swing Line Commitment. The Swing Line Lender shall from time to time from the Closing Date through the day prior to the Maturity Date make loans to Borrower in such amounts as Borrower may request, up to an aggregate maximum amount of $15,000,000.00 (each, a "Swing Line Loan"), provided that (a) if after giving effect to such Swing Line Loan, the sum of the aggregate principal amount of all then outstanding Loans does not exceed the Borrowing Availability at such time; and (b) without the consent of all of the Lenders, no Swing Line Loan may be made during the continuation of an Event of Default, provided written notice of such Event of Default shall have been provided to Swing Line Lender by Administrative Agent or a Lender sufficiently in advance of the making of such Swing Line Loan.

2.2.2 Request for Swing Line Loan. Borrower may borrow, repay and reborrow under the Swing Line Commitment, subject to the remaining availability under the Swing Line Commitment and subject to availability under the Revolving Commitment, upon telephonic request by an Authorized Signatory of Borrower made to Administrative Agent not later than 2:00 p.m., California time, on the Business Day of the requested borrowing (which telephonic request shall be promptly confirmed in writing by telecopier or electronic mail). Promptly after receipt of such a request for borrowing, Administrative Agent shall provide telephonic verification to the Swing Line Lender that, after giving effect to such request, availability under the Swing Line Commitment and the Revolving Commitment will exist (and such verification shall be promptly confirmed in writing by telecopier or electronic mail). Borrower shall notify the Swing Line Lender of its intention to make a repayment of a Swing Line Loan not later than 1:00 p.m. California time on the date of repayment. If Borrower instructs the Swing Line Lender to debit its Demand Deposit Account in the amount of any payment with respect to a Swing Line Loan, or the Swing Line Lender otherwise receives repayment, after 3:00 p.m., California time, on a Business Day, such payment shall be deemed received on the next Business Day. The Swing Line Lender shall promptly notify Administrative Agent of the Swing Line Loan outstanding each time there is a change therein.

2.2.3 Swing Line Interest Rate. Swing Line Loans shall bear interest at a fluctuating all-in rate (commensurate with a market rate of interest at the time of funding) per annum as quoted by Swing Line Lender to Borrower at the time a Swing Line Loan is requested by Borrower. Interest shall be payable monthly on such dates as may be specified by the Swing Line Lender and in any event on the Maturity Date. The Swing Line Lender shall be responsible for invoicing Borrower for such interest. The interest payable on Swing Line Loans is solely for the account of the Swing Line Lender (subject to **Section 2.2.5** below).

2.2.4 Swing Line Maturity Date. Subject to **Section 2.2.6** below, the principal amount of all Swing Line Loans shall be due and payable on the earlier of (i) the maturity date agreed to by the Swing Line Lender and Borrower with respect to such loan or (ii) the Maturity Date.

2.2.5 Swing Line Participation. Upon the making of a Swing Line Loan, each Lender shall be deemed to have purchased from the Swing Line Lender a participation therein in an amount equal to that Lender's Pro Rata Share times the amount of the Swing Line Loan. Upon demand made by the Swing Line Lender, which shall occur not more than once per week, each Lender shall, according to its Pro Rata Share, promptly provide to the Swing Line Lender its purchase price therefor in an amount equal to its participation therein. The obligation of each Lender to so provide its purchase price to the Swing Line Lender shall be absolute and unconditional (except for modifications or demand made by the Swing Line Lender) and shall not be affected by the existence of an uncured Event of Default; provided that no Lender shall be obligated to purchase its Pro Rata Share of (i) the Swing Line Loans to the extent that, after giving effect to such Swing Line Loan, advances under the Revolving Commitment exceed the Borrowing Availability, (ii) Swing Line Loans to the extent that, after giving effect to such Swing Line Loan, the aggregate amount of Swing Line Loans outstanding exceed $15,000,000.00, or (iii) any Swing Line Loan made (absent the consent of all of the Lenders) during the continuation of an Event of Default if written notice of

such Event of Default shall have been provided to Swing Line Lender by Administrative Agent or a Lender sufficiently in advance of the making of such Swing Line Loan. Each Lender that has provided to the Swing Line Lender the purchase price due for its participation in Swing Line Loans shall thereupon acquire a pro rata participation, to the extent of such payment, in the claim of the Swing Line Lender against Borrower for principal and interest and shall share, in accordance with that pro rata participation, in any principal payment made by Borrower with respect to such claim and in any interest payment made by Borrower (but only with respect to periods subsequent to the date such Lender paid the Swing Line Lender its purchase price) with respect to such claim.

2.2.6 Swing Line Repayment; Revolving Loans. The Swing Line Lender may, at any time, in its sole discretion, by not less than two Business Days' prior written notice to Borrower and Lenders, demand payment of the Swing Line Loans by way of a Revolving Loan in the full amount or any portion of the outstanding amount of Swing Line Loans. In each case, Administrative Agent shall automatically provide the advances made by each Lender to the Swing Line Lender (which the Swing Line Lender shall then apply to the outstanding amount of the Swing Line Loans). In the event that Borrower fails to request a Revolving Loan within the time specified by this **Section 2.2.6** on any such date, Administrative Agent may, but is not required to, without notice to or the consent of Borrower, cause Base Rate Loans to be made by the Lenders under the Revolving Commitment in amounts which are sufficient to reduce the outstanding amount of the Swing Line Loans as required above. The proceeds of such advances shall be paid directly to the Swing Line Lender for application to the outstanding amount of the Swing Line Loans.

2.3 Letters of Credit.

2.3.1 As a sublimit under the Revolving Commitment, Issuing Lender agrees, subject to the terms and conditions hereof, from time to time from the Closing Date through the Maturity Date to issue Letters of Credit for the account of Borrower; provided that the form and substance of each Letter of Credit shall be subject to approval by Issuing Lender, in its sole discretion; and provided further that after giving effect to all such Letters of Credit, (i) the sum of the aggregate principal amount of all then-outstanding Loans does not exceed the Borrowing Availability and (ii) the Aggregate Effective Amount under all outstanding Letters of Credit does not exceed Fifteen Million and 00/100 Dollars ($15,000,000). Each Letter of Credit shall mature fifteen (15) days prior to the Maturity Date, and unless the Requisite Lenders otherwise consent in a writing delivered to Administrative Agent, the term of any Letter of Credit shall not exceed one (1) year, provided that Letters of Credit may mature after the Maturity Date provided Borrower agrees to deposit cash with Issuing Lender in the amount of such Letter of Credit at least fifteen (15) days prior to the Maturity Date in order to secure such outstanding Letter of Credit obligations. Each Letter of Credit shall be subject to the additional terms and conditions of Issuing Lender's standard agreement for a Letter of Credit and related documents, if any, required by Issuing Lender in connection with the issuance thereof. If for any reason advances under the Revolving Commitment are not available at the time any draft is paid by Lender, then Borrower shall immediately pay to Issuing Lender the full amount of such draft, together with interest thereon from the date such amount is paid by Issuing Lender to the date such amount is fully repaid by Borrower, at the Base Rate of interest applicable to the unpaid principal under the Loans.

2.3.2 Each Request for Letter of Credit shall be submitted to Issuing Lender, with a copy to Administrative Agent, at least two (2) Business Days prior to the date upon which the related Letter of Credit is proposed to be issued. Administrative Agent shall promptly notify Issuing Lender whether such Request for Letter of Credit, and the issuance of a Letter of Credit pursuant thereto, conforms to the requirements of this Agreement. Upon issuance of a Letter of Credit, Issuing Lender shall promptly notify Administrative Agent, and Administrative Agent shall promptly notify the Lenders, of the amount and terms thereof.

2.3.3 Upon the issuance of a Letter of Credit, each Lender shall be deemed to have purchased a pro rata participation in such Letter of Credit from Issuing Lender in an amount equal to that Lender's Pro Rata Share. Without limiting the scope and nature of each Lender's participation in any Letter of Credit, to the extent that Issuing Lender has not been reimbursed by Borrower for any payment required to be made by Issuing Lender under any Letter of Credit, each Lender shall, pro rata according to its Pro Rata Share, reimburse Issuing Lender through Administrative Agent promptly upon demand for the amount of such payment. The obligation of each Lender to so reimburse Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of Borrower to reimburse Issuing Lender for the amount of any payment made by Issuing Lender under any Letter of Credit together with interest as hereinafter provided.

2.3.4 Borrower agrees to pay to Issuing Lender through Administrative Agent an amount equal to any payment made by Issuing Lender with respect to each Letter of Credit within one (1) Business Day after demand made by Issuing Lender therefor, together with interest at the Base Rate plus the Applicable Base Rate Margin on such amount from the date of any payment made by Issuing Lender at the rate applicable to Base Rate Loans for two (2) Business Days and thereafter at the Default Rate applicable to Base Rate Loans. The principal amount of any such payment shall be used to reimburse Issuing Lender for the payment made by it under the Letter of Credit and, to the extent that the Lenders have not reimbursed Issuing Lender pursuant to **Section 2.3.3**, the interest amount of any such payment shall be for the account of Issuing Lender. Each Lender that has reimbursed Issuing Lender pursuant to **Section 2.3.3** for its Pro Rata Share of any payment made by Issuing Lender under a Letter of Credit shall thereupon acquire a pro rata participation, to the extent of such reimbursement, in the claim of Issuing Lender against Borrower for reimbursement of principal and interest under this **Section 2.3.4** and shall share, in accordance with that pro rata participation, in any principal payment made by Borrower with respect to such claim and in any interest payment made by Borrower (but only with respect to periods subsequent to the date such Lender reimbursed Issuing Lender) with respect to such claim.

2.3.5 Borrower may request that a Revolving Loan be made to provide funds for the payment required by **Section 2.3.4**. The proceeds of such Revolving Loan shall be paid directly to Issuing Lender to reimburse it for the payment made by it under the Letter of Credit.

2.3.6 If Borrower fails to make the payment required by **Section 2.3.4** within the time period therein set forth, in lieu of the reimbursement to Issuing Lender under **Section 2.3.3,** Issuing Lender may (but is not required to), without notice to or the consent of Borrower, instruct Administrative Agent to cause Revolving Loans to be made by the Lenders under the Revolving Commitment in an aggregate amount equal to the amount paid by Issuing Lender with respect to that Letter of Credit. The proceeds of such Loans shall be paid directly to Issuing Lender to reimburse it for the payment made by it under the Letter of Credit.

2.3.7 The issuance of any supplement, modification, amendment, renewal, or extension to or of any Letter of Credit shall be treated in all respects the same as the issuance of a new Letter of Credit.

2.3.8 The obligation of Borrower to pay to Issuing Lender the amount of any payment made by Issuing Lender under any Letter of Credit shall be absolute, unconditional, and irrevocable, subject only to performance by Issuing Lender of its obligations to Borrower under Uniform Commercial Code Section 5-109. Without limiting the foregoing, Borrower's obligations shall not be affected by any of the following circumstances:

(a) any lack of validity or enforceability prior to its stated expiration date of the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(b) any amendment or waiver of or any consent to departure from the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(c) the existence of any claim, setoff, defense, or other rights which Borrower may have at any time against Issuing Lender, Administrative Agent or any Lender, any beneficiary of the Letter of Credit (or any persons or entities for whom any such beneficiary may be acting) or any other Person, whether in connection with the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto, or any unrelated transactions;

(d) any demand, statement, or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid, or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever so long as any such document appeared substantially to comply with the terms of such Letter of Credit and provided Issuing Lender did not act with gross negligence or willful misconduct in accepting such document;

(e) payment by Issuing Lender in good faith under a Letter of Credit against presentation of a draft or any accompanying document which does not strictly comply with the terms of the Letter of Credit and provided Issuing Lender did not act with gross negligence or willful misconduct in accepting such document;

(f) the existence, character, quality, quantity, condition, packing, value or delivery of any property purported to be represented by documents presented in connection with any Letter of Credit or any difference between any such property and the character, quality, quantity, condition, or value of such property as described in such documents;

(g) the time, place, manner, order or contents of shipments or deliveries of property as described in documents presented in connection with any Letter of Credit or the existence, nature and extent of any insurance relative thereto;

(h) the solvency or financial responsibility of any party issuing any documents in connection with a Letter of Credit, except for Issuing Lender;

(i) any failure or delay in notice of shipments or arrival of any property;

(j) any error in the transmission of any message relating to a Letter of Credit not caused by Issuing Lender, or any delay or interruption in any such message;

(k) any error, neglect or default (other than gross negligence or willful misconduct) of any correspondent of Issuing Lender in connection with a Letter of Credit;

(l) any consequence arising from acts of God, war, insurrection, civil unrest, disturbances, labor disputes, emergency conditions or other causes beyond the control of Issuing Lender; and

(m) so long as Issuing Lender in good faith determines that the contract or document appears substantially to comply with the terms of the Letter of Credit, the form, accuracy, genuineness or legal effect of any contract or document referred to in any document submitted to Issuing Lender in connection with a Letter of Credit.

(n) The Uniform Customs and Practice for Documentary Credits, as published in its most current version by the International Chamber of Commerce, shall be deemed a part of this **Section 2.3.8** and shall apply to all Letters of Credit to the extent not inconsistent with Applicable Law.

2.4 Payment of Interest; Interest Rate.

2.4.1 Loans. Interest on Revolving Loans and Swing Line Loans shall be payable as follows:

(a) Base Rate Loans. Interest on each outstanding Base Rate Loan shall be computed for the actual number of days elapsed on the basis of a year of 360 days and shall be payable to Administrative Agent for the ratable benefit of Lenders, in arrears (i) on the first Business Day of each month, (ii) on the Maturity Date, and (iii) if any interest accrues or remains payable after the Maturity Date or during the continuance of an Event of Default, upon demand by Administrative Agent. Interest shall accrue and be payable on each Base Rate Loan at a per annum interest rate equal to the Base Rate plus the Applicable Base Rate Margin ("Applicable Base Rate"). The Base Rate shall be equal to the highest of (i) the rate of interest most recently announced by Administrative Agent as to its U.S. dollar "Reference Rate", (ii) the Federal Funds Rate plus one-half of one percent (0.50%) or (iii) one month LIBOR plus one and one half percent (1.50%).

(b) LIBOR Loans. Interest on each outstanding LIBOR Loan shall be computed for the actual number of days elapsed on the basis of a year of 360 days and shall be payable to Administrative Agent, for the ratable benefit of Lenders, in arrears (i) on the last day of the applicable LIBOR Loan Period in the case of any LIBOR Loan with a LIBOR Loan Period of one, two or three months, (ii) on the 90th day and the last day of the applicable LIBOR Loan Period in the case of any LIBOR Loan with a LIBOR Loan Period greater than three months, (iii) on the Maturity Date, and (iv) if any interest accrues or remains payable after the Maturity Date or during the continuance of an Event of Default, upon demand by Administrative

Agent. Interest shall accrue and be payable on each LIBOR Loan at a per annum interest rate equal to the LIBOR Basis applicable to such LIBOR Loan plus the Applicable LIBOR Margin ("Applicable LIBOR Rate").

(c) Applicable Margins and Fees. The Applicable Base Rate Margin, the Applicable LIBOR Margin, and Applicable Unused Line Fee Percentage shall be determined based on the Leverage Ratio as reported in the most recent Compliance Certificate (delivered to Administrative Agent pursuant to **Section 8**) by reference to **Table 1** below:

Table 1

Level	Leverage Ratio	Applicable Base Rate Margin	Applicable LIBOR Margin	Applicable Unused Line Fee Percentage
I	<3.0	1.00%	2.50%	0.40%
II	≥3.0 but less than 3.5	1.25%	2.75%	0.50%
III	≥3.5 but less than 4.0	1.50%	3.00%	0.75%
IV	≥4.0	1.75%	3.25%	1.00%

Notwithstanding the foregoing, Level II rates shall apply for all Loans made from the Closing Date until Administrative Agent has received a Compliance Certificate, satisfactory in form and substance to Administrative Agent, for Borrower's Fiscal Quarter ending December 31, 2011.

2.4.2 Default Rate. Upon the occurrence and during the continuance of an Event of Default, interest on all outstanding Obligations shall, upon the election of Administrative Agent (acting at the direction of the Requisite Lenders), confirmed by written notice from Administrative Agent to Borrower, accrue and be payable at the Default Rate; provided that the Default Rate shall not apply to any Letter of Credit Obligations unless such Letter of Credit Obligations are not paid when due by Borrower under this Agreement. Interest accruing at the Default Rate shall be payable to Administrative Agent, for the ratable benefit of Lenders, on demand and in any event on the Maturity Date. Administrative Agent shall not be required to (1) accelerate the maturity of the Loans or (2) exercise any other rights or remedies under the Loan Documents, in order to charge the Default Rate. Upon the occurrence and during the continuance of an Event of Default specified in **Sections 9.1.5, 9.1.6,** or **9.1.7**, the interest rate shall be increased automatically to the Default Rate without the necessity of any action by Administrative Agent.

2.5 Maximum Rate of Interest. In no event shall the aggregate of all interest on the Obligations charged or collected pursuant to the terms of this Agreement or pursuant to the Notes exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. In the event that such a court determines that a Lender has charged or received interest under this Agreement or the Notes in excess of the highest applicable rate, the rate in effect under this Agreement and the Notes shall automatically be reduced to the maximum rate permitted by Applicable Law and Lender shall promptly apply such excess to reduce the principal balance of the Obligations, or if the principal balance of the Obligations owing have been paid in full, Lender shall promptly apply such excess to reduce any other Obligations, and if all Obligations have been paid in full, then Lender shall refund to Borrower any interest received by Lender in excess of the maximum lawful rate; provided that if

at any time thereafter the rate of interest payable hereunder is less than the highest applicable rate, Borrower shall continue to pay interest hereunder at the highest applicable rate, until such time as the total interest received by Lender from the making of Loans hereunder is equal to the total interest that Lender would have received had the interest rate payable hereunder been (but for the operation of this **Section 2.5**) the interest rate payable since the Closing Date as otherwise provided in this Agreement. It is the intent of this Agreement that Borrower not pay or contract to pay, and that Lender not receive or contract to receive, directly or indirectly, interest in excess of that which may be paid by Borrower under Applicable Law.

2.6 Fees. Borrower shall pay to Administrative Agent:

2.6.1 Unused Line Fee. The Unused Line Fee for the ratable benefit of Lenders commencing as of the Closing Date, payable quarterly in arrears, commencing on the first Business Day of the Fiscal Quarter beginning January 1, 2012, and ending on the Maturity Date. The Unused Line Fee shall be, for each day after the Closing Date through the Maturity Date, an amount equal to (a) the difference between (1) the Maximum Amount, and (2) the closing balance of the Loans for such day, multiplied by (b) the Applicable Unused Line Fee Percentage, the product of which is then divided by (c) 360. Notwithstanding the foregoing, no Unused Line Fee shall be paid by Borrower for the benefit of any Defaulting Lender for each day that such Lender remains a Defaulting Lender; provided that an Unused Line Fee shall continue to accrue for the ratable benefit of all Non-Defaulting Lenders for such time period and an Unused Line Fee shall accrue as to the previously Defaulting Lender upon the date that such Lender becomes a Non-Defaulting Lender.

2.6.2 Letter of Credit Fees.

(a) Letter of Credit fee(s) payable to Administrative Agent for the account of Issuing Lender in an amount equal to (i) 25 basis points (0.25%) per annum on the undrawn face amount of each Letter of Credit together with all other standard and customary fees of Issuing Lender in connection with the Letters of Credit, including those fees provided for in any Letter of Credit application agreement to be entered into between Issuing Lender and Borrower and Issuing Lender's regulations, interpretations and published schedule of fees in connection with the Letters of Credit, which fee(s) are payable on the date of issuance of each such Letter of Credit for the first year and payable annually thereafter as invoiced by Issuing Lender, and (ii) upon the payment or negotiation by Issuing Lender of each draft under any Letter of Credit and upon the occurrence of any other activity with respect to any Letter of Credit (including without limitation, the transfer, amendment or cancellation of any Letter of Credit) such fees and charges determined in accordance with Issuing Lender's standard fees and charges then in effect for such activity, payable as invoiced by Issuing Lender.

(b) A per annum letter of credit fee payable to Administrative Agent for the ratable benefit of each Lender, in an amount equal to the then Applicable LIBOR Margin multiplied by the undrawn face amount of each Letter of Credit, payable quarterly in arrears (i) on the first Business Day of each Fiscal Quarter and (ii) on the Maturity Date.

2.6.3 Fees to Administrative Agent. On the Closing Date and on each other date upon which a fee is payable, Borrower shall pay to Administrative Agent such fees as heretofore agreed upon by letter agreement dated as of September 19, 2011, between Borrower and Union Bank, N.A., as Administrative Agent, which fees shall be solely for its own account and are nonrefundable.

2.7 Late Payments. If any installment of principal or interest or any fee or cost or other amount payable under any Loan Document to any Lender, Issuing Lender, or Swing Line Lender is not paid when due, it shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate, to the fullest extent permitted by Applicable Laws.

2.8 Repayment and Prepayment.

2.8.1 Repayment and Voluntary Prepayment. Borrower shall pay the principal balance of the Loans and all other Obligations in full on the Maturity Date. The principal amount of any Base Rate Loan may be prepaid prior to the Maturity Date at any time; provided, that any such prepayments shall be in minimum amounts to be agreed upon by Administrative Agent and Borrower. The principal amount of any LIBOR Loan together with all accrued and unpaid interest thereon may be prepaid prior to the applicable Payment Date, together with any breakage fees as set forth in **Section 2.8.5**, upon three (3) Business Days' prior notice to Lender. Each notice of prepayment shall be irrevocable.

2.8.2 Overadvances. Borrower shall immediately repay to Administrative Agent, for the ratable benefit of Lenders, any Overadvance. Overadvances constitute Obligations that are evidenced by the Revolving Note, secured by the Collateral, and entitled to all of the benefits of the Loan Documents.

2.8.3 Mandatory Prepayment. Within three (3) Business Days of receiving written notice from Administrative Agent of the occurrence of any Borrowing Base Deficiency or Appraisal Deficiency, Borrower shall repay all or such portion of the Loans in an amount equal to such deficiency, together with any breakage fees as set forth in **Section 2.8.5**; provided that with respect to an Appraisal Deficiency which is the result of a new or updated appraisal, the foregoing cure period shall be extended to be sixty (60) days.

2.8.4 Mandatory Repayment. Upon the occurrence of a Change in Control, the Revolving Commitment shall be terminated, and all outstanding Loans shall be repaid in full, together with any breakage fees as set forth in **Section 2.8.5**.

2.8.5 Breakage Fees. Upon payment or prepayment of any LIBOR Loan (other than as the result of a conversion required under **Section 15.1.3)** on a day other than the last day in the applicable LIBOR Loan Period (whether voluntarily, involuntarily, by reason of acceleration, or otherwise), or upon the failure of Borrower (for a reason other than the breach by a Lender of its obligation to make a LIBOR Loan pursuant to this Agreement) to borrow on the date or in the amount specified for a LIBOR Loan in any Notice of Borrowing, Borrower shall pay to Lender within five (5) Business Days after demand a prepayment fee or failure to borrow fee, as the case may be (determined based on 100% of the LIBOR Loan actually funded in the London Eurodollar Market (the "Designated Eurodollar Market")) equal to the sum of:

(a) $250; plus

(b) the amount, if any, by which (i) the additional interest would have accrued on the amount prepaid or not borrowed at the LIBOR Basis exceeds (ii) the interest Lenders could recover by placing such amount on deposit in the Designated Eurodollar Market for a period beginning on the date of the prepayment or failure to borrow and ending on the last day of the applicable LIBOR Loan Period (or, if no deposit rate quotation is available for such period, for the most comparable period for which a deposit rate quotation may be obtained); plus

(c) all out-of-pocket expenses incurred by Lenders directly attributable to such payment, prepayment or failure to borrow.

Each Lender making a claim under this Section shall submit to the Borrower an itemized and substantiated statement setting forth such Lender's accounting of the amount of any prepayment fee payable under this Section, which calculation shall, absent manifest error, be deemed final, binding and conclusive upon Borrower, unless Borrower, within thirty (30) days after the date any such accounting is rendered, provides such Lender with written notice of any objection which Borrower may have to such accounting.

2.9 Term. The Credit Facilities shall be in effect until the Maturity Date. The Credit Facilities and all other Obligations related thereto shall be automatically due and payable in full on the Maturity Date, unless earlier due and payable or terminated as provided in this Agreement.

2.10 Early Termination. The Credit Facilities may be terminated, in whole or in increments of $10,000,000.00, by Borrower prior to the Maturity Date upon five (5) Business Days' prior written notice to Administrative Agent; provided that at such time Borrower shall (a) prepay all amounts outstanding under the Credit Facilities which exceed the reduced Revolving Commitment amount elected by Borrower, (b) cause the outstanding Letters of Credit to be canceled and returned to Lenders or provide Lenders with a standby letter of credit or collateral therefor, acceptable to Issuing Lender and/or Lenders in its/their sole discretion if such outstanding Letters of Credit would cause the amounts outstanding under the Credit Facilities to exceed the reduced Revolving Commitment amount elected by Borrower, (c) pay all accrued interest thereon and fees and charges incurred in connection therewith, and (d) reimburse Lenders for those costs and expenses incurred by Lenders in connection with such prepayment and termination, as set forth in **Section 2.8.5**.

2.11 Note and Accounting. Administrative Agent shall provide a quarterly accounting to Borrower of the Loans and Letter of Credit Obligations and other transactions under this Agreement, including Administrative Agent's calculation of principal and interest. Each and every such accounting shall, absent manifest error, be deemed final, binding and conclusive upon Borrower, unless Borrower, within thirty (30) days after the date any such accounting is rendered, provides Administrative Agent with written notice of any objection which Borrower may have to any item in such accounting, describing the basis for such objection with specificity. In that event, only those items expressly objected to in such notice shall be deemed to be disputed by Borrower, and in the event the parties cannot resolve their dispute, such dispute shall be resolved in accordance with the terms and conditions set forth in Sections **12.14** and **12.15** of this Agreement.

2.12 Manner of Payment.

2.12.1 When Payments Due.

(a) Except as expressly set forth in this Agreement, each payment (including any prepayment) by Borrower on account of the principal of or interest on the Loans and any other amount owed to Lenders on account of the Obligations shall be made not later than 11:00 a.m. (California time) on the date specified for payment under this Agreement to Administrative Agent in lawful money of the United States and in immediately available funds. Any payment received by Administrative Agent on a day that is not a Business Day or after 11:00 a.m. (California time) on a Business Day, shall be deemed received on the next Business Day. The amount of all payments received by Administrative Agent for the account of each Lender shall be immediately paid by Administrative Agent to the applicable Non-Defaulting Lender in immediately available funds and, if such payment was received by Administrative Agent by 11:00 a.m., California time, on a Business Day and not so made available to the account of a Lender on that Business Day, Administrative Agent shall reimburse that Lender for the cost to such Lender of funding the amount of such payment at the Federal Funds Rate. The amount of all payments received by the Administrative Agent for the account of any Defaulting Lender shall be held in trust by the Administrative Agent for the benefit of such Defaulting Lender until such time as such Defaulting Lender shall cease to be a Defaulting Lender under this Agreement, at which time, the Administrative Agent shall pay over such amounts (without interest) to such Lender. All payments shall be made in lawful money of the United States of America.

(b) If any payment on any Obligation is specified to be made upon a day that is not a Business Day, it shall (subject to the provisions of the LIBOR Loan Period which may require payment by one (1) earlier Business Day) be deemed to be specified to be made on the next succeeding day that is a Business Day, and such extension of time shall in such case be included in computing interest and fees, if any, in connection with such payment.

2.12.2 No Deductions. Subject to **Section 2.12.1(a)** above, Borrower shall pay principal, interest, fees, and all other amounts due on the Obligations without set-off or counterclaim or any deduction whatsoever.

2.12.3 Inadequate Payments. If, on the date on which any amount (including any payment of principal, interest or other costs and expenses) shall be due and payable by Borrower to Credit Facility Lenders, the amount received by any such Lenders from Borrower shall not be adequate to pay the entire amount then due and payable, then Administrative Agent shall be authorized, but shall not be obligated, to make a Base Rate Loan to Borrower in the amount of the deficiency.

2.13 Application of Payments. Borrower irrevocably waives the right to direct the application of any and all payments received at any time by any Credit Facility Lender from or on behalf of Borrower and specifically waives any provisions of the law of the State of New York or any other Applicable Law giving Borrower the right to designate application of payments. All amounts received by Administrative Agent for application to the Obligations shall be applied by Administrative Agent in the following order of priority: (i) to the payment of any

fees then due and payable, (ii) to the payments of all other amounts not otherwise referred to in this **Section 2.13** then due and payable hereunder or under the other Loan Documents (including any costs and expenses incurred by Administrative Agent as a result of a Default or an Event of Default), (iii) to the payment of interest then due and payable on the Loans, and (iv) to the payment of principal then due and payable on the Loans. Notwithstanding the foregoing, Borrower irrevocably agrees that, during the occurrence of an Event of Default, Credit Facility Lenders shall have the continuing exclusive right to determine the order and method of the application of payments against the then due and payable Obligations of Borrower in each of the Credit Facility Lenders' sole discretion and to revise such application prospectively or retroactively in Credit Facility Lenders' sole discretion, provided that all proceeds of Collateral shall be distributed pari passu to the Credit Facility Lender and Non-Lenders.

2.14 Use of Proceeds. The proceeds of the Loans shall be used by Borrower for general corporate purposes, including financing aircraft engines owned and held for lease and the purchase of Parts.

2.15 All Obligations to Constitute One Obligation. All Obligations related to the Credit Facilities constitute one general obligation of Borrower and shall be secured by Security Agent's Liens upon all of the Collateral, and by all other Liens previously, now or at any time in the future granted by Borrower to Security Agent, Administrative Agent, any Credit Facility Lender or any Non-Lender to the extent provided in the Collateral Documents and permitted by this Agreement.

2.16 Authorization to Make Loans. Administrative Agent, Lender, Swing Line Lender, and Issuing Lender (each, an "Authorized Party") are authorized to make the Loans based on telephonic or other oral or written instructions received from any Person that an Authorized Party believes in good faith to be an authorized representative of Borrower, or at the discretion of such Authorized Party, if such Loans are necessary to satisfy any of the Obligations. Borrower consents to the recordation of any telephonic or other communications between an Authorized Party and Borrower for the purpose of maintaining such party's business records of such transactions.

2.17 Authorization to Debit Accounts. Borrower authorizes each Authorized Party, upon prior notice to Borrower, to debit any of Borrower's bank accounts with such party for the purpose of Borrower's payment of principal, interest or other costs and expenses due and payable by Borrower to Lenders under this Agreement.

2.18 Administrative Agent's Right to Assume Funds Available for Revolving Loans. Unless Administrative Agent shall have been notified by any Lender no later than 10:00 a.m. on the Business Day of the proposed funding by Administrative Agent of any Revolving Loan that such Lender does not intend to make available to Administrative Agent such Lender's portion of the total amount of such Revolving Loan, Administrative Agent may assume that such Lender has made such amount available to Administrative Agent on the date of the Revolving Loan and Administrative Agent may, in reliance upon such assumption, make available to Borrower a corresponding amount. If Administrative Agent has made funds available to Borrower based on such assumption and such corresponding amount is not in fact made available to Administrative Agent by such Lender, Administrative Agent shall be entitled to recover such corresponding

amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon Administrative Agent's demand therefor, Administrative Agent promptly shall notify Borrower and Borrower shall either (i) pay such corresponding amount to Administrative Agent or (ii) arrange for another Lender or Lenders to assume the Defaulting Lender's commitment to pay such corresponding amount and such assuming Lender(s) shall pay the corresponding amount to Administrative Agent (upon which payment the Defaulting Lender's and any such assuming Lender's Pro Rata Share shall be adjusted accordingly). Administrative Agent also shall be entitled to recover from such Defaulting Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by Administrative Agent to Borrower to the date such corresponding amount is recovered by Administrative Agent, at a rate per annum equal to the daily Federal Funds Rate. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its share of the Revolving Commitment or to prejudice any rights which Administrative Agent or Borrower may have against any Lender as a result of any default by such Lender hereunder.

2.19 Optional Increase to the Revolving Commitment.

2.19.1 Provided that no Default or Event of Default then exists, Borrower may elect, from time to time, on or after the Closing Date, in writing, that the then effective Revolving Commitment be increased up to an aggregate amount which is not in excess of Four Hundred Fifty Million and 00/100 Dollars ($450,000,000.00). Any request under this **Section 2.19** shall be submitted by Borrower to Lenders through Administrative Agent not less than thirty (30) days prior to the proposed increase, specify the proposed effective date and amount of such increase, and be accompanied by (i) a certificate signed by an Authorized Signatory, stating that no Default or Event of Default exists as of the date of the request or will result from the requested increase and (ii) an updated Appraisal of the Collateral satisfactory to Administrative Agent, in its sole and absolute discretion. Any such request shall be approved by Administrative Agent if Borrower provides the foregoing items and Administrative Agent receives sufficient commitments from Lenders pursuant to **Sections 2.19.2** through **2.19.4** to fund the requested increase.

2.19.2 Borrower shall be solely responsible for requesting a commitment from each Lender to assume a portion of the proposed increase to the Revolving Commitment, and Borrower shall copy Administrative Agent on all such requests. Each Lender may approve or reject such request in its sole and absolute discretion, and any Lender who fails to send an affirmative written response to Borrower, with a copy to Administrative Agent, within ten (10) Business Days after receipt of such request, shall be deemed to have rejected Borrower's request.

2.19.3 In responding to a request under this Section, each Lender which is willing to assume a portion of the proposed increase to the Revolving Commitment shall specify the amount of the proposed increase that it is willing to assume. Each consenting Lender shall be entitled to participate ratably (based on its Pro Rata Share of the Revolving Commitment before such increase) in any resulting increase in the Revolving Commitment, subject to the right of Administrative Agent to adjust allocations of the increased Revolving Commitment so as to result in the amounts of the Pro Rata Shares of the Lenders being in integral multiples of $100,000.00.

2.19.4 If the aggregate principal amount offered to be assumed by the consenting Lenders is less than the amount requested, Borrower may (i) reject the proposed increase in its entirety, (ii) accept the offered amounts, or (iii) designate new lenders who qualify as Eligible Assignees as additional Lenders hereunder (each, a "New Lender"), which New Lenders may assume the amount of the increase in the Revolving Commitment that has not been assumed by the consenting Lenders.

2.19.5 After completion of the foregoing, Administrative Agent shall give written notification to the Lenders and any New Lenders of the increase to the Revolving Commitment which shall thereupon become effective, and in connection with such notification Administrative Agent will distribute to the Borrower and the Lenders a revised **Schedule 2.1** reflecting the then applicable Pro Rata Shares of the Lenders.

2.19.6 Each New Lender shall become an additional party hereto as a Lender concurrently with the effectiveness of the proposed increase in the Revolving Commitment upon its execution of an instrument of joinder to this Agreement, which is in form and substance reasonably acceptable to Administrative Agent and which, in any event, contains the representations, warranties, indemnities and other protections afforded to Administrative Agent and the other Lenders which would be granted or made by an Eligible Assignee by means of the execution of a Commitment Assignment and Acceptance.

2.19.7 Subject to the foregoing, any increase to the Revolving Commitment requested under this Section shall be effective upon the date agreed to by Administrative Agent and Borrower and shall be in the principal amount equal to (i) the amount which consenting Lenders are willing to assume as increases to their respective Revolving Commitment plus (ii) the amount assumed by New Lenders. Upon the effectiveness of any such increase, each Revolving Loan outstanding shall be refinanced with new Loans reflecting the adjusted Pro Rata Share of each Lender in the Revolving Commitment if there is any change thereto and Borrower shall:

(a) issue a replacement Revolving Note to each affected Lender and a new Revolving Note to each New Lender, and the Pro Rata Share of each Lender will be adjusted to give effect to the increase in the Revolving Commitment;

(b) execute and deliver to Administrative Agent such amendments to the Loan Documents as Administrative Agent may reasonably request relating to such increase to, among other things, assure the continued priority and perfection the Lien granted by Borrower to Security Agent, for the ratable benefit of Lenders, upon all of Borrower's right, title and interest in the Collateral; and

(c) pay to the existing Lenders any breakage costs as set forth in **Section 2.8.5**, which are payable in connection with the refinancing of any LIBOR Loans.

2.19.8 Notwithstanding the foregoing or anything in this Agreement to the contrary, any increase in the Revolving Commitment pursuant to this **Section 2.19** shall not increase the amount of the Letter of Credit sublimit as set forth in **Section 2.3.1** or the maximum amount of the Swing Line Commitment unless consented to in writing by Issuing Lender or Swing Line Lender, respectively.

3. **SECURITY**

To secure the prompt payment and performance of all Obligations and all obligations of Borrower under Non-Lender Protection Agreements, for the ratable benefit of Credit Facility Lenders and Non-Lenders, Borrower, each Engine Owner, each Equipment Owner and each Leasing Subsidiary, as applicable, shall enter into the Collateral Documents creating security interests in the Collateral.

4. **CONDITIONS PRECEDENT**

4.1 Conditions Precedent to Closing. Credit Facility Lenders shall not be obligated to make any Loan or cause Issuing Lender to incur any Letter of Credit Obligations, or to take, fulfill, or perform any other action under this Agreement, until the following conditions have been satisfied to their reasonable satisfaction or waived in writing by each such lender:

4.1.1 Administrative Agent shall have received:

(a) originals of the documents set forth on **Schedule 1.1e** (Schedule of Documents), each duly executed by the appropriate parties, together with such other assurances, certificates, documents or consents related to the foregoing as Administrative Agent reasonably may require, all in form and substance satisfactory to Administrative Agent;

(b) such documentation as Administrative Agent may reasonably require to establish the due organization, valid existence and good standing of Borrower and each Leasing Subsidiary, and as to each, its qualification to engage in business in each material jurisdiction in which it is engaged in business or required to be so qualified, its authority to execute, deliver and perform the Loan Documents to which it is a party, the identity, authority and capacity of each Authorized Signatory thereof authorized to act on its behalf, including certified copies of articles of organization and amendments thereto, bylaws and operating agreements and amendments thereto, certificates of good standing and/or qualification to engage in business, tax clearance certificates, certificates of corporate resolutions, incumbency certificates, certificates of Authorized Signatory, and the like;

(c)(i) a list of all current insurance of any nature maintained by Borrower, as well as a summary of the terms of such insurance, including insurance for Engines and Equipment leased pursuant to an Eligible Lease and (ii) a copy of all insurance certificates or other evidence of insurance for the Collateral, as requested by Agent;

(d) originals of favorable written opinions, dated as of the date hereof, of independent and internal counsel to the Borrower, Leasing Subsidiary and the Owner Trustee, in each case acceptable to Administrative Agent, addressed to Agents and Credit Facility Lenders (and their respective participants and assigns) and otherwise in form and substance satisfactory to Administrative Agent as to such matters as Administrative Agent shall determine;

(e) a Compliance Certificate dated as of the Closing Date;

(f) copies of all consents and authorizations of, permits from or filings with, any Governmental Authority or other Person required in connection with the execution, delivery, performance or enforceability of the Loan Documents or any provision thereof and no material changes in governmental regulations affecting the Borrower, Agents or the Lenders shall have occurred; and

(g) a certified lien search for the State of Delaware with respect to the Borrower and each of its Subsidiaries, and (ii) a Federal tax lien search with respect to the Borrower and each of its Subsidiaries, and any other searches as may be required by Administrative Agent or Security Agent.

4.1.2 All of the financing statements and other documentation described in the Security Agreement shall have been filed with the appropriate Governmental Agencies, and, subject to the first sentence of **Section 4.3**, Security Agent shall hold a first priority perfected Lien in the Collateral, for the ratable benefit of Credit Facility Lenders and Non-Lenders, subject only to Permitted Liens.

4.1.3 The following statements shall be true, and Administrative Agent shall have received evidence reasonably satisfactory to it (including, with respect to each Registerable Asset which is eligible for registration with the International Registry, a printout of the "priority search certificate" from the International Registry or other valid evidence of such ownership reasonably acceptable to the Security Agent showing the Engine Owners' or Equipment Owners' ownership interest with respect to such Registerable Asset under a contract of sale) with respect to each Registerable Asset and any related Lease included in the Borrowing Base to the effect that:

(a) the applicable Engine Owner or Equipment Owner owns such Registerable Asset and the related Lease, free and clear of Liens other than (i) Permitted Liens and (ii) the Lien, the International Interests and assignment of International Interests created by the Mortgage and Security Agreement; and

(b) with respect to each Registerable Asset, the Borrower is in compliance with the applicable requirements of the Security Agreement and the Mortgage and Security Agreement or the Owner Trustee Mortgage and Security Agreement, as applicable.

4.1.4 Borrower shall have paid to Administrative Agent all fees, costs, and expenses of closing (including reasonable fees of legal counsel to Administrative Agent presented as of the Closing Date).

4.1.5 Borrower shall have paid to each Lender such upfront fees, if any, payable on or prior to the Closing Date as heretofore agreed upon by separate letter agreement between Borrower and any such Lender.

4.1.6 There shall be no action, proceeding, investigation, regulation or legislation which shall have been instituted, threatened or proposed before any court, Governmental Authority or legislative body to enjoin, restrain or prohibit, or to obtain damages in respect of, or which is related to or arises out of, this Agreement or any other Loan Document or the consummation of the transactions contemplated hereby or thereby and which, in any Lender's sole judgment, would make it inadvisable to consummate the transactions contemplated by this Agreement or any other Loan Document.

4.1.7 Administrative Agent shall have completed its independent business and legal due diligence, including but not limited to financial, legal and insurance reviews, with results satisfactory to Administrative Agent.

4.1.8 All of the representations and warranties of Borrower under this Agreement shall be true and correct as of the Closing Date.

4.1.9 Credit Facility Lenders, Administrative Agent, and Security Agent each shall have obtained satisfactory credit or other required internal approval(s) in connection with the transactions contemplated by this Agreement and the Loan Documents.

4.1.10 The Closing Date shall occur on or before November 30, 2011.

4.1.11 No circumstance or event shall have occurred, including but not limited to any litigation, actions, suits, proceedings or investigations pending as to Borrower, that constitutes a Material Adverse Effect as of the Closing Date.

4.1.12 Borrower shall be in compliance with all the terms and provisions of the Loan Documents, and no Default or Event of Default shall have occurred and be continuing.

4.1.13 Borrower shall have established the Demand Deposit Account with Administrative Agent.

If any other term of any Loan Document should conflict, or appear to conflict, with this **Section 4.1**, the terms of this **Section 4.1** shall control, and Borrower shall have no rights under this Agreement or any other Loan Document until each of the conditions of this **Section 4.1** has been complied with to Administrative Agent's and Lenders' satisfaction or specifically waived in a writing by Lenders.

4.2 Conditions to All Loans. It shall be a condition to the funding of any Loan that the following statements be true on the date of each such funding, advance or incurrence of a Letter of Credit Obligation, as the case may be:

4.2.1 Administrative Agent shall have timely received a Borrowing Notice, telephonic request, or a Request for Letter of Credit, as applicable, together with an Borrowing Base Certificate dated as of the date of such Borrowing Notice.

4.2.2 Administrative Agent shall determine that, after giving effect to the requested Revolving Loan, no Overadvance will occur and that the conditions of **Sections 2.2.1** and **2.3.1**, as applicable, have been satisfied.

4.2.3 All of the representations and warranties of Borrower under this Agreement and the other Loan Documents shall be true and correct at such date, except to the extent any such representations and warranties relate to an earlier date, both before and after giving effect to the funding or issuance of such Loan, and Administrative Agent shall have received, if it so elects, a certification to that effect signed by an Authorized Signatory.

4.2.4 Borrower shall be in compliance with all the terms and provisions of the Loan Documents, and no Default or Event of Default shall have occurred and be continuing or would result after giving effect to such Loan.

4.2.5 No circumstance or event shall have occurred since the Closing Date, or would result from the funding, advance or incurrence of any Loan, that constitutes a Material Adverse Effect.

4.2.6 Subject to the first sentence of **Section 4.3**, Security Agent shall hold a perfected, first priority Lien on all Collateral, for the ratable benefit of Credit Facility Lenders and Non-Lenders, subject only to Permitted Liens.

4.2.7 Each Lender shall have received such information from Borrower and its Affiliates as required by such Lender to confirm that Borrower and its Affiliates are in compliance with the Patriot Act and similar laws.

4.3 Conditions to Borrowing Base Inclusion. As of the Closing Date, and thereafter, with respect to each new Engine or item of Equipment the following conditions shall be satisfied within five (5) Business Days following an advance of the Loan related thereto:

4.3.1 With respect to each Engine or item of Equipment which is owned by an Owner Trustee, Security Agent (or the Custodian) shall have received the documentation (including, without limitation, the Owner Trustee Guaranties, Owner Trustee Mortgage and Security Agreements, Trust Agreements, Beneficial Interest Pledge Agreements, Leasing Subsidiary Security Agreement, as applicable) set forth in the definitions of "Eligible Asset" and "Eligible Lease."

4.3.2 In respect of any Owner Trustee which shall not have previously provided such documents to Administrative Agent, Administrative Agent shall have received (i) a copy of the resolutions of the Board of Directors of the Owner Trustee, in its individual capacity, certified by the Secretary or an Assistant Secretary of the Owner Trustee, duly authorizing the execution, delivery and performance by the Owner Trustee of each of the Loan Documents to which the Owner Trustee is or will be a party and (ii) an incumbency certificate of Owner Trustee, as to the persons authorized to execute and deliver the Loan Documents to which it is or will be a party and the signatures of such person or persons.

4.3.3 In the case of any Registerable Asset, the Borrower (for itself or Owner Trustee) will have caused a Prospective International Interest (or International Interest) in such Registerable Asset listing Security Agent as creditor to be registered with the International Registry with respect to the Mortgage and Security Agreement for such Registerable Asset and shall have caused to be filed with the FAA the Mortgage and Security Agreement or Owner Trustee Mortgage and Security Agreement with respect thereto and delivered the same to Security Agent.

4.3.4 In the case of any Registerable Asset, Administrative Agent shall have received evidence reasonably satisfactory to it (including, with respect to each Registerable Asset which is eligible for registration with the International Registry, a printout of the "priority search certificate" (as defined in the Regulations for the International Registry) from the International Registry or other valid evidence of such ownership acceptable to the Security Agent relating to Security Agent's International Interest with respect to such Registerable Asset) with respect to such Registerable Asset to the effect that:

(a) the applicable Engine Owner or Equipment Owner owns such Engine or Turboprop Engine, free and clear of Liens other than Permitted Liens, and the Lien and International Interests and assignment of International Interests created by the Mortgage and Security Agreement or Owner Trustee Mortgage and Security Agreement, as the case may be;

(b) the Lien and International Interest (or Prospective International Interest) of the Mortgage and Security Agreement created (or to be created) with respect to such Registerable Asset shall have been registered with the International Registry and the FAA, and, other than any Lease in effect prior to either (x) the date of the Original Credit Agreement, or (y) the acquisition of such Registerable Asset by the Borrower, no Lien or International Interest shall have been registered on the International Registry or with the FAA prior to such International Interest (or Prospective International Interest) with respect to such Registerable Asset; and

(c) with respect to such Registerable Asset and any related Lease, the Borrower is in compliance with the applicable provisions of the Security Agreement and the Mortgage and Security Agreement;

4.3.5 If any Registerable Asset is subject to a Lease, then the following statements shall be true, and Administrative Agent shall have received evidence reasonably satisfactory to it (including, with respect to each Cape Town Eligible Lease, a printout of the "priority search certificate" (as defined in the Regulations for the International Registry) from the International Registry or other valid evidence of such ownership acceptable to the Security Agent relating to the Lessor's interest in and International Interest with respect to such Registerable Asset under such Lease) with respect to such Registerable Asset and the related Lease to the effect that:

(a) the applicable Engine Owner or Equipment Owner owns such Registerable Asset and Lease, free and clear of Liens other than Permitted Liens and the Lien, the International Interests and the assignment of International Interests created by the Mortgage and Security Agreement and/or Owner Trustee Mortgage and Security Agreement;

(b) if the Lessee under such Lease is situated in a Contracting State, (x) the International Interest created by such Lease shall have been registered with the International Registry, and no International Interest shall have been registered on the International Registry prior to the registration of such International Interest (or Prospective International Interest) with respect to such Lease, (y) with respect to any Lease entered into after the date of the Original Credit Agreement, the registration of the International Interest created by such Lease shall be subordinate to the International Interest of Security Agent in the related Registerable Asset, and (z) the assignment (or prospective assignment) of such International Interest by the Lessor to Security Agent shall have been registered with the International Registry; and

(c) the Borrower shall have caused executed originals of the Mortgage and Security Agreement or Owner Trustee Mortgage and Security Agreement with respect to such Registerable Asset and/or Lease to be filed with the FAA.

Notwithstanding the foregoing, but subject to clause (a) of this **Section 4.3.5** if the Mortgage and Security Agreement or Owner Trustee Mortgage and Security Agreement and/or Lease for any Registerable Asset is not available on any Borrowing Date, but provided that in the case of a Lease of any Registerable Asset, the Lessee thereunder is situated in a Contracting State, the parties hereto agree nevertheless to close on the financing of such Registerable Asset so long as a Prospective International Interest or International Interest in such Registerable Asset and such Mortgage and Security Agreement or Owner Trustee Mortgage and Security Agreement and/or Lease has been duly registered in favor of Security Agent at the International Registry (with no prior International Interest in such Registerable Asset or Lease having been registered at the International Registry prior to the registration of such Prospective International Interest or International Interest in favor of Security Agent), in which case the Borrower shall cause the Mortgage and Security Agreement or Owner Trustee Mortgage and Security Agreement and/or Lease to be filed with the FAA within three (3) days of such registration of Prospective International Interest or International Interest.

4.3.6 The Borrower shall have caused its legal counsel to deliver to the Administrative Agent and the Borrower a memorandum as to the filing with the FAA for recordation and registration of an International Interest on the International Registry with respect to, the Mortgage and Security Agreement or Owner Trustee Mortgage and Security Agreement and/or Lease and the lack of filing with the FAA of any intervening documents, and the lack of registration with the International Registry of any intervening interests, with respect to such Registerable Asset and/or Lease, as applicable.

The request and acceptance by Borrower of the proceeds of the Loan and the incurrence of any Letter of Credit Obligation by Issuing Lender shall be deemed to constitute, as of the date of such Loan or incurrence of such Letter of Credit Obligation, (1) a representation and warranty by Borrower that the conditions in **Sections 4.2** and **4.3**, as applicable, have been satisfied, and (2) a confirmation by Borrower of the granting and continuance of Security Agent's Liens pursuant to the Collateral Documents.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents, warrants and agrees that from and after the Closing Date and until the Termination Date:

5.1 Corporate Existence; Compliance with Law. Borrower is a corporation duly formed, validly existing and in good standing under the Applicable Laws of Delaware. Borrower is duly qualified or registered to transact business and is in good standing in Delaware, New York, California and in each other jurisdiction in which the conduct of its business or the ownership or leasing of its Property makes such qualification or registration necessary and in which the failure to be so qualified or registered could have a Material Adverse Effect. Borrower has all requisite power and authority to conduct its business, to own, pledge, mortgage or otherwise encumber and operate its Property, to lease the Property it operates under lease, to conduct its business as now or proposed to be conducted, to execute and deliver each Loan Document to which it is a party and to perform its Obligations. Borrower is in compliance with all Applicable Laws and other legal requirements applicable to its business, has obtained all authorizations, consents, approvals, orders, licenses and permits from, and has accomplished all filings, registrations and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Authority that are necessary for the transaction of its business.

5.2 Executive Offices; Corporate or Other Names; Conduct of Business. The locations of Borrower's executive offices and principal place of business, and locations where all of Borrower's records with respect to Collateral are kept are as set forth in **Schedule 5.2**, which schedule Borrower may update at any time without consent of, but with notice to, Agent. Notwithstanding the foregoing, Borrower shall not change its (a) name, (b) chief executive office, (c) principal place of business or jurisdiction of formation, or (d) location of its records concerning the Collateral, without, in each instance, giving thirty (30) days' subsequent written notice thereof to Administrative Agent and Security Agent and taking all actions deemed necessary or appropriate by Administrative Agent to protect and perfect Security Agent's Liens continuously upon the Collateral. Notwithstanding the foregoing, Borrower shall not change its principal place of business to a location outside the United States.

5.3 Authority; Compliance with Other Agreements and Instruments and Government Regulations. The execution, delivery and performance by Borrower, any Owner Trustee, any Leasing Subsidiary, and any Subsidiary of the Loan Documents to which each is a party have been duly authorized by all necessary corporate action, and do not and will not:

5.3.1 Require any consent or approval not heretofore obtained of any member, partner, director, stockholder, security holder or creditor of such party;

5.3.2 Violate or conflict with any provision of such party's operating agreement, charter, articles of incorporation or bylaws, as applicable;

5.3.3 Result in or require the creation or imposition of any Lien (other than pursuant to the Loan Documents) upon or with respect to any Property now owned or leased or hereafter acquired or leased by such party;

5.3.4 Violate any Applicable Law; or

5.3.5 Result in a breach of or constitute a default under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other Contractual Obligation to which such party is a party or by which such party or any of its property is bound or affected; and such party is not in violation of, or default under, any Applicable Law or Contractual Obligation, or any indenture, loan or credit agreement, in any respect.

5.4 No Governmental Approvals Required. Except as previously obtained or made, no authorization, consent, approval, order, license or permit from, or filing, registration or qualification with, any Governmental Authority is or will be required to authorize or permit under Applicable Laws the execution, delivery and performance by Borrower, any Owner Trustee, any Leasing Subsidiary, and any Subsidiary of the Loan Documents to which it is a party.

5.5 Subsidiaries.

5.5.1 As of the Closing Date, **Schedule 5.5** hereto correctly sets forth the names, form of legal entity, membership interests or stock of Borrower or a Subsidiary of Borrower (specifying such owner) and jurisdictions of organization of all Subsidiaries of Borrower. Except as described in **Schedule 5.5**, Borrower does not own any capital stock, equity interest or debt security which is convertible, or exchangeable, for capital stock or equity interest in any Person. Unless otherwise indicated in **Schedule 5.5**, all of the outstanding shares of capital stock, or all of the units of equity interest, as the case may be, of each Subsidiary are owned of record and beneficially by Borrower, there are no outstanding options, warrants or other rights to purchase capital stock of any such Subsidiary, and all such shares or equity interests so owned are duly authorized, validly issued, fully paid and non-assessable, and were issued in compliance with all applicable state and federal securities and other Applicable Laws, and are free and clear of all Liens, except for Permitted Liens.

5.5.2 Each Subsidiary is a legal entity of the type described in **Schedule 5.5** duly formed, validly existing and in good standing under the Applicable Laws of its jurisdiction of organization and is duly qualified to do business as a foreign organization and in good standing as such in each jurisdiction in which the conduct of its business or the ownership or leasing of its property makes such qualification necessary and in which the failure to be so qualified or registered could adversely affect the Borrower in any material respect, and has all requisite power and authority to conduct its business and to own and lease its property.

5.5.3 Each Subsidiary is in compliance with all Applicable Laws and other requirements applicable to its business and has obtained all authorizations, consents, approvals, orders, licenses, and permits from, and each such Subsidiary has accomplished all filings, registrations, and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Authority that are necessary for the transaction of its business.

5.5.4 Borrower shall update Schedule 5.5, as necessary and without the consent of, but with notice to, Agent, to maintain the accuracy and correctness of such schedule at all times from the Closing Date through the Termination Date.

5.5.5 WLFC Funding (Ireland) Limited is a Wholly-Owned Subsidiary which is not currently operating as a business and which has no assets or operating income.

5.5.6 Willis Lease France is a Subsidiary whose operations are limited to the employment of persons resident in France and which has no material assets or material operating income.

5.6 Financial Statements. Borrower has furnished to Lender the audited financial statements of Borrower and its Subsidiaries (on a consolidated basis) as of the fiscal year ending December 31, 2010 (including balance sheets and income statements) and the unaudited financial statements of Borrower and its Subsidiaries (on a consolidated basis) as of the Fiscal Quarter ending September 30, 2011. The financial information contained therein fairly presents in all material respects the financial condition, results of operations and changes in financial position of Borrower and its Subsidiaries (on a consolidated basis) as of such dates and for such periods.

5.7 No Material Adverse Effect. Except as set forth on **Schedule 5.7**, as of the Closing Date, no circumstance or event has occurred that constitutes a Material Adverse Effect.

5.8 Title To and Location of Property. Borrower and its Subsidiaries have valid title, to, or leasehold interests in, the Property, including all Engines and Equipment, as reflected in the balance sheet(s) described in **Section 5.6**, other than items of Property or exceptions to title which are in each case immaterial and Property subsequently sold or disposed of in the ordinary course of business. Such Property is free and clear of all Liens, other than those described in **Schedule 5.8** and Permitted Liens.

5.9 Intellectual Property. Borrower and its Subsidiaries own, or possess the right to use to the extent necessary in their respective businesses, all Intellectual Property, and no such Intellectual Property conflicts with the valid Intellectual Property of any other Person. Except as set forth in **Schedule 5.9**, which schedule shall be accurate as of the Closing Date only and which Borrower shall not be required to update, Borrower has not used any trade name, trade style or "dba" during the five-year period ending on the Closing Date.

5.10 Litigation. Except for matters set forth in **Schedule 5.10**, there are no actions, suits, proceedings or investigations pending as to which Borrower or any of its Subsidiaries have been served or have received notice or, to the best knowledge of Borrower, threatened against or affecting Borrower or any of its Subsidiaries or any Property of any of them, the Collateral, or any other transactions contemplated by this Agreement, in each case, which if determined adversely, could reasonably have a Material Adverse Effect.

5.11 Binding Obligations. Each of the Loan Documents to which Borrower, any Owner Trustee, any Leasing Subsidiary, and any Subsidiary is a party will, when executed and delivered by such party, constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as enforcement may be limited by (i) the Bankruptcy Code of the United States of America, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws from time to time in effect affecting the rights of creditors generally, or (ii) equitable principles relating to the granting of specific performance and other equitable remedies as a matter of judicial discretion.

5.12 No Default. No event has occurred and is continuing that is a Default or Event of Default.

5.13 ERISA. Neither Borrower nor any of its Subsidiaries has any Pension Plans (as defined in this **Section 5.13**). Neither Borrower nor any of its Subsidiaries has incurred or expects to incur any withdrawal liability to any Multiemployer Plan (as defined in this **Section 5.13**). As used in this Agreement, "Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA)) and "Multiemployer Plan" means any employee benefit plan of the type described in Section 001(a)(3) of ERISA to which Borrower or any of its ERISA affiliates contributes or is obligated to contribute.

5.14 Regulation U; Investment Company Act. No part of the proceeds of any Loan hereunder will be used to purchase or carry, or to extend credit to others for the purpose of purchasing or carrying, any margin stock in violation of Regulation U. Neither Borrower nor any of its Subsidiaries is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

5.15 Disclosure. None of the representations or warranties made by the Borrower in the Loan Documents as of the date such representations and warranties are made, and none of the statements contained in any exhibit, report, or certificate furnished by the Borrower in connection with the Loan Documents, contained any untrue statement of a material fact (when taken as a whole) or omitted a material fact necessary to make the statement made not misleading in light of all the circumstances existing at the date the statement was made; provided that with respect to information relating to the Borrower's business generally and not to Borrower specifically, the Borrower represents and warrants only that such information was derived from sources the Borrower believes to be reliable and the Borrower has no reason to believe at the time such information was furnished or provided to the Administrative Agent or any Lender that such information was misleading; and provided further that to the extent any such information, report, financial statement, exhibit or schedule was based upon or constitutes a forecast or projection, the Borrower represents only that it acted in good faith and utilized reasonable assumptions and due care in the preparation of such information, report, financial statement, exhibit or schedule (it being understood that forecasts and projections by their nature involve approximations and uncertainties).

5.16 Tax Liability. Borrower and its Subsidiaries have filed all tax returns which are required to be filed, and have paid, or made provision for the payment of, all taxes with respect to the periods, Property or transactions covered by said returns, or pursuant to any assessment received by Borrower or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith by appropriate proceedings and as to which adequate reserves have been established and maintained.

5.17 Hazardous Materials. Except as described in **Schedule 5.17**, as of the Closing Date (a) neither Borrower nor any of its Subsidiaries at any time has disposed of, discharged, released or threatened the release of any Hazardous Materials in violation of any Hazardous Materials Law, (b) to the best knowledge of Borrower, no condition exists that violates any Hazardous Material Law affecting any real property owned by Borrower or any of its Subsidiaries, (c) no real property or any portion thereof is or has been utilized by Borrower or any of its Subsidiaries as a site for the manufacture of any Hazardous Materials and (d) to the extent that any Hazardous Materials are used, generated or stored by Borrower or any of its Subsidiaries on any real property, or transported to or from such real property by Borrower or any of its Subsidiaries, such use, generation, storage and transportation are in compliance with all Hazardous Materials Laws.

5.18 Security Interests. Upon the execution and delivery of all of the Collateral Documents and the completion of all actions to perfect the security interests so created, the Security Agreement will create a valid first priority security interest in the Collateral described therein securing the Lender and Non-Lender Obligations.

5.19 Leases, Engines and Equipment. Each of the following is true and correct with respect to each Lease for an Engine and item of Equipment included in the Borrowing Base:

5.19.1 The amounts of rent and other amounts due under each Lease, as shown on the Borrower's books and records and on any statement or schedule delivered to Administrative Agent in connection therewith, are the true and correct amounts actually owed to the Borrower and the other Lessors;

5.19.2 The Lessor delivered to the Custodian an original counterpart of such Lease;

5.19.3 All rentals, fees, costs, expenses and charges paid or payable by the Lessee under any Lease, including without limitation, any brokerage and other fees paid to the Borrower do not violate any Applicable Law relating to the maximum fees, costs, expenses or charges that can be charged in any jurisdiction in which any Engine or Equipment is located or in which the corresponding Lessee is located, or in which a transaction was consummated, or in any other jurisdiction which may have jurisdiction with respect to any such Engine, Equipment, Lease or Lessee.

5.20 Cape Town Convention. The Borrower is (a) a "Transactional User Entity" (as such term is defined in the Regulations for the International Registry); (b) "situated", for the purposes of the Cape Town Convention, in the United States; and (c) has the "power to dispose" (as such term is used in the Cape Town Convention) of the Airframe, Engines or Turboprop Engines;

5.20.1 The Registerable Assets are "aircraft objects" (as such term is defined in the Cape Town Convention); and

5.20.2 The payment of principal of and interest on the Notes, and the performance by the Borrower of the Lender and Non-Lender Obligations, are "associated rights" (as such term is defined in the Cape Town Convention) with respect to each Registerable Asset.

5.21 Depreciation Policies. The Borrower's depreciation policies in effect as of the Closing Date with respect to the Engines and the Equipment are as set forth on **Schedule 5.21**.

5.22 Non-Lender Protection Agreements**. Schedule 5.22** identifies each Non-Lender Protection Agreement to which Borrower is a party that is in effect as of the Closing Date, and a copy of each such Non-Lender Protection Agreement has been made available to Agent.

5.23 Eligible Leases. A list of all Eligible Engines and/or items of Eligible Equipment (other than Eligible Parts) subject to a Lease in effect as of the Closing Date is set forth in **Schedule 5.23**.

5.24 Preservation of International Interests. The Lien, International Interest and assignment of International Interest of each Mortgage and Security Agreement and Owner Trustee Mortgage and Security Agreement and the International Interest of each Cape Town Eligible Lease shall be registered with the FAA and/or International Registry, and such rights, International Interests and assignments of International Interest of the Engine Owner, Equipment

Owner and Security Agent in each Registerable Asset are at all times maintained as against any third parties under the applicable laws of any jurisdiction within the United States and as against any third parties in any Contracting State under the Cape Town Convention.

5.25 Collateral Documents. Borrower hereby reaffirms all of the agreements and obligations as set forth in the Collateral Documents to which Borrower is a party and such Collateral Documents remain unmodified and in full force and effect and continue to secure Borrower's Obligations under this Credit Agreement and obligations under any Non-Lender Protection Agreements.

6. AFFIRMATIVE COVENANTS (OTHER THAN INFORMATION AND REPORTING REQUIREMENTS)

So long as any portion of the Loan remains in force and/or any Obligation remains unpaid, Borrower shall, and shall cause its Subsidiaries to:

6.1 Payment of Taxes and Other Potential Liens. Pay and discharge promptly all material taxes, assessments and governmental charges or levies imposed upon any of them, upon its respective Property or any part thereof and upon its respective income or profits or any part thereof, except that Borrower and its Subsidiaries shall not be required to pay or cause to be paid any tax, assessment, charge or levy that is not yet past due, or is being contested in good faith by appropriate proceedings so long as the relevant entity has established and maintains adequate reserves for the payment of the same and provided that such contested amounts shall not exceed in the aggregate $5,000,000.00.

6.2 Preservation of Existence. Except as permitted under **Sections 7.1** and **7.5**, preserve and maintain its respective existence in the jurisdiction of its formation and all material authorizations, rights, franchises, privileges, consents, approvals, orders, licenses, permits, or registrations from any Governmental Authority that are necessary for the transaction of its respective business and qualify and remain qualified to transact business in each jurisdiction in which such qualification is necessary in view of its respective business or the ownership or leasing of its respective Property, unless failing to do so would not have a Material Adverse Effect.

6.3 Maintenance of Property. Maintain, or, with respect to Property subject to Leases, require the Lessees to maintain, in good working order and condition consistent with industry practices and standards (taking into consideration ordinary wear and tear), all of its Property and not permit any waste thereof, and, in the ordinary course of business, make all needful and proper repairs, replacements, additions and improvements thereto as are necessary for the conduct of its business, except that the failure to maintain, preserve and protect a particular item of Property shall not constitute a violation of this covenant if such failure shall not cause a Material Adverse Effect or if such item is at the end of its useful life or otherwise is not of significant value, either intrinsically or to the operations of Borrower.

6.4 Maintenance of Insurance. Maintain or cause Lessee(s), as applicable, liability, casualty and other insurance (subject to customary deductibles and retentions) on all Property with responsible insurance companies in such amounts and against such risks as is carried by

responsible companies engaged in similar businesses and owning similar assets in the general areas in which Borrower and its Subsidiaries operate and shall furnish to Lenders statements of its insurance coverage and shall promptly, upon Administrative Agent's request, furnish other or additional insurance deemed reasonably necessary by Administrative Agent to the extent that such insurance may be commercially available. Borrower shall take all actions required to maintain the foregoing insurance and/or to comply with all requirements of such insurance coverage. Prior to any Loan disbursement or incurrence of any Letter of Credit Obligations, Agents shall be named as additional insureds on all liability insurance, all risk ground and flight engine coverage for damage or loss of the related Engine or Engines, and war risk insurance (if applicable) and Agents shall be named as a loss payee under all hull insurance policies insuring the Collateral. Borrower shall deliver to Administrative Agent endorsements to all of its (a) "All Risk" and business interruption insurance policies naming Administrative Agent as loss payee, and (b) general liability and other liability policies naming Administrative Agent as an additional insured. All policies of insurance on real and personal property will include an endorsement, in form and substance acceptable to Administrative Agent, showing loss payable to Administrative Agent (Form 438 BFU or equivalent) and extra expense and business interruption endorsements. Such endorsement, or an independent instrument furnished to Administrative Agent, will provide that the insurer will give at least thirty (30) days' prior written notice to Administrative Agent before any such policy or policies of insurance shall be canceled. Upon the occurrence and continuation of a Default or Event of Default, Borrower hereby directs all present and future insurers under its and its Subsidiaries' "All Risk" policies of insurance to pay all proceeds payable thereunder directly to Administrative Agent for the ratable benefit of Lenders. Administrative Agent reserves the right at any time, upon review of Borrower's risk profile, to require additional forms and limits of insurance to adequately protect Lenders' interests in accordance with Administrative Agent's normal practices for similarly situated borrowers, and if the circumstances are unusual, in Administrative Agent's sole opinion.

6.5 Compliance with Applicable Laws. Comply with all Applicable Laws, except that Borrower and its Subsidiaries need not comply with an Applicable Law then being contested by any of them in good faith by appropriate proceedings or when failure to comply would not have a Material Adverse Effect.

6.6 Inspection Rights. Upon reasonable notice, at any time during regular business hours (but not so as to materially interfere with the business of Borrower or any of its Subsidiaries) and up to two times per Fiscal Year if no Event of Default has occurred and is then continuing and as often as requested after the occurrence and during the continuation of an Event of Default, permit Agent, or any authorized employee or representative thereof, to examine, audit and make copies and abstracts from the records and books of account of, and to visit and inspect the Property of, Borrower and its Subsidiaries and to discuss the affairs, finances, accounts and validate Placard affixation to Eligible Equipment of Borrower and its Subsidiaries with any of its officers, key employees or accountants. Borrower shall reimburse Agent for up to $25,000.00 of inspection-related expenses per year; provided that Borrower shall reimburse Agent for all inspection-related expenses incurred while Event of Default has occurred and is then continuing.

6.7 Keeping of Records and Books of Account. Keep adequate records and books of account reflecting all financial transactions in conformity with GAAP, consistently applied, and in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over Borrower and its Subsidiaries.

6.8 Compliance with Agreements. Promptly and fully comply in all material respects with all Contractual Obligations to which any one or more of them is a party, except for any such Contractual Obligations then being contested by any of them in good faith by appropriate proceedings.

6.9 Use of Proceeds. Use the proceeds of the Loans only for the purposes set forth in this Agreement.

6.10 Hazardous Materials Laws. Keep and maintain all real property used and/or owned by Borrower and any of its Subsidiaries and each portion thereof in compliance in all material respects with all applicable Hazardous Materials Laws and promptly notify Lender in writing (attaching a copy of any pertinent written material) of (a) any and all material enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened in writing by a Governmental Authority pursuant to any applicable Hazardous Materials Laws, (b) any and all material claims made or threatened in writing by any Person against Borrower relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials and (c) discovery by any senior officer of any of Borrower of any material occurrence or condition on any real property adjoining or in the vicinity of such real property that could reasonably be expected to cause such real property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of such real property under any applicable Hazardous Materials Laws.

6.11 Future Subsidiaries. Notify Lender of the existence of any Subsidiary not disclosed on **Schedule 5.5**.

6.12 Conduct of Business. Conduct its business substantially as now conducted or as otherwise permitted hereunder.

6.13 Further Assurances; Schedule Supplements. At any time and from time to time, upon the written request of Administrative Agent or Security Agent and at the sole expense of Borrower, promptly and duly execute and deliver any and all such further instruments and documents and take such further action as such Agent may reasonably request to obtain the full benefits of this Agreement and to protect, preserve and maintain all respective parties' rights in the Collateral and under this Agreement. Upon the occurrence and continuation of a Default or Event of Default and as often as Agent may thereafter require, Borrower will supplement each Schedule to this Agreement with respect to any matter hereafter arising that, if existing or occurring as of the Closing Date, would have been required to be set forth or described in such Schedule; provided that except for **Schedules 5.2, 5.5 and 5.9**, such supplement shall not be deemed to be an amendment thereof unless expressly consented to in writing by Administrative Agent.

6.14 Financial Covenants. Maintain the following financial covenants on a consolidated basis, each of which shall be calculated in accordance with GAAP consistently applied as of the end of each Fiscal Quarter, as applicable, on a rolling four (4) quarter basis:

6.14.1 Minimum Consolidated Tangible Net Worth. Minimum consolidated Tangible Net Worth in an amount equal to or greater than the sum of (i) eighty-five percent (85%) of Tangible Net Worth as of September 30, 2011 less the aggregate amount of the liquidation preference of the Borrower's outstanding preferred Stock (i.e., $10.00 per share) plus (ii) seventy-five percent (75%) of Positive Net Income for each such successive Fiscal Quarter. As used herein "Positive Net Income" means Net Income for such Fiscal Quarter, with no deduction for any net losses in any Fiscal Quarter.

6.14.2 Leverage Ratio. A ratio of Total Debt on that date to Tangible Net Worth of not more than 4.50 : 1.0.

6.14.3 Minimum Ratio of EBITDA to Consolidated Interest. A ratio of EBITDA to Consolidated Interest of at least 2.25 : 1.0. As used herein, "EBITDA" means, with respect to any fiscal period, the sum of (a) Net Income for that period, plus (b) any extraordinary loss reflected in such Net Income, minus (c) any extraordinary gain reflected in such Net Income, plus (d) Interest Expense of Borrower and its Subsidiaries for that period, including net payment obligations pursuant to Interest Rate Protection Agreements plus (e) the aggregate amount of federal and state taxes on or measured by income of Borrower and its Subsidiaries for that period (whether or not payable during that period), minus (f) the aggregate amount of federal and state credits against taxes on or measured by income of such Borrower and its Subsidiaries for that period (whether or not usable during that period), plus (g) depreciation, amortization and Engine write-downs of Borrower and its Subsidiaries for that period, in each case as determined in accordance with GAAP, consistently applied; provided that "EBITDA" shall not include any gains or losses resulting from changes in the fair market value of derivative instruments (within the meaning of SFAS 133). As used herein, "Consolidated Interest" shall mean with respect to Borrower and its Subsidiaries as of the last day of any fiscal period, the sum of all interest, fees, charges and related expenses (in each case as such expenses are calculated according to GAAP) paid or payable (without duplication) for that fiscal period to a lender in connection with borrowed money (including net payment obligations pursuant to Interest Rate Protection Agreements and any obligations for fees, charges and related expenses payable to the issuer of any letter of credit) or the deferred purchase price of assets that are considered "interest expense" under GAAP; provided that "Consolidated Interest" shall not include any gains or losses resulting from changes in the fair market value of derivative instruments (within the meaning of SFAS 133).

6.15 Subordination of Third Party Fees. Borrower shall agree to subordinate, on terms satisfactory to Administrative Agent, any fees paid to any Subsidiaries or Affiliates of Borrower pursuant to ongoing contractual arrangements for services provided to Borrower, including without limitation, licensing, management and marketing fees.

6.16 Maintenance of Borrowing Base. Subject to Borrower's right to cure set forth in **Section 2.8.3**, maintain the value of the Borrowing Base at all times such that no Borrowing Base Deficiency occurs.

6.17 Placards. Affix and maintain or use its best efforts to cause each Lessee under a Lease to affix to and maintain on all Eligible Engine(s) or item(s) of Eligible Equipment (other than Eligible Parts) a placard bearing an inscription substantially in the form attached hereto as **Exhibit L** or such other inscription as Security Agent from time to time may reasonably request.

The Borrower shall, upon request, provide to Administrative Agent and Security Agent a list of all Eligible Engines or items of Eligible Equipment (other than Eligible Parts) subject to a Lease indicating, to the best knowledge of the Borrower, which Engines have placards affixed and on which no such placard is affixed.

6.18 Maintenance of Current Depreciation Policies. Maintain its method of depreciating its assets substantially consistent with past practices as set forth in **Schedule 5.22** and promptly notify the Banks of any deviation from such practices.

6.19 Preservation of International Interests. At its expense, Borrower shall or shall cause any other Party, as applicable, to (i) register with the FAA and/or International Registry, and thereafter maintain, the Lien, International Interest and assignment of International Interest of each Mortgage and Security Agreement and Owner Trustee Mortgage and Security Agreement and the International Interest of each Cape Town Eligible Lease; and (ii) maintain the rights and International Interests and assignment of International Interest of the Engine Owner, Equipment Owner and Security Agent in each Registerable Asset, as against any third parties under the applicable laws of any jurisdiction within the United States and as against any third parties in any Contracting State under the Cape Town Convention. The Borrower agrees to furnish Security Agent with copies of all documents relating to the foregoing and with recording and registration data as promptly as practicable following the issuance of the same by the FAA and the International Registry.

6.20 Maintenance of WEST Management Agreement and Servicing Agreement. Maintain substantially consistent with past practices and not terminate Borrower's interest and/or role under the WEST Administrative Agency Agreement and Borrower's management fee arrangement under the WEST Servicing Agreement and promptly notify the Banks of any deviation from such practices.

6.21 Notice of Non-Lender Protection Agreement. Promptly upon the execution of any such Non-Lender Protection Agreement or incurrence of such obligation after the Closing Date and until the Termination Date, Borrower shall provide to Administrative Agent prompt written notice of such event and a copy of such Non-Lender Protection Agreement.

7. NEGATIVE COVENANTS

Borrower covenants and agrees that Borrower and its Subsidiaries shall not, directly or indirectly, by operation of law or otherwise:

7.1 Modification of Formation Documents. Amend its certificate of incorporation or formation documents in such a way that could reasonably be expected to have a Material Adverse Effect.

7.2 Modification of Debt. Cancel or modify any Indebtedness owing to it, except for reasonable consideration in the ordinary course of its business or to the extent that it would not have a Material Adverse Effect on Borrower's financial condition.

7.3 Net Income. Permit Net Income of the Borrower and its Subsidiaries for any two consecutive Fiscal Quarters, as reported at the end of each such Fiscal Quarter, to be less than zero.

7.4 Payment of Subordinated Obligations. Pay any (a) principal (including sinking fund payments) or any other amount (other than scheduled interest payments) with respect to any Subordinated Obligation, or purchase or redeem (or offer to purchase or redeem) any Subordinated Obligation, or deposit any monies, securities or other Property with any trustee or other Person to provide assurance that the principal or any portion thereof of any Subordinated Obligation will be paid when due or otherwise to provide for the defeasance of any Subordinated Obligation or (b) scheduled interest on any Subordinated Obligation unless the payment thereof is then permitted pursuant to the terms of the indenture or other agreement governing such Subordinated Obligation; provided that Borrower and its Subsidiaries shall be permitted to pay regularly scheduled payments of principal and interest on Subordinated Obligations so long as no Event of Default is then continuing.

7.5 Mergers. Merge or consolidate with or into any Person, except (a) mergers and consolidations of a Subsidiary of Borrower into Borrower or a Wholly-Owned Subsidiary or of Subsidiaries with each other and (b) a merger or consolidation of a Person into Borrower or with or into a Wholly-Owned Subsidiary of Borrower that is not prohibited by **Section 7.6**; provided that (i) Borrower is the surviving entity, (ii) no Change in Control results therefrom, (iii) no Default or Event of Default then exists or would result therefrom, (iv) Borrower executes such amendments to the Loan Documents as Administrative Agent may reasonably determine are appropriate as a result of such merger, (v) the aggregate consideration paid or to be paid (whether cash, notes, stock, or assumption of debt or otherwise) by the Borrower and/or its Subsidiaries in any one such merger or consolidation does not exceed $25,000,000.00, and (vi) such aggregate consideration with respect to all such mergers or consolidations shall not exceed $50,000,000.00 in any Fiscal Year. Without limitation, no such merger or consolidation shall result in a violation of the terms of **Section 6.2** or **Section 6.14** based on pro forma financials.

7.6 Hostile Acquisitions. Directly or indirectly use the proceeds of any Loan in connection with the Acquisition of a public corporation if such Acquisition is opposed by the board of directors of such corporation or business entity.

7.7 ERISA. Create or maintain any Pension Plans or incur any withdrawal liability to any Multiemployer Plan (as defined in **Section 5.13**).

7.8 Change in Nature of Business. Make any material change in the nature of the business of Borrower and its Subsidiaries, taken as a whole.

7.9 Liens and Negative Pledges. Create, incur, assume or suffer to exist any Lien or Negative Pledge of any nature upon or with respect to any of its respective Property or any Collateral or engage in any sale and leaseback transaction with respect to any of its respective Property or any Collateral, whether now owned or hereafter acquired, except:

7.9.1 Liens and Negative Pledges under the Loan Documents and as permitted in **Section 7.18**;

7.9.2 Permitted Liens; or

7.9.3 Liens on Property acquired by Borrower or any of its Subsidiaries that were in existence at the time of the acquisition of such Property and were not created in contemplation of such acquisition; or

7.9.4 Liens securing (i) purchase money Indebtedness permitted by **Section 7.10.8** and (ii) Indebtedness that directly or indirectly refinances purchase money Indebtedness referred to in clause (i) and that is otherwise permitted by **Section 7.10**, solely to the extent such Liens are on and limited to the capital assets acquired, constructed or financed with the proceeds of the Indebtedness referred to in clause (i); or

7.9.5 Sale and leaseback transactions with respect to Engines or Equipment not included in the Borrowing Base.

7.10 Indebtedness and Guaranteed Indebtedness. Create, incur or assume any Indebtedness or Guaranty Indebtedness except:

7.10.1 Indebtedness and Guaranteed Indebtedness existing on the Closing Date and disclosed in **Schedule 7.10**, and refinancings, renewals, extensions or amendments that do not increase the amount thereof;

7.10.2 Indebtedness and Guaranteed Indebtedness under the Loan Documents;

7.10.3 In addition to Indebtedness permitted in Section 7.10.7 below, intercompany Indebtedness and intercompany Guaranteed Indebtedness of Borrower or any of its Subsidiaries not to exceed $5,000,000.00 outstanding at any one time;

7.10.4 Indebtedness consisting of Capital Lease Obligations not to exceed $5,000,000.00 outstanding at any one time;

7.10.5 Subordinated Obligations in such amount as may be approved in writing by Agents and Credit Facility Lenders;

7.10.6 Indebtedness consisting of Interest Rate Protection Agreements solely to the extent entered into in the ordinary course of business for the purpose of mitigating risks associated with liabilities, commitments, investments, assets or property and not for the purpose of speculation or taking a market risk;

7.10.7 Guaranteed Indebtedness in support of the obligations of a Wholly-Owned Subsidiary, provided that such primary obligations of the Wholly-Owned Subsidiary are not prohibited by this Agreement; and

7.10.8 In addition to the foregoing, Permitted Indebtedness.

7.11 Transactions with Affiliates. Make, or suffer to exist, any loan or advance or extend any credit to any Person, including, without limitation, any Affiliate of the Borrower other than:

7.11.1 advances to employees in the ordinary course of business not to exceed $100,000.00 in the aggregate outstanding at any time;

7.11.2 trade credit advanced in the ordinary course of business;

7.11.3 transactions between or among Borrower and its Subsidiaries; and

7.11.4 transactions on overall terms at least as favorable to Borrower or its Subsidiaries as would be the case in an arm's length transaction between unrelated parties of equal bargaining power.

7.12 Amendments to Subordinated Obligations. Amend or modify any term or provision of any indenture, agreement or instrument evidencing or governing any Subordinated Obligation in any respect that will or may adversely affect the interests of Lenders.

7.13 Non-Lender Protection Agreements. Cause or permit the aggregation notional amount of all Non-Lender Protection Agreements entered into after the date of this Agreement and not shown on **Schedule 5.22** to exceed $75,000,000.00 without Requisite Lenders' written approval.

7.14 Distributions. Purchase, redeem, retire or otherwise acquire, directly or indirectly, or make any sinking fund payments with respect to, any shares of its Stock now or hereafter outstanding (each and collectively a "Distribution"); provided that the Borrower may (i) declare and pay dividends if no Default or Event of Default exists prior to or after giving effect to such declaration or payment, (ii) repurchase up to $20,000,000.00 of its issued and outstanding shares of common Stock in each fiscal year provided no Default or Event of Default exists prior to, or would result after, such repurchase or (iii) repurchase its issued and outstanding shares of preferred Stock, in whole or in part, provided no Default or Event of Default exists prior to, or would result after, such repurchase.

7.15 Investments. Make or suffer to exist any Investment, other than:

7.15.1 Investments in existence on the Closing Date and disclosed on **Schedule 7.15**, which, for the avoidance of doubt, shall include Investments made as of the Closing Date in the two entities referenced in the definition of "Excluded Subsidiaries" but which entities are not yet in existence on the Closing Date and Guaranteed Indebtedness permitted in sub-clause (ii) of the definition of Permitted Indebtedness;

7.15.2 Investments consisting of Cash Equivalents or Cash, which may be held in ordinary demand deposit accounts;

7.15.3 Investments in a Person that is the subject of an Acquisition not prohibited by **Section 7.6**;

7.15.4 Investments consisting of advances to officers, directors and employees of Borrower and its Subsidiaries for travel, entertainment, relocation, anticipated bonus and analogous ordinary business purposes;

7.15.5 Investments in a Subsidiary that is a Wholly-Owned Subsidiary but that is not an Excluded Subsidiary; provided that Borrower shall not (a) create, acquire or allow to exist any Subsidiary other than Excluded Subsidiaries, unless such Subsidiary shall have executed and delivered to the Security Agent and the Administrative Agent a Subsidiary Guaranty and a joinder agreement to the Security Agreement in form acceptable to the Security Agent creating in favor of the Security Agent a first priority perfected Lien on its assets, provided that such Lien shall be subject and subordinate to any Lien on assets permitted by **Section 7.9** securing Indebtedness permitted by **Section 7.10** unless the Borrower, despite the exercise of reasonable efforts, shall be unable to close such financing with the Security Agent's subordinate Lien thereon (in which event, assuming no Default exists or would exist after giving effect to such financing, the Security Agent shall not be required to have a Lien on the assets securing such Permitted Indebtedness; provided, however, in such instance, Borrower shall have executed and delivered to the Security Agent and the Administrative Agent a Stock Pledge Agreement in form acceptable to the Security Agent pledging all issued and outstanding shares of stock held by Borrower in such Subsidiary to Security Agent), or (b) purchase or otherwise acquire (unless no Default exists or would exist immediately thereafter) including, without limitation, by way of share exchange, any part or amount of the capital stock or assets of, or make any Investments in any other Person, except for stock, obligations or securities received in settlement of debts owing to it created in the ordinary course of business and Investments otherwise expressly permitted under this Agreement;

7.15.6 Investments consisting of the extension of credit to customers or suppliers of Borrower and its Subsidiaries in the ordinary course of business and any Investments received in satisfaction or partial satisfaction thereof;

7.15.7 Investments received in connection with the settlement of a bona fide dispute with another Person;

7.15.8 Investments: (i) up to $20,000,000.00 in the aggregate from the Closing Date to the Maturity Date and (ii) in excess of $20,000,000.00 or more in the aggregate, provided such Investments are approved in writing by the Requisite Lenders;

7.15.9 Notes receivable in an aggregate up to $10,000,000.00; or

7.15.10 Subject to **Section 7.13**, Interest Rate Protection Agreements.

7.16 Additional Bank Accounts. Directly or indirectly, open, maintain or otherwise have any checking, savings or other accounts where money is or may be deposited or maintained outside the United States of America unless, in the case of any accounts in the name of any Leasing Subsidiary, amounts deposited into any such account are swept into Borrower's operating account once per calendar month, and in the case of any other such account, such deposit balances are less than $1,000,000 in the aggregate.

7.17 No Adverse Selection. Allow any adverse selection procedures to be used by the Borrower as between the credit facility established by this Agreement and any other credit facility to which the Borrower is a party (including, without limitation, the WEST Funding Facility) in selecting any Engine or item of Equipment for inclusion in the Borrowing Base.

7.18 Negative Pledge/WEST. Borrower shall not cause or permit Liens or Negative Pledges on the Borrower's interest in the WEST Subsidiaries or the WEST Administrative Agency Agreement and/or management fee arrangement with WEST under the Servicing Agreement other than Liens or negative pledges currently existing under the WEST Funding Facility provided such Liens or Negative Pledges shall not adversely affect such management agreement or Borrower's interest therein.

7.19 Subsidiary Operations. Borrower (i) shall not permit WLFC Funding (Ireland) Limited to maintain operations or assets or earn any income and (ii) shall not permit Willis Lease France to maintain any operations other than employment of persons resident in France or hold material assets or earn material operating income unless, in each case, such Subsidiary shall have executed a Subsidiary Guaranty and Security Agreement as required under this Agreement (or if a Subsidiary Guaranty and Security Agreement cannot feasibly be delivered under Applicable Law, Borrower shall have pledged its equity ownership interest in such entity to Security Agent as Collateral).

8. INFORMATION AND REPORTING REQUIREMENTS

8.1 Reports and Notices. Borrower represents, warrants and agrees that, from and after the Closing Date until the Termination Date, Borrower shall deliver to Administrative Agent:

8.1.1 within forty-five (45) days following the end of each of the first three Fiscal Quarters of each Fiscal Year (unless an extension is approved by the Securities Exchange Commission), (1) SEC Form 10-Q of Borrower for such Fiscal Quarter, (2) a Compliance Certificate and (3) a company prepared financial statement for Borrower on a non-consolidated basis.

8.1.2 within ninety (90) days following the end of each Fiscal Year (unless an extension is approved by the Securities Exchange Commission) or, in any event, within fifteen (15) days of a timely filing with the SEC, (1) the Financial Statements of Borrower for such Fiscal Year accompanied by an unqualified report and opinion by an independent certified public accounting firm acceptable to Administrative Agent certified by an Authorized Signatory, and (2) a Compliance Certificate.

8.1.3 on or before May 31 of each calendar year, the audited financial statements of WEST (unconsolidated).

8.1.4 as soon as practicable and in any event within 15 days after the end of each calendar month, a report listing the Leases of Engines and Equipment in the Borrowing Base (in form and substance reasonably satisfactory to the Administrative Agent).

8.1.5 as soon as available, but in any event within fifteen (15) days after the end of the immediately preceding calendar month, a Borrowing Base Certificate of the Borrower showing, as of the end of such calendar month setting forth, among other things, the Eligible Engines and Eligible Equipment that are subject to an Eligible Lease. The Borrowing Base Certificate shall also include a list of all Engines and Equipment acquired by the Borrower since the date of the last Borrowing Base Certificate delivered to Administrative Agent.

8.1.6 within twenty (20) days following the receipt by Administrative Agent of the Borrowing Base Certificate covering the last month of a Fiscal Quarter, an Appraisal with respect to Eligible Engines and/or Eligible Equipment added to the Borrowing Base during the Fiscal Quarter just ended. In addition, at least once per each Fiscal Year, the Borrower shall permit the Security Agent to retain an Appraiser (at Borrower's expense) to conduct an appraisal with respect to all Eligible Engines and Eligible Equipment included in the Borrowing Base. Each Appraisal shall assign specific values for the Engines covered thereby.

8.1.7 promptly, notice in writing of (i) any litigation, legal proceeding or dispute, other than disputes in the ordinary course of business or, whether or not in the ordinary course of business, involving amounts, individually or in the aggregate, in excess of $5,000,000, affecting the Borrower or any Subsidiary as a defendant, whether or not fully covered by insurance, and regardless of the subject matter thereof, or, if no monetary amounts are claimed in connection therewith, which proceeding or dispute, if determined or resolved against the Borrower or any Subsidiary is reasonably likely to have a Material Adverse Effect on the Borrower or any Subsidiary or (ii) any cancellation or threatened cancellation by any insurance carrier of any insurance policy or policies carried by the Borrower or by any of its Subsidiaries on the assets and properties of the Borrower or any Subsidiary.

8.1.8 promptly, and in any event within two (2) Business Days of when the Borrower becomes aware or, in the exercise of reasonable due diligence should have become aware of the same, notice in writing in the event that at any time a Borrowing Base Deficiency exists, and promptly, and in any event within five (5) Business Days, notify in writing the Administrative Agent of any material damage to or other Event of Loss with respect to any Eligible Engine or Eligible Equipment.

8.1.9 promptly upon the earlier of the date on which the Borrower becomes aware or, in the exercise of reasonable due diligence should have become aware of the same, notify the Administrative Agent (or, in the case of (f) below, the Security Agent) by telephone (to be confirmed within three calendar days in writing from the Borrower to each Bank) of the occurrence of any of the following:

(a) any Default or Event of Default;

(b) any breach under any contract or contracts and breach involves payments by the Borrower in an aggregate amount equal to or in excess of $5,000,000;

(c) a default or event of default under or as defined in any evidence of or agreements for any Indebtedness for borrowed money under which the Borrower's liability is equal to or in excess of $5,000,000, individually or in the aggregate, whether or not an event of default thereunder has been declared by any party to such agreement or any event which, upon the lapse of time or the giving of notice or both, would become an event of default under any such agreement or instrument or would permit any party to any such instrument or agreement to terminate or suspend any commitment to lend to the Borrower or to declare or to cause any such indebtedness to be accelerated or payable before it would otherwise be due;

(d) any change in any Regulation, including, without limitation, changes in tax laws and regulations, which would have a Material Adverse Effect on the Borrower or any Subsidiary;

(e) any litigation, administrative proceeding or investigation which could reasonably have a Material Adverse Effect on the Borrower or any Subsidiary;

(f) any instance in which Engines or Equipment are operated (x) on routes with respect to which it is customary for air carriers flying comparable routes to carry confiscation or expropriation insurance for which such insurance has not been obtained or (y) in any area designated by companies providing such coverage as a recognized or threatened war zone or area of hostilities or an area where there is a substantial risk of confiscation or expropriation; and

(g) any "Early Amortization Event," Event of Default or "Servicer Termination Event" (as such terms are defined in the WEST Funding Facility) under the WEST Funding Facility.

8.1.10 promptly upon the filing thereof with the SEC one copy of each financial statement, report, notice or proxy statement sent by the Borrower to stockholders generally, and, a copy of each regular or periodic report, and any registration statement, or prospectus in respect thereof, filed by the Borrower with any securities exchange or with federal or state securities and exchange commissions or any successor agency.

8.1.11 subject to the prohibitions set forth in **Section 7.1** hereof, promptly deliver to the Administrative Agent copies of any material amendments, modifications or supplements to (i) certificate of incorporation or by-laws, and (ii) the WEST Funding Facility, certified, with respect to the certificate of incorporation, by the appropriate state officials, and, with respect to the other foregoing documents, by the secretary or assistant secretary of the Borrower as a true and correct copy thereof.

8.1.12 promptly, notice in writing of any merger or consolidation involving the Borrower.

8.2 Other Reports. Borrower shall, upon the request of any Agent, furnish to Administrative Agent and/or Security Agent such other reports in connection with the affairs, business, financial condition, operations, prospects or management of Borrower or the Collateral, all in reasonable detail in each case as the Administrative Agent shall reasonably request.

9. EVENTS OF DEFAULT; RIGHTS AND REMEDIES

9.1 Events of Default. The occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute an "Event of Default" under this Agreement:

9.1.1 Borrower shall fail to make any required payment in respect of any Obligations within three (3) Business Days after the same shall become due and payable or is declared due and payable (provided that no grace period shall apply to principal payments required under this Agreement or to nonpayment of the Obligations on the Maturity Date); or

9.1.2 Borrower shall fail or neglect to, or shall fail to cause the applicable Owner Trustee to, perform, keep or observe any of the covenants, promises, agreements, requirements, conditions or other terms, Obligations (other than under **Section 9.1.1**) or provisions contained in this Agreement or any of the other Loan Documents and such default shall have continued for a period of thirty (30) days after Agent's or any Lender's notice to Borrower, of such default hereunder; provided, that there shall be no grace period for Borrower's failure to perform, keep or observe any of the covenants, promises, agreements, requirements, conditions or other terms or provisions contained in **Section 6.14 and Section 7** (except for **Section 7.9**); or

9.1.3 an event of default shall occur under any Indebtedness to which Borrower, any Subsidiary or Excluded Subsidiaries other than WEST and the WEST Subsidiaries is a party, or by which any such Person or its property is bound, and such event of default (1) involves the failure to make any payment, whether of principal, interest or otherwise, and whether due by scheduled maturity, required prepayment, acceleration, demand or otherwise, in respect of any Indebtedness (other than the Obligations) of such Person in an aggregate amount exceeding $5,000,000, or (2) causes (or permits any holder of such Indebtedness or a trustee to cause) such Indebtedness, or a portion thereof, in an aggregate amount exceeding $5,000,000 to become due prior to its stated maturity or prior to its regularly scheduled dates of payment; or

9.1.4 any representation or warranty in this Agreement or any other Loan Document, or in any written statement, report or certificate pursuant hereto or thereto, shall be untrue or incorrect in any material respect as of the date when made or deemed to be made by the Borrower or any Subsidiaries; or

9.1.5 any of the assets of Borrower or any Subsidiary having a value of $5,000,000 or more shall be attached, seized, levied upon or subjected to a writ or distress warrant or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors of such Person, and any of the foregoing shall remain unstayed or undismissed for sixty (60) consecutive days; or any Person other than Borrower or any Subsidiary shall apply for the appointment of a receiver, trustee or custodian for the assets of Borrower or any Subsidiary and the order appointing such receiver, trustee or custodian shall remain unstayed or undismissed for sixty (60) consecutive days; or Borrower or any Subsidiary shall have concealed, removed or permitted to be concealed or removed, any part of its Property with intent to hinder, delay or defraud its creditors or any of them or made or suffered a transfer of any of its property or the incurring of an obligation which may be fraudulent under any bankruptcy, fraudulent transfer or other similar law; or

9.1.6 a case or proceeding shall have been commenced involuntarily against Borrower or any Subsidiary in a court having competent jurisdiction seeking a decree or order: (1) under the Bankruptcy Code or any other applicable Federal, state or foreign Bankruptcy or other similar law, and seeking either (i) the appointment of a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) of such Person or of any substantial part of its properties, or (ii) the reorganization or winding up or liquidation of the affairs of any such Person and such case or proceeding shall remain undismissed or unstayed for sixty (60) consecutive days or such court shall enter a decree or order granting the relief sought in such case or proceeding; or (2) invalidating or denying (i) any Person's right, power, or competence to enter into or perform any of its obligations under any Loan Document, or (ii) the validity or enforceability of this Agreement or any other Loan Document or any action taken hereunder or thereunder; or

9.1.7 Borrower or any Subsidiary shall (1) file a petition under the Bankruptcy Code or any other applicable Federal, state or foreign bankruptcy or other similar law, (2) consent to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) of any such Person or of any substantial part of its properties, (3) fail generally to pay (or admit in writing its inability to pay) its debts as such debts become due, or (4) take any corporate action in furtherance of any such action; or

9.1.8 final judgment or judgments (after the expiration of all times to appeal therefrom) for the payment of money in excess of $5,000,000 in the aggregate shall be rendered against Borrower or any Subsidiary, unless the same shall be (i) fully covered by insurance (subject to any contractual deductibles) and the issuer(s) of the applicable policies shall have acknowledged substantial coverage in writing within thirty (30) days of judgment, or (ii) vacated, stayed, bonded, paid or discharged within a period of thirty (30) days from the date of such judgment; or

9.1.9 Borrower or any Subsidiary voluntarily or involuntarily dissolves or is dissolved, terminates or is terminated, provided that (i) the Borrower may terminate any Owner Trust in connection with a sale or consignment of the Collateral owned by such Owner Trust and (ii) the Borrower may, with the prior approval of the Administrative Agent, dissolve, terminate or otherwise liquidate any Subsidiary so long as (A) the aggregate total assets of the Subsidiary dissolved, terminated or liquidated immediately prior to such event does not represent more than five percent (5%) of the consolidated total assets of Borrower and its Subsidiaries, and (B) with respect to any such Subsidiary that has or is required to execute a Subsidiary Guaranty, following the dissolution, termination or liquidation of such Person, substantially all of the assets of such Person are transferred to Borrower or another Person that then guaranties the Obligations pursuant to a Subsidiary Guaranty; or

9.1.10 Borrower or any Subsidiary is enjoined, restrained, or in any way prevented by the order of any court or other Governmental Authority, the effect of which order restricts such Person from conducting all or any material part of its business; or

9.1.11 the loss, suspension, revocation or failure to renew any License or permit now held or hereafter acquired by Borrower or any Subsidiary, which loss, suspension, revocation or failure to renew could reasonably be expected to have a Material Adverse Effect; or

9.1.12 any Lien or any provision of any Loan Document shall for any reason cease to be valid, binding and enforceable in accordance with its terms, or any Lien granted, or intended by the Loan Documents to be granted, to Security Agent shall cease to be a valid and perfected Lien having the first priority (or a lesser priority if expressly permitted in the Loan Documents) in any of the Collateral covered or purported to be covered thereby; or

9.1.13 any Change of Control of Borrower shall have occurred; or

9.1.14 The occurrence of any Event of Default or Servicer Termination (as such terms are defined in the WEST Funding Facility) under the WEST Funding Facility.

9.2 Remedies.If any Default or Event of Default has occurred and is continuing, then, subject to Section 13.4.4 hereof, Administrative Agent will be entitled to, with the prior written approval of Requisite Lenders (or all of the Lenders, as applicable), exercise one or more of the following remedies: (1) upon notice to Borrower from Administrative Agent, increase the rate of interest applicable to the Loans (excluding any Letter of Credit Obligations) to the Default Rate effective as of the date of the initial Default; or (2) terminate or suspend Lenders' obligation to make further Loans or incur further Letter of Credit Obligations. In addition, if any Event of Default shall have occurred and be continuing, Agent may (upon prior written approval of Requisite Lenders), without notice, take any one or more of the following actions: (i) declare all or any portion of the Obligations to be forthwith due and payable, including contingent liabilities with respect to Letter of Credit Obligations, whereupon such Obligations shall become and be due and payable; (ii) require that all Letter of Credit Obligations be fully collateralized; or (iii) exercise any rights and remedies provided to Agents under the Loan Documents or at law or equity, including all remedies provided under the UCC; provided, that upon the occurrence of an Event of Default specified in **Sections 9.1.5, 9.1.6 or 9.1.7,** the Obligations shall become immediately due and payable (and any obligation of Lenders to make further Loans or incur any further Letter of Credit Obligations, if not previously terminated, shall immediately be terminated) without declaration, notice or demand by Agent.

9.3 Waivers by Borrower. Except for notices that Administrative Agent or Lender has otherwise agreed to give in this Agreement (whether under notice and cure provisions or otherwise) and to the fullest extent permitted by Applicable Law, Borrower waives: (a) presentment, demand, protest, notice of maturity, intent to accelerate, acceleration, default, and release of any or all Loan Documents or the Notes; (b) all rights to notice and a hearing prior to Lender's taking possession or control of, or to Lender's replevin, attachment or levy upon, any Collateral or any bond or security which might be required by any court prior to allowing Lender to exercise any of its remedies; and (c) the benefit of all valuation, appraisal and exemption laws. Borrower acknowledges that it has been advised by counsel with respect to this Agreement, the other Loan Documents and the transactions evidenced hereby and thereby.

9.4 Proceeds. The Proceeds of any sale, disposition or other realization upon any Collateral shall be applied by any Lender upon receipt as set forth in **Section 2.13**.

10. SUCCESSORS AND ASSIGNS

Subject to the limitations on assignment and the grants of participations set forth in Section 12.8, each Loan Document shall be binding on and shall inure to the benefit of Borrower, Credit Facility Lenders, Security Agent and their respective successors and assigns, except as otherwise provided herein or therein. Borrower shall not assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties under any Loan Document without the prior written consent of all of the Lenders, and any such purported assignment, transfer, hypothecation or other conveyance by Borrower without the prior express written consent of all Lenders shall be void. The terms and provisions of this Agreement and the other Loan Documents are for the purpose of defining the relative rights and obligations of Borrower and Lenders with respect to the transactions contemplated hereby and thereby, and there shall be no third party beneficiaries of any of the terms and provisions of any of the Loan Documents.

11. [Intentionally omitted.]

12. **MISCELLANEOUS**

12.1 Complete Agreement; Modification of Agreement. This Agreement and the other Loan Documents constitute the complete agreement among the parties with respect to the subject matter hereof and thereof, supersede all prior agreements, commitments, understandings or inducements (oral or written, expressed or implied), and may not be modified, altered or amended except by a written agreement signed by Administrative Agent, Security Agent, Credit Facility Lenders, Borrower and each other Person executing this Agreement or any other Loan Document, as applicable, and in accordance with **Section 12.16** hereof.

12.2 Reimbursement and Expenses. Borrower will promptly pay:

12.2.1 without regard for whether any Loans are made or any Letter of Credit Obligations are incurred, all reasonable out-of-pocket expenses of Agents in connection with the preparation, negotiation, execution, and delivery of this Agreement, the Notes and the other Loan Documents, including all due diligence, all post-closing matters, syndication, and the transactions contemplated hereunder and thereunder and the making of the Loans and the incurrence of the Letter of Credit Obligations, including, recording and filing fees, and the reasonable fees and disbursements of counsel for Agents;

12.2.2 subject to the limitations set forth in **Section 6.6**, all reasonable out-of-pocket expenses of Agents in connection with the administration or monitoring of the Loans, the Collateral, this Agreement and the other Loan Documents in accordance with the provisions thereof, the restructuring and refinancing of the transaction herein contemplated, and in connection with the preparation, negotiation, execution, and delivery of any waiver, amendment, or consent by Agents relating to this Agreement or the other Loan Documents, including, auditing costs and expenses with respect to the Collateral and the reasonable attorneys' fees and expenses of counsel;

12.2.3 all of Agents' out-of-pocket costs and expenses of obtaining performance under this Agreement or the other Loan Documents, of collection of the Obligations, in any arbitration, mediation, legal action or proceeding (including any case under the Bankruptcy Code or similar laws), which, in each case, shall include reasonable fees and expenses of counsel for Agents;

12.2.4 all Charges levied on, or assessed, placed or made against any Collateral, the Notes or the other Loan Documents or the Obligations.

12.3 Indemnity.

12.3.1 Borrower shall indemnify and hold each Indemnified Person harmless from and against any Claim which may be instituted or asserted against or incurred by any such Indemnified Person as the result of credit having been extended or not extended under this Agreement and the other Loan Documents or otherwise in connection with or arising out of the transactions contemplated hereunder or thereunder, including any Claim for Environmental Liabilities and Costs and legal costs and expenses of disputes between the parties to this Agreement; provided, that Borrower shall not be liable for indemnification of an Indemnified Person to the

extent that (a) such Claim is brought by any Indemnified Person against Borrower and Borrower is the prevailing party thereunder or (b) any such Claim is finally determined by a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. NO INDEMNIFIED PERSON SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO ANY LOAN DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED OR NOT EXTENDED UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

12.3.2 In any suit, proceeding or action brought by Agent or any Credit Facility Lender relating to any item of Collateral or any amount owing hereunder, or to enforce any provision of any item of Collateral, Borrower shall save, indemnify and keep Agent and each Credit Facility Lender harmless from and against all expense, loss or damage suffered by reason of such action or any defense, setoff, or counterclaim asserted for any reason by the other party or parties to such litigation and however arising unless (a) such suit, proceeding or action is brought by Agent or any Credit Facility Lender against Borrower and Borrower is the prevailing party thereunder, or (b) any such suit, proceeding or action is finally determined by a court of competent jurisdiction to have resulted from Agent's or any Credit Facility Lender's gross negligence or willful misconduct. All obligations of Borrower with respect to any item of Collateral shall be and remain enforceable against, and only against, Borrower and shall not be enforceable against Agent or any Credit Facility Lender. This **Section 12.3.2** shall survive the Termination Date.

12.4 No Waiver. Neither Agent's nor any Credit Facility Lender's failure, at any time or times, to require strict performance by Borrower of any provision of any Loan Document, nor Agent's or any Credit Facility Lender's failure to exercise, nor any delay in exercising, any right, power or privilege under this Agreement, (a) shall waive, affect or diminish any right of such Agent or any Credit Facility Lender thereafter to demand strict compliance and performance therewith, or (b) shall operate as a waiver thereof. Any suspension or waiver of a Default, Event of Default, or other provision under the Loan Documents must be in writing signed by an authorized employee of Administrative Agent or any Credit Facility Lender to be effective and shall not suspend, waive or affect any other Default or Event of Default, whether the same is prior or subsequent thereto and whether of the same or of a different type, and shall not be construed as a bar to any right or remedy which Agent or any Credit Facility Lender would otherwise have had on any future occasion.

12.5 Severability; Drafting. Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of any Loan Document shall be prohibited by or invalid under Applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of such Loan Document. Except as otherwise expressly provided herein or in any other Loan Document, all undertakings, agreements, covenants, warranties and representations of or binding upon Borrower and all rights of Agents and Credit Facility Lender, all as contained in the Loan Documents, shall not terminate or expire, but rather shall survive such termination or cancellation and shall continue in

full force and effect until the Termination Date; provided that the reimbursement and expense provisions of **Section 12.2**, the indemnity provisions of **Section 12.3**, and the governing law and venue provisions of **Section 12.14** shall all survive the Termination Date. In the event of a dispute between any of the parties hereto over the meaning of this Agreement, all parties shall be deemed to have been the drafter hereof, and any Applicable Law that states that contracts are construed against the drafter shall not apply.

12.6 Conflict of Terms. Except as otherwise provided in any Loan Document by specific reference to the applicable provisions of this Agreement, if any provision contained in this Agreement is in conflict with, or inconsistent with, any provision in any other Loan Document, the provision contained in this Agreement shall govern and control.

12.7 Notices.

12.7.1 All notices and other communications under this Agreement and the other Loan Documents shall be in writing and shall be deemed to have been given three (3) days after deposit in the mail, first class mail, postage prepaid, or one (1) day after being entrusted to a reputable commercial overnight delivery service, or when sent out by facsimile transmission or by electronic mail delivery addressed to the party to which such notice is directed at its address determined as provided in this **Section 12.7** (provided that for electronic mail delivery of notices other than pursuant to **Sections 8.1.1-8.1.5**, an identical notice is also sent simultaneously by mail, overnight courier, or as otherwise provided in this **Section 12.7**). All notices and other communications under this Agreement shall be given to the parties hereto at the following addresses:

(a) If to Borrower:

Willis Lease Finance Corporation
773 San Marin Drive, Suite 2215
Novato, CA 94998
Attn: General Counsel
Telephone No.: (415) 408-4712
Facsimile No.: (415) 408-4702
Email: tnord@willislease.com

(b) If to Administrative Agent, Security Agent, and/or to Issuing Lender:

Union Bank, N.A.
Northern California Commercial Banking Division
350 California Street
San Francisco, CA 94104
Attn: Commercial Finance Division
Telephone No.: (415) 705-7385
Facsimile No.: (415) 705-7111
Email: Kevin.Sullivan@unionbank.com

with a copy to:

Sheppard Mullin Richter & Hampton LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111-4106
Attn: Juliette M. Ebert, Esq.
Telephone No.: (415) 434-9100
Facsimile No.: (415) 434-3947
Email: jebert@sheppardmullin.com

12.7.2 Any party to this Agreement may change the address to which notices shall be directed under this **Section 12.7** by giving ten (10) days' written notice of such change to the other parties.

12.8 Binding Effect; Assignment.

12.8.1 This Agreement and the other Loan Documents to which Borrower is a party will be binding upon and inure to the benefit of Borrower, Agents, each of Credit Facility Lenders, and their respective permitted successors and assigns, except that Borrower may not assign its rights hereunder or thereunder or any interest herein or therein without the prior written consent of all Lenders. Each Credit Facility Lender represents that it is not acquiring its Note with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (subject to any requirement that disposition of such Note must be within the control of such Lender). Any Credit Facility Lender may at any time pledge its Note or any other instrument evidencing its rights as a lender under this Agreement to a Federal Reserve Bank, but no such pledge shall release that lender from its obligations hereunder or grant to such Federal Reserve Bank the rights of a Credit Facility Lender hereunder absent foreclosure of such pledge.

12.8.2 From time to time following the Closing Date, each Lender may assign to one or more Eligible Assignees all or any portion of its Pro Rata Share of the Revolving Commitment; provided that (i) such Eligible Assignee, if not then a Lender or an Affiliate of the assigning Lender, shall be approved by Administrative Agent and, provided no Default or Event of Default then exists, Borrower, which approval(s) shall not be unreasonably withheld, conditioned or delayed; (ii) such assignment shall be evidenced by a Commitment Assignment and Acceptance, a copy of which shall be furnished to Administrative Agent as hereinbelow provided; (iii) except in the case of an assignment (a) to an Affiliate of the assigning Lender or to another Lender or (b) of the entire remaining Revolving Commitment of the assigning Lender, the assignment shall not assign a Pro Rata Share of the Revolving Commitment that is equivalent to less than $5,000,000.00; and (iv) the effective date of any such assignment shall be as specified in the Commitment Assignment and Acceptance, but not earlier than the date which is five (5) Business Days after the date Administrative Agent has received the Commitment Assignment and Acceptance. Upon the effective date of such Commitment Assignment and Acceptance, the Eligible Assignee named therein shall be a Lender for all purposes of this Agreement, with the Pro Rata Share of the Revolving Commitment therein set forth and, to the extent of such Pro Rata Share, the assigning Lender shall be released from its further obligations under this Agreement. Borrower agrees that it shall execute and deliver (against delivery by the assigning Lender to Borrower of its Note(s)) to such assignee Lender, Note(s) evidencing that assignee Lender's Pro Rata Share of the Revolving Commitment, and to the assigning Lender, Note(s) evidencing the Pro Rata Share retained by the assigning Lender.

12.8.3 By executing and delivering a Commitment Assignment and Acceptance, the Eligible Assignee thereunder acknowledges and agrees that: (i) other than the representation and warranty that it is the legal and beneficial owner of the Pro Rata Share of the Revolving Commitment being assigned thereby free and clear of any adverse claim, the assigning Lender has made no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness or sufficiency of this Agreement or any other Loan Document; (ii) the assigning Lender has made no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower or the performance by Borrower of the Obligations; (iii) it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to **Section 8** and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Commitment Assignment and Acceptance; (iv) it will, independently and without reliance upon Administrative Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) it appoints and authorizes Administrative Agent to take such action and to exercise such powers under this Agreement as are delegated to Administrative Agent by this Agreement; and (vi) it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

12.8.4 Administrative Agent shall maintain at Administrative Agent's Office a copy of each Commitment Assignment and Acceptance delivered to it and a register (the "Register") of the names and address of each of the Lenders and the Pro Rata Share of the Commitments held by each Lender, giving effect to each Commitment Assignment and Acceptance. The Register shall be available during normal business hours for inspection by Borrower or any Lender upon reasonable prior notice to Administrative Agent. After receipt of a completed Commitment Assignment and Acceptance executed by any Lender and an Eligible Assignee, and receipt of a non-refundable assignment fee of Three Thousand Five Hundred Dollars ($3,500.00) from such Lender or Eligible Assignee, Administrative Agent shall, promptly following the effective date thereof, provide to Borrower and the Lenders a revised **Schedule 2.1** giving effect thereto. Borrower, Administrative Agent and the Lenders shall deem and treat the Persons listed as Lenders in the Register as the holders and owners of the Pro Rata Share of the Revolving Commitment listed therein for all purposes hereof, and no assignment or transfer of any such Pro Rata Share of the Revolving Commitment shall be effective, in each case unless and until a Commitment Assignment and Acceptance effecting the assignment or transfer thereof shall have been accepted by Administrative Agent and recorded in the Register as provided above. Prior to such recordation, all amounts owed with respect to the applicable Pro Rata Share of the Revolving Commitment shall be owed to the Lender listed in the Register as the owner thereof, and any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is listed in the Register as a Lender shall be conclusive and binding on any subsequent holder, assignee or transferee of the corresponding Pro Rata Share of the Revolving Commitment.

12.8.5 Each Lender may from time to time grant participations to one or more banks or other financial institutions in a portion of its Pro Rata Share of the Revolving Commitment; provided 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 participating banks or other financial institutions shall not be a Lender hereunder for any purpose except, if the participation agreement so provides, for the purposes of **Section 12.3** but only to the extent that the cost of such benefits to Borrower does not exceed the cost which Borrower would have incurred in respect of such Lender absent the participation; (iv) Borrower, Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement; (v) the participation interest shall be expressed as a percentage of the granting Lender's Pro Rata Share of the Revolving Commitment as it then exists and shall not restrict an increase in the Revolving Commitment, or in the granting Lender's Pro Rata Share of the Revolving Commitment, so long as the amount of the participation interest is not affected thereby; and (vi) the consent of the holder of such participation interest shall not be required for amendments or waivers of provisions of the Loan Documents and the Lender granting such participation shall be empowered to bind such participant for the purpose of all consents, waiver and amendments other than those which (A) extend the Maturity Date or any other date upon which any payment of money is due to the Lenders, (B) reduce the rate of interest on the Notes, any fee or any other monetary amount payable to the Lenders, (C) reduce the amount of any installment of principal due under the Notes, or (D) release all or a substantial portion of the Collateral from the Lien of the Collateral Documents if the effect thereof is to cause the outstanding principal amount of the Loans to exceed the amount of the Borrowing Base, except if such release of Collateral occurs in connection with a disposition permitted under this Agreement in which case such release shall not require the consent of any of the Lenders or of any holder of a participation interest in the Revolving Commitment.

12.9 Right of Setoff. If an Event of Default has occurred and is continuing, Agent or any Lender (but in each case only with the consent of the Requisite Lenders) may exercise its rights under Article 9 of the Uniform Commercial Code and other Applicable Laws and, to the extent permitted by Applicable Laws, apply any funds in any deposit account maintained with it by Borrower and/or any Property of Borrower in its possession against the Obligations.

12.10 Sharing of Setoffs. Each Lender severally agrees that if it, through the exercise of any right of setoff, banker's lien or counterclaim against Borrower, or otherwise, receives payment of the Obligations held by it that is ratably more than any other Lender, through any means, receives in payment of the Obligations held by that Lender, then, subject to Applicable Laws: (a) the Lender exercising the right of setoff, banker's lien or counterclaim or otherwise receiving such payment shall purchase, and shall be deemed to have simultaneously purchased, from each of the other Lenders a participation in the Obligations held by the other Lenders and shall pay to the other Lenders a purchase price in an amount so that the share of the Obligations held by each Lender after the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment shall be in the same proportion that existed prior to the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment; and (b) such other adjustments and purchases of participations shall be made from time to time as shall be equitable to ensure that all of the Lenders share any payment obtained in respect of the Obligations ratably in accordance with each Lender's share of the Obligations immediately prior to, and without taking into account, the payment; provided that if all or any portion of a disproportionate payment obtained as a result of the exercise of the right of setoff, banker's lien, counterclaim or otherwise is thereafter recovered from the purchasing Lender by Borrower or any Person claiming through or

succeeding to the rights of Borrower, the purchase of a participation shall be rescinded and the purchase price thereof shall be restored to the extent of the recovery, but without interest. Each Lender that purchases a participation in the Obligations pursuant to this **Section 12.10** shall from and after the purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased. Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in an Obligation so purchased pursuant to this **Section 12.10** may exercise any and all rights of setoff, banker's lien or counterclaim with respect to the participation as fully as if the Lender were the original owner of the Obligation purchased.

12.11 Section Titles. The Section titles and Table of Contents contained in this Agreement and any other Loan Document are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

12.12 Counterparts. Each Loan Document may be executed in any number of identical counterparts, which shall constitute an original and collectively and separately constitute a single instrument or agreement. Execution of any such counterpart may be evidenced by a facsimile transmission or electronic delivery of the signature of such party. The execution of this Agreement or any other Loan Document by any Party hereto or thereto will not become effective until counterparts hereof or thereof, as the case may be, have been executed by all the parties hereto or thereto.

12.13 Time of the Essence. Time is of the essence for payment and performance of the Obligations.

12.14 GOVERNING LAW; VENUE. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THE OBLIGATIONS ARISING HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICTS OF LAWS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW), AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. BORROWER HEREBY CONSENTS AND AGREES, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THAT THE STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN BORROWER AND ANY CREDIT FACILITY LENDER PERTAINING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED, THAT CREDIT FACILITY LENDERS AND BORROWER ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF NEW YORK, NEW YORK; AND FURTHER PROVIDED, THAT NOTHING IN THIS AGREEMENT SHALL BE

DEEMED OR OPERATE TO PRECLUDE AGENT OR ANY CREDIT FACILITY LENDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF SUCH AGENT OR CREDIT FACILITY LENDER. BORROWER EXPRESSLY SUBMITS AND CONSENTS TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND BORROWER HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. BORROWER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO BORROWER AT THE ADDRESS SET FORTH IN **SECTION 12.7** AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE BORROWER'S ACTUAL RECEIPT THEREOF.

12.15 WAIVER OF JURY TRIAL. To the extent permitted by law, in connection with any action or proceeding, whether brought in state or federal court, Borrower, Agents and each Credit Facility Lender hereby expressly, intentionally and deliberately waive any right such party may otherwise have to trial by jury of any claim, cause of action, action, dispute or controversy between or among such parties, whether sounding in contract, tort or otherwise, which arises out of or relates to: (i) any of the Loan Documents and any and all related documents, instruments and agreements, and any and all extensions, renewals, amendments and replacements of any of the foregoing, (ii) any negotiations or communications relating to the Loan Documents and any and all related documents, instruments and agreements, and any and all extensions, renewals, amendments and replacements thereof, whether or not incorporated into the Loan Documents; or (iii) any alleged agreements, promises, representations or transactions in connection therewith.

12.16 Amendments; Consents. No amendment, modification, supplement, extension, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by Borrower or any other party therefrom, may in any event be effective unless in writing signed by Agents with the written approval of the Requisite Lenders (to the extent such Requisite Lender approval is required by this Agreement and, in the case of any amendment, modification or supplement of or to any Loan Document to which Borrower is a party, signed by Borrower, and, in the case of any amendment, modification or supplement to **Section 13** or **Section 14**, signed by Administrative Agent or Security Agent, respectively), and then only in the specific instance and for the specific purpose given; and, without the approval in writing of all the Lenders, no amendment, modification, supplement, termination, waiver or consent may be effective:

12.16.1 To amend or modify the principal of (other than in accordance with **Section 2.19**), or the amount of principal, principal prepayments or the rate of interest payable on, any Note, or the amount of the Revolving Commitment or the Pro Rata Share of any Lender or the amount of any commitment fee payable to any Lender, or any other fee or amount payable to any Lender under the Loan Documents or to waive an Event of Default consisting of the failure of Borrower to pay when due principal, interest or any fee;

12.16.2 To postpone any date fixed for any payment of principal of, prepayment of principal of or any installment of interest on, any Note or any installment of any fee, or to extend the term of the Revolving Commitment;

12.16.3 To amend the provisions of the definition of "Requisite Lenders" or "Maturity Date" or to increase the percentages of Net Book Value as set forth in paragraphs (a) – (d) in the definition of "Borrowing Base," or

12.16.4 To release all or a substantial portion of the Collateral from the Lien of the Collateral Documents if the effect thereof would be to cause a Borrowing Base Deficiency;

12.16.5 To amend or waive **Section 4** or this **Section 12.16** or any part thereof; or

12.16.6 To amend any provision of this Agreement that expressly requires the consent or approval of all or a specified portion of the Lenders.

Any amendment, modification, supplement, termination, waiver or consent pursuant to this **Section 12.16** shall apply equally to, and shall be binding upon, all the Lenders and Administrative Agent.

12.17 Foreign Lenders and Participants. Each Lender that is incorporated or otherwise organized under the Applicable Laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia shall deliver to Borrower (with a copy to Administrative Agent), on or before the Closing Date (or on or before accepting an assignment or receiving a participation interest herein pursuant to **Section 12.8**, if applicable) two duly completed copies, signed by an authorized officer, of either Form 1001 (relating to such Lender and entitling it to a complete exemption from withholding on all payments to be made to such Lender by Borrower pursuant to this Agreement) or Form W-8BEN (relating to all payments to be made to such Lender by the Borrower pursuant to this Agreement) of the United States Internal Revenue Service or such other evidence (including, if reasonably necessary, Form W-9) satisfactory to Borrower and Administrative Agent that no withholding under the federal income tax laws is required with respect to such Lender. Thereafter and from time to time, each such Lender shall (a) promptly submit to Borrower (with a copy to Administrative Agent), such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to Borrower and Administrative Agent of any available exemption from, United States withholding taxes in respect of all payments to be made to such Lender by Borrower pursuant to this Agreement and (b) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re designation of its LIBOR lending office, if any) to avoid any requirement of Applicable Laws that Borrower make any deduction or withholding for taxes from amounts payable to such Lender. In the event that Borrower or Administrative Agent become aware that a participation

has been granted pursuant to **Section 12.8.5** to a financial institution that is incorporated or otherwise organized under the laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia, then, upon request made by Borrower or Administrative Agent to the Lender which granted such participation, such Lender shall cause such participant financial institution to deliver the same documents and information to Borrower and Administrative Agent as would be required under this Section if such financial institution were a Lender.

12.18 Custodial Agreement. The Security Agent has entered into one or more agreements with third parties pursuant to which agreements such third parties will hold custody to any or all of the Collateral as set forth in **Schedule 5.23**. Without limiting the foregoing, the Administrative Agent and each of the other Lenders hereto acknowledge and agree (i) to the terms and conditions of the Custodial Agreement; (ii) that the third party custodian thereto may hold each of the documents and instruments to be delivered therein, including without limitation, the "chattel paper" original of each Lease, for the benefit of the Security Agent; and (iii) that the Security Agent shall not be liable in the event of any damage, loss or destruction of any of the documents or instruments to be delivered therein, including without limitation, the "chattel paper" originals of each Lease, by such third party custodian.

13. ADMINISTRATIVE AGENT

13.1 Appointment and Authorization. Subject to **Section 12.8**, each Credit Facility Lender hereby irrevocably appoints and authorizes Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Administrative Agent by the terms thereof or are reasonably incidental, as determined by Administrative Agent, thereto. This appointment and authorization is intended solely for the purpose of facilitating the servicing of the Loans and does not constitute appointment of Administrative Agent as trustee for any Credit Facility Lender or as representative of any Credit Facility Lender for any other purpose and, except as specifically set forth in the Loan Documents to the contrary, Administrative Agent shall take such action and exercise such powers only in an administrative and ministerial capacity.

13.2 Administrative Agent and Affiliates. Union Bank, N.A. (and each successor Administrative Agent) has the same rights and powers under the Loan Documents as any other Credit Facility Lender and may exercise the same as though it were not Administrative Agent, and the term "Lender" or "Lenders" includes Union Bank, N.A. in its individual capacity. Union Bank, N.A. (and each successor Administrative Agent) and its Affiliates may accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with Borrower or any Affiliate of Borrower, as if it were not Administrative Agent and without any duty to account therefor to Credit Facility Lenders. Union Bank, N.A. (and each successor Administrative Agent) need not account to any other Credit Facility Lender for any monies received by it in its capacity as a Credit Facility Lender hereunder. Administrative Agent shall not be deemed to hold a fiduciary relationship with any Credit Facility Lender and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against Administrative Agent.

13.3 Lenders' Credit Decisions. Each Credit Facility Lender agrees that it has, independently and without reliance upon Administrative Agent, any other Credit Facility Lender or the directors, officers, agents, employees or attorneys of the foregoing parties, and instead in reliance upon information supplied to it by or on behalf of Borrower and upon such other information as it has deemed appropriate, made its own independent credit analysis and decision to enter into this Agreement. Each Credit Facility Lender also agrees that it shall, independently and without reliance upon Administrative Agent, any other Credit Facility Lender or the directors, officers, agents, employees or attorneys of the foregoing parties, continue to make its own independent credit analyses and decisions in acting or not acting under the Loan Documents.

13.4 Action by Administrative Agent.

13.4.1 Absent actual knowledge of Administrative Agent of the existence of a Default, Administrative Agent may assume that no Default has occurred and is continuing, unless Administrative Agent (or the Credit Facility Lender that is then Administrative Agent) has received notice from Borrower stating the nature of the Default or has received notice from a Credit Facility Lender stating the nature of the Default and that such Credit Facility Lender considers the Default to have occurred and to be continuing.

13.4.2 Administrative Agent has only those obligations under the Loan Documents as are expressly set forth therein.

13.4.3 Except for any obligation expressly set forth in the Loan Documents and as long as Administrative Agent may assume that no Event of Default has occurred and is continuing, Administrative Agent may, but shall not be required to, exercise its discretion to act or not act, except that Administrative Agent shall be required to act or not act upon the instructions of the Requisite Lenders (or of all the Lenders, to the extent required by **Section 12.16**) and those instructions shall be binding upon Administrative Agent and Credit Facility Lenders, provided that Administrative Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to Applicable Law or would result, in the reasonable judgment of Administrative Agent, in substantial risk of liability to Administrative Agent.

13.4.4 If Administrative Agent has received a notice of any Event of Default, Administrative Agent shall immediately give notice thereof to Credit Facility Lenders and shall act or not act upon the instructions of the Requisite Lenders (or of all the Lenders, to the extent required by **Section 12.16**), provided that Administrative Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to Applicable Law or would result, in the reasonable judgment of Administrative Agent, in substantial risk of liability to Administrative Agent, and except that if the Requisite Lenders fail, for five (5) Business Days after the receipt of notice from Administrative Agent, to instruct Administrative Agent, then Administrative Agent, in its sole discretion, may act or not act as it deems advisable for the protection of the interests of Credit Facility Lenders.

13.4.5 Absent its gross negligence or willful misconduct, Administrative Agent shall have no liability to any Credit Facility Lender for acting, or not acting, as instructed by the Requisite Lenders, notwithstanding any other provision hereof.

13.5 Liability of Administrative Agent. Neither Administrative Agent nor any of its directors, officers, agents, employees or attorneys shall be liable for any action taken or not taken by them under or in connection with the Loan Documents, except for their own gross negligence or willful misconduct. Without limitation on the foregoing, Administrative Agent and its directors, officers, agents, employees and attorneys:

13.5.1 May treat the payee of any Note as the holder thereof until Administrative Agent receives notice of the assignment or transfer thereof, in form satisfactory to Administrative Agent, signed by the payee, and may treat each Credit Facility Lender as the owner of that Credit Facility Lender's interest in the Obligations for all purposes of this Agreement until Administrative Agent receives notice of the assignment or transfer thereof, in form satisfactory to Administrative Agent, signed by that Credit Facility Lender;

13.5.2 May consult with legal counsel (including in-house legal counsel), accountants (including in house accountants) and other professionals or experts selected by it, or with legal counsel, accountants or other professionals or experts for Borrower or Credit Facility Lenders, and shall not be liable for any action taken or not taken by it in good faith in accordance with any advice of such legal counsel, accountants or other professionals or experts selected by it with reasonable care;

13.5.3 Shall not be responsible to any Credit Facility Lender for any statement, warranty or representation made in any of the Loan Documents or in any notice, certificate, report, request or other statement (written or oral) given or made in connection with any of the Loan Documents except for those expressly made by it;

13.5.4 Except to the extent expressly set forth in the Loan Documents, shall have no duty to ask or inquire as to the performance or observance by Borrower of any of the terms, conditions or covenants of any of the Loan Documents or to inspect any collateral or any Property, books or records of Borrower;

13.5.5 Will not be responsible to any Credit Facility Lender for the due execution, legality, validity, enforceability, genuineness, effectiveness, sufficiency or value of any Loan Document, any other instrument or writing furnished pursuant thereto or in connection therewith, or any collateral;

13.5.6 Will not incur any liability by acting or not acting in reliance upon any Loan Document, notice, consent, certificate, statement, request or other instrument or writing reasonably believed by it to be genuine and signed or sent by the proper party or parties; and

13.5.7 Will not incur any liability for any arithmetical error in computing any amount paid or payable by Borrower thereof or paid or payable to or received or receivable from any Credit Facility Lender under any Loan Document, including, without limitation, principal, interest, commitment fees, Loans and other amounts; provided that, promptly upon discovery of such an error in computation, Administrative Agent, Credit Facility Lenders and (to the extent applicable) Borrower shall make such adjustments as are necessary to correct such error and to restore the parties to the position that they would have occupied had the error not occurred.

13.6 Indemnification. Each Credit Facility Lender shall, ratably in accordance with its proportion of the aggregate Indebtedness then evidenced by the Notes, indemnify and hold Administrative Agent and its directors, officers, agents, employees and attorneys harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including reasonable attorneys' fees and disbursements and allocated costs of attorneys employed by Administrative Agent) that may be imposed on, incurred by or asserted against it or them in any way relating to or arising out of the Loan Documents (other than losses incurred by reason of the failure of Borrower to pay the Indebtedness represented by the Notes) or any action taken or not taken by it as Administrative Agent thereunder, except such as result from its own gross negligence or willful misconduct. Without limitation on the foregoing, each Credit Facility Lender shall reimburse Administrative Agent upon demand for that Credit Facility Lender's share (as set forth in this Section) of any out of pocket cost or expense incurred by Administrative Agent in connection with the negotiation, preparation, execution, delivery, amendment, waiver, restructuring, reorganization (including a bankruptcy reorganization), enforcement or attempted enforcement of the Loan Documents, to the extent that Borrower or any other party is required by **Section 12.2** to pay that cost or expense but fails to do so upon demand. Nothing in this **Section 13.6** shall entitle Administrative Agent or any indemnitee referred to above to recover any amount from Credit Facility Lenders if and to the extent that such amount has theretofore been recovered from Borrower. To the extent that Administrative Agent or any indemnitee referred to above is later reimbursed such amount by Borrower, it shall return the amounts paid to it by Credit Facility Lenders in respect of such amount.

13.7 Successor Administrative Agent. Administrative Agent may, and at the request of the Requisite Lenders shall, resign as Administrative Agent upon reasonable notice to Credit Facility Lenders and Borrower, effective upon acceptance of appointment by a successor Administrative Agent. If Administrative Agent shall resign as Administrative Agent under this Agreement, the Requisite Lenders shall appoint from among Credit Facility Lenders a successor Administrative Agent for Credit Facility Lenders, which successor Administrative Agent shall be approved by Borrower (and such approval shall not be unreasonably withheld or delayed). If no successor Administrative Agent is appointed prior to the effective date of the resignation of Administrative Agent, Administrative Agent may appoint, after consulting with Credit Facility Lenders and Borrower, a successor Administrative Agent from among Credit Facility Lenders. Upon the acceptance of its appointment as successor Administrative Agent hereunder, such successor Administrative Agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor Administrative Agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this **Section 13**, and **Section 12.3**, shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. Notwithstanding the foregoing, if (a) Administrative Agent has not been paid those fees referenced in **Section 2.6.3** or has not been reimbursed for any expense reimbursable to it under **Sections 12.2** or **12.3**, in either case for a period of at least one (1) year and (b) no successor Administrative Agent has accepted appointment as Administrative Agent by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Credit Facility Lenders shall perform all of the duties of Administrative Agent hereunder until such time, if any, as the Requisite Lenders appoint a successor Administrative Agent as provided for above.

13.8 No Obligations of Borrower. Nothing contained in this **Section 13** shall be deemed to impose upon Borrower any obligation in respect of the due and punctual performance by Administrative Agent of its obligations to Credit Facility Lenders under any provision of this Agreement, and Borrower shall have no liability to Administrative Agent or any of Credit Facility Lenders in respect of any failure by Administrative Agent or any Credit Facility Lender to perform any of its obligations to Administrative Agent or Credit Facility Lenders under this Agreement. Without limiting the generality of the foregoing, where any provision of this Agreement relating to the payment of any amounts due and owing under the Loan Documents provides that such payments shall be made by Borrower to Administrative Agent for the account of Credit Facility Lenders, Borrower's obligations to Credit Facility Lenders in respect of such payments shall be deemed to be satisfied upon the making of such payments to Administrative Agent in the manner provided by this Agreement. In addition, Borrower may rely on a written statement by Administrative Agent to the effect that it has obtained the written consent of the Requisite Lenders or Credit Facility Lenders, as applicable under **Section 12.16**, in connection with a waiver, amendment, consent, approval or other action by Credit Facility Lenders hereunder, and shall have no obligation to verify or confirm the same.

14. SECURITY AGENT

14.1 Appointment and Authorization. Each Credit Facility Lender hereby irrevocably appoints and authorizes Security Agent to take such action as agent on its behalf and to exercise such powers under the Collateral Documents and any other Loan Documents as are delegated to Security Agent by the terms thereof or are reasonably incidental, as determined by Security Agent, thereto. This appointment and authorization is intended solely for the purpose of securing the Collateral as set forth in this Agreement and does not constitute appointment of Security Agent as trustee for any Credit Facility Lender or as representative of any Credit Facility Lender for any other purpose and, except as specifically set forth in the Loan Documents to the contrary, Security Agent shall take such action and exercise such powers only in an administrative and ministerial capacity.

14.2 Security Agent and Affiliates. Union Bank, N.A. (and each successor Security Agent) shall not be deemed to hold a fiduciary relationship with any Credit Facility Lender and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against Security Agent.

14.3 Proportionate Interest in any Collateral. Security Agent, on behalf of Credit Facility Lenders and Non-Lenders, shall hold in accordance with the Loan Documents all items of any collateral or interests therein to be received or held by Security Agent. Subject to Agents' and Credit Facility Lenders' rights to reimbursement for their costs and expenses hereunder (including reasonable attorneys' fees and disbursements and other professional services and the reasonably allocated costs of attorneys employed by Security Agent or a Credit Facility Lender) and subject to the application of payments in accordance with **Section 9.4**, each Credit Facility Lender and Non-Lender shall have an interest in such collateral or interests therein in the same proportion that the aggregate obligations owed such Credit Facility Lender or Non-Lender, under

the Loan Documents and/or any Non-Lender Protection Agreement, as applicable, bears to the aggregate obligations owed under the Loan Documents and all Non-Lender Protection Agreement, without priority or preference among Credit Facility Lenders.

14.4 Lenders' Credit Decisions. Each Credit Facility Lender agrees that it has, independently and without reliance upon Security Agent, any other Credit Facility Lender or the directors, officers, agents, employees or attorneys of the foregoing parties, and instead in reliance upon information supplied to it by or on behalf of Borrower and upon such other information as it has deemed appropriate, made its own independent credit analysis and decision to enter into this Agreement. Each Credit Facility Lender also agrees that it shall, independently and without reliance upon Security Agent, any other Credit Facility Lender or the directors, officers, agents, employees or attorneys of the foregoing parties, continue to make its own independent credit analyses and decisions in acting or not acting under the Loan Documents.

14.5 Action by Security Agent.

14.5.1 Absent actual knowledge of Security Agent of the existence of a Default, Security Agent may assume that no Default has occurred and is continuing, unless Security Agent (or the Lender that is then Security Agent) has received notice from Borrower stating the nature of the Default or has received notice from a Credit Facility Lender stating the nature of the Default and that such Credit Facility Lender considers the Default to have occurred and to be continuing.

14.5.2 Security Agent has only those obligations under the Loan Documents as are expressly set forth therein.

14.5.3 Except for any obligation expressly set forth in the Loan Documents and as long as Security Agent may assume that no Event of Default has occurred and is continuing, Security Agent may, but shall not be required to, exercise its discretion to act or not act, except that Security Agent shall be required to act or not act upon the instructions of the Requisite Lenders (or of all the Lenders, to the extent required by **Section 12.16**) and those instructions shall be binding upon Security Agent and all Credit Facility Lenders, provided that Security Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to Applicable Law or would result, in the reasonable judgment of Security Agent, in substantial risk of liability to Security Agent.

14.5.4 If Security Agent has received a notice specified in **Section 14.5.1**, Security Agent shall immediately give notice thereof to Credit Facility Lenders and shall act or not act upon the instructions of the Requisite Lenders (or of all the Lenders, to the extent required by **Section 12.16**), provided that Security Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to Applicable Law or would result, in the reasonable judgment of Security Agent, in substantial risk of liability to Security Agent, and except that if the Requisite Lenders fail, for five (5) Business Days after the receipt of notice from Security Agent, to instruct Security Agent, then Security Agent, in its sole discretion, may act or not act as it deems advisable for the protection of the interests of Credit Facility Lenders.

14.5.5 Absent its gross negligence or willful misconduct, Security Agent shall have no liability to any Credit Facility Lender for acting, or not acting, as instructed by the Requisite Lenders, notwithstanding any other provision hereof.

14.6 Liability of Security Agent. Neither Security Agent nor any of its directors, officers, agents, employees or attorneys shall be liable for any action taken or not taken by them under or in connection with the Loan Documents, except for their own gross negligence or willful misconduct. Without limitation on the foregoing, Security Agent and its directors, officers, agents, employees and attorneys:

14.6.1 May treat the payee of any Note as the holder thereof until Security Agent receives notice of the assignment or transfer thereof, signed by the payee, and may treat each Credit Facility Lender as the owner of that Credit Facility Lender's interest in the Obligations for all purposes of this Agreement until Security Agent receives notice of the assignment or transfer thereof, signed by that Credit Facility Lender;

14.6.2 May consult with legal counsel (including in-house legal counsel), accountants (including in house accountants) and other professionals or experts selected by it, or with legal counsel, accountants or other professionals or experts for Borrower or Credit Facility Lenders, and shall not be liable for any action taken or not taken by it in good faith in accordance with any advice of such legal counsel, accountants or other professionals or experts selected by it with reasonable care;

14.6.3 Shall not be responsible to any Credit Facility Lender for any statement, warranty or representation made in any of the Loan Documents or in any notice, certificate, report, request or other statement (written or oral) given or made in connection with any of the Loan Documents except for those expressly made by it;

14.6.4 Except to the extent expressly set forth in the Loan Documents, shall have no duty to ask or inquire as to the performance or observance by Borrower of any of the terms, conditions or covenants of any of the Loan Documents or to inspect any collateral or any Property, books or records of Borrower;

14.6.5 Will not be responsible to any Credit Facility Lender for the due execution, legality, validity, enforceability, genuineness, effectiveness, sufficiency or value of any Loan Document, any other instrument or writing furnished pursuant thereto or in connection therewith, or any collateral; and

14.6.6 Will not incur any liability by acting or not acting in reliance upon any Loan Document, notice, consent, certificate, statement, request or other instrument or writing reasonably believed by it to be genuine and signed or sent by the proper party or parties.

14.7 Indemnification. Each Credit Facility Lender shall, ratably in accordance with its proportion of the aggregate Indebtedness then evidenced by the Notes, indemnify and hold Security Agent and its directors, officers, agents, employees and attorneys harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including reasonable attorneys' fees and disbursements and allocated costs of attorneys employed by Security Agent) that may

be imposed on, incurred by or asserted against it or them in any way relating to or arising out of the Loan Documents (other than losses incurred by reason of the failure of Borrower to pay the Indebtedness represented by the Notes) or any action taken or not taken by it as Security Agent thereunder, except such as result from its own gross negligence or willful misconduct. Without limitation on the foregoing, each Credit Facility Lender shall reimburse Security Agent upon demand for that Lender's Pro Rata Share of any out of pocket cost or expense incurred by Security Agent in connection with the negotiation, preparation, execution, delivery, amendment, waiver, restructuring, reorganization (including a bankruptcy reorganization), enforcement or attempted enforcement of the Loan Documents, to the extent that Borrower or any other party is required by **Section 12.2** to pay that cost or expense but fails to do so upon demand. Nothing in this **Section 14.7** shall entitle Security Agent or any indemnitee referred to above to recover any amount from Credit Facility Lenders if and to the extent that such amount has theretofore been recovered from Borrower. To the extent that Security Agent or any indemnitee referred to above is later reimbursed such amount by Borrower, it shall return the amounts paid to it by Credit Facility Lenders in respect of such amount.

14.8 Successor Security Agent. Security Agent may, and at the request of the Requisite Lenders shall, resign as Security Agent upon reasonable notice to Credit Facility Lenders and Borrower effective upon acceptance of appointment by a successor Security Agent. If Security Agent shall resign as Security Agent under this Agreement, the Requisite Lenders shall appoint from among Credit Facility Lenders a successor Security Agent for Credit Facility Lenders, which successor Security Agent shall be approved by Borrower (and such approval shall not be unreasonably withheld or delayed). If no successor Security Agent is appointed prior to the effective date of the resignation of Security Agent, Security Agent may appoint, after consulting with Credit Facility Lenders and Borrower, a successor Security Agent from among Credit Facility Lenders. Upon the acceptance of its appointment as successor Security Agent hereunder, such successor Security Agent shall succeed to all the rights, powers and duties of the retiring Security Agent and the term "Security Agent" shall mean such successor Security Agent and the retiring Security Agent's appointment, powers and duties as Security Agent shall be terminated. After any retiring Security Agent's resignation hereunder as Security Agent, the provisions of this **Section 14**, and **Section 12.3**, shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Security Agent under this Agreement. Notwithstanding the foregoing, if (a) Security Agent has not been paid those fees referenced in **Section 2.6.3** or has not been reimbursed for any expense reimbursable to it under **Sections 12.2** or **12.3**, in either case for a period of at least one (1) year and (b) no successor Security Agent has accepted appointment as Security Agent by the date which is thirty (30) days following a retiring Security Agent's notice of resignation, the retiring Security Agent's resignation shall nevertheless thereupon become effective and Credit Facility Lenders shall perform all of the duties of Security Agent hereunder until such time, if any, as the Requisite Lenders appoint a successor Security Agent as provided for above.

14.9 No Obligations of Borrower. Nothing contained in this **Section 14** shall be deemed to impose upon Borrower any obligation in respect of the due and punctual performance by Security Agent of its obligations to Credit Facility Lenders under any provision of this Agreement, and Borrower shall have no liability to Security Agent or any of Credit Facility Lenders in respect of any failure by Security Agent or any Credit Facility Lender to perform any of its obligations to Security Agent or Credit Facility Lenders under this Agreement.

15. **COMMITMENT COSTS AND RELATED MATTERS.**

15.1 Eurodollar Costs and Related Matters.

15.1.1 In the event that any Governmental Authority imposes on any Credit Facility Lender any reserve, special deposit or comparable requirement (including any emergency, supplemental or other reserve) with respect to the Eurodollar liabilities (as defined in Regulation D or any comparable regulation of any Governmental Authority having jurisdiction over any Credit Facility Lender) of any Credit Facility Lender, Borrower shall pay such lender within five (5) Business Days after demand all amounts necessary to compensate such Credit Facility Lender (determined as though such lender's LIBOR lending office had funded 100% of its LIBOR Loan in the Designated Eurodollar Market) in respect of the imposition of such reserve requirements (provided that Borrower shall not be obligated to pay any such amount which arose prior to the date which is forty five (45) days preceding the date of such demand or is attributable to periods prior to the date which is forty five (45) days preceding the date of such demand). Such Credit Facility Lender's determination of such amount shall be conclusive in the absence of manifest error.

15.1.2 If, after the date hereof, the existence or occurrence of any Special Eurodollar Circumstance:

(a) shall subject any Credit Facility Lender or its LIBOR lending office to any tax, duty or other charge or cost with respect to any LIBOR Loan, its Note evidencing such LIBOR Loan(s) or its obligation to make LIBOR Loans, or shall change the basis of taxation of payments to any Credit Facility Lender attributable to the principal of or interest on any LIBOR Loan or any other amounts due under this Agreement in respect of any LIBOR Loan, its Note evidencing such LIBOR Loan(s) or its obligation to make LIBOR Loans, excluding taxes imposed on or measured in whole or in part by its overall net income by (A) any jurisdiction (or political subdivision thereof) in which it is organized or maintains its principal office or LIBOR lending office or (B) any jurisdiction (or political subdivision thereof) in which it is "doing business";

(b) shall impose, modify or deem applicable any reserve not applicable or deemed applicable on the date hereof (including any reserve imposed by the Board of Governors of the Federal Reserve System, special deposit, capital or similar requirements against assets of, deposits with or for the account of, or credit extended by, any Credit Facility Lender or its LIBOR lending office); or

(c) shall impose on any Credit Facility Lender or its LIBOR lending office or the Designated Eurodollar Market any other condition affecting any LIBOR Loan, its Note evidencing such LIBOR Loan(s), its obligation to make LIBOR Loans or this Agreement, or shall otherwise affect any of the same;

and the result of any of the foregoing, as determined in good faith by any Credit Facility Lender, increases the cost to any Credit Facility Lender or its LIBOR lending office of making or maintaining any LIBOR Loan or in respect of any LIBOR Loan, any Note evidencing LIBOR Loans or its obligation to make LIBOR Loans or reduces the amount of any sum received or receivable by any Credit Facility Lender or its LIBOR lending office with respect to any LIBOR

Loan, its Note evidencing such LIBOR Loan(s) or its obligation to make LIBOR Loans (assuming such Credit Facility Lender's LIBOR lending office had funded 100% of its LIBOR Loan in the Designated Eurodollar Market), then, within five (5) Business Days after demand by such lender (with a copy to Administrative Agent), Borrower shall pay to such Credit Facility Lender such additional amount or amounts as will compensate such lender for such increased cost or reduction (determined as though such Credit Facility Lender's LIBOR lending office had funded 100% of its LIBOR Loan in the Designated Eurodollar Market); provided that Borrower shall not be obligated to pay any such amount which arose prior to the date which is ninety (90) days preceding the date of such demand or is attributable to periods prior to the date which is ninety (90) days preceding the date of such demand. A statement of Credit Facility Lender claiming compensation under this subsection shall be conclusive in the absence of manifest error.

15.1.3 If, after the date hereof, the existence or occurrence of any Special Eurodollar Circumstance shall, in the good faith opinion of Credit Facility Lender, make it unlawful or impossible for Credit Facility Lender or its LIBOR lending office to make, maintain or fund its portion of any LIBOR Loan, or materially restrict the authority of Credit Facility Lender to purchase or sell, or to take deposits of, Dollars in the Designated Eurodollar Market, or to determine or charge interest rates based upon the LIBOR Basis, and Credit Facility Lender shall so notify Administrative Agent, then such Credit Facility Lender's obligation to make LIBOR Loans shall be suspended for the duration of such illegality or impossibility and Credit Facility Lender forthwith shall give notice thereof to the other Credit Facility Lenders and Borrower. Upon receipt of such notice, the outstanding principal amount of such Credit Facility Lender's LIBOR Loans, together with accrued interest thereon, automatically shall be converted to Base Rate Loans on either (1) the last day of the LIBOR Loan Period(s) applicable to such LIBOR Loans if such lender may lawfully continue to maintain and fund such LIBOR Loans to such day(s) or (2) immediately if such lender may not lawfully continue to fund and maintain such LIBOR Loans to such day(s), provided that in such event the conversion shall not be subject to payment of a prepayment fee under **Section 2.8.5**. Credit Facility Lenders agrees to endeavor promptly to notify Borrower of any event of which it has actual knowledge, occurring after the Closing Date, which will cause any Credit Facility Lender to notify Administrative Agent under this Section, and agrees to designate a different LIBOR lending office if such designation will avoid the need for such notice and will not, in the good faith judgment of such lender, otherwise be materially disadvantageous to such lender. In the event that any Credit Facility Lender is unable, for the reasons set forth above, to make, maintain or fund its portion of any LIBOR Loan, such Credit Facility Lender shall fund such amount as a Base Rate Loan for the same period of time, and such amount shall be treated in all respects as a Base Rate Loan. Any Credit Facility Lender whose obligation to make LIBOR Loans has been suspended under this Section shall promptly notify Administrative Agent and Borrower of the cessation of the Special Eurodollar Circumstance which gave rise to such suspension. Borrower shall have the right to terminate the Revolving Commitment of any Credit Facility Lender for which the funding of LIBOR Loans becomes unlawful or impossible, as set forth above, and to substitute a new Credit Facility Lender into this Agreement subject to the provisions of **Section 12.8** of this Agreement.

15.1.4 If, with respect to any proposed LIBOR Loan, any Credit Facility Lender:

(a) reasonably determines that, by reason of circumstances affecting the Designated Eurodollar Market generally that are beyond the reasonable control of such lender, deposits in Dollars (in the applicable amounts) are not being offered to lender in the Designated Eurodollar Market for the applicable LIBOR Loan Period; or

(b) LIBOR Basis as determined by such lender (i) does not represent the effective pricing to lender for deposits in Dollars in the Designated Eurodollar Market in the relevant amount for the applicable LIBOR Loan Period, or (ii) will not adequately and fairly reflect the cost to such lender of making the applicable LIBOR Loans;

then such Credit Facility Lender forthwith shall give notice thereof to Borrower and Administrative Agent, whereupon until such Credit Facility Lender notifies Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Credit Facility Lender to make any future LIBOR Loans shall be suspended and such Credit Facility Lender's Loans shall be treated in all respects as a Base Rate Loan.

15.1.5 Each Credit Facility Lender agrees to endeavor promptly to notify Borrower of any event of which it has actual knowledge, occurring after the Closing Date, which will entitle any Credit Facility Lender to compensation pursuant to this Section, and agrees to designate a different LIBOR lending office if such designation will avoid the need for or reduce the amount of such compensation and will not, in the good faith judgment of such lender, otherwise be materially disadvantageous to lender. Any request for compensation by any Credit Facility Lender under this Section shall set forth the basis upon which it has been determined that such an amount is due from Borrower, a calculation of the amount due, and a certification that the corresponding costs have been incurred by such lender.

15.2 Capital Adequacy. If, after the date hereof, any Credit Facility Lender (or any Affiliate of any Credit Facility Lender) shall have reasonably determined that the adoption of any Applicable Law, governmental rule, regulation or order regarding the capital adequacy of banks or bank holding companies, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Credit Facility Lender (or any Affiliate of any Credit Facility Lender) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of Credit Facility Lender (or any Affiliate of Credit Facility Lender) as a consequence of any of such Credit Facility Lender's obligations hereunder to a level below that which it could have achieved but for such adoption, change or compliance (taking into consideration the policies of any Credit Facility Lender (or Affiliate of any Credit Facility Lender) with respect to capital adequacy immediately before such adoption, change or compliance and assuming that the capital of such Credit Facility Lender (or Affiliate of such Credit Facility Lender) was fully utilized prior to such adoption, change or compliance), then, upon demand by such Credit Facility Lender, Borrower shall immediately pay to such lender such additional amounts as shall be sufficient to compensate such lender for any such reduction actually suffered; provided that there shall be no duplication of amounts paid to any Credit Facility Lender pursuant to this sentence and **Section 15.1**. For purposes of this **Section 15.2**, a change in Applicable Law, governmental rule, regulation or order shall include, without limitation, (x) any change made or which becomes effective on the basis of a law, treaty, rule, regulation, interpretation administration or implementation then in force, the effective date of which change is delayed by

the terms of such law, treaty, rule, regulation, interpretation, administration or implementation, (y) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, H.R. 4173) and all requests, rules, regulations, guidelines, interpretations or directives promulgated thereunder or issued in connection therewith, regardless of the date enacted, adopted, issued or promulgated, whether before or after the Closing Date and (z) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III. Such Credit Facility Lender's determination of the amount to be paid to such lender by Borrower as a result of any event referred to in this **Section 15.2** shall, absent manifest error, be deemed final, binding and conclusive upon Borrower.

15.3 Federal Reserve System/Wire Transfers. The obligation of any Credit Facility Lender to make any loan by wire transfer to Borrower or any other Person shall be subject to all Applicable Laws, including the policy of the Board of Governors of the Federal Reserve System on Reduction of Payments System Risk as in effect from time to time. Borrower acknowledges that such laws, regulations and policy may delay the transmission of any funds to Borrower.

15.4 Assignment of Commitments Under Certain Circumstances; Duty to Mitigate. In the event any Credit Facility Lender (i) requests compensation pursuant to **Section 15.1 or 15.2**, above, (ii) delivers a notice described in **Section 15.1 or 15.2**, above, (iii) refuses to consent to any amendment, waiver or other modification of any Loan Document requested by any Borrower and which amendment, waiver or other modification is required under this Agreement for such amendment, waiver or other modification, or (iv) is a Defaulting Lender, Borrower may, at its sole expense and effort (including with respect to the assignment fee referred to in **Section 12.8**), upon notice to such Credit Facility Lender and Administrative Agent, require such Credit Facility Lender to transfer and assign, without recourse (in accordance with and subject to the restrictions contained in **Section 12.8**), all of its interests, rights and obligations under this Agreement to an Eligible Assignee that shall assume such assigned obligations (which Eligible Assignee may be another Lender, if a Lender accepts such assignment); provided that (x) such assignment shall not conflict with any law, rule or regulation or order of any court or other Governmental Authority having jurisdiction, (y) Borrower shall have received the prior written consent of Administrative Agent, which consent shall not unreasonably be withheld or delayed, and (z) the Borrower or such assignee shall have paid to the affected Credit Facility Lender in immediately available funds an amount equal to the sum of the principal of and interest accrued to the date of such payment on the outstanding Loans or Letter of Credit Obligations of such Credit Facility Lender, respectively, affected by such assignment plus all fees and other amounts accrued for the account of such Credit Facility Lender hereunder; provided that Borrower shall not be required to pay any costs and expenses that are incurred by a Defaulting Lender solely as a result of such Credit Facility Lender's default of its obligations hereunder; provided further that, if prior to any such transfer and assignment the circumstances or event that resulted in such Credit Facility Lender's claim for compensation or notice, as referred to above in (i) and (ii) of this **Section 15.4**, as the case may be, cease to cause such Credit Facility Lender to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital, or cease to have the consequences specified in **Section 15.1 or 15.2**, above, or cease to result in amounts being payable under **Section 15.1 or 15.2**, as the case may be, or if such Credit Facility Lender shall waive its right to claim or notice under **Section 15.1 or 15.2**, as applicable in

respect of such circumstances or event or shall consent to the proposed amendment, waiver, consent or other modification, as the case may be, then such Credit Facility Lender shall not thereafter be required to make any such transfer and assignment hereunder. Each Credit Facility Lender hereby grants to Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Credit Facility Lender as assignor, any Commitment Assignment and Acceptance necessary to effectuate any assignment of such Credit Facility Lender's interests hereunder in the circumstances contemplated by this paragraph. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Credit Facility Lender in connection with any such filing or assignment, delegation and transfer; provided that Borrower shall not pay any such costs and expenses incurred by any Credit Facility Lender who has defaulted on its obligations to make loans or other extensions of credit.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first written above.

BORROWER:

WILLIS LEASE FINANCE CORPORATION,
a Delaware corporation

By: /s/ Bradley S. Forsyth
Name: Bradley S. Forsyth
Title: Senior Vice President and Chief Financial Officer

ADMINISTRATIVE AGENT AND SECURITY AGENT:

UNION BANK, N.A.

By: /s/ Kevin Sullivan
Name: Kevin Sullivan
Title: Senior Vice President

SYNDICATION AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Carlos Lua
Name: Carlos Lua
Title: Vice President

DOCUMENTATION AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Cecilia Person
Name: Cecilia Person
Title: Vice President

LENDER:

UNION BANK, N.A.

By: /s/ Kevin Sullivan
Name: Kevin Sullivan
Title: Senior Vice President

LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Carlos Lua
Name: Carlos Lua
Title: Vice President

LENDER:

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Cecilia Person
Name: Cecilia Person
Title: Vice President

LENDER:

CITY NATIONAL BANK

By: /s/ Jeanne A. Smith
Name: Jeanne A. Smith
Title: Vice President

LENDER:

THE HUNTINGTON NATIONAL BANK

By: /s/ Michael J. Labrum
Name: Michael J. Labrum
Title: Senior Vice President

LENDER:

EVERBANK COMMERCIAL FINANCE, INC.

By: /s/ John Dale
Name: John Dale
Title: Managing Director

LENDER:

UMPQUA BANK

By: /s/ George Diesch
Name: George Diesch
Title: Vice President

Exhibit A

Form of Borrowing Base Certificate

[Appended.]

BORROWING BASE CERTIFICATE

To: UNION BANK, as Administrative Agent

This Borrowing Base Certificate ("Certificate") is delivered pursuant to that certain Amended and Restated Credit Agreement dated as of , 2011 among Willis Lease Finance Corporation, a Delaware corporation ("Borrower"), Union Bank, N.A., together with any other Lender thereunder from time to time (collectively, the "Lenders" and individually, a "Lender") and Union Bank, N.A., as Administrative Agent, Swing Line Lender, Issuing Lender, Security Agent and Joint Lead Arranger, U.S. Bank National Association, as Documentation Agent and Joint Lead Arranger, Wells Fargo Bank, National Association, as Syndication Agent and Wells Fargo Securities, LLC, as Joint Lead Arranger (as amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement and not otherwise defined in this Certificate shall have the meanings defined for them in the Credit Agreement. Section references herein relate to the Credit Agreement unless stated otherwise. This Certificate covers the fiscal month ending , 20 (the "Determination Date"), and is delivered to Administrative Agent pursuant to **Section 8.1.5** of the Credit Agreement.

The following calculations determine the Borrowing Base and the Borrowing Base Availability as of the Determination Date under the Revolving Commitment described in the Credit Agreement and related Loan Documents. Such calculations are derived from the Books and Records of Borrower in accordance with the relevant definitions of financial terms set forth in the Credit Agreement:

I. BORROWING BASE

(1)	Eligible Engines (not Off-Lease for more than 180 days)	
	(i) Net Book Value of Eligible Engines that are not Off-Lease at such time and that have not been Off-Lease for more than 180 days	$_____
	(ii) times ***%	x ***
	Total Eligible Engines (not Off-Lease) [(i) x (ii)]	$_____
(2)	Eligible Engines (Off-Lease)	
	(i) Net Book Value of all other Eligible Engines	$_____
	(ii) times ***%	x ***
	Total of Eligible Engines (Off-Lease) [(i) x (ii)]	$_____

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

(3) Eligible Equipment (not Off-Lease for more than 180 days)

(i) Net Book Value of Eligible Equipment that is not Off-Lease and that has not been Off-Lease for more than 180 days	$_____
(ii) times ***%	x ***
Total Eligible Equipment (not Off-Lease) [(i) x (ii)]	$_____

(4) Eligible Equipment (Off-Lease)

(i) Net Book Value of all other Eligible Equipment	$_____
(ii) times ***%	x ***
Total Eligible Equipment (Off-Lease) [(i) x (ii)]	

(5) Appraisal Adjustment to Borrowing Base

(i) Borrowing Base [Sum of Totals for (1), (2), (3) and (4)]	$_____
less:	
(ii) Appraisal adjustment (based on annual Appraisal (pursuant to definition of Borrowing Base (subsection x)), if applicable)	$_____
BORROWING BASE (Adjusted for Appraisal)	$_____

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

II. BORROWING AVAILABILITY

Borrower's Borrowing Availability under the Revolving Commitment as of the Determination Date is calculated as the lesser of the following (1) and (2):

(1) Maximum Amount ($345,000,000.00 subject to Sections 2.10 and 2.19) $_____

and

(2) Borrowing Base Availability [(i) less (ii) and (iii)]

(i) Borrowing Base (Adjusted for Appraisal in Item 5 above) as of the Determination Date $_____

less:

(ii) Aggregate amount of any Letters of Credit then outstanding $_____

less:

(iii) Negative net aggregate mark-to-market valuation of any Non-Lender Interest Rate Agreement(s) (as calculated at the end of each Fiscal Quarter)

Equals Borrowing Base Availability [(i) less (ii) & (iii)] $_____

BORROWING AVAILABILITY [Equals lesser of (1) and (2)] $_____

[Signature on following page.]

This Certificate is executed on , 20 , by the of Borrower, an Authorized Signatory. The undersigned hereby further certifies that each and every matter contained herein is derived from the Books and Records of Borrowers and is true and correct in all material respects.

_____
of WILLIS LEASE FINANCE CORPORATION, a Delaware corporation

_____
[Printed name]

Exhibit B

Form of Borrowing Notice

[Appended.]

BORROWING NOTICE

1. This BORROWING NOTICE is executed and delivered by Willis Lease Finance Corporation, a Delaware corporation ("Borrower"), to Union Bank, N.A. ("Administrative Agent") pursuant to that certain Amended and Restated Credit Agreement dated as of , 2011, among, Borrower, Union Bank, N.A., together with any other Lender thereunder from time to time (collectively, the "Lenders" and individually, a "Lender") and Union Bank, N.A., as Administrative Agent, Swing Line Lender, Issuing Lender, Security Agent and Joint Lead Arranger, U.S. Bank National Association, as Documentation Agent and Joint Lead Arranger, Wells Fargo Bank, National Association, as Syndication Agent and Wells Fargo Securities, LLC, as Joint Lead Arranger (as amended, extended, renewed, supplemented or otherwise modified from time to time, the "Credit Agreement"). Any terms used herein and not defined herein shall have the meanings set forth for such terms in the Credit Agreement.

2. Borrower hereby requests a Revolving Loan pursuant to the Credit Agreement as follows:

(a) AMOUNT OF REQUESTED ADVANCE[1]: $

(b) DATE OF REQUESTED ADVANCE:

(c) TYPE OF REQUESTED ADVANCE (Check one box):

☐ BASE RATE LOAN

☐ LIBOR RATE LOAN[2], FOR A LIBOR LOAN PERIOD OF MONTHS [3]

3. In connection with this request, Borrower certifies that:

(d) After giving effect to such Advance, the aggregate amount of all Loans then outstanding shall not exceed the lesser of the (i) Maximum Amount and (ii) Borrowing Base Availability.

(e) Now and as of the date of the requested Advance, except (i) for representations and warranties which expressly relate to a particular date or which are no longer true and correct as a result of a change permitted by the Credit Agreement or the other Loan Documents, or (ii) as disclosed by Borrower and approved in writing by Administrative Agent, each representation and warranty made by Borrower in **Section 5** of the Credit Agreement will be true and correct in all material respects, both immediately before and after giving effect to such Advance, as though such representations and warranties were made on and as of that date;

---

1 Each LIBOR Loan must be in a principal amount of at least $5,000,000.00 and in an integral multiple of $100,000.

2 Maximum of 10 tranches of LIBOR Loans Collectively May Be Outstanding At Once.

3 Specify whether 1, 2, 3 or 6-month Libor Loan Period.

(f) No circumstance or event has occurred that constitutes a Material Adverse Effect since the Closing Date; and

(g) No Default or Event of Default presently exists or will have occurred and be continuing as a result of the Borrowing requested hereunder.

4. This Borrowing Notice is executed on , 20 , by an Authorized Signatory of Borrower. The undersigned, in such capacity, hereby certifies, on behalf of Borrower, each and every matter contained herein to be true and correct.

WILLIS LEASE FINANCE CORPORATION,
a Delaware corporation

By: _____
Name: _____
Title: _____

Exhibit C

Form of Commitment Assignment and Acceptance

[Appended.]

COMMITMENT ASSIGNMENT AND ACCEPTANCE AGREEMENT

This COMMITMENT ASSIGNMENT AND ACCEPTANCE AGREEMENT (this "Assignment and Acceptance") dated as of , 20 is made between (the "Assignor") and (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to that certain Amended and Restated Credit Agreement dated as of , 2011 (as amended from time to time, the "Credit Agreement"), among Willis Lease Finance Corporation, a Delaware corporation ("Borrower"), Union Bank, N.A., together with any other Lender thereunder from time to time (collectively, the "Lenders" and individually, a "Lender") and Union Bank, N.A., as Administrative Agent , Swing Line Lender, Issuing Lender, Security Agent, and Joint Lead Arranger, U.S. Bank National Association, as Documentation Agent and Joint Lead Arranger, Wells Fargo Bank, National Association, as Syndication Agent and Wells Fargo Securities, LLC, as Joint Lead Arranger. All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Credit Agreement;

WHEREAS, as provided under the Credit Agreement, the Assignor has committed to making Revolving Loans (the "Committed Loans") to the Borrower for Assignor's Pro Rata Share of the Revolving Commitment in an aggregate amount not to exceed $ (the "Commitment");

WHEREAS, [the Assignor has made Committed Loans in the aggregate principal amount of $ to the Borrower] [no Committed Loans are outstanding under the Credit Agreement];

WHEREAS, the Assignor wishes to assign to the Assignee [part of the] [all] rights and obligations of the Assignor under the Credit Agreement in respect of its Commitment, in an amount equal to $ (the "Assigned Amount") on the terms and subject to the conditions set forth herein and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. Assignment and Acceptance.

(a) Subject to the terms and conditions of this Assignment and Acceptance, (i) the Assignor hereby sells, transfers and assigns to the Assignee, and (ii) the Assignee hereby purchases, assumes and undertakes from the Assignor, without recourse and without representation or warranty (except as provided in this Assignment and Acceptance) % (the "Assignee's Percentage Share") of (A) the Commitment of the Assignor, and (B) all related rights, benefits, obligations, liabilities and indemnities of the Assignor under and in connection with the Credit Agreement and the Loan Documents.

(b) With effect on and after the Effective Date (as defined in **Section 5** hereof), the Assignee shall be a party to the Credit Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Lender under the Credit Agreement, with a Commitment in an amount equal to the Assigned Amount. The Assignee agrees that it will perform in accordance with their terms all of the obligations which it is required to perform as a Lender under the Credit Agreement. It is the intent of the parties hereto that the Commitment of the Assignor shall, as of the Effective Date, be reduced by an amount equal to the Assigned Amount and the Assignor shall relinquish its rights and be released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee; provided that the Assignor shall not relinquish its rights under **Sections 12.2** (Reimbursement and Expenses) and **12.3** (Indemnity) of the Credit Agreement to the extent such rights relate to the time prior to the Effective Date.

(c) After giving effect to the assignment and acceptance set forth herein, on the Effective Date the Assignor's Commitment will be $ (an amount equal to % of the Revolving Commitment).

(d) After giving effect to the assignment and acceptance set forth herein, on the Effective Date the Assignee's Commitment will be $ (an amount equal to % of the Revolving Commitment).

2. Payments.

(a) As consideration for the sale, assignment and transfer contemplated in Section 1 hereof, the Assignee shall pay to the Assignor on the Effective Date in immediately available funds an amount equal to $, representing the Assignee's Percentage Share of the Principal amount of all Committed Loans.

(b) The [Assignor] [Assignee] further agrees to pay to Administrative Agent an administrative fee in the amount specified in **Section 12.8.4** of the Credit Agreement.

(c) Administrative Agent shall retain all additional amounts paid by the Borrower as a commitment fee or as interest on the Committed Loans outstanding to the Borrower with respect to the Assignee's Commitment.

3. Reallocation of Payments. Any interest, fees and other payments accrued to the Effective Date with respect to the Commitment shall be for the account of the Assignor. Any interest, fees and other payments accrued on and after the Effective Date with respect to the Assigned Amount shall be for the account of the Assignee. Each of the Assignor and the Assignee agrees that it will hold in trust for the other party any interest, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts which it may receive promptly upon receipt.

4. Independent Credit Decision. The Assignee (a) acknowledges that it has received a copy of the Credit Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements referred to in the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to enter into this Assignment and Acceptance; and (b) agrees that it will,

independently and without reliance upon the Assignor, Agents or any Credit Facility Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Credit Agreement.

5. Effective Date; Notices.

(a) As between the Assignor and the Assignee, the effective date for this Assignment and Acceptance shall be , 20 (the "Effective Date"); provided that the following conditions precedent have been satisfied on or before the Effective Date:

(i) this Assignment and Acceptance shall be executed and delivered by the Assignor and the Assignee and a copy shall have been delivered to Administrative Agent;

(ii) the consent of Administrative Agent and Borrower (as applicable) required for an effective assignment of the Assigned Amount by the Assignor to the Assignee under the Credit Agreement shall have been duly obtained and shall be in full force and effect as of the Effective Date;

(iii) the Assignee shall pay to the Assignor all amounts due to the Assignor under this Assignment and Acceptance;

(iv) the Assignee shall have complied with all terms and conditions for such assignment and otherwise as set forth in the Credit Agreement;

(v) the administrative fee referred to in **Section 12.8.4** of the Credit Agreement shall have been paid to Administrative Agent; and

(vi) the Assignor shall have assigned and the Assignee shall have assumed a percentage equal to the Assignee's Pro Rata Share of the rights and obligations of the Assignor under the Credit Agreement.

(b) Notwithstanding the foregoing, the Effective Date of this Assignment and Acceptance shall not be earlier than five (5) Business Days after the date on which Administrative Agent receives a copy of the Assignment and Acceptance as set forth above.

[6. Administrative Agent. [INCLUDE ONLY IF THE ASSIGNOR IS ADMINISTRATIVE AGENT]

(a) The Assignee hereby appoints and authorizes the Assignor to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to Administrative Agent by the Lenders pursuant to the terms of the Credit Agreement.

(b) The Assignee shall assume no duties or obligations held by the Assignor in its capacity as Administrative Agent under the Credit Agreement.]

7. Withholding Tax. The Assignee (a) represents and warrants to the Credit Facility Lenders, Administrative Agent and the Borrower that under applicable law and treaties no tax will be required to be withheld by the Lenders with respect to any payments to be made to the Assignee hereunder, (b) agrees to furnish (if it is organized under the laws of any jurisdiction other than the United States or any state thereof) to Administrative Agent and the Borrower prior to the time that Administrative Agent or the Borrower is required to make any payment of principal, interest or fees hereunder, duplicate executed originals of either U.S. Internal Revenue Service Form W-8BEN or U.S. Internal Revenue Service Form 1001 (wherein the Assignee claims entitlement to the benefits of a tax treaty that provides for a complete exemption from U.S. federal income withholding tax an all payments hereunder) and agrees to provide new Forms W-8BEN or 1001 upon the expiration of any previously delivered form or comparable statements in accordance with applicable U.S. law and regulations and amendments thereto, duly executed and completed by the Assignee, and (c) agrees to comply with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

8. Representations and Warranties.

(a) The Assignor represents and warrants to the Assignee that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any Lien or other adverse claim; (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance and to fulfill its obligations hereunder; (iii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance, and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; and (iv) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

(b) The Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto. The Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of the Borrower, or the performance or observance by the Borrower, of any of its respective obligations under the Credit Agreement or any other instrument or document furnished in connection therewith.

(c) The Assignee represents and warrants to the Assignor that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and

Acceptance, and to fulfill its obligations hereunder; (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance; and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; (iii) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles; and (iv) it is an Eligible Assignee.

9. Further Assurances. The Assignor and the Assignee each hereby agree to execute and deliver such other instruments, and to take such other action, as either party may reasonably request in connection with the transactions contemplated by this Assignment and Acceptance, including the delivery of any notices or other documents or instruments to the Borrower or Administrative Agent, which may be required in connection with the assignment and acceptance contemplated hereby.

10. Miscellaneous.

(a) Any amendment or waiver of any provision of this Assignment and Acceptance shall be in writing and signed by the parties hereto. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof and any waiver of any breach of the provisions of this Assignment and Acceptance shall be without prejudice to any rights with respect to any other or further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) The Assignor and the Assignee shall each pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Assignment and Acceptance.

(d) This Assignment and Acceptance may be executed in any number of counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(e) THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. The Assignor and the Assignee each irrevocably submit to the non-exclusive jurisdiction of any State or Federal court sitting in New York over any suit, action or proceeding arising out of or relating to this Assignment and Acceptance and irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. Each party to this Assignment and Acceptance hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding.

(f) THE ASSIGNOR AND THE ASSIGNEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS ASSIGNMENT AND ACCEPTANCE, THE CREDIT AGREEMENT, ANY RELATED DOCUMENTS AND AGREEMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALING OR STATEMENTS (WHETHER ORAL OR WRITTEN).

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Assignment and Acceptance to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: _____

Title: _____

By: _____

Title: _____

Address:

[ASSIGNEE]

By: _____

Title: _____

By: _____

Title: _____

Address:

Exhibit D

Form of Compliance Certificate

[Appended]

COMPLIANCE CERTIFICATE

To: UNION BANK, N.A., as Administrative Agent

This Compliance Certificate (this "Certificate") is delivered pursuant to that certain Amended and Restated Credit Agreement dated as of , 2011 between WILLIS LEASE FINANCE CORPORATION, a Delaware corporation ("Borrower"), Union Bank, N.A., together with any other Lender thereunder from time to time (collectively, the "Lenders" and individually, a "Lender") and Union Bank, N.A., as Administrative Agent, Swing Line Lender, Issuing Lender, Security Agent and Joint Lead Arranger, U.S. Bank National Association, as Documentation Agent and Joint Lead Arranger, Wells Fargo Bank, National Association, as Syndication Agent and Wells Fargo Securities, LLC, as Joint Lead Arranger (as amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement and not otherwise defined in this Certificate shall have the meanings defined for them in the Credit Agreement. Section references herein relate to the Credit Agreement unless stated otherwise.

This Certificate is delivered to Administrative Agent by Borrower in accordance with **Section 8** of the Credit Agreement. This Certificate is delivered with respect to the Fiscal Quarter ended , 20 ("Determination Date"). Computations and other information indicating compliance with respect to the covenants contained in **Sections 6.14.1**, **6.14.2**, **6.14.3**, and **7.3** of the Credit Agreement are set forth below:

Section 6.14.1: Minimum Consolidated Tangible Net Worth.

(h) As of the Determination Date, the Consolidated Tangible Net Worth was: $_____

(i) Minimum required (as calculated below): $_____

(j) Minimum Consolidated Tangible Net Worth was computed as the sum of (1) 85% of Tangible Net Worth at the close of the immediately preceding Fiscal Quarter less the aggregate amount of the liquidation preference of the Borrower's outstanding preferred Stock (i.e., $10.00 per share) plus (2) 75% of Positive Net Income for each such successive Fiscal Quarter ending as of the Determination Date, as follows:

(i)total assets $_____

less:

(ii) total liabilities $_____

less:

(iii) intangibles (excluding gains and losses from fair value of derivatives charges whether or not included in other comprehensive income or net income) on the Determination Date $_____

(x) Equals Tangible Net Worth [sum of (i) less (ii) & (iii)] $_____

Less

(y) Aggregate amount of liquidating preference of the Borrower's outstanding preferred stock (i.e., $10.00 per share) $_____

Equals: $_____

(z) times 85% x .85

(I) Equals $_____

plus:

(y) Positive Net Income $_____

(z) times 75% x .75

(II) Equals 75% of Positive Net Income [(y) x (z)]

Equals Minimum Consolidated Tangible Net Worth [sum of (I) and (II)] $_____

Section 6.14.2(a): Leverage Ratio.

(k) As of the Determination Date, the Leverage Ratio (as calculated below) was: ____:1.00

(l) Maximum Permitted: 4.5 : 1.00

(m) The Leverage Ratio was computed as follows:

(i) Total Debt as of the Determination Date $_____

divided by:

(ii) Tangible Net Worth as of the Determination Date[4] $_____

Equals Leverage Ratio [(i)÷(ii)] ____:1.00

Section 6.14.3: Minimum Ratio of EBITDA to Consolidated Interest.

(n) As of the Determination Date, the Ratio of EBITDA to Consolidated Interest (as calculated below) was: ____:1.00

[4] As calculated in Item 1 above [Item 1(c)(x)].

(o) Minimum Required: 2.25: 1.00

(p) The Ratio of EBITDA to Consolidated Interest was computed as follows:

(i) Net Income for that period $_____

plus:

(ii) any non-operating non-recurring loss reflected in such Net Income $_____

minus:

(iii) any non-operating non-recurring gain reflected in such Net Income $_____

plus:

(iv) Interest Expense of Borrower and its Subsidiaries for that period, including net payment obligations pursuant to Interest Rate Protection Agreements $_____

plus:

(v) the aggregate amount of federal and state taxes on or measured by income of Borrower and its Subsidiaries for that period (whether or not payable during that period) $_____

minus:

(vi) the aggregate amount of federal and state credits against taxes on or measured by income of Borrower and its Subsidiaries for that period (whether or not usable during that period). $_____

plus:

(vii) depreciation, amortization and Engine write-downs of Borrower and its Subsidiaries for that period, in each case as determined in accordance with GAAP, consistently applied

(viii) Equals EBITDA [the sum of (i) – (vii)] $_____

divided by the sum of:

(ix) all interest, fees, charges and related expenses (in each case as such expenses are calculated according to GAAP) paid or payable (without duplication) for that fiscal period to a lender in connection with borrowed money (including any obligations for fees, charges and related expenses payable to the issuer of any letter of credit) or the deferred purchase price of assets that are considered "interest expense" under GAAP $_____

plus:

(x) the portion of rent paid or payable (without duplication) for that fiscal period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13. $_____

(xi) Equals Consolidated Interest [sum of (xiii) and (ix)] $_____

(xii) Ratio of EBITDA divided by Consolidated Interest [(vii) divided by (x)] ____:1.00

Section 7.3: Net Income. Borrower's Net Income for each of the two prior Fiscal Quarters (including the Fiscal Quarter ending as of the Determination Date and the Fiscal Quarter immediately preceding such Fiscal Quarter) was greater than $0.00.

A review of the activities of Borrower during the fiscal period covered by this Certificate has been made under the supervision of the undersigned with a view to determining whether during such fiscal period Borrower performed and observed all of its Obligations. To the best knowledge of the undersigned, during the fiscal period covered by this Certificate, all covenants and conditions have been so performed and observed and no Default or Event of Default has occurred and is continuing, with the exceptions set forth below in response to which Borrower has taken or proposes to take the following actions (if none, so state).

The undersigned an Authorized Signatory of Borrower certifies that the calculations made and the information contained herein are derived from the Books and Records of Borrower, as applicable, and that each and every matter contained herein correctly reflects those Books and Records.

To the best knowledge of the undersigned no event or circumstance has occurred that constitutes a Material Adverse Effect since the date the most recent Compliance Certificate was executed and delivered, with the exceptions set forth below (if none, so state).

_____

_____

This Certificate is executed on , 20 , by the of Borrower, an Authorized Signatory.

of WILLIS LEASE FINANCE CORPORATION, a Delaware corporation

[Printed name]

Exhibit E

Form of Request for Letter of Credit

[Appended.]

REQUEST FOR LETTER OF CREDIT

This REQUEST FOR LETTER OF CREDIT is executed and delivered by WILLIS LEASE FINANCE CORPORATION, a Delaware corporation ("Borrower") to UNION BANK, N.A., as Administrative Agent ("Administrative Agent"), pursuant to that certain Credit Agreement dated as of , 2009, among, Borrower, Union Bank, N.A., together with any other Lender thereunder from time to time (collectively, the "Lenders" and individually, a "Lender"), Administrative Agent, Union Bank, N.A., as the Swing Line Lender, Issuing Lender, Security Agent, and Joint Lead Arranger, U.S. Bank National Association, as Documentation Agent and Joint Lead Arranger, Wells Fargo Bank, National Association, as Syndication Agent and Wells Fargo Securities, LLC, as Joint Lead Arranger, (as amended, extended, renewed, supplemented or otherwise modified from time to time, the "Credit Agreement"). Any capitalized terms used and not defined herein shall have the meanings set forth for such terms in the Credit Agreement.

1. Borrower hereby requests that the Issuing Lender issue a Letter of Credit as follows:

(a) AMOUNT OF REQUESTED LETTER OF CREDIT: $_____

(b) DATE OF ISSUANCE: _____

(c) BENEFICIARY UNDER LETTER OF CREDIT:

NAME: _____

ADDRESS: _____
Attn: _____
_____
_____

(d) EXPIRY DATE[5]: _____

(e) PURPOSE OF LETTER OF CREDIT:

_____
_____.

[5] The term of any Letter of Credit shall not exceed one year from the date of issuance or extend beyond the Maturity Date.

(f) ADDITIONAL INFORMATION/TERMS:

_____

_____

_____

2. The requested Letter of Credit is (Check one box only):

☐ a new Letter of Credit in addition to Letters of Credit already outstanding

☐ a supplement, modification, amendment, renewal, or extension to or of the following outstanding Letter(s) of Credit:

_____

_____

3. In connection with this request, Borrower represents, warrants, and certifies that:

(a) After giving effect to the issuance of the Letter of Credit requested herein, (i) the sum of the aggregate principal amount of all then-outstanding Loans shall not exceed the Borrowing Availability and (ii) the Aggregate Effective Amount under all outstanding Letters of Credit shall not exceed Fifteen Million and 00/100 Dollars ($15,000,000); and (iii) the requested Letter of Credit complies in all other respects with the requirements of **Section 2.3** (Letters of Credit) of the Credit Agreement;

(b) No circumstance or event has occurred that constitutes a Material Adverse Effect since the Closing Date; and

(c) No Default or Event of Default presently exists or will have occurred and be continuing as a result of the Letter of Credit requested hereunder.

4. Attached hereto is an application for letter of credit on the form provided to Borrower by the Issuing Lender, the provisions of which are incorporated herein by this reference as though set forth herein in full.

This Request for Letter of Credit is executed on , 20 , by an Authorized Signatory of Borrower. The undersigned, in such capacity, hereby certifies, on behalf of Borrower, each and every matter contained herein to be true and correct.

WILLIS LEASE FINANCE CORPORATION,
a Delaware corporation

By: _____

Name: _____

Title: _____

Exhibit F

Form of Beneficial Interest Pledge Agreement

[Appended]

FORM OF BENEFICIAL INTEREST PLEDGE AGREEMENT

BENEFICIAL INTEREST PLEDGE AND SECURITY AGREEMENT

dated as of [, 20]

among

WILLIS LEASE FINANCE CORPORATION,
as Owner Participant,

UNION BANK, N.A.,
as Security Agent

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
as Owner Trustee

[Number] [Engine Manufacturer] [Model]
Manufacturer's Serial Number [ ]

F BENEFICIAL INTEREST PLEDGE AND SECURITY AGREEMENT
Owner Trust [ ]

BENEFICIAL INTEREST PLEDGE AND SECURITY AGREEMENT

THIS BENEFICIAL INTEREST PLEDGE AND SECURITY AGREEMENT (as amended, modified or supplemented from time to time, the "Pledge Agreement"), dated as of [, 20], is among **WILLIS LEASE FINANCE CORPORATION**, a Delaware corporation (the "Owner Participant"), **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION** (the "Owner Trustee"), not individually, but solely as Owner Trustee under that certain Trust Agreement, dated as of [, 20] (the "Trust Agreement"), and **UNION BANK, N.A.** (the "Security Agent"), in its capacity as Security Agent, for itself and on behalf of the Credit Facility Lenders and Non-Lenders under the Credit Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, the Willis Lease Finance Corporation, a Delaware corporation (the "Owner Participant") and the Owner Trustee entered into the Trust Agreement (as hereinafter defined), pursuant to which the Owner Trustee has agreed to hold the Trust Estate (as defined in the Trust Agreement) for the benefit of the Owner Participant in accordance with the terms of the Trust Agreement;

WHEREAS, the Owner Trustee made that certain Owner Trustee Guaranty No. dated as of , 20 in favor of the Security Agent (the "Owner Trustee Guaranty") pursuant to which the Owner Trustee has agreed to guaranty, inter alia, certain obligations of the Owner Participant in accordance with the terms of the Owner Trustee Guaranty, which Owner Trustee Guaranty is secured by that certain Owner Trustee Mortgage and Security Agreement No. dated as of , 20 , made by the Owner Trustee, in its capacity as trustee, in favor of the Security Agent (the "Owner Trustee Mortgage").

WHEREAS, Owner Participant, Union Bank, N.A., together with any other Lenders from time to time (collectively, the "Lenders") and Union Bank, N.A., as Administrative Agent, Swing Line Lender, Issuing Lender, and Security Agent, U.S. Bank National Association, as Documentation Agent and Wells Fargo Bank, National Association, as Syndication Agent have entered into that certain Amended and Restated Credit Agreement, dated as of November , 2011 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, it is a condition under the Credit Agreement that the Owner Participant and the Owner Trustee shall have executed and delivered this Pledge Agreement to the Security Agent pursuant to which the Owner Participant shall pledge to the Security Agent all of the Owner Participant's rights and interests in, to and under the Trust Agreement, including, without limitation, all of the Owner Participant's right, title and interest thereunder in and to the Trust Estate (such rights and interests and such right, title and interest being referred to herein collectively as the "Beneficial Interest").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner Participant and the Owner Trustee hereby agree with the Security Agent as follows:

1. Defined Terms. All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Credit Agreement, and the following terms shall have the following meanings (and shall be applicable to both the singular and the plural forms of such terms):

"Code" means the Uniform Commercial Code as from time to time in effect in the State of New York.

"Collateral" shall have the meaning assigned to it in Section 2 of this Pledge Agreement.

"Equipment" shall have the meaning assigned to it in the Trust Agreement.

"Excluded Payment" means (i) any indemnity payments paid or payable pursuant to the Lease to or in respect of the Owner Participant, its Affiliates, successors and permitted assigns and their directors, officers, employees, servants and agents or any corresponding payments, (ii) proceeds of public liability insurance in respect of the Equipment payable as a result of insurance claims made, or losses suffered, by the Owner Participant, which are payable directly to or in respect of the Owner Participant, or its Affiliates, successors and permitted assigns and their directors, officers, employees, servants and agents, respectively, for its own account, (iii) proceeds of insurance maintained with respect to the Equipment by the Owner Participant or any Affiliate thereof for its or their own account or benefit and permitted under the Lease, (iv) any interest that pursuant to the Loan Documents may from time to time accrue in respect of any of the amounts described in clauses (i) through (iii) above, (v) the proceeds from the enforcement of any right to enforce the payment of any amount described in clauses (i) through (iii) above (provided that the rights referred to in this clause (v) shall not be deemed to include the exercise of any remedies provided for in the Lease other than the right to sue for specific performance of any covenant to make such payment or to sue for damages in respect of the breach of any such covenant), and (vi) any right to exercise any election or option or make any decision or determination, or to give or receive any notice, consent, waiver or approval, or to take any other action in respect of, but in each case, only to the extent relating to, any Excluded Payments. Nothing herein is intended to limit or restrict any Lien granted to the Security Agent under any other Loan Document.

"Lease" shall mean that certain lease agreement as described in the Trust Agreement.

"Lessee" shall mean the Lessee under the Lease.

"Proceeds" shall have the meaning specified in the Code.

"Trust Agreement" shall mean that certain Trust Agreement No. dated , 20 between the Owner Trustee and the Owner Participant.

"Trust Estate" shall have the meaning specified in the Trust Agreement.

2. Grant of Lien. (a) As collateral security for the prompt payment and performance of all Obligations and all obligations of Borrower under Non-Lender Protection Agreements (referred to herein collectively as the "Secured Obligations"), for the ratable benefit of Credit Facility Lenders and Non-Lenders, the Owner Participant hereby grants, bargains, conveys and

assigns to the Security Agent a first priority Lien in all of the following property now owned or at any time hereafter acquired by the Owner Participant or in which the Owner Participant now has or at any time in the future may acquire any right, title or interest, excluding, however, any and all Excluded Payments (collectively, the "Collateral"):

(1) the Beneficial Interest (including, without limitation, all rights of the Owner Participant in and to the Trust Agreement and the Trust Estate and all rights of Owner Participant in and to the Lease and any insurance or requisition proceeds in respect of the Equipment); and

(2) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing (including, without limitation, proceeds of the sale of the Equipment).

(b) So long as an Event of Default has not occurred and is not continuing, the Owner Participant shall be entitled to remain in full possession, enjoyment and control of the Collateral and to manage and use the same and each part thereof with the same rights and franchises appertaining thereto; provided always that the possession, use, enjoyment and control of the Collateral shall at all times be subject to the terms of this Pledge Agreement and the other Loan Documents and the Lien and security interest granted hereunder and thereunder.

3. Limitations on Security Agent's Obligations. Anything herein to the contrary notwithstanding, the Owner Participant and the Owner Trustee shall remain liable under each of the agreements constituting part of or relating to the Beneficial Interest to observe and perform all the conditions and obligations to be observed and performed by them thereunder, all in accordance with the terms and provisions thereof. The Security Agent shall have no obligation or liability under any of the agreements constituting part of or relating to the Beneficial Interest by reason of or arising out of this Pledge Agreement or the receipt by the Security Agent of any payment relating thereto pursuant hereto, nor shall the Security Agent be obligated in any manner to perform any of the obligations of the Owner Participant under or pursuant to any of the agreements constituting part of or relating to the Beneficial Interest, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any of the agreements constituting part of or relating to the Beneficial Interest, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

4. Representations and Warranties. The Owner Participant hereby represents and warrants that:

(a) Title; No Other Liens. Except for the Lien granted to the Security Agent pursuant to this Pledge Agreement and Permitted Liens, the Owner Participant has not granted any Lien in, or other claims in respect of, the Collateral. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral has been placed by the Owner Participant on file or of record in any public office, except such as may have been filed in favor of the Security Agent pursuant to this Pledge Agreement or another Loan Document.

(b) Perfected First Priority Liens. The Owner Participant will take such action within the United States as the Security Agent reasonably determines necessary in order to perfect a first priority Lien in the Collateral in favor of the Security Agent.

(c) Contracts. Other than consents obtained and delivered to the Security Agent pursuant to the Credit Agreement, to the Owner Participant's knowledge no consent of any party (other than the Owner Participant and the Owner Trustee) is required, or purports to be required, in connection with the execution, delivery and performance of this Pledge Agreement. Assuming the due authorization, execution and delivery by the other parties thereto, each of the agreements constituting part of the Beneficial Interest to which the Owner Participant is a party is in full force and effect and constitutes a valid and legally enforceable obligation of the Owner Participant, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally. No consent or authorization of, filing with or other act by or in respect of any Governmental Authority applicable to it is required in connection with the execution, delivery and performance by the Owner Participant or the validity or enforceability against the Owner Participant of any of the agreements constituting part of the Beneficial Interest other than those which have been duly obtained, made or performed. Neither the Owner Participant nor (to the best of the Owner Participant's knowledge) any other party to any of the agreements constituting part of the Beneficial Interest is in default in the performance or observance of any of the terms thereof. The Owner Participant has fully performed all obligations owing up to this date under each of the agreements constituting part of the Beneficial Interest. The right, title and interest of the Owner Participant in, to and under each of the agreements constituting part of the Beneficial Interest are not subject to any defense, offset, counterclaim or claim which would materially adversely affect the value of such agreements as Collateral, nor have any of the foregoing been asserted or alleged against the Owner Participant as to any of the agreements constituting part of or relating to the Beneficial Interest. The Owner Participant has delivered to the Security Agent a complete and correct copy of each of the agreements constituting part of or relating to the Beneficial Interest, including all amendments, supplements and other modifications thereto.

5. Covenants. The Owner Participant covenants and agrees with the Security Agent that, from and after the date of this Pledge Agreement until the Secured Obligations are paid in full or the Lien created hereunder is released or terminated in accordance with the terms hereof:

(a) Further Documentation. At any time and from time to time, upon the written request of the Security Agent, and at the sole expense of the Owner Participant, the Owner Participant will promptly and duly execute and deliver such further instruments and documents and take such further action as the Security Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Pledge Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in the applicable jurisdiction with respect to the Liens created hereby. A carbon, photographic or other reproduction of this Pledge Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

(b) Expenses of Enforcement. The Owner Participant shall pay to the Security Agent on demand any and all reasonable expenses (including reasonable attorneys' fees and legal

expenses) which may have been incurred by the Security Agent, with interest (i) in the prosecution or defense of any action growing out of or connected with the subject matter of this Pledge Agreement, the Secured Obligations, the Collateral or any of the Security Agent's rights therein or thereto; or (ii) in connection with the custody, preservation, use, operation, preparation for sale or sale of any of the Collateral or in connection with obtaining possession of any of the Collateral, the incurring of all of which are hereby authorized to the extent the Security Agent deems the same advisable. The Owner Participant's liability to the Security Agent for any such payment with interest shall be included in the Secured Obligations. The Proceeds of any Collateral received by the Security Agent at any time before or after default, whether from a sale or other disposition of Collateral or otherwise, or the Collateral itself, may be applied to the payment in full or in part of such of the Secured Obligations and in such order and manner as the Security Agent may elect. The Owner Participant, to the extent of its rights in the Collateral, waives and releases any right to require the Security Agent to collect any of the Secured Obligations from any other of the Collateral or any other collateral then held by the Security Agent under any theory of marshaling of assets or otherwise.

(c) Notices. The Owner Participant will advise the Security Agent promptly, in reasonable detail, at its address set forth in the Credit Agreement, of any Lien (other than Liens created hereby or permitted under the Credit Agreement) on, or claim asserted against, any of the Collateral.

(d) No Amendment to Trust Agreement. The Owner Participant will not amend, supplement, modify or terminate the Trust Agreement, or revoke the trust established pursuant to the Trust Agreement, without the Security Agent's prior written consent; provided, however, that so long as no Event of Default shall have occurred and be continuing, the Owner Participant may, without such consent: (1) amend or supplement the Trust Agreement to add property to the Trust Estate or to substitute Equipment, provided that the terms of the Credit Agreement are complied with in connection with such substitution; (2) amend the Trust Agreement in any manner that does not adversely affect the interests of the Security Agent; and (3) replace the Owner Trustee in accordance with the terms of the Trust Agreement, provided that the successor Owner Trustee agrees in writing to be bound by the terms of this Pledge Agreement, the Owner Trustee Guaranty and the Owner Trustee Mortgage.

(e) Information and Reports. The Owner Participant will promptly furnish or cause to be furnished to the Security Agent such information, reports and records in respect of or relating to the Beneficial Interest as the Security Agent may reasonably request from time to time.

(f) Transfer and Liens. Except as may be permitted by the Credit Agreement, the Owner Participant will not without the prior written consent of the Security Agent sell, transfer, assign or otherwise encumber or dispose of the Beneficial Interest (or any interest or right therein, including but not limited to a transfer of Owner Participant's interest pursuant to Article VIII of the Trust Agreement) or create or incur any Lien (other than a Permitted Lien) in or upon the Beneficial Interest (or any part thereof).

(g) Books and Records; Inspection. The Owner Participant will faithfully keep or cause to be kept complete and accurate books and records and make all necessary entries

therein to reflect the quantities, costs, current values and locations of all Collateral, the events and transactions giving rise thereto and all payments, credits and adjustment applicable thereto, shall keep the Security Agent fully and accurately informed as to the locations of all such books and records and shall permit the Security Agent's agents to have such access to them and to any other records pertaining to the Owner Participant's business as the Security Agent may request from time to time.

6. Security Agent's Appointment as Attorney-in-Fact.

(a) Powers. The Owner Participant hereby irrevocably constitutes and appoints the Security Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Owner Participant and in the name of the Owner Participant or in its own name, from time to time in the Security Agent's discretion, for the purpose of carrying out the terms of this Pledge Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Pledge Agreement, and, without limiting the generality of the foregoing, the Owner Participant hereby gives the Security Agent the power and right, on behalf of the Owner Participant, without notice to or assent by the Owner Participant, to do the following:

(i) in the case of any Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of the Owner Participant or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any agreement constituting part of the Beneficial Interest or with respect to any other Collateral (including, without limitation, the Trust Estate) and to file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Security Agent for the purpose of collecting any and all such moneys due under any agreement constituting part of the Beneficial Interest or with respect to any other Collateral (including, without limitation, the Trust Estate) whenever payable;

(ii) pay or discharge taxes and Liens (other than Permitted Liens) levied or placed on or threatened against the Collateral or any part thereof; and

(iii) upon the occurrence and during the continuance of any Event of Default (A) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Security Agent or as the Security Agent shall direct; (B) ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (D) to defend any suit, action or proceeding brought against the Owner Participant with respect to any Collateral; (E) settle, compromise or adjust any suit, action or proceeding described in clause (D) above and, in connection therewith, give such discharges or releases as the Security Agent may deem appropriate; and (F) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal

with any of the Collateral as fully and completely as though the Security Agent were the absolute owner thereof for all purposes, and perform at the Security Agent's option and the Owner Participant's expense, at any time, or from time to time, all acts and things which the Security Agent deems necessary to protect, preserve or realize upon the Collateral and the Security Agent's Liens thereon and to effect the intent of this Pledge Agreement, all as fully and effectively as the Owner Participant might do.

This power of attorney is a power coupled with an interest and shall be irrevocable. The Security Agent agrees not to exercise its rights under this Section 6(a) unless an Event of Default then exists or when doing so would be inconsistent with the acknowledgment and agreement made by the Security Agent under Sections 5.01 and 5.02 of the Mortgage for the benefit of the Lessee.

(b) Other Powers. The Owner Participant also authorizes the Security Agent, at any time and from time to time, to execute, in connection with the sale provided for in Section 9 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Security Agent's Part. The powers conferred on the Security Agent hereunder are solely to protect the Security Agent's interests in the Collateral and shall not impose any duty upon the Security Agent to exercise any such powers. The Security Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Owner Participant for any act or failure to act hereunder, except for its own gross negligence or willful misconduct.

7. Performance by Security Agent of Owner Participant's Obligations. If the Owner Participant fails to perform or comply with any of its agreements contained herein and the Security Agent, as provided for by the terms of this Pledge Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses of the Security Agent incurred in connection with such performance or compliance, together with interest thereon at the Default Rate, shall be payable by the Owner Participant to the Security Agent on demand and shall constitute Secured Obligations secured hereby.

8. Proceeds. It is agreed that if an Event of Default shall occur and be continuing (a) all Proceeds received by the Owner Participant consisting of cash, checks and other near-cash items shall be held by the Owner Participant in trust for the Security Agent, segregated from other funds of the Owner Participant, and shall, forthwith upon receipt by the Owner Participant, be turned over to the Security Agent in the exact form received by the Owner Participant (duly endorsed by the Owner Participant to the Security Agent, if required), and (b) any and all such Proceeds received by the Security Agent (whether from the Owner Participant or otherwise) may, in the sole discretion of the Security Agent, be held by the Security Agent and applied in the manner specified in **Section 11** hereof.

9. Remedies. If an Event of Default shall occur and be continuing, the Security Agent may exercise, in addition to all other rights and remedies granted to it in this Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to the

Secured Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Security Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Owner Participant or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Security Agent or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Security Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Owner Participant, which right or equity is hereby waived or released. The Owner Participant further agrees, at the Security Agent's request, to assemble the Collateral and make it available to the Security Agent at places which the Security Agent shall reasonably select, whether at the Owner Participant's premises or elsewhere. To the extent permitted by applicable law, the Owner Participant waives all claims, damages and demands it may acquire against the Security Agent arising out of its exercise of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given, and the Security Agent agrees to give such notice to the Owner Participant in any event, at least ten (10) Business Days before such sale or other disposition.

10. Limitation on Duties Regarding Preservation of Collateral. The Security Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Security Agent deals with similar property for its own account. Neither the Security Agent nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Owner Participant or otherwise.

11. Application of Proceeds. All amounts received by the Security Agent in respect of any of the Collateral after the occurrence of an Event of Default and all Proceeds received by the Security Agent with respect to the exercise of remedies against the Collateral (or any part thereof) shall be held by the Security Agent and applied in the manner specified in the Credit Agreement.

12. The Owner Trustee. The Owner Trustee acknowledges and consents to the grant and pledge of the Liens in the Beneficial Interest as set forth in Section 2 hereof and irrevocably agrees as follows:

(a) The Owner Trustee hereby covenants with and undertakes to the Security Agent as follows:

(i) it shall promptly furnish or cause to be furnished to the Security Agent such information, reports and records in respect of or relating to the Beneficial Interest as the Security Agent may reasonably request from time to time;

(ii) except as may be permitted by the Credit Agreement, it shall not without the prior written consent of the Security Agent sell, transfer, assign or otherwise encumber or dispose of the Beneficial Interest (or any interest or right therein, including but not limited to a transfer of Owner Participant's interest pursuant to Article VIII of the Trust Agreement) or create or incur any Lien (other than a Permitted Lien) in or upon the Beneficial Interest (or any part thereof); and

(iii) following the occurrence of an Event of Default and while the same is continuing, it will (a) refrain from taking any action at the request of Owner Participant in relation or relating to the Beneficial Interest, and shall, prior to taking any such requested action, obtain written consent from Security Agent for the same, and (b) take any action as requested in writing by Security Agent from time to time.

(b) The Security Agent shall at any time following the occurrence of an Event of Default and while the same is continuing be entitled by written notice to the Owner Participant and the Owner Trustee to direct the Owner Trustee (subject to the terms of the Trust Agreement) to: (i) exercise any and all of the rights of the Owner Trustee in respect of the Lease or any other agreement comprising part of the Trust Estate, in each case in accordance with the terms thereof provided that the Owner Trustee shall not be obligated to take any steps pursuant to such notice which would result in a breach by it of its obligations under any of the aforementioned agreements; and/or (ii) pay all monies payable to the Owner Participant pursuant to the terms of the Trust Agreement or in connection with the Beneficial Interest by wire transfer in immediately available funds directly to the Security Agent to the following account:

Union Bank, N.A.
ABA No. 122-000-496
Account No. 77070-196431
Attn: Commercial Loan Operations
Ref: Willis Lease Finance

Accordingly, the Owner Trustee irrevocably agrees and undertakes as follows:

(c) it shall recognize the power of attorney granted by the Owner Participant to the Security Agent pursuant to Section 6 hereof and shall recognize the Security Agent as the Owner Participant's attorney-in-fact in the performance of all actions permitted pursuant to Section 6.

(d) except as permitted hereunder, it will not amend, supplement, modify or terminate the Trust Agreement, or revoke the trust established pursuant to the Trust Agreement, without the Security Agent's prior written consent.

13. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

14. Severability. Any provision of this Pledge Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15. Paragraph Headings. The paragraph headings used in this Pledge Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

16. No Waiver; Cumulative Remedies. The Security Agent shall not by any act (except by a written instrument pursuant to Section 17 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Potential Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Security Agent, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Security Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Security Agent would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

17. Waivers and Amendments; Successors and Assigns; Governing Law. None of the terms or provisions of this Pledge Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Owner Participant, the Owner Trustee and the Security Agent, provided, that any provision of this Pledge Agreement may be waived by the Security Agent in a written letter or agreement executed by the Security Agent or by facsimile transmission from the Security Agent, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. This Pledge Agreement shall be binding upon the successors and assigns of the Owner Participant and the Owner Trustee and shall inure to the benefit of the Security Agent and its successors and assigns, provided that neither Owner Participant nor Owner Trustee shall assign its rights or obligations hereunder without the prior written consent of the Security Agent. THIS PLEDGE AGREEMENT IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS PLEDGE AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

18. Notices. All notices and other communications under this Pledge Agreement shall be in writing and shall be deemed to have been given three (3) days after deposit in the mail, first class mail, postage prepaid, or one (1) day after being entrusted to a reputable commercial overnight delivery service, or when sent out by facsimile transmission addressed to the party to

which such notice is directed at its address determined as provided in this Section. All notices and other communications under this Pledge Agreement shall be given to the parties hereto at the following addresses:

The Owner Participant: Willis Lease Finance Corporation
773 San Marin Drive, Suite 2215
Novato, CA 94998
Attn: COO and General Counsel
Telephone No.: (415) 408-4712
Facsimile No.: (415) 408-4701

The Security Agent: Union Bank, N.A.
Northern California Commercial
Banking Division
350 California Street
San Francisco, CA 94104
Attn: Commercial Finance Division
Telephone No.: (415) 705-7385
Facsimile No.: (415) 705-7111

with a copy to:

Sheppard, Mullin, Richter &
Hampton, LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111
Attention: Julie Ebert
Telephone: (415) 434-9100
Facsimile: (415) 434-3947

The Owner Trustee Wells Fargo Bank Northwest,
National Association
299 South Main Street
12th Floor
Salt Lake City, Utah 84111
Attention: Val Orton
Telephone: 801-246-5300
Facsimile: 801-246-5053

19. Submission to Jurisdiction; Waivers.

(a) EACH OF THE SECURITY AGENT, THE OWNER TRUSTEE AND THE OWNER PARTICIPANT HEREBY CONSENTS AND AGREES, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THAT THE STATE OR FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK AND SITTING IN THE COUNTY OF NEW YORK OR SOUTHERN DISTRICT OF NEW YORK, RESPECTIVELY, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND

DETERMINE ANY CLAIMS OR DISPUTES BETWEEN OR AMONG THE PARTIES HERETO PERTAINING TO THIS PLEDGE AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS PLEDGE AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED, THAT EACH OF THE SECURITY AGENT, THE OWNER TRUSTEE AND THE OWNER PARTICIPANT ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE COUNTY OF NEW YORK OR SOUTHERN DISTRICT OF NEW YORK; AND FURTHER PROVIDED, THAT NOTHING IN THIS PLEDGE AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE SECURITY AGENT FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS DUE UNDER THE CREDIT FACILITY, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR SUCH OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF SECURITY AGENT. EACH OF THE OWNER TRUSTEE AND THE OWNER PARTICIPANT EXPRESSLY SUBMITS AND CONSENTS TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH OF THE OWNER TRUSTEE AND THE OWNER PARTICIPANT HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH OF THE OWNER TRUSTEE AND THE OWNER PARTICIPANT HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE TO BORROWER AS SET FORTH IN **SECTION 18** AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON SUCH PARTY'S ACTUAL RECEIPT THEREOF.

(b) AS SET FORTH IN THE ALTERNATIVE DISPUTE RESOLUTION AGREEMENT, THE OWNER TRUSTEE AND THE OWNER PARTICIPANT EACH WAIVE ITS RIGHT TO A TRIAL BY JURY AND AGREE TO HAVE ANY DISPUTE BETWEEN OR AMONG ITSELF AND ANY OTHER PARTY(IES) IN CONNECTION WITH THIS PLEDGE AGREEMENT OR ANY OTHER LOAN DOCUMENT RESOLVED PURSUANT TO THE TERMS OF THE ALTERNATIVE DISPUTE RESOLUTION AGREEMENT.

(c) To the extent permitted by law, service of process in any action against the Owner Trustee and/or the Owner Participant may be made by registered or certified mail, return receipt requested, to its address indicated herein.

(d) The Owner Trustee and the Owner Participant agree that any final judgment rendered against it in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

20. Miscellaneous. The Security Agent may, with the consent of Owner Trustee and Owner Participant (which consent shall not be unreasonably withheld) and subject to the provisions of Section 14 of the Credit Agreement, assign or otherwise transfer its rights hereunder or under the Credit Agreement to any other Person, and such other Person shall

thereupon become vested with all the benefits in respect thereof granted to the Security Agent herein or otherwise, subject, however, to the provisions hereof; provided that, as soon as practicable after such assignment or transfer, the Security Agent shall notify the Borrower of any change in payment instructions necessitated by such assignment or transfer.

21. Termination and Release. Upon the earliest to occur of the following: (a) payment in full of all Obligations (other than contingent obligations which by their nature cannot be satisfied by payment at such time) and either (i) expiration of the term of the Credit Agreement or (ii) termination of the obligation of any Credit Facility Lender and Non-Lender to make any advances to Owner Participant pursuant to the Credit Agreement or any other Loan Document or (b) the release, in accordance with the terms of Section 6.09 of the Owner Trustee Mortgage, of the pledge of the Beneficial Interest created in favor of the Security Agent under this Pledge Agreement, this Pledge Agreement and all of the powers, rights and interests granted hereunder and created hereby, shall forthwith terminate, and the Security Agent shall, upon the request and at the expense of the Owner Participant, execute and deliver all such documents and instruments reasonably necessary to accomplish the same, within a reasonable time thereafter.

[Remainder of page intentionally left blank; signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Beneficial Interest Pledge and Security Agreement to be duly executed and delivered as of the date first above written.

WILLIS LEASE FINANCE CORPORATION, *as Owner Participant*

By: _____
Name:
Title:

UNION BANK, N.A., *as Security Agent*

By: _____
Name:
Title:

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, *not individually but solely as Owner Trustee under the Trust Agreement*

By: _____
Name:
Title:

Exhibit G

Form of Owner Trustee Mortgage and Security Agreement

[Appended]

FORM OF OWNER TRUSTEE MORTGAGE AND SECURITY AGREEMENT

OWNER TRUSTEE MORTGAGE
AND SECURITY AGREEMENT NO.

dated as of [, 20]

made by

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION,
not in its individual capacity, but solely as Owner Trustee,

in favor of

UNION BANK, N.A.,
as Mortgagee

G

OWNER TRUSTEE MORTGAGE
AND SECURITY AGREEMENT NO.

THIS OWNER TRUSTEE MORTGAGE AND SECURITY AGREEMENT NO. (as amended, modified or supplemented from time to time, the "Mortgage"), dated as of , 20 made by **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, not in its individual capacity, but solely as Owner Trustee (the "Owner Trustee") in favor of **UNION BANK, N.A.**, in its capacity as Security Agent for itself and the Credit Facility Lenders and Non-Lenders under the Credit Agreement (as defined below) (together with its successors and assigns, the "Mortgagee").

W I T N E S S E T H:

WHEREAS, Willis Lease Finance Corporation, a Delaware corporation (the "Owner Participant"), as borrower, Union Bank, N.A., together with any other Lenders from time to time (collectively, the "Lenders") and Union Bank, N.A., as Administrative Agent, Swing Line Lender, Issuing Lender, and Security Agent, U.S. Bank National Association, as Documentation Agent and Wells Fargo Bank, National Association, as Syndication Agent have entered into that certain Amended and Restated Credit Agreement, dated as of November , 2011 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"), and pursuant to the Credit Agreement, the Credit Facility Lenders have agreed to make certain loans to Owner Participant (the "Loans"). All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Credit Agreement;

WHEREAS, the Borrower and Owner Trustee have entered into that certain Trust Agreement (as hereinafter defined) pursuant to which Owner Trustee has agreed to hold the Trust Estate (as defined in the Trust Agreement) for the benefit of the Borrower in accordance with the terms of the Trust Agreement;

WHEREAS, the Owner Trustee has guaranteed the payment and performance of all of the obligations of the Borrower under the Credit Agreement and the other Loan Documents pursuant to the Owner Trustee Guaranty (as hereinafter defined);

WHEREAS, as a condition to the making of the Loans under the Credit Agreement, the Borrower must provide security for the prompt payment and performance of all Obligations (as hereinafter defined); and

WHEREAS, the Owner Trustee is entering into this Mortgage with the Mortgagee in order to secure the payment of the Obligations (as hereinafter defined) of the Owner Trustee under the Owner Trustee Guaranty, and for the purpose of subjecting the Collateral (as hereinafter defined) to the Lien (as hereinafter defined) of this Mortgage as security for such Obligations.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner Trustee hereby agrees with the Mortgagee as follows:

ARTICLE I

CERTAIN DEFINITIONS

Section 1.01. Definitions. All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Credit Agreement, and the following terms shall have the following meanings (and shall be applicable to both the singular and the plural forms of such terms):

"Administrator" shall have the meaning given to such term in the Cape Town Convention.

"Agreement" shall have the meaning given to such term in the Cape Town Convention.

"Aircraft Objects" shall have the meaning given to such term in the Cape Town Convention.

"Airframe" means, subject to the terms and conditions of the Credit Agreement, the remaining parts of an aircraft, less its Engines.

"Bill of Sale" means, in respect to the Engine, the warranty bill of sale executed in favor of the Owner Trustee in form satisfactory to the Mortgagee evidencing the transfer of title to the Engine.

"Cape Town Convention" means the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, both of which were signed in Cape Town, South Africa on November 16, 2001, and including the Regulations for the International Registry and the Procedures for the International Registry, as promulgated thereafter.

"Collateral" shall have the meaning set forth in the Granting Clause hereof.

"Contract of Sale" shall have the meaning given to such term in the Cape Town Convention.

"Contracting State" shall have the meaning given to such term under Article 4 of the Cape Town Convention.

"Default" means any event specified in Section 4.01 hereof which, with the passage of time or notice or both, would, unless cured or waived become an Event of Default.

"Engine" means the aircraft engine described by manufacturer, model and serial number in Exhibit A hereto (which has 550 or more rated takeoff horsepower or the equivalent of such horsepower). An Engine shall also include any and all Parts which are either incorporated or installed in or attached to such Engine or required to be subject to the lien and security interest of this Mortgage.

"Equipment" means Engine, Turboprop Engines, APUs, Parts or Airframes, as applicable.

"Event of Default" means any of the events specified in Section 4.01 hereof.

"Event of Loss" shall have the meaning given the term in the Credit Agreement.

"FAA" means the Federal Aviation Administration (or its successor) of the United States of America.

"GAAP" means generally accepted accounting principles in the jurisdiction of incorporation of such relevant Person in effect from time to time.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

"International Interest" shall have the meaning given to such term in the Cape Town Convention.

"International Registry" shall have the meaning given to such term in the Cape Town Convention.

"Lease" means the lease agreement described in Exhibit A hereto and any and all after-acquired leases hereafter arising in which Owner Trustee is the lessor or an assignee of a lessor with respect to the Equipment, as the same may be modified, amended or supplemented from time to time.

"Lease Event of Default" means an "Event of Default," or comparable term, as defined in the Lease.

"Lessee" means, with respect to the Lease, the Lessee as defined therein.

"Lien" means, with respect to any property, any security deed, mortgage, deed to secure debt, deed of trust, lien, pledge, assignment, charge, security interest, title retention agreement, negative pledge, levy, execution, seizure, attachment, garnishment, or other encumbrance of any kind in respect of such property, whether or not perfected.

"Mortgage Documents" means this Mortgage and all documents relating to the perfection and/or establishment of the Lien intended to be created by this Mortgage, any other documents relating to the Mortgagee's security interest in the Collateral and any documents expressly stated to be Mortgage Documents.

"Obligations" means all obligations of the Owner Trustee under the Owner Trustee Guaranty, which, for all purposes hereof, shall be deemed to include all of the Obligations of Borrower under the Credit Agreement, including but not limited to the aggregate unpaid principal amount of, and accrued interest on, the Notes, and all other payment and other

obligations and liabilities of the Owner Trustee and the Borrower, as applicable, now or hereafter existing under this Mortgage, the Owner Trustee Guaranty, the Notes, the Credit Agreement and each Mortgage Document, whether for principal, interest, premiums, fees, expenses or otherwise.

"Owner Trustee Guaranty" means that certain Owner Trustee Guaranty No. dated as of , 20 by the Owner Trustee in favor of the Security Agent.

"Parts" means, at any time, all parts, components, equipment, instruments, appliances and loose equipment that are at such time incorporated or installed in or attached to an Engine.

"Permitted Lessee" means, with respect to the Lease, the Lessee thereunder and any substitute Lessee which is acceptable to the Mortgagee.

"Person" shall mean and include an individual, a partnership, a corporation, a limited liability company, a business trust, a joint stock company, a trust, an unincorporated association, a joint venture, a Governmental Authority or any other entity of whatever nature.

"Proceeds" means whatever is receivable or received when any Engine or any Part or any Parts Package or other collateral is sold, exchanged, collected or otherwise disposed of in any fashion, including, without limitation, all amounts payable or paid under insurance, requisition or other payments as the result of any loss (including an Event of Loss) or damage to such Engine or Part or Parts Package.

"Professional User Entity" is defined in the Regulations for the International Registry.

"Prospective Sale" shall have the meaning given to such term in the Cape Town Convention.

"Prospective International Interest" shall have the meaning given to such term in the Cape Town Convention.

"Records" shall have the meaning set forth in the Granting Clause hereof.

"Security Deposit" means, with respect to the Lease, the "Security Deposit" as such term is defined in the Lease or any similar term in the nature of a security deposit set forth in the Lease.

"Transactional User Entity" is defined in the Regulations for the International Registry.

"Trust Agreement" shall mean that certain Trust Agreement No. dated , 20 between the Owner Trustee and the Borrower, as amended from time to time.

ARTICLE II

GRANTING CLAUSE

The Owner Trustee hereby assigns, mortgages, transfers and confirms unto the Mortgagee, and hereby grants to the Mortgagee for the ratable benefit of all Credit Facility

Lenders and Non-Lenders as collateral security for the prompt and complete payment and performance when due of all the Obligations, a first priority security interest in all "accounts", "chattel paper", "instruments", "documents", "supporting obligations", "investment property", "inventory", "equipment", "goods", "deposit accounts", "money", "letter-of-credit rights", "general intangibles" (in each case, as such terms are defined in the Code) and other personal property and fixtures of any kind, whether now owned or at any time hereafter acquired or in, to and under which the Owner Trustee now has or at any time in the future may acquire any interest under the Trust Agreement (herein collectively called the "Collateral") and all replacements thereof including, but not limited to, all right, title and interest of the Owner Trustee in and to the following property and all replacements of such property, to wit:

(i) Equipment;

(ii) all of the Owner Trustee's right, title and interest in and to any lease of the Equipment, including, without limitation, the Lease, together with all schedules, supplements, amendments, modifications, extensions, renewals of or replacements for any such lease, executed from time to time, and all payments, including without limitation, the right to exercise the rights and remedies under the Lease and to receive all rentals, payments and monies due and to become due, including, without limitation, all payments of rent, all maintenance reserves, if any, each Security Deposit, and all proceeds thereof, insurance proceeds and all other amounts due or to become due thereunder but (subject, in each case, to the rights of the Permitted Lessee thereto under the Lease);

(iii) all records, logs and other materials required to be maintained with respect to the Equipment by Persons in operational control of the Equipment under any applicable laws, rules or regulations and all logs, books, maintenance records and other information relating to the Equipment pertaining thereto (collectively, the "Records") as well as all right, title and interest of the Owner Trustee in, to and under the overhaul, repair and maintenance manuals, programs and catalogues which are part of or used in connection with the maintenance program for the Equipment and all warranties and rights relating thereto in respect of the Equipment; and

(iv) all Proceeds of all or any of the foregoing.

So long as an Event of Default has not occurred and is not continuing, the Owner Trustee shall be entitled to remain in full possession, enjoyment and control of the Collateral and to manage and use the Collateral and each part thereof with the same rights and franchises appertaining thereto; provided, always that the possession, use, enjoyment and control of the Collateral shall at all times be subject to the terms of this Mortgage and the other Loan Documents and the Lien and security interest granted hereunder and thereunder.

The parties hereto agree that for all purposes of the Cape Town Convention, (i) this Mortgage is effective to constitute an International Interest with respect to the Engine and Equipment, (ii) each Engine constitutes an Aircraft Object, (iii) the Owner Trustee is situated in a Contracting State and has the power to dispose of the Engine , (iv) this Mortgage is effective to constitute an Agreement and the interests created hereunder are eligible for registration with the

International Registry relating to the Engine and (v) this Mortgage constitutes an assignment of associated rights secured by or associated with the Engine and the Mortgagee hereby acknowledges and agrees that such assignment shall be effective to assign any related International Interests for all purposes of the Cape Town Convention.

ARTICLE III

COVENANTS

Section 3.01. Registration: Maintenance and Operation. The Owner Trustee, at its own cost and expense, will:

(i) prior to mortgaging an Engine, item of Equipment or Lease (a) register with the International Registry (x) the ownership interest of the Owner Trustee in each Engine represented by the Contract of Sale (or Prospective Sale) constituting the Bill of Sale, as long as the seller of the Engine is situated in a Contracting State, as provided for in the Cape Town Convention, and (y) the Owner Trustee's ownership interest with respect to each Lease, as long as the lessee of the Engine under such Lease is situated in a Contracting State, as provided for in the Cape Town Convention, and (b) cause each Engine, item of Equipment and Lease to be duly registered and at all times thereafter remain duly registered in the name of the Owner Trustee in accordance with the Act, if applicable, or other applicable law;

(ii) make or cause such filings, registrations, or otherwise with the FAA, International Registry, and under the UCC as shall be required to perfect the Lien of Mortgagee with respect to all Collateral under the Mortgage, including but not limited to the following:

(1) register the International Interest (or Prospective International Interest) of the Mortgagee, under this Mortgage, with respect to each Engine and Lease with the International Registry (so long as the lessee of the Engine under such Lease is situated in a Contracting State, as provided for in the Cape Town Convention);

(2) register the International Interest (or Prospective International Interest) of the Lessor, under the Lease with respect to each Engine with the International Registry (so long as the lessee of the Engine under such Lease is situated in a Contracting State, as provided for in the Cape Town Convention);

(3) register the Lien under this Mortgage and the Lease with the FAA pursuant to the Act;

(4) file UCC financing statements in such states in the United States of America as required, in the judgment of Mortgagee, to perfect the Lien of Mortgagee in all UCC Collateral, which financing statements shall name Mortgagee as secured party and as Security Agent for the benefit of Credit Facility Lenders and Non-Lenders; and

(5) maintain the rights and International Interests of the Owner Trustee and Mortgagee in the Engine, as against any third parties under the applicable laws of any jurisdiction within the United States and as against any third parties in any Contracting State under the Cape Town Convention;

(iii) at all times maintain, service, repair, overhaul and test or cause to be maintained, serviced, repaired, overhauled and tested each Engine and item of Equipment so as to keep the same in as good operating condition as when originally mortgaged hereunder, ordinary wear and tear excepted, and, in any event in the condition required by the relevant Lease; and

(iv) maintain or cause to be maintained (in the English language) all Records.

Owner Trustee hereby confirms, represents and warrants that no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the Uniform Commercial Code of any applicable jurisdiction), is necessary or advisable to establish as against third parties the perfected first priority Lien of the Mortgagee on the Owner Trustee's interest in each Engine, item of Equipment and Lease and in order to properly file, register and record this Mortgage, the International Interest of the Mortgagee under the Mortgage, or the International Interest of the Lessor in each Engine under the Lease, in any applicable jurisdiction in the United States. The Owner Trustee agrees to furnish Mortgagee with copies of all documents relating to the foregoing and with recording and registration data as promptly as practicable following the issuance of the same by the FAA and the International Registry.

Section 3.02. Further Assurances. The Owner Trustee will promptly, and in any event no more than five (5) Business Days after the need therefore or after a request by Mortgagee, take, or cause to be taken, at the Owner Trustee's cost and expense, such action with respect to the execution, delivery, recording, registration and filing of this Mortgage and any financing statements, Mortgage Supplements or other instruments as are necessary or desirable, or that the Mortgagee may from time to time request, to fully carry out the intent and purpose of this Mortgage and/or to establish, protect, preserve, and/or perfect the Liens created by this Mortgage. The Owner Trustee agrees to furnish to the Mortgagee (a) timely notice of the necessity of any such action, together with such instruments, in execution form, and such other information as may be required to enable the Mortgagee to take such action, and (b) evidence of every such action taken by the Owner Trustee. In addition to the foregoing, during the term of this Mortgage, the Owner Trustee shall establish and maintain a valid and existing account as a Transacting User Entity with the International Registry to make registrations in regard to this Mortgage as required by the Mortgagee.

Section 3.03. Liens. The Owner Trustee will not create, consent to or suffer to exist any Lien upon or with respect to any of the Collateral, except for Permitted Liens.

Section 3.04. Books and Records. The Owner Trustee shall faithfully keep complete and accurate books and records and make all necessary entries therein to reflect the quantities, costs, current values and locations of all Collateral, the events and transactions giving rise thereto and all payments, credits and adjustments applicable thereto, shall keep the Mortgagee fully and accurately informed as to the locations of all such books and records.

Section 3.05. Priority of Mortgagee's Security Interest. Owner Trustee represents, warrants and agrees that no effective security agreement, mortgage, deed of trust, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is or will be on file or of record in any public office or otherwise, except those filed by Owner Trustee in favor of Mortgagee pursuant to this Mortgage and/or other Loan Documents, and those relating to other Permitted Liens. Owner Trustee shall defend the right, title and interest of Mortgagee in and to the Collateral against the claims and demands of all Persons whomsoever, and shall take such actions, including (i) the prompt delivery of all original Instruments, Chattel Paper and certificated Stock owned by Owner Trustee to Mortgagee, (ii) notification of Mortgagee's interest in Collateral at Mortgagee's request, and (iii) the institution of litigation or other proceedings against third parties as shall be prudent in order to protect and preserve Owner Trustee's and Mortgagee's respective and several interests in the Collateral.

Section 3.06. Mortgagee's Rights.

(i) In addition to any and all rights under this Mortgage and the other Loan Documents, at any time after the occurrence and continuance of an Event of Default, Mortgagee may, at any time in Mortgagee's own name or in the name of Owner Trustee, (i) communicate with Account Debtors, parties to Contracts and Leases, and obligors in respect of Instruments, Chattel Paper or other Collateral to verify to Mortgagee's satisfaction the existence, amount and terms of any such Accounts, Contracts, Instruments, Chattel Paper, Leases or other Collateral, and (ii) without prior notice to Owner Trustee, notify Account Debtors, parties to Contracts, parties to Leases, and obligors in respect of Chattel Paper, Instruments, or other Collateral that such Collateral has been assigned to Mortgagee and that payments shall be made directly to Mortgagee. Upon the request of Mortgagee, Owner Trustee shall so notify such Account Debtors, parties to Contracts, parties to Leases, and obligors in respect of Instruments, Chattel Paper, Leases or other Collateral.

(ii) It is expressly agreed by Owner Trustee that Owner Trustee shall remain liable under each Contract, License and Lease to observe and perform all the conditions and obligations to be observed and performed by it thereunder, and Mortgagee shall have no obligation or liability whatsoever to any Person under any Contract, License or Lease (between Owner Trustee, Engine Owner and Equipment Owner and any Person other than Mortgagee) by reason of or arising out of the execution, delivery or performance of this Mortgage, and Mortgagee shall not be required or obligated in any manner (i) to perform or fulfill any of the obligations of Owner Trustee thereunder, (ii) to make any payment or inquiry, or (iii) to take any action of any kind to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times under or pursuant to any Contract, License or Lease.

(iii) Owner Trustee shall, with respect to each owned, leased, or controlled property or facility, during normal business hours and upon reasonable prior notice (unless a Default or Event of Default has occurred and is continuing, in which event no notice shall be

required and Mortgagee shall have access at any and all times): (i) provide access to such facility or property to Mortgagee and any of its officers, employees and agents, as frequently as Mortgagee determines to be appropriate to further or protect its interests hereunder; (ii) permit Mortgagee and any of its officers, employees and agents to inspect, audit and make extracts from all of Owner Trustee's books and records; and (iii) subject to the lessee's rights under any Lease, permit Mortgagee to inspect, review, evaluate and make physical verifications and appraisals of any Engine, Equipment and other Collateral in any manner and through any medium that Mortgagee considers advisable, and Owner Trustee shall provide to Mortgagee, at Owner Trustee's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. Owner Trustee shall make available to Mortgagee and its counsel, as quickly as practicable under the circumstances, originals or copies of all of Owner Trustee's books and records and any other instruments and documents which Mortgagee may reasonably request. Owner Trustee shall deliver any document or instrument reasonably necessary for Mortgagee, as it may from time to time request, to obtain records from any service bureau or other Person that maintains records for Owner Trustee.

(iv) Upon the occurrence and during the continuance of an Event of Default, Owner Trustee, at its own expense, shall cause its independent certified public accountants to prepare and deliver to Mortgagee at any time and from time to time, promptly upon Mortgagee's request: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) test verifications of such Accounts as Mortgagee may request. Owner Trustee, at its own expense, shall cause its independent certified public accountants to deliver to Mortgagee the results of (x) any physical verifications of all or any portion of the Collateral made or observed by such accountants, and (y) any verifications of Owner Trustee's Accounts, in each case when and if any such verifications are conducted. Mortgagee shall be permitted to observe and consult with Owner Trustee and Owner Trustee's certified public accountants in the performance of these tasks.

Section 3.07. Reinstatement. The provisions of this Mortgage shall to the extent permitted by Applicable Law remain in full force and effect and continue to be effective even if: (a) any petition is filed by or against Owner Trustee for liquidation or reorganization; (b) Owner Trustee becomes insolvent or makes an assignment for the benefit of creditors; (c) a receiver or trustee is appointed for all or any significant part of Owner Trustee's assets; or (d) at any time payment and performance of the Obligations, or any part thereof, is, pursuant to Applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent transfer" or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations and Mortgagee's Liens in the Collateral shall be reinstated and deemed reduced only by any amount paid and not so rescinded, reduced, restored or returned.

Section 3.08. Loss of Value. The Owner Trustee shall promptly, and in any event within five (5) Business Days, notify the Mortgagee in writing of any event causing any material deterioration, loss or unscheduled depreciation in value of the Collateral and the Owner Trustee's best estimate of the amount of such deterioration, loss or depreciation.

Section 3.09. Insurance. The Owner Trustee shall bear the risk of each Engine or item of Equipment being destroyed, irreparably damaged or rendered permanently unfit for sale, lease or use or being damaged in part, from any cause whatsoever at any time during the term of this Mortgage, and shall at its own cost and expense, or in the alternative shall cause each Lessee under each applicable Lease to, obtain and keep in full force and effect all risk of physical loss or damage insurance covering each Engine or item of Equipment, wherever the same may be located, insuring against the risks of fire, explosion, theft and such other risks as are customarily insured against by organizations engaged in the same business and similarly situated with the Owner Trustee (and specifically including vandalism and malicious mischief coverage), in an amount usually carried by organizations engaged in the same business or similarly situated with the Owner Trustee, and in any event, in kind and form reasonably satisfactory to the Mortgagee. All such policies of insurance shall be written for the benefit of the Owner Trustee as the insured, and Mortgagee and the Administrative Agent shall be named as additional insureds on liability insurance and Mortgagee shall be named as a loss payee on hull insurance, as applicable. Notwithstanding the foregoing or anything to the contrary herein, to the extent any Engine or item of Equipment included in the Collateral hereunder is included in the Borrowing Base, Owner Trustee shall comply with all insurance requirements set forth in the Credit Agreement.

(i) If the Owner Trustee or the applicable Lessee fails to pay any premium on any such insurance, the Mortgagee shall have the right, but shall be under no obligation, to pay such premium for the Owner Trustee's account. The Owner Trustee shall repay to the Mortgagee on demand all sums which the Mortgagee shall have paid under this section in respect of insurance premiums, with interest thereon and the Owner Trustee's liability to the Mortgagee for such repayment with interest shall be included in the Obligations. The Owner Trustee hereby assigns to the Mortgagee any return or unearned premium which may be due upon the cancellation for any reason whatsoever of any policy of insurance maintained in respect of the Collateral and hereby directs the insurer to pay the Mortgagee any amount so due. The Owner Trustee's right to receive payment of any such return or unearned premium and the proceeds of any such insurance shall constitute a part of the Collateral for all purposes hereof. If no Event of Default has occurred and is continuing, the Mortgagee shall pay any such return or unearned premium to the Owner Trustee, provided that all amounts paid by Mortgagee in respect of insurance premiums have been repaid in full with interest.

Section 3.010. Warranties. Owner Trustee warrants: (a) it is and will be the lawful owner of all Collateral free of all Claims, Liens, encumbrances and setoffs whatsoever, other than the security interest granted pursuant hereto; (b) it has the capacity to grant a security interest in Collateral to Mortgagee; (c) all information furnished by Owner Trustee to Mortgagee heretofore or hereafter, whether oral or written, is and will be correct and true as of the date given; and (d) the execution, delivery and performance hereof are within its powers and have been duly authorized.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01. Events of Default and Remedies. The Owner Trustee shall be in default upon the occurrence of an Event of Default as defined under the Credit Agreement.

Section 4.02. Remedies. If any Event of Default has occurred and is continuing,

(i) Mortgagee, at its option, may exercise any rights and remedies provided to Agents under the Credit Agreement and/or available at law or equity, including all rights and remedies provided under the Uniform Commercial Code in any jurisdiction where enforcement is sought, which include but are not limited to, the following: (i) without notice accelerate the maturity of any part or all of the Obligations and terminate any agreement for the granting of further credit to Owner Trustee; (ii) sell, lease or otherwise dispose of Collateral at public or private sale; (iii) transfer any Collateral into its own name or that of its nominee; (iv) retain Collateral in satisfaction of the Obligations, with notice of such retention sent to Owner Trustee as required by law; (v) notify any parties obligated on any Collateral consisting of Accounts, Instruments, Chattel Paper, [choses in action?] or the like to make payment to Mortgagee and enforce collection of any Collateral; (vi) file any action or proceeding which Mortgagee deems necessary or appropriate to protect and preserve the right, title and interest of Mortgagee in the Collateral; (vii) exercise its banker's lien or right of setoff in the same manner as though the credit were unsecured and (viii) apply all or a portion of sums received or collected from or on account of Collateral, including the proceeds of any sales thereof, to the payment of the costs and expenses incurred in preserving and enforcing rights of Mortgagee including reasonable attorneys' fees (including the allocated costs of Mortgagee's in-house counsel and legal staff), and after application of such sums to the obligations as set forth in the Credit Agreement, Mortgagee shall account to Owner Trustee for any surplus remaining thereafter, and shall pay such surplus to the party entitled thereto, including any second secured party who has made a proper demand upon Mortgagee and has furnished proof to Mortgagee as requested in the manner provided by law; in like manner, Owner Trustee agrees to pay to Mortgagee without demand any deficiency after any Collateral has been disposed of and proceeds applied as aforesaid.

(ii) Owner Trustee expressly agrees that, subject to Sections 5.01 and 5.02 hereof, Mortgagee may collect, receive, assemble, process, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Mortgagee shall have the right upon any such public sale or sales and, to the extent permitted by law, to purchase for the benefit of Mortgagee by credit bid the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption Owner Trustee hereby releases. Such sales may be adjourned, or continued from time to time with or without notice. Owner Trustee shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations and all other amounts to which Mortgagee is entitled.

(iii) Owner Trustee further agrees, subject to Sections 5.01 and 5.02 hereof, to assemble the Collateral and make it available to Mortgagee at places which Mortgagee shall reasonably select. Until Mortgagee is able to effect a sale, lease, or other disposition of the Collateral and subject to Sections 5.01 and 5.02 hereof, Mortgagee shall have the right to complete, assemble, use or operate the Collateral or any part thereof, to the extent that Mortgagee deems appropriate, for the purpose of preserving such Collateral or its value or for

any other purpose. In addition, the Owner Trustee will provide, without cost or expense to the Mortgagee, storage facilities for any such Engine or item of Equipment and will cause such Engine or item of Equipment to be maintained as required by the terms hereof and of the Credit Agreement. Mortgagee shall have no obligation to Owner Trustee to maintain or preserve the rights of Owner Trustee as against third parties with respect to any Collateral while such Collateral is in the possession of Mortgagee.

(iv) Upon the completion of any sale of any Collateral, full title and (subject to Sections 5.01 and 5.02 hereof) right of possession to the Engine or item of Equipment so sold shall (subject to any retention of title by the Mortgagee as part of the terms of such sale) pass to the accepted purchaser forthwith upon the completion of such sale, and the Owner Trustee shall deliver, in accordance with the instructions of the Mortgagee (including causing the Engine or item of Equipment to be delivered to such airports as the Mortgagee may specify), such Engine or item of Equipment so sold. The Mortgagee is hereby irrevocably appointed the true and lawful attorney of the Owner Trustee, and in its stead, to make all necessary conveyances of an Engine or item of Equipment if so sold. Nevertheless, if so requested by the Mortgagee or by any purchaser, the Owner Trustee shall confirm any such sale or conveyance by executing and delivering all proper instruments of conveyance or releases as may be designated in any such request. If the Owner Trustee shall for any reason fail to deliver such Engine or item of Equipment or any part thereof after demand by the Mortgagee, the Mortgagee (subject to Sections 5.01 and 5.02 hereof) may, without being responsible for loss or damage, except to the extent caused by the gross negligence or willful misconduct of the Mortgagee, (i) obtain a judgment conferring on the Mortgagee the right to immediate possession or requiring the Owner Trustee to deliver immediate possession of all or part of such Engine or item of Equipment to the Mortgagee, to the entry of which judgment the Owner Trustee hereby specifically consents, or (ii) with or, to the fullest extent provided by law, without such judgment, pursue the whole or any part of such Engine or item of Equipment wherever it may be found and enter any of the premises where such Engine or item of Equipment may be and take possession of and remove the same. Upon every such taking of possession, the Mortgagee may (but shall not be obligated to), from time to time, make all such reasonable expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Engine or item of Equipment as it may deem proper.

(v) The Owner Trustee hereby covenants and agrees that a notice, which shall be sent in accordance with the provisions of the Credit Agreement or this Mortgage, at least ten (10) Business Days before the date of any of the acts described in this Section 4.02 shall be deemed to be reasonable notice of such act and, specifically, reasonable notification of the time and place of any public sale hereunder and reasonable notification of the time after which any private sale or other intended disposition to be made hereunder is to be made.

(vi) Mortgagee shall be entitled, as a matter of right as against the Owner Trustee, without notice or demand and without regard to the adequacy of the security for the Obligations by virtue of this Mortgage or any other collateral or to the solvency of the Owner Trustee, upon the commencement of judicial proceedings by it to enforce any right under this Mortgage, to the appointment of a receiver of all or any part of the Collateral.

Section 4.03. Expenses of Enforcement. The Owner Trustee shall pay to the Mortgagee on demand any and all reasonable expenses (including reasonable attorneys' fees and legal expenses and including the allocated costs of Mortgagee's in-house counsel and legal staff) which may have been incurred by the Mortgagee, with interest (i) in the prosecution or defense of any action growing out of or connected with the subject matter of this Mortgage, the Obligations, the Collateral or any of the Mortgagee's rights therein or thereto; or (ii) in connection with the custody, preservation, use, operation, preparation for sale or sale of any of the Collateral or in connection with obtaining possession of any of the Collateral or otherwise exercising any of Mortgagee's rights and remedies pursuant to this Mortgage, the incurring of all of which are hereby authorized to the extent the Mortgagee deems the same advisable. The Owner Trustee's liability to the Mortgagee for any such payment with interest shall be included in the Obligations. The Owner Trustee, to the extent of its rights in the Collateral, waives and releases any right to require the Mortgagee to collect any of the Obligations from any other Collateral (as defined under the Credit Agreement) or any other collateral then held by the Mortgagee under any theory of marshaling of assets or otherwise.

Section 4.04. Waiver of Appraisement, Etc. The Owner Trustee agrees, to the fullest extent that it lawfully may, that it will not (and hereby irrevocably waives its right to) at any time plead, or claim the benefit or advantage of, any appraisement, valuation, stay, extension, moratorium or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Mortgage or the absolute sale of the Collateral.

Section 4.05. Waiver of Claims. To the maximum extent permitted by Applicable Law, Owner Trustee waives all claims, damages, and demands against Mortgagee, its Affiliates, agents, and the officers and employees of any of them arising out of the repossession, retention or sale of any Collateral and any other acts or failure to act in connection with Mortgagee's rights and remedies hereunder, except such as are determined in a final judgment by a court of competent jurisdiction to have arisen out of the gross negligence or willful misconduct of such Person.

Section 4.06. Additional Waivers. Owner Trustee waives: (a) all right to require Mortgagee to proceed against any other person including any other borrower hereunder or under the Credit Agreement or to apply any Collateral Mortgagee may hold at any time or to pursue any other remedy, Collateral, endorsers or guarantors may be released, substituted or added without affecting the liability of Owner Trustee hereunder; (b) the defense of the Statute of Limitations in any action upon any obligations of Owner Trustee secured hereby; (c) any right of subrogation and any right to participate in Collateral until all obligations secured hereby have been paid in full; and (d) to the fullest extent permitted by law, any right to oppose the appointment of a receiver or similar official to operate Owner Trustee's business after the occurrence and during the continuance of an Event of Default.

Section 4.07. Remedies Cumulative, No Waiver. No remedy herein conferred upon the Mortgagee is intended to be exclusive of any other remedy, but every such remedy shall be cumulative and shall be in addition to every other remedy herein conferred or now or hereafter existing in law. The exercise by the Mortgagee of any one right or remedy shall not be deemed a waiver or release of or any election against any other right or remedy, and the Mortgagee may proceed against the Owner Trustee or any other Person and the Collateral and any other

collateral granted by the Owner Trustee to the Mortgagee under any other agreement, all in any order and through any available remedies. A waiver on any one occasion shall not be construed as a waiver or bar on any future occasion. All property of any kind held at any time by the Mortgagee as Collateral shall stand as one general continuing collateral security for all the Obligations and may be retained by the Mortgagee as security until all the Obligations are fully satisfied.

Section 4.08. Application of Proceeds. Proceeds of any sale, lease or other disposition or other realization upon any Collateral pursuant to this Mortgage and all other sums realized or held by the Mortgagee under this Mortgage or any proceedings hereunder (including any proceeds of insurance) shall be applied by any Credit Facility Lender or Non-Lender upon receipt as set forth in the Credit Agreement.

Section 4.09. Delay or Omission; Possession of Notes.

(i) No delay or omission of the Mortgagee to exercise any right or remedy arising upon the happening of any Default or Event of Default shall impair any right or remedy or shall be construed to be a waiver of any such Default or Event of Default or an acquiescence therein; and every right and remedy given to the Mortgagee by this Article IV or by applicable law may be exercised from time to time and as often as may be deemed expedient by the Mortgagee.

(ii) All rights of action under this Mortgage may be enforced by the Mortgagee without the possession of any Note(s) or any other instrument or document evidencing any obligation or the production thereof in any proceeding.

Section 4.010. Power of Attorney. The Owner Trustee hereby irrevocably appoints the Mortgagee the true and lawful attorney of the Owner Trustee for the duration of this Mortgage (with full power of substitution) in the name, place and stead of, and at the expense of, the Owner Trustee in connection with the enforcement of the rights and remedies provided for in this Article IV: (a) to give any necessary receipts or acquittances for amounts collected or received hereunder, (b) to make all necessary transfers of the Engines or Equipment in connection with any sale, lease or other disposition made pursuant hereto, (c) to execute and deliver for value all necessary or appropriate bills of sale, assignments and other instruments in connection with any such sale, lease or other disposition, the Owner Trustee hereby ratifying and confirming all that such attorney (or any substitute) shall lawfully do hereunder and pursuant hereto, (d) to sign any agreements, orders or other documents in connection with or pursuant to any Lease, (e) to endorse Owner Trustee's name on any checks, notices, acceptances, money orders, drafts, or other forms of payment or security that may come into Mortgagee's possession; (f) to receive, open, and retain all mail addressed to Owner Trustee relating to the Collateral, (g) to make, settle, and adjust all claims under Owner Trustee's policies of insurance and make all determinations and decisions with respect to such policies of insurance relating to the Collateral, (h) to settle and adjust disputes and claims respecting the Accounts directly with Account Debtors, for amounts and upon terms which Mortgagee determines to be reasonable, and Mortgagee may cause to be executed and delivered any documents and releases which Mortgagee determines to be necessary, and (i) to sign the name of Owner Trustee on any document to be executed, recorded or filed in order to perfect or continue perfected Mortgagee's

Lien upon the Collateral if Owner Trustee fails to do so promptly after request therefor by Mortgagee, including filing any financing or continuation statement without the signature of Owner Trustee to the extent permitted by Applicable Law. Except for item (i) above, the power of attorney granted hereby may not be exercised unless an Event of Default has occurred and is continuing and Mortgagee has notified Owner Trustee that it will enforce its security interest in the Collateral if such notice is specifically required under the applicable Loan Documents (including pursuant to any notice and cure rights). The appointment of Mortgagee as Owner Trustee's attorney-in-fact, and each and every one of Mortgagee's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed. MORTGAGEE AND ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES, LENDERS OR REPRESENTATIVES SHALL NOT BE RESPONSIBLE TO BORROWER OR ANY OTHER PERSON FOR ANY ACT OR FAILURE TO ACT PURSUANT TO THE POWERS GRANTED UNDER THE POWER OF ATTORNEY HEREIN OR OTHERWISE, EXCEPT FOR ITS OR THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, NOR FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

ARTICLE V

CONCERNING THE LEASE

Section 5.01. Acknowledgment of the Lease. The Owner Trustee and the Mortgagee acknowledge and agree for the benefit of each Permitted Lessee that notwithstanding any other provisions hereof to the contrary, the Lien of this Mortgage shall, so long as no Lease Event of Default has occurred and is continuing, be expressly subject to all of the rights of such Permitted Lessee under the applicable lease.

Section 5.02. Quiet Enjoyment, Etc. The Owner Trustee and the Mortgagee acknowledge and agree for the benefit of each Permitted Lessee that notwithstanding any other provision hereof to the contrary;

(a) so long as no Lease Event of Default shall have occurred and be continuing, the Mortgagee shall not interfere or permit any Person acting by, through or under the Mortgagee to interfere with any right of such Permitted Lessee peaceably and quietly without hindrance or molestation to hold, possess and use, during the term of the Lease and in accordance with the terms thereof, the Equipment;

(b) Subject to the provisions of this Mortgage, and until the occurrence of an Event of Default (which Event of Default has not been waived in writing by the Mortgagee) and upon demand by the Mortgagee following notice to Owner Trustee that it will enforce its security interest in the Collateral (if such notice is specifically required under the applicable Loan Documents (including pursuant to any notice and cure rights)), the Owner Trustee may exercise all the rights and enjoy all the benefits of the lessor under the Lease; and

(c) any amounts held by the Mortgagee or any agent or trustee acting on behalf of the Mortgagee for which application is provided in the Lease or applicable Replacement Lease shall be applied solely as provided in such lease.

Section 5.03. Only One Original Lease. Where available, one originally executed Lease included in the Collateral shall be marked "original" and legended in form satisfactory to the Mortgagee to indicate that it is the original of the Lease with all other copies marked "copy." Where available, a chattel paper counterpart or duplicate original Lease shall be delivered by the Owner Trustee to the Mortgagee prior to said Lease being included (subject to the terms and conditions in the Credit Agreement) in the Borrowing Base calculation.

Section 5.04. Miscellaneous.

(a) The Owner Trustee shall remain liable as lessor under the Lease to perform all the obligations assumed by the Owner Trustee thereunder. The obligations of Owner Trustee under the Lease may be performed by Mortgagee or any subsequent assignee of the Mortgagee ("Subsequent Mortgagee") without releasing Owner Trustee therefrom. The Mortgagee or any Subsequent Mortgagee shall have no liability or obligation under the Lease by reason of this Mortgage and shall not, by reason of this Mortgage, be obligated to perform any of the obligations of Owner Trustee under the Lease or to file any claim or take any other action to collect or enforce any payment assigned hereunder.

(b) The Owner Trustee hereby agrees (i) to perform duly and punctually each of the terms, conditions and covenants contained in the Lease, and (ii) subject to the Owner Trustee's business judgment and reasonable commercial practice, to exercise promptly and diligently each and every right it may have under the Lease.

(c) The Owner Trustee does hereby warrant and represent that all Leases are in full force and effect and that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Mortgage shall remain in effect, the whole or any part of the rights to the Leases or any other of the rights hereby assigned, to anyone other than the Mortgagee except in the case of Permitted Liens or as may otherwise be permitted under the Credit Agreement.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01. Amendments, Etc. None of the terms or provisions of this Mortgage may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Owner Trustee and Mortgagee, provided, that any provision of this Mortgage may be waived by the Mortgagee in a written letter or agreement executed by the Mortgagee or by facsimile transmission from the Mortgagee, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 6.02. Notices. All notices and other communications under this Mortgage shall be in writing and shall be deemed to have been given three (3) days after deposit in the mail, first class mail, postage prepaid, or one (1) day after being entrusted to a reputable commercial overnight delivery service, or when sent out by facsimile transmission addressed to the party to which such notice is directed at its address determined as provided in this Section. All notices and other communications under this Mortgage shall be given to the parties hereto at the following addresses:

Owner Trustee:

Wells Fargo Bank Northwest,
National Association
299 South Main Street, 12th Floor
Salt Lake City, Utah 84111
Attention: Val Orton
Telephone: (801) 246-5300
Facsimile: (801) 246-5053

With a copy to:

Willis Lease Finance Corporation
773 San Marin Drive, Suite 2215
Novato, CA 94998
Attn: COO and General Counsel
Telephone: (415) 408-4712
Facsimile: (415) 408-4701

Mortgagee:

Union Bank, N.A.
Northern California Commercial Banking Division
350 California Street
San Francisco, CA 94104
Attn: Commercial Finance Division
Telephone: (415) 705-7385
Facsimile: (415) 705-7111

With a copy to:

Sheppard, Mullin, Richter & Hampton, LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111
Attention: Julie Ebert
Telephone: (415) 434-9100
Facsimile: (415) 434-3947

And with a copy to:

Willis Lease Finance Corporation
773 San Marin Drive, Suite 2215
Novato, CA 94998
Attn: COO and General Counsel
Telephone: (415) 408-4712
Facsimile: (415) 408-4702

Section 6.03. Continuing Lien and Security Interests; Transfer. This Mortgage shall create a continuing lien and security interest in the Collateral and (i) shall remain in full force and effect until earlier to occur of the following: (a) payment in full of all Obligations (other than contingent obligations which by their nature cannot be satisfied by payment at such time) and (b) either (i) expiration of the term of the Credit Agreement or (ii) termination of the obligation of any Credit Facility Lender and Non-Lender to make any advances to Owner Participant pursuant to the Credit Agreement or any other Loan Document; (ii) shall be binding upon the Owner Trustee, its successors and assigns, and (iii) shall inure, together with the rights and remedies of the Mortgagee hereunder, to the benefit of the Mortgagee, and its respective successors, transferees and assigns. The Mortgagee may, but subject to the provisions of **Section 14** of the Credit Agreement, assign or otherwise transfer its rights hereunder or under the Credit Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Mortgagee herein or otherwise, subject, however, to the provisions hereof; provided that, as soon as practicable after such assignment or transfer, Mortgagee shall notify the Owner Trustee of any change in payment instructions necessitated by such assignment or transfer.

Section 6.04. Governing Law; Choice of Forum; Service of Process.

(a) IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS MORTGAGE AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. ANY INTEREST CREATED BY THIS MORTGAGE HEREIN IS EFFECTIVE TO CONSTITUTE AN "INTERNATIONAL INTEREST" WITHIN THE MEANING OF THE CAPE TOWN CONVENTION AND IS LEGALLY SUFFICIENT UNDER APPLICABLE LAW TO CREATE VALID AND ENFORCEABLE RIGHTS, OBLIGATIONS AND INTERESTS OF THE TYPE IT PURPORTS TO CREATE.

(b) BORROWER HEREBY CONSENTS AND AGREES, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THAT THE STATE OR FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK AND SITTING IN THE COUNTY OF NEW YORK OR SOUTHERN DISTRICT OF NEW YORK, RESPECTIVELY, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN BORROWER AND MORTGAGEE PERTAINING TO THIS MORTGAGE OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS MORTGAGE OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED, THAT MORTGAGEE AND BORROWER ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF COUNTY OF NEW YORK OR SOUTHERN DISTRICT OF NEW YORK;

AND FURTHER PROVIDED, THAT NOTHING IN THIS MORTGAGE SHALL BE DEEMED OR OPERATE TO PRECLUDE MORTGAGEE FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS DUE UNDER THE CREDIT FACILITY, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR SUCH OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF MORTGAGEE. BORROWER EXPRESSLY SUBMITS AND CONSENTS TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND BORROWER HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. BORROWER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE TO BORROWER AS SET FORTH IN **SECTION 6.2** AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE BORROWER'S ACTUAL RECEIPT THEREOF.

(c) TO THE EXTENT PERMITTED BY LAW, IN CONNECTION WITH ANY ACTION OR PROCEEDING, WHETHER BROUGHT IN STATE OR FEDERAL COURT, OWNER TRUSTEE AND MORTGAGEE EACH HEREBY EXPRESSLY, INTENTIONALLY AND DELIBERATELY WAIVE ANY RIGHT SUCH PARTY MAY OTHERWISE HAVE TO A TRIAL BY JURY.

(d) To the extent permitted by law, service of process in any action against the Owner Trustee or the Mortgagee may be made by registered or certified mail, return receipt requested, to its address indicated herein.

(e) The Owner Trustee agrees that any final judgment rendered against it in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

Section 6.05. Severability. The invalidity of any one or more of the provisions of this Mortgage shall not affect the remaining provisions of this Mortgage; if any one or more of the provisions of this Mortgage should be held by any court of law to be invalid, or should operate to render this Mortgage invalid or to impair the lien and security interest of this Mortgage on all or the major portion of the property intended to he mortgaged hereunder, this Mortgage shall be construed as if such provisions had not been contained therein.

Section 6.06. Entire Agreement. This Mortgage (including all exhibits hereto) and the documents executed pursuant hereto constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior agreements, commitments, understandings or inducements (oral or written, expressed or implied), and may not be modified, altered or amended except by a written agreement signed by Owner Trustee and Mortgagee.

Section 6.07. Counterparts. This Mortgage may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. No modification or waiver of any provision hereof shall be effective unless the same is in writing and signed by the party against whom its enforcement is sought.

Section 6.08. Credit Agreement to Control. In the event of a conflict between the terms of this Mortgage and the terms of the Credit Agreement or the Owner Trustee Guaranty, the terms of the Credit Agreement and the Owner Trustee Guaranty shall control.

Section 6.09. Section Titles. The Section titles and Table of Contents contained in this Agreement and any other Loan Document are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

Section 6.010. Time of the Essence. Time is of the essence for performance of any obligations under this Mortgage.

Section 6.011. Termination and Release. Upon the earlier to occur of (a) payment in full of all Obligations (other than contingent obligations which by their nature cannot be satisfied by payment at such time) and either (i) expiration of the term of the Credit Agreement or (ii) termination of the obligation of any Credit Facility Lender and Non-Lender to make any advances to Owner Participant pursuant to the Credit Agreement or any other Loan Document; or (b) release by the Mortgagee of the Lien created hereunder in accordance with the terms and conditions of this Mortgage, the Credit Agreement and the other Loan Documents, this Mortgage, and all of the powers, rights and interests granted hereunder and created hereby shall forthwith terminate, and the Mortgagee shall, at the cost and expense of the Borrower, execute and deliver all such documents and instruments reasonably necessary to accomplish the same, and shall take all actions necessary to discharge any interests in the Collateral on the International Registry in favor of the Mortgagee, within a reasonable period of time.

Section 6.012. Waiver. WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS MORTGAGE, THE OWNER TRUSTEE HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY AND ALL SURETYSHIP RIGHTS, BENEFITS, SANCTIONS OR DEFENSES ARISING DIRECTLY OR INDIRECTLY UNDER ANY APPLICABLE LAW.

[Remainder of page intentionally left blank; signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Mortgage to be duly executed and delivered as of the day and year first above written.

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, *not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee*

By: _____
Name:
Title:

UNION BANK, N.A., *as Mortgagee*

By: _____
Name:
Title:

Exhibit A

ENGINE

One (1) model engine bearing manufacturer' serial number (which is described on the pre-populated drop down menus of the International Registry as a model engine bearing manufacturer's serial number).

LEASE

Any now existing and all after-acquired leases of the Equipment hereafter arising in which Owner Trustee is the lessor or an assignee of a lessor with respect to the Equipment, as the same may be modified, amended or supplemented from time to time, including but not limited to the following:

[insert description of existing lease here with FAA recording information]

Exhibit H

Form of Owner Trustee Guaranty

[Appended]

FORM OF OWNER TRUSTEE GUARANTY

OWNER TRUSTEE GUARANTY NO.

dated as of ,]

between

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
as Guarantor

and

UNION BANK, N.A.,
as Security Agent

H

OWNER TRUSTEE GUARANTY NO.

THIS OWNER TRUSTEE GUARANTY NO. , dated as of , (as amended, modified or supplemented from time to time, the "Guaranty"), made by **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION** (the "Guarantor"), not in its individual capacity, except as expressly provided herein, but solely as trustee under that certain Trust Agreement No. dated , between Guarantor and the Borrower (as amended from time to time, the "Trust Agreement"), for the benefit of **UNION BANK, N.A.** (together with its successors and assigns, the "Security Agent"), in its capacity as Security Agent, for itself and on behalf of the Credit Facility Lenders and Non-Lenders under the Credit Agreement (as defined below).

Preliminary Statement

WHEREAS, Willis Lease Finance Corporation, a Delaware corporation (the "Owner Participant"), as borrower, Union Bank, N.A., together with any other Lenders from time to time (collectively, the "Lenders") and Union Bank, N.A., as Administrative Agent, Swing Line Lender, Issuing Lender, and Security Agent, U.S. Bank National Association, as Documentation Agent and Wells Fargo Bank, National Association, as Syndication Agent have entered into that certain Amended and Restated Credit Agreement, dated as of November , 2011 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"). All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Credit Agreement;

WHEREAS, Owner Participant and the Guarantor have entered into the Trust Agreement pursuant to which the Guarantor has agreed to hold the Trust Estate (as defined in the Trust Agreement) for the benefit of Owner Participant in accordance with the terms of the Trust Agreement;

WHEREAS, it is a condition under the Credit Agreement that this Guaranty be executed and delivered by the Guarantor in favor of the Security Agent and be in continuous full force and effect; and

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Guarantor hereby makes the following representations and warranties to the Security Agent and covenants and agrees with the Security Agent as follows:

1. Continuing and Unconditional Guaranty. The Guarantor hereby irrevocably, unconditionally and absolutely guaranties to and for the Security Agent, for the ratable benefit of Credit Facility Lenders and Non-Lenders, the due performance, including without limitation the prompt payment when due or within any applicable grace period, whether at stated maturity, upon acceleration or otherwise and at all times thereafter of any and all Obligations of the Borrower under the Credit Agreement and any other agreements or Loan Documents referred to therein, or under any renewals, extensions or modifications thereof (the "Obligations") irrespective of (a) any lack of enforceability of any Obligation, (b) any change of the time,

manner, place of payment, or any other term of any Obligation, (c) any exchange, release or non-perfection of any collateral securing payment of any Obligation, (d) any law, regulation or order of any jurisdiction affecting the genuineness, validity, or rights of the Security Agent, the Administrative Agent or the Lenders with respect to the Obligations or any instruments evidencing any of the Obligations, or (e) any other circumstance which might otherwise constitute a defense to or discharge of the Guarantor. The Guarantor agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by the Security Agent, the Administrative Agent or the Lenders of whatever remedies each may have against the Borrower or the enforcement of any lien or realization upon any security the Security Agent, the Administrative Agent or the Lenders may at any time possess. The Guarantor agrees that any release which may be given by the Security Agent, the Administrative Agent or the Lenders to the Borrower shall not release the Guarantor; and the Guarantor waives the benefit of any statute of limitations affecting its liabilities hereunder or the enforcement hereof. This Guaranty is a guaranty of payment and not of collection.

If, absent the provisions of this paragraph, this Guaranty would be held or determined to be void, invalid or unenforceable on account of the amount of the Guarantor's aggregate liability under this Guaranty, then, notwithstanding any other provision of this Guaranty to the contrary, the aggregate amount of such liability shall, without any further action by the Guarantor, the Security Agent, the Administrative Agent, any Lender or Non-Lender or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable as determined in such action or proceeding, which (without limiting the generality of the foregoing) may be an amount which is not greater than the greater of the excess of the amount of the fair saleable value of the assets of the Guarantor over the amount of all liabilities of the Guarantor (all as determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors), (a) as of the date hereof, and (b) as of the date of the enforcement of this Guaranty. Nothing contained in this paragraph shall be deemed to waive, diminish or modify the Guarantor's representations, acknowledgments or recitals set forth herein or in any other Loan Document.

The Guarantor agrees that its obligations as a guarantor shall not be impaired, modified, changed, released, or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of the Borrower or its estate in bankruptcy, resulting from the operation of any present or future provision of the bankruptcy laws or other similar statute, or from the decision of any court in a bankruptcy proceeding. Notwithstanding any provision herein to the contrary, the Obligations shall include all amounts that would otherwise constitute Obligations but for the fact that they are unenforceable or not allowable due to the existence of any proceedings or taking of any actions under any such laws. The Obligations shall not be considered indefeasibly paid for purposes of this Guaranty unless and until all payments to the Administrative Agent, on behalf of itself, the Security Agent and the Lenders, are no longer subject to any right on the part of any Person, including the Borrower, the Borrower as a debtor in possession, or any trustee (whether appointed under the Bankruptcy Code or otherwise) of the Borrower's assets to invalidate or set aside such payments or to seek to recoup the amount of such payments or any portion thereof, or to declare same to be fraudulent or preferential. Until such full and final performance and indefeasible payment of the Obligations whether by Guarantor or the Borrower, the Security Agent and the Administrative Agent shall have no obligation whatsoever to transfer or assign their interest in the Loan Documents to the Guarantor.

In the event that, for any reason, any portion of such payments to the Security Agent and the Administrative Agent on behalf of itself, the Security Agent and the Lenders, is set aside or restored, whether voluntarily or involuntarily, after the making thereof, then the obligation intended to be satisfied thereby shall be revived and continued in full force and effect as if said payment or payments had not been made, and the Guarantor shall be liable for the full amount the Security Agent, the Administrative Agent or any Lender or Non-Lender is required to repay plus any and all costs and expenses (including reasonable attorneys' fees) paid by the Security Agent, the Administrative Agent or any Lender or Non-Lender in connection therewith.

To the maximum extent permitted by law, the Guarantor hereby waives any right to revoke this Guaranty as to future indebtedness. If such a revocation is effective notwithstanding the foregoing waiver, the Guarantor acknowledges and agrees that (a) no such revocation shall be effective until written notice thereof has been received by the Security Agent, (b) no such revocation shall apply to any Obligations in existence on such date (including, any subsequent continuation, extension, or renewal thereof, or change in the interest rate, payment terms, or other terms and conditions thereof), (c) no such revocation shall apply to any Obligations made or created after such date to the extent made or created pursuant to a legally binding commitment of the Security Agent or the Administrative Agent in existence on the date of such revocation, (d) no payment by the Guarantor, the Borrower, or from any other source, prior to the date of such revocation shall reduce the maximum obligation of the Guarantor hereunder, except to the extent of such payment, and (e) any payment by the Borrower or from any source other than the Guarantor, subsequent to the date of such revocation, shall first be applied to that portion of the Obligations as to which the revocation is effective and which are not, therefore, guaranteed hereunder, and to the extent so applied shall not reduce the maximum obligation of the Guarantor hereunder.

This is a continuing guaranty and shall remain in full force and effect and be binding upon the Guarantor, its successors and assigns until payment in full of all the Obligations.

2. Payment of Obligations. In furtherance of, and not limiting the Guarantor's obligations pursuant to Section 1 hereof, upon the occurrence of an Event of Default under the Credit Agreement (which Event of Default has not been waived in writing by Security Agent) any demand by the Security Agent upon the Guarantor for payment of any amount in respect of any Obligation, the Guarantor shall immediately pay the Obligation or Obligations demanded (as determined pursuant to Section 1 hereof) in lawful currency of the United States of America and in same day funds to the office of the Security Agent as set forth in the Credit Agreement, or to such other location as the Security Agent may from time to time specify. Notwithstanding anything to the contrary contained herein or elsewhere, it shall not be necessary for the Security Agent to make any demand upon or bring any legal, equitable or other action, institute suit, exhaust its rights against the Borrower or any other guarantor of the Borrower, or proceed, enforce or exhaust its rights against any security given to secure payment of the Obligations.

3. Waiver. The Guarantor hereby waives all notices of any character whatsoever with respect to this Guaranty and the Obligations, including but not limited to notice of the acceptance hereof and reliance hereon, of the present existence or future incurring of any Obligations, of the amounts, terms and conditions thereof, and of any defaults thereon, and further waives the defenses of diligence, presentment for payment, protest, demand or extensions

of time for payment. The Guarantor hereby consents to the taking of, or failure to take, from time to time without notice to the Guarantor, any such action of any nature whatsoever with respect to the Obligations and with respect to any rights against any Person or Persons or in any property, including but not limited to any renewals, extensions, modifications, postponements, compromises, settlements, substitutions, refusals or failures to exercise or enforce, indulgences, waivers, surrenders, exchanges and releases, and the Guarantor will remain fully liable hereon notwithstanding any of the foregoing. The Guarantor hereby waives the benefit of all laws now or hereafter in effect in any way limiting or restricting its liability hereunder, including without limitation: (a) except for the defense of payment made on account of the Obligations to the Security Agent or the Administrative Agent or any Lender or Non-Lender, all defenses whatsoever (legal or equitable) to the Guarantor's liability hereunder including (i) defenses, set-offs, counterclaims or claims that Guarantor may have against Borrower or any other party liable to the Security Agent or the Administrative Agent or any Lender or Non-Lender and (ii) any defense, set-off, counterclaim or claim of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity or enforceability of the Obligations or any security therefor; (b) all right to stay of execution and exemption of property in any action to enforce its liability hereunder; (c) all rights accorded it under any other statutory provisions of any other applicable jurisdiction affecting the rights of the Security Agent to enforce the obligations of the Guarantor under this Guaranty; (d) all notice of any adverse change in the financial condition of the Borrower or of any other fact that might increase Guarantor's risk; (e) any defense based upon or arising out of an election of remedies by the Security Agent; (f) the benefit of any statute of limitations affecting the Guarantor's liability hereunder or the enforcement thereof (and any act which shall defer or delay the operation of any statute of limitations applicable to the Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to the Guarantor's liability hereunder); and (g) all rights and defenses arising out of an election of remedies by the Security Agent, even though that election of remedies may have the effect of destroying the Guarantor's rights of subrogation and reimbursement against the Borrower.

To the maximum extent permitted by law, Guarantor hereby waives any right of subrogation or reimbursement Guarantor has or may have as against the Borrower with respect to the Obligations, until the Obligations have been indefeasibly paid in full. In addition, Guarantor hereby waives any right to proceed against the Borrower, now or hereafter, for contribution, indemnity, reimbursement, and any other suretyship rights and claims, whether direct or indirect, liquidated or contingent, whether arising under express or implied contract or by operation of law, which Guarantor may now have or hereafter have as against the Borrower with respect to the Obligations. Guarantor also hereby waives any rights to recourse to or with respect to any asset of the Borrower. Guarantor agrees that in light of the immediately foregoing waivers, the execution of this Guaranty shall not be deemed to make Guarantor a "creditor" of the Borrower, and that for purposes of Sections 547 and 550 of the Bankruptcy Code, Guarantor shall not be deemed a "creditor" of the Borrower.

WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS GUARANTY, GUARANTOR HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY AND ALL SURETYSHIP RIGHTS, BENEFITS, SANCTIONS OR DEFENSES ARISING DIRECTLY OR INDIRECTLY UNDER ANY APPLICABLE LAW.

4. Representations and Warranties. The Guarantor, in its individual capacity, represents and warrants to the Security Agent as follows:

(a) Organization; Good Standing. It is a national banking association/trust company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has the corporate power and authority necessary to enter into and perform its obligations hereunder and under the Trust Agreement, and has full right, power and authority to enter into and perform its obligations as Guarantor pursuant to the Trust Agreement under each of the Loan Documents to which it is a party.

(b) Powers and Authorizations. The making and performance of this Guaranty and each of the other Loan Documents to which the Guarantor is a party has been duly authorized by all necessary corporate action on its part, and neither the execution and delivery thereof nor its performance of or compliance with any of the terms and provisions thereof will violate any federal or state law or regulation governing its banking or trust powers or contravene or result in any breach of, or constitute any default under its charter or bylaws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it or its properties may be bound or affected. Assuming due authorization, execution and delivery of this Guaranty and each of the other Loan Documents by each of the parties thereto (other than the Guarantor), this Guaranty and each of the other Loan Documents to which it is a party is a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its respective terms, except as enforcement may be limited by the Bankruptcy Code of the United States of America, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws from time to time in effect affecting the rights of creditors generally.

(c) Loan Documents. The Guarantor further represents and warrants to the Security Agent that the Guarantor has read and understands the terms and conditions of the Loan Documents.

5. Covenants. The Guarantor covenants and agrees that from and after the date hereof and so long as Obligations remain unpaid or outstanding:

(a) Location of Chief Executive Offices. The chief executive office and chief place of business (as such terms are defined in Article 9 of the Uniform Commercial Code as in effect in the State of Utah) of the Guarantor are located at 79 South Main Street, Salt Lake City, Utah 8411.1 and the Guarantor agrees to give the Security Agent at least thirty (30) days' prior written notice of any relocation of said chief executive office or chief place of business from its present location.

(b) Compliance With Law. The Guarantor shall maintain its corporate existence under and in compliance with all applicable laws and conduct its business in all material respects in accordance with all applicable laws binding on it and its operations or assets and perform its obligations under the Loan Documents to which it is a party.

(c) No Security Interest. The Guarantor agrees not to create, incur, assume or suffer to exist any Lien attributable to Guarantor on the Equipment or the other Collateral (excluding any Liens specifically permitted under the Loan Documents), and shall take all necessary action to remove and release any such Lien and shall reimburse and indemnify the Security Agent, and each other party to any of the Loan Documents, for any loss incurred as a result of any such Lien.

(d) No Amendment to Trust Agreement. The Guarantor, in its individual capacity, agrees to perform its obligations under the Trust Agreement and further agrees not to amend, supplement, modify or terminate the Trust Agreement, or revoke the Trust, without the Security Agent's prior written consent except as permitted by Section 5(d) of the Beneficial Interest Pledge Agreement.

(e) No Other Business. In its capacity as trustee for Borrower, the Guarantor has engaged in no business activity and will engage in no other business activities, except in respect of the transactions contemplated by the Loan Documents, and has incurred no indebtedness other than as contemplated by the Loan Documents.

(f) Indebtedness. The Guarantor will not contract for, create, incur or assume any indebtedness (including contingent liability therefor), grant any credit, guarantee any debts or grant any indemnity other than pursuant to the Loan Documents or as otherwise expressly permitted by the Loan Documents.

(g) Sale or Assignment. Except as expressly permitted by the Credit Agreement and the other Loan Documents and/or upon receipt of written instructions from Security Agent, the Guarantor will not sell, assign, transfer or otherwise dispose of the Equipment or the other Collateral (or any portion thereof).

6. Subordination of Sums Payable to Any Guarantor. The Guarantor hereby subordinates all claims and demands it has, or may in the future have, against the Borrower arising or growing out of any indebtedness, liability or obligation, direct or indirect, due or to become due which arises, may arise or arose by reason of any advance or loan by the Guarantor, directly or indirectly, to the Borrower, but excluding any compensation from time to time accrued and owed to Guarantor from Borrower, as such compensation is permitted under Section 6.07 of the Trust Agreement (all of such claims and demands being herein referred to collectively as the "Subordinated Liabilities"), to the prior and full payment, performance, satisfaction and discharge of the Obligations, and the Guarantor agrees that the Security Agent shall first be paid in full with interest all sums now due or that may hereafter accrue and become due and payable by the Borrower under the Credit Agreement, the Notes and any other Loan Document before the Guarantor shall be paid anything by the Borrower or out of any property of the Borrower for or on account of any of the Subordinated Liabilities. The Guarantor further agrees that the Security Agent, the Administrative Agent or any Lender or Non-Lender may at any time and from time to time renew or extend the time of payment of any indebtedness of the Borrower to the Security Agent, the Administrative Agent or any Lender or Non-Lender, or any portion of such indebtedness, and may make new loans to the Borrower, secured or unsecured, under the Credit Agreement or otherwise, with or without a guarantee, all without any notice to the Guarantor who shall nonetheless remain fully bound by its agreement to subordinate the Subordinated Liabilities until this Guaranty has been terminated by the Security Agent in the manner hereinafter provided.

7. Expenses. In addition to all other liabilities of the Guarantor hereunder, the Guarantor also agree to pay to the Security Agent, on demand, all reasonable costs and expenses (including reasonable fees, costs and disbursements of its counsel) which may be incurred in the enforcement of the Obligations or the liabilities of the Guarantor hereunder.

8. Modification of Obligations. The Guarantor hereby consents and agrees that without further notice to or assent from it, the amount of the Obligations, the time of payment of any or all the Obligations may be changed, any other term or condition relating to any or all the Obligations may be changed, the Borrower (or any other Person primarily or secondarily liable for the Obligations, including the Guarantor hereunder) may be discharged from any or all the Obligations, any composition or settlement relating thereto may be consummated and accepted, and that the Guarantor will remain bound upon this Guaranty notwithstanding any or all of the foregoing.

9. No Waivers; No Election; Rights and Remedies Cumulative. No failure on the part of the Security Agent to exercise, and no delay in exercising, any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by the Security Agent of any right, power or remedy preclude any other further exercise thereof or the exercise of any other right, power or remedy. Subject to the terms of Section 17 hereof, the Security Agent shall have the right to seek recourse against the Guarantor to the fullest extent provided for herein, and no election by the Security Agent to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of the Security Agent's right to proceed in any other form of action or proceeding or against other parties unless the Security Agent has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by the Security Agent, the Administrative Agent or any Lender or Non-Lender under any Loan Document or any other document or instrument evidencing the Obligations shall serve to diminish the liability of the Guarantor under this Guaranty except to the extent that the Security Agent, the Administrative Agent or any Lender or Non-Lender finally and unconditionally shall have realized indefeasible payment by such action or proceeding. The rights and remedies provided herein shall be in addition to and not exclusive of any rights or remedies provided at law or in equity, and may be exercised in such order as the Security Agent shall determine, in its sole discretion.

10. Other Guaranties. A subsequent or concurrent guaranty by any other guarantor of any of the Obligations shall not be deemed to be in lieu of or to supersede or terminate this Guaranty but shall be construed as an additional or supplementary guaranty; and if any other guarantor has given to the Security Agent a previous guaranty or guaranties, this Guaranty shall be construed to be an additional or supplementary guaranty, and not to be in lieu thereof or to terminate such previous guaranty or guaranties.

11. Right of Set-off. Upon an Event of Default under the Credit Agreement (which Event of Default is not waived in writing by Security Agent), the Security Agent, the Administrative Agent and each Lender and Non-Lender are 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

at any time held and other indebtedness at any time owing by the Security Agent, the Administrative Agent and any Lender or Non-Lender to or for the credit of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guaranty. Any such set-off or application of deposits by a Lender or Non-Lender shall be deemed to be made on behalf of all of the Lenders, in accordance with their respective Pro Rata Shares.

12. Termination of Guaranty. This Guaranty shall terminate and be of no further force and effect upon the earliest to occur of the following: (a) payment in full of all Obligations (other than contingent obligations which by their nature cannot be satisfied by payment at such time) and either (i) expiration of the term of the Credit Agreement or (ii) termination of the obligation of any Credit Facility Lender and Non-Lender to make any advances to Owner Participant pursuant to the Credit Agreement or any other Loan Document or (b) transfer of the Beneficial Interest contemplated by the Trust Agreement to (i) WLFC Funding Corporation or (ii) any other Subsidiary of the Borrower pursuant to any contribution agreement or similar agreement entered into in connection with a securitization transaction similar to the transactions contemplated by the WEST Funding Facility; provided that any such transfer made in connection with this Subsection 12(b) shall occur only with the express written consent of Security Agent, which consent may be withheld in Security Agent's sole discretion.

13. Binding Effect; Assignment. The provisions of this Guaranty shall be binding upon and inure to the benefit of the Guarantor and the Security Agent and their respective successors and assigns, except that the Guarantor may not assign or otherwise transfer any of its rights or obligations hereunder.

14. Amendments and Waivers. None of the terms or provisions of this Guaranty may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the then-existing Guarantor and Security Agent, provided, that any provision of this Guaranty may be waived by the Security Agent in a written letter or agreement executed by the Security Agent or by facsimile transmission from the Security Agent, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

15. Governing Law; Choice of Forum; Service of Process.

(a) IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS GUARANTY AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

(b) GUARANTOR HEREBY CONSENTS AND AGREES, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THAT THE STATE OR FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK AND SITTING IN THE COUNTY OF NEW YORK OR SOUTHERN DISTRICT OF NEW YORK,

RESPECTIVELY, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN GUARANTOR AND SECURITY AGENT PERTAINING TO THIS GUARANTY OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS GUARANTY OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED, THAT SECURITY AGENT AND GUARANTOR ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE COUNTY OF NEW YORK OR SOUTHERN DISTRICT OF NEW YORK; AND FURTHER PROVIDED, THAT NOTHING IN THIS GUARANTY SHALL BE DEEMED OR OPERATE TO PRECLUDE SECURITY AGENT FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS DUE UNDER THE CREDIT FACILITY, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR SUCH OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF SECURITY AGENT. GUARANTOR EXPRESSLY SUBMITS AND CONSENTS TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND GUARANTOR HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. GUARANTOR HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE TO GUARANTOR AS SET FORTH IN SECTION 15(d) HEREOF AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE GUARANTOR'S ACTUAL RECEIPT THEREOF.

(c) TO THE EXTENT PERMITTED BY LAW, IN CONNECTION WITH ANY ACTION OR PROCEEDING, WHETHER BROUGHT IN STATE OR FEDERAL COURT, GUARANTOR AND SECURITY AGENT EACH HEREBY EXPRESSLY, INTENTIONALLY AND DELIBERATELY WAIVE ANY RIGHT SUCH PARTY MAY OTHERWISE HAVE TO A TRIAL BY JURY.

(d) To the extent permitted by law, service of process in any action against the Guarantor or the Security Agent may be made by registered or certified mail, return receipt requested, to its address indicated herein.

(e) The Guarantor agrees that any final judgment rendered against it in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

16. Assignment by Security Agent. The Security Agent may, with the consent of Guarantor (which consent shall not be unreasonably withheld) and subject to the provisions of Section 14 of the Credit Agreement assign or otherwise transfer any of its rights hereunder or under the Credit Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Security Agent herein or otherwise, subject, however, to the provisions hereof; provided that, as soon as practicable after such assignment or transfer, the Security Agent shall notify the Guarantor and the Borrower of any change in payment instructions necessitated by such assignment or transfer.

17. Capacity of Guarantor. It is understood and agreed that the Guarantor is entering into this Guaranty solely in its capacity as Trustee under the Trust Agreement, except as otherwise expressly stated herein, and that it shall not be liable or accountable in its individual capacity in any circumstances whatsoever except for the gross negligence or willful misconduct of the Guarantor in its individual capacity and as otherwise expressly provided in the Trust Agreement, this Guaranty or any of the other Loan Documents to which it is a party, but otherwise shall be liable or accountable solely to the extent of the assets of the Trust Estate.

[Remainder of page intentionally left blank; signatures on following pages]

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.

GUARANTOR

WELLS FARGO NORTHWEST, NATIONAL ASSOCIATION, *not in its individual capacity, except as expressly provided herein, but solely as Trustee*

By: _____
Name:
Title:

Exhibit I

Form of Leasing Subsidiary Security Assignment

[Appended]

FORM OF LEASE SUBSIDIARY SECURITY ASSIGNMENT

[SUBSIDIARY] SECURITY ASSIGNMENT

dated [, 20]

[SUBSIDIARY]
as Assignor

and

UNION BANK, N.A.
as Security Agent

LEASE SECURITY ASSIGNMENT RELATING TO
[ ]

THIS LEASE SECURITY ASSIGNMENT (this "Assignment") dated [, 20],

BETWEEN

(1) [SUBSIDIARY] a limited liability company duly incorporated under the laws of Ireland having its registered office at Ashley House, Morehampton Road, Dublin 4 (the "Assignor");

AND

(2) UNION BANK, N.A., in its capacity as Security Agent for itself and on behalf of the Credit Facility Lenders and Non-Lenders under the Credit Agreement (as defined below), and having its registered office at the address referenced in Section 13 hereof (the "Assignee").

RECITALS

A. Borrower, Union Bank, N.A., together with any other Lenders from time to time (collectively, the "Lenders") and Union Bank, N.A., as Administrative Agent, Swing Line Lender, Issuing Lender, and Security Agent, U.S. Bank National Association, as Documentation Agent and Wells Fargo Bank, National Association, as Syndication Agent have entered into that certain Amended and Restated Credit Agreement, dated as of November , 2011 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"). All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Credit Agreement; and

B. It is a condition of the Credit Agreement that the Assignor execute and deliver to the Assignee this Assignment to secure performance by the Assignor of its obligations to the Assignee under that certain Subsidiary Guaranty, dated as of even date herewith, made by the Assignor and certain other subsidiaries of the Borrower in favor of Assignee ("Subsidiary Guaranty").

NOW IT IS AGREED as follows:

1. Definitions.

1.1 In this Assignment (including the Recitals) words and phrases defined in the Credit Agreement shall have the same meaning herein and the following words shall have the following meanings unless the context otherwise requires:

"Assigned Property" means all of the Assignor's rights, title, benefit and interest to, in and under the Sub-Lease including (without limitation) all monies whatsoever payable to or for the account of the Assignor under the Sub-Lease and all other rights and benefits whatsoever accruing to the Assignor as a result of the Sub-Lease (including the Insurances) together with the benefit of any security granted or issued to the Assignor as security for the performance of any other party's obligations under the Sub-Lease;

"Dollars" or "US$" means United States Dollars, the lawful currency of the United States of America, for the time being;

"Engine" means one [ ] with Manufacturer's Serial No. [ ] as more fully described in the Sub-Lease;

"Event of Loss" shall have the meaning ascribed thereto in the Credit Agreement;

"Head Lease" means the General Terms Engines Lease Agreement, entered into between Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as Owner Trustee, and the Assignor as of August 3, 2006 and Aircraft Engine Lease Agreement, entered into between Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as Owner Trustee, and the Assignor as of in respect of the Engine, as same may be amended and/or supplemented from time to time;

"Insurances" means all of the Assignor's rights, title, benefit and interest to, in and under the insurances procured by the Sub-Lessee in fulfillment of its obligations under the Sub-Lease (other than any policy of third party liability insurance), including (without limitation) all monies payable to or for the account of the Assignor under the Insurances and all other rights and benefits whatsoever accruing to the Assignor as a result of the Insurances;

"Secured Obligations" means all obligations of the Assignor under the Subsidiary Guaranty, which, for all purposes hereof, shall be deemed to include the due performance, including, without limitation, the prompt payment when due or within any applicable grace period, whether at stated maturity, upon acceleration or otherwise and at all times thereafter of any and all obligations of the Borrower owed to Security Agent, the Administrative Agent or any Credit Facility Lender under the Credit Agreement, the Notes, and any other Loan Documents referred to therein, or under any renewals, extensions or modifications thereof;

"Sub-Lease" means the existing General Terms Engine Lease Agreement, entered into between the Assignor and the Sub-Lessee as of [ ], and Aircraft Engine Lease Agreement, entered into between the Assignor and the Sub-Lessee as of [ ] in respect of the Engine, as more particularly defined in Schedule 4 attached hereto;

"Sub-Lessee" means [ ];

"Transaction Documents" means collectively the Subsidiary Guaranty and this Assignment together with all notices and acknowledgments and any other documents amending, supplementing, substituting or ancillary to any of the foregoing from time to time.

1.2 Interpretation.

(a) Clause headings are for ease of reference only.

(b) References in these presents to clauses, sub-clauses, paragraphs or Schedules are, unless otherwise specified, to be construed as references to clauses, sub-clauses and paragraphs of and the Schedules to these presents.

(c) References in these presents to herein, hereby and hereunder shall be a reference to the entire Lease Security Assignment and not any particular clause.

(d) References in these presents to any statute or other legislative provision shall include any statutory or legislative modification or re-enactment thereof, or any substitution therefor.

(e) References in these presents to "relevant statutory provision" shall include references to any provision of the laws of any jurisdiction which may from time be applicable.

(f) References in these presents to any agreement, document or instrument shall include such agreement, document or instrument as the same may from time to time be varied, amended, supplemented, novated or substituted.

(g) References in these presents to the word "person" or "persons" include, without limitation, individuals, firms, corporations, government agencies, authorities and other bodies, incorporated or unincorporated and whether having distinct legal personality or not.

(h) References in these presents to any party hereto or any person include references to any successor or assign of such party or other person.

(i) Unless the context otherwise requires, words denoting the singular number shall include the plural and vice versa.

(j) Reference in these presents to the word "written" or "in writing" shall include any means of visible reproduction.

(k) A time of day shall be construed as a reference to Dublin time.

2. Warranties.

2.1 The Assignor hereby represents and warrants to the Assignee that:

(a) the Assignor has the full power and authority and legal right to execute, deliver and perform the terms of this Assignment and such execution, delivery and performance is duly authorised by all necessary corporate action of the Assignor and this Assignment constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with its terms;

(b) the Sub-Lease constitutes valid and binding obligations of the Assignor and is in full force and effect and has not been varied or modified in any way or cancelled and neither the Assignor nor (so far as Assignor is actually aware) the relevant Sub-Lessee are in default thereunder nor has any Event of Loss occurred with respect to the Engine; and

(c) it has not previously assigned, charged, pledged or otherwise encumbered any of its rights and benefits under the Assigned Property.

3. Assignment.

3.1 In consideration as aforesaid, the Assignor as legal and beneficial owner, for the purpose of securing the Secured Obligations, hereby assigns and agrees to assign to the Assignee the Assigned Property:

Provided that the Assignor shall keep the Assignee fully and effectually indemnified from and against all actions, losses, claims, proceedings, costs, demands and liabilities which may be suffered by the Assignee by reason of the failure of the Assignor to perform any of its obligations pursuant to the Sub-Lease.

Provided further that any or all monies and rights comprising the Assigned Property shall be payable to the Assignor and performed in accordance with the provisions regulating payment and performance thereof in the Sub-Lease until such time as an Event of Default shall occur and be continuing and the Assignee shall direct to the contrary, whereupon the Assignor shall forthwith, and the Assignee may, at any time thereafter, instruct the persons from whom such monies are then payable to pay the same to the Assignee or as it may direct.

3.2 The Assignee's rights under this Assignment shall become exercisable only upon the occurrence of an Event of Default which is continuing.

3.3 Upon release of the Assignor from its obligations under the Subsidiary Guaranty pursuant to the conditions set forth in Section 12 of the Subsidiary Guaranty, the Assignee agrees to re-assign to the Assignor all right, title, benefit and interest in the Assigned Property; provided that this Assignment shall be reinstated if at any time payment and performance of the Secured Obligations, or any part thereof, are, pursuant to applicable law, rescinded or reduced in amount or must otherwise be restored or returned by Assignee, whether as a "voidable preference", "fraudulent preference", "fraudulent conveyance" or otherwise, all as though such payment or performance had not been made. In addition, upon the sale or other disposal of the Engine in accordance with the Credit Agreement, the Assignee agrees to re-assign to the Assignor all right, title, benefit and interest in the Assigned Property to the extent it relates to that Engine.

3.4 Any amount received by the Assignee pursuant to this Assignment shall be applied in discharging any sums then due and owing which are secured by this Assignment.

3.5 This security is in addition to, and shall not be merged in, or in any way prejudice, any other security interest, document or right which the Assignee may now or at any time hereafter hold or have.

3.6 The powers which this Assignment confers on the Assignee are cumulative, without prejudice to its powers under the general law and may be exercised as often as the Assignee thinks appropriate.

3.7 Sections 17 and 20 of the Conveyancing and Law of Property Act 1881 shall not apply to the security constituted by this Assignment.

4. Notice of Assignment.

4.1 Following the occurrence of an Event of Default, and during the continuance thereof, and if requested by Assignee in writing to do so, the Assignor shall deliver a notice of

assignment forthwith to Sub-Lessee in the form of Schedule 1 and to brokers through whom the Insurances are placed in the form of Schedule 3 (or such other form as the Assignee may agree) and shall use its reasonable endeavours to procure an acknowledgement of the relevant Sub-Lessee in the form of Schedule 2 (or such other form as the Assignee may agree) PROVIDED ALWAYS that the Assignee shall not issue or deliver any such notice of assignment unless and until an Event of Default has occurred and is continuing.

4.2 From time to time after the execution of this Assignment, the Assignor shall deliver to the Assignee evidence, in form and substance satisfactory to the Assignee that this Assignment or prescribed particulars thereof have been delivered to and filed with all relevant authorities in all applicable jurisdictions including, without limitation particulars (by way of Form C1) of the charges created by the Assignor pursuant to this Assignment, which particulars must be filed with the Irish Registrar of Companies within 21 days of the date of creation of such charge.

5. Covenants.

5.1 The Assignor hereby covenants with the Assignee that:

(a) it will do or permit to be done each and every act or thing which the Assignee may from time to time reasonably require to be done for the purpose of enforcing the Assignee's rights in relation to the Assigned Property and under this Assignment;

(b) except as permitted by the Head Lease, the Sub-Lease, the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement) and this Assignment, it will not transfer, assign, sell, dispose of or otherwise alienate, nor will it create or permit to exist any mortgage, charge, pledge lien or other security interest whatsoever, howsoever created or arising, over any of its rights, title, benefit or interest under the Assigned Property;

(c) following the occurrence of an Event of Default which is continuing the Assignor will not without the prior written consent of the Assignee, not to be unreasonably withheld or delayed, amend or modify any provision of the Sub-Lease which would in any way be prejudicial to the Assignee's rights or agree or purport to do so.

6. Assignor Acknowledgements.

6.1 It is agreed that notwithstanding the provisions of this Assignment:

(a) the Assignor shall at all times remain liable to perform all the duties and obligations of the Assignor in relation to the Assigned Property to the same extent as if this Assignment had not been executed;

(b) the exercise by the Assignee of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations to the Sub-Lessee under the Sub-Lease except to the extent that such exercise by the Assignee shall constitute performance of such duties and obligations;

(c) the Assignee shall not have any obligation or liability under the Assigned Property by reason of, or arising out of, this Assignment or be obliged to perform any of the obligations or duties of the Assignor under the Assigned Property or to make any payment or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder;

(d) for so long as no Event of Default by the Assignor in the payment or discharge of any of the Secured Obligations shall have occurred and be continuing, the Assignor shall continue to be entitled to exercise its rights and powers under the Sub-Lease but at any time following the occurrence and during the continuance of an Event of Default the Assignee shall be entitled to notify the Sub-Lessee that the Assignee's rights as assignee have become exercisable, and after the delivery of such notice, during the continuance of such Event of Default, all such rights and powers shall be exercisable only by the Assignee;

(e) the Assignee shall not be obliged to make any enquiry as to the nature or sufficiency of any payment made under the Assigned Property or received by it hereunder or to make any claim or take any other action to collect any monies or to enforce any rights and benefits hereby assigned to the Assignee or to which the Assignee shall be entitled;

(f) the Assignee shall not be responsible in any way whatsoever in the event that the exercise by the Assignor of any of its rights or powers under the Assigned Property may be adjudged improper or to constitute a breach or repudiation of the Assigned Property by the Assignor; and

(g) in the event of any circumstances whereby further performance of the Sub-Lease becomes impossible or unlawful or is otherwise frustrated, such impossibility, unlawfulness or frustration shall not affect the validity of any payments already received by the Assignee pursuant to this Assignment.

7. Power of Attorney. As security for the performance of the Secured Obligations and for conferring on the Assignee the benefit of the rights expressed to be conferred under this Assignment, the Assignor irrevocably appoints and constitutes the Assignee as the Assignor's true and lawful attorney with full power (in the name of the Assignor or otherwise) to carry out any of the Assignor's obligations under this Assignment, to ask, require, demand, receive, compound and give acquittance for any and all monies and advises for monies due or to become due, under or arising out of, the Sub-Lease or the Assigned Property, to enforce any provision thereof, to give valid receipts and discharges, to endorse any cheques or other installments or orders in connection therewith, and generally to file any claims or take any action or institute any proceedings which may seem necessary or advisable to the Assignee, for the purpose of putting into effect the intent of this Assignment. The powers conferred on the Assignee by this Clause shall only be exercisable by the Assignee following the occurrence and during the continuance of an Event of Default in payment or discharge of the Secured Obligations, but no party dealing with the Assignee as such attorney shall be bound to enquire as to whether this condition has in fact been satisfied.

8. Application of Proceeds. If any sum paid or recovered in respect of the liabilities of the Assignor under this Assignment is less than the amount then due, the Assignee may apply that sum in accordance with the provisions of the Credit Agreement.

9. Continuing Security. The security hereby constituted shall be a continuing security and shall not be discharged by reason of any matter which would otherwise discharge the Assignor from its obligations hereunder including without limitation, any variation of or amendment to any of the Transaction Documents, except as provided for in Clause 3.3 above.

10. Further Assurance. The Assignor agrees at any time and from time to time, upon the request of the Assignee, to execute and deliver promptly and duly to the Assignee any and all such further instruments and documents which the Assignee may reasonably require, or which are required by law, for obtaining the full benefits of this Assignment and the Assigned Property and of the rights and powers herein granted.

11. Compliance. If the Assignor fails to comply with any provision of this Assignment, the Assignee may, without being in any way obliged to do so, or responsible for so doing and without prejudice to its ability to treat that non-compliance as a default by the Assignor in the payment or discharge of any of the Secured Obligations effect compliance on the Assignor's behalf, whereupon the Assignor will become liable to pay immediately on receipt of written demand therefor any sums reasonably expended by the Assignee together with all reasonable costs and expenses (including reasonable legal costs) in connection therewith, together with interest, at the Post-Default Rate (without deduction, both after and before judgment) from the date of the Assignee's expenditure until payment.

12. Delays, Waivers, Rights Cumulative. No failure to exercise, and no delay on the part of the Assignee in exercising, any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude the further exercise thereof.

The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

13. Notices.

13.1 Any notice or other communication to be given under or for the purposes of this Assignment shall be in writing and shall be treated as properly served or given if hand delivered or sent by registered post, reputable courier or facsimile (subject, in the case of facsimile transmission, to the sender having posted a copy of the facsimile transmission to the notice address of the recipient on the date of transmission (but without prejudice to Clause 13.3)) to the relevant person at the following address or facsimile number (or such other address or facsimile number) as that person may have designated in writing from time to time to the person giving the notice):

Assignee: **Address:**

Union Bank, N.A.
Northern California Commercial Banking Division
350 California Street
San Francisco, CA 94104
Attn: Commercial Finance Division

Gen Tel: 001 415 705 7385
Fax: 001 415 705 7111

Copy: Sheppard, Mullin, Richter & Hampton, LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111-4106
Attn: Julie Ebert, Esq.

Dir Tel: 001 415 774 3202
Gen Tel: 001 415 434 9100
Fax: 001 415 434 3947

Assignor: **Address:**

WLFC (Ireland) Limited
Ashley House
Morehampton Road
Dublin 4
Ireland

Attention: Company Secretary

Facsimile No: (353 1) 619 9010

In addition, the Assignee agrees to send copies of all notices that are sent to the Assignor to Willis Lease Finance Corporation at the following address:

Address: Willis Lease Finance Corporation
773 San Marin Drive, Suite 2215
Novato, CA 94998
Attn: COO and General Counsel
Telephone No.: 001 415 408 4712
Facsimile No.: 001 415 408 4702

13.2 Any such notice or other communication shall be deemed to have been received by the recipient:

(a) in the case of a letter which is hand delivered or delivered via courier, when actually delivered and, in the case of a letter which is sent by registered post, on the tenth day after posting (or on actual receipt if earlier); or

(b) in the case of transmission by facsimile, if transmitted during normal business hours in the place of receipt, at the time of transmission, and otherwise, when normal business hours next begin in the place of receipt.

13.3 Each person making a communication under this Assignment by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant to this Assignment.

13.4 All communications and documents delivered pursuant to or otherwise relating to this Assignment shall either be in English or accompanied by a certified English translation prepared by a translator approved by the Assignee.

14. Partial Invalidity. If at any time any one or more of the provisions of this Assignment becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

15. Governing Law. THIS ASSIGNMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES. ASSIGNOR IRREVOCABLY CONSENTS AND AGREES, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THAT ANY LEGAL ACTION OR PROCEEDING AGAINST IT UNDER, ARISING OUT OF OR IN ANY MANNER RELATING TO THIS ASSIGNMENT SHALL BE SUBJECT TO THE EXCLUSIVE JURISDICTION OF ANY COURT OF THE STATE OF NEW YORK SITTING IN THE COUNTY OF NEW YORK OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. ASSIGNOR, BY ITS EXECUTION AND DELIVERY OF THIS ASSIGNMENT, EXPRESSLY AND IRREVOCABLY ASSENTS AND SUBMITS TO THE PERSONAL JURISDICTION OF ANY OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING. ASSIGNOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF ANY COMPLAINT, SUMMONS, NOTICE OR OTHER PROCESS RELATING TO ANY SUCH ACTION OR PROCEEDING BY DELIVERY THEREOF TO IT BY HAND OR BY MAIL CARE OF THE BORROWER AT THE BORROWER'S ADDRESS SPECIFIED IN THE CREDIT AGREEMENT. ASSIGNOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES ANY CLAIM OR DEFENSE IN ANY SUCH ACTION OR PROCEEDING BASED ON ANY ALLEGED LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS OR ANY SIMILAR BASIS. ASSIGNOR SHALL NOT BE ENTITLED IN ANY SUCH ACTION OR PROCEEDING TO ASSERT ANY DEFENSE GIVEN OR ALLOWED UNDER THE LAWS OF ANY STATE OTHER THAN THE STATE OF NEW YORK UNLESS SUCH DEFENSE IS ALSO GIVEN OR ALLOWED BY THE LAWS OF THE STATE OF NEW YORK. NOTHING IN THIS SECTION 15 SHALL AFFECT, OR IMPAIR IN ANY MANNER OR TO ANY EXTENT THE

RIGHT OF THE ASSIGNEE TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE ASSIGNOR IN ANY JURISDICTION OR TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW.

16. Counterparts. This Assignment may be executed in any number of counterparts and by the different parties to this Assignment on separate counterparts, each of which, when executed and delivered, shall constitute an original, but all the counterparts shall together constitute but one and the same instrument.

17. Amendments. None of the terms or provisions of this Assignment may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Assignor and Assignee, provided, that any provision of this Assignment may be waived by the Assignee in a written letter or agreement executed by the Assignee or by facsimile transmission from the Assignee, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

[Remainder of page intentionally left blank; signatures on following pages]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Assignment under hand in the case of the Assignee and as a deed in the case of Assignor on the date written above.

"Assignor"

Signed and delivered as a deed by , as attorney for **WLFC (IRELAND) LIMITED**, in the presence of: _____

Signature of witness _____
Name of witness _____
Address of witness _____
_____
_____
Occupation of witness _____

"Assignee"

UNION BANK, N.A., as Security Agent

By: _____
Name:
Title:

SCHEDULE 1
NOTICE OF ASSIGNMENT

From: WLFC (Ireland) Limited
To: [ ] [ ], 20

Dear Sirs,

We hereby give you notice that by a Lease Security Assignment dated [, 20] (the "Assignment") between us and Union Bank, N.A., as Security Agent ("Assignee") we have assigned absolutely by way of security to Assignee all our right, title and interest in and to:

1. the Aircraft Engine Lease Agreement (the "Sub-Lease"), dated as of [ ], between ourselves and yourselves (as amended, novated, supplemented or otherwise modified from time to time relating to one aircraft engine with manufacturer's serial no. [ ] (the "Engine").

2. All monies that may be payable by you under the Sub-Lease shall be paid to the US Dollar Bank Account in the name of the Assignee with [ ] Bank Account No. [ ] (the "Account") with immediate effect unless and until the Assignee otherwise directs to you in writing PROVIDED ALWAYS that your obligations under the Sub-Lease shall not be increased as a result of making any such payments to the Account and if same would occur we will locate the Account in a jurisdiction so as to ensure that there is no increase in your obligations under the Sub-Lease.

3. This notice and the instructions herein contained are irrevocable. Please acknowledge receipt of this notice to the Assignee on the enclosed Acknowledgment.

Yours faithfully,

_____
For and on behalf of
WLFC (IRELAND) LIMITED

SCHEDULE 2
ACKNOWLEDGMENT

From: [ ]
To: Union Bank, N.A.
c.c. WLFC (Ireland) Limited [ ], 20

Dear Sirs,

We acknowledge receipt of a Notice of Assignment dated [, 20] (the "Assignment Notice") relating to a lease security assignment (the "Assignment") between WLFC (Ireland) Limited (the "Assignor") and you, Union Bank, N.A., as assignee. We acknowledge that the Assignment is effective to confer on you all the rights, title and interest of the Assignor under the Sub-Lease as defined in the Assignment. All terms defined in the Assignment Notice shall have the same meaning herein.

In consideration of payment to us of US$1.00, we hereby agree as follows:

1. That we will pay to you at the Account (or such other account as you may nominate) all amounts from time to time payable by us under the Sub-Lease.

2. That we will not, without your prior written consent, create or permit to exist any mortgage, charge, pledge, lien or other security interest whatsoever, howsoever created or arising in and over the Engine which results directly or indirectly from acts of or claims against ourselves except as expressly permitted by the Sub-Lease.

3. That we will perform, observe and comply with all our other undertakings and obligations under the Sub-Lease in your favour and for your benefit as if you were named therein instead of the Assignor, and if you so request, in regard to the Sub-Lease, enter into a new agreement with you or your nominee, on the same terms (mutatis mutandis) as the Sub-Lease.

4. With effect from the date of receipt of the Assignment Notice, we agree that we shall not recognise the exercise by the Assignor of any of its rights and powers under the Sub-Lease unless and until requested to do so by you.

Yours faithfully,

_____
For and on behalf of
[ ]

SCHEDULE 3
NOTICE OF ASSIGNMENT

Address to: Insurance Brokers

WLFC (Ireland) Limited ("Assignor") a limited liability company organised under the laws of Ireland, the lessor of one aircraft engine [ ] with manufacturer's serial number [ ] (the "Engine") pursuant to a Sub-Lease (as amended and supplemented from time to time) between Assignor and [ ], hereby gives notice that, by a certain Lease Subsidiary Security Assignment, dated as of [, 20] and entered into between Assignor and Union Bank, N.A., in its capacity as Security Agent for itself and on behalf of the "Credit Facility Lenders" and "Non-Lenders" under that certain Credit Agreement, dated as of November 18, 2009 (the "Assignee"), Assignor has assigned by way of security to the Assignee all its rights, title benefit and interest in to and under all insurances in respect of the Engine except third party liability insurances.

_____

For and on behalf of
WLFC (IRELAND) LIMITED

SCHEDULE 4
ENGINE AND SUBLEASE DETAILS

One (1) [ ] aircraft engine model bearing manufacturer's serial number [ ]

Aircraft Engine Lease Agreement, dated as of , between WLFC (Ireland) Limited ("Lessor"), as lessor, and ("Lessee"), as lessee, incorporating the terms of the General Terms Engine Lease Agreement, dated as of between Lessor and Lessee.

[WILLIS TO PROVIDE COPY OF LEASE AGREEMENT AND SUB-LEASE TO UNION BANK WHEN REQUESTING SIGNATURE.]

Exhibit J

Form of Subsidiary Guaranty

[Appended]

LEASING SUBSIDIARY GUARANTY

Dated as of _____

made by

[SUBSIDIARY],
together with any other entity that becomes a guarantor hereunder,

as Guarantor

in favor of

UNION BANK, N.A.,
as Security Agent

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SUBSIDIARY GUARANTY

THIS SUBSIDIARY GUARANTY, dated as of (as amended, modified or supplemented from time to time, the "**Guaranty**"), made by each of the undersigned guarantors (each, a "**Guarantor**" and, together with any other entity that becomes a guarantor hereunder, the "**Guarantors**"), for the benefit of UNION BANK, N.A. (the "**Security Agent**"), in its capacity as Security Agent for itself and on behalf of the Credit Facility Lenders and Non-Lenders under the Credit Agreement (as defined below).

Preliminary Statement

WHEREAS, Willis Lease Finance Corporation (the "**Borrower**"), Union Bank, N.A., together with any other Lenders from time to time (collectively, the "**Lenders**") and Union Bank, N.A., as Administrative Agent, Swing Line Lender, Issuing Lender, and Security Agent, U.S. Bank National Association, as Documentation Agent and Wells Fargo Bank, National Association, as Syndication Agent have entered into that certain Amended and Restated Credit Agreement, dated as of November , 2011 (as amended, restated, modified or supplemented from time to time, the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Credit Agreement;

WHEREAS, each Guarantor is a direct or indirect wholly owned subsidiary of the Borrower, and the Borrower will use a portion of the proceeds of the Loans to finance or re-finance the operation of each such Guarantor and, consequently, each Guarantor will benefit from the extension of credit to the Borrower pursuant to the Credit Agreement;

WHEREAS, it is a condition to the making of any Loan under the Credit Agreement that this Guaranty be executed and delivered by each Guarantor in favor of the Security Agent and be in continuous full force and effect; and

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, each Guarantor hereby makes the following representations and warranties to the Security Agent and covenants and agrees with the Security Agent as follows:

1. Continuing and Unconditional Guaranty. Each Guarantor, jointly and severally, hereby irrevocably, unconditionally and absolutely guaranties to and for the Security Agent for itself and on behalf of the Credit Facility Lenders and Non-Lenders the due performance, including, without limitation, the prompt payment when due or within any applicable grace period, whether at stated maturity, upon acceleration or otherwise and at all times thereafter of any and all obligations of the Borrower owed to the Security Agent, the Administrative Agent or any Credit Facility Lender under the Credit Agreement, the Notes, and any other Loan Documents referred to therein, or under any renewals, extensions or modifications thereof (the "**Obligations**") irrespective of (a) any lack of enforceability of any Obligation, (b) any change of the time, manner, place of payment, or any other term of any Obligation, (c) any exchange, release or non-perfection of any collateral securing payment of any Obligation, (d) any law,

regulation or order of any jurisdiction affecting the genuineness, validity, or rights of the Security Agent or the Administrative Agent or the Credit Facility Lenders with respect to the Obligations or any instruments evidencing any of the Obligations, or (e) any other circumstance which might otherwise constitute a defense to or discharge of any Guarantor. Each Guarantor agrees that the obligations of each Guarantor hereunder are independent of the obligations of the Borrower or any other Guarantor, and that a separate action may be brought against each Guarantor whether or not such action is brought against the Borrower or any other Guarantor or whether or not the Borrower or any other Guarantor is joined in such action. Each Guarantor agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by the Security Agent, Administrative Agent or the Credit Facility Lenders of whatever remedies it may have against the Borrower or any other Guarantor, or the enforcement of any Lien or realization upon any security the Security Agent or the Administrative Agent may at any time possess. Each Guarantor agrees that any release which may be given by the Security Agent or the Administrative Agent or the Credit Facility Lenders to the Borrower or any other Guarantor shall not release such Guarantor; and each Guarantor waives the benefit of any statute of limitations affecting its liabilities hereunder or the enforcement hereof. This Guaranty is a guaranty of payment and not of collection.

If, absent the provisions of this paragraph, this Guaranty would be held or determined to be void, invalid or unenforceable on account of the amount of the Guarantors' aggregate liability under this Guaranty, then, notwithstanding any other provision of this Guaranty to the contrary, the aggregate amount of such liability shall, without any further action by the Guarantors, the Security Agent, any Credit Facility Lender or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable as determined in such action or proceeding, which (without limiting the generality of the foregoing) may be an amount which is not greater than the greater of the excess of the amount of the fair saleable value of the assets of the Guarantors on an aggregate basis over the amount of all liabilities of the Guarantors on an aggregate basis (all as determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors), (a) as of the date hereof, and (b) as of the date of the enforcement of this Guaranty. Nothing contained in this paragraph shall be deemed to waive, diminish or modify the Guarantors' representations, acknowledgments or recitals set forth herein or in any other Loan Document.

Each Guarantor agrees that its obligations as a guarantor shall not be impaired, modified, changed, released, or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of the Borrower or its estate in bankruptcy, resulting from the operation of any present or future provision of the bankruptcy laws or other similar statute, or from the decision of any court in a bankruptcy proceeding. Notwithstanding any provision herein to the contrary, the Obligations shall include all amounts that would otherwise constitute Obligations but for the fact that they are unenforceable or not allowable due to the existence of any proceedings or taking of any actions under any such laws. The Obligations shall not be considered indefeasibly paid for purposes of this Guaranty unless and until all payments to the Administrative Agent, on behalf of itself, the Security Agent and the Credit Facility Lenders are no longer subject to any right on the part of any Person, including the Borrower, the Borrower as a debtor in possession, or any trustee (whether appointed under the Bankruptcy Code or otherwise) of the Borrower's assets to invalidate or set aside such payments or to seek to recoup the amount of such payments or any portion thereof, or to declare same to be fraudulent

or preferential. Until such full and final performance and indefeasible payment of the Obligations whether by any Guarantor or the Borrower, the Administrative Agent, on behalf of itself, the Security Agent and the Credit Facility Lenders shall have no obligation whatsoever to transfer or assign its interest in the Loan Documents to any Guarantor. In the event that, for any reason, any portion of such payments to the Security Agent or the Administrative Agent is set aside or restored, whether voluntarily or involuntarily, after the making thereof, then the obligation intended to be satisfied thereby shall be revived and continued in full force and effect as if said payment or payments had not been made, and the Guarantors shall be liable for the full amount the Security Agent or the Administrative Agent or any Credit Facility Lender is required to repay plus any and all costs and expenses (including reasonable attorneys' fees) paid by the Security Agent or the Administrative Agent or any Credit Facility Lender in connection therewith.

To the maximum extent permitted by law, each Guarantor hereby waives any right to revoke this Guaranty as to future indebtedness. If such a revocation is effective notwithstanding the foregoing waiver, each Guarantor acknowledges and agrees that (a) no such revocation shall be effective until written notice thereof has been received by the Security Agent, (b) no such revocation shall apply to any Obligations in existence on such date (including, any subsequent continuation, extension, or renewal thereof, or change in the interest rate, payment terms, or other terms and conditions thereof), (c) no such revocation shall apply to any Obligations made or created after such date to the extent made or created pursuant to a legally binding commitment of the Security Agent or the Administrative Agent in existence on the date of such revocation, (d) no payment by any Guarantor, the Borrower, or from any other source, prior to the date of such revocation shall reduce the maximum obligation of the Guarantors hereunder, except to the extent of such payment, and (e) any payment by the Borrower or from any source other than a Guarantor, subsequent to the date of such revocation, shall first be applied to that portion of the Obligations as to which the revocation is effective and which are not, therefore, guaranteed hereunder, and to the extent so applied shall not reduce the maximum obligation of the Guarantors hereunder.

This is a continuing guaranty and shall remain in full force and effect and be binding upon each Guarantor, its successors and assigns until payment in full of all the Obligations.

2. Payment of Obligations. In furtherance of, and not limiting each Guarantor's obligations pursuant to Section 1 hereof, upon the occurrence of an Event of Default under the Credit Agreement (which Event of Default has not been waived in writing by the Security Agent) and any demand by the Security Agent upon the Guarantors for payment of any amount in respect of any Obligation, the Guarantors shall immediately pay the Obligation or Obligations demanded (as determined pursuant to Section 1 hereof) in lawful currency of the United States of America and in same day funds to the office of the Security Agent as set forth in the Credit Agreement, or to such other location as the Security Agent may from time to time specify. Notwithstanding anything to the contrary contained herein or elsewhere, it shall not be necessary for the Security Agent to make any demand upon or bring any legal, equitable or other action, institute suit, exhaust its rights against the Borrower or any other guarantor of the Borrower, or proceed, enforce or exhaust its rights against any security given to secure payment of the Obligations.

3. Waiver. Each Guarantor hereby waives all notices of any character whatsoever with respect to this Guaranty and the Obligations, including but not limited to notice of the acceptance hereof and reliance hereon, of the present existence or future incurring of any Obligations, of the amounts, terms and conditions thereof, and of any defaults thereon, and further waives the defenses of diligence, presentment for payment, protest, demand or extensions of time for payment. Each Guarantor hereby consents to the taking of, or failure to take, from time to time without notice to any Guarantor, any such action of any nature whatsoever with respect to the Obligations and with respect to any rights against any Person or Persons or in any property, including but not limited to any renewals, extensions, modifications, postponements, compromises, settlements, substitutions, refusals or failures to exercise or enforce, indulgences, waivers, surrenders, exchanges and releases, and each Guarantor will remain fully liable hereon notwithstanding any of the foregoing. Each Guarantor hereby waives the benefit of all laws now or hereafter in effect in any way limiting or restricting its liability hereunder, including without limitation: (a) except for the defense of payment made on account of the Obligations to the Security Agent, Administrative Agent or any Credit Facility Lender, all defenses whatsoever (legal or equitable) to such Guarantor's liability hereunder including (i) defenses, set-offs, counterclaims or claims that any Guarantor may have against Borrower or any other party liable to the Security Agent, Administrative Agent or any Credit Facility Lender and (ii) any defense, set-off, counterclaim or claim of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity or enforceability of the Obligations or any security therefor; (b) all right to stay of execution and exemption of property in any action to enforce its liability hereunder; (c) all rights accorded it under any other statutory provisions of any other applicable jurisdiction affecting the rights of the Security Agent to enforce the obligations of each Guarantor under this Guaranty; (d) all notice of any adverse change in the financial condition of the Borrower or of any other fact that might increase Guarantor's risk; and (e) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement thereof (and any act which shall defer or delay the operation of any statute of limitations applicable to the Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Guarantor's liability hereunder).

To the maximum extent permitted by law, each Guarantor hereby waives any right of subrogation or reimbursement such Guarantor has or may have as against the Borrower with respect to the Obligations. In addition, each Guarantor hereby waives any right to proceed against the Borrower, now or hereafter, for contribution, indemnity, reimbursement, and any other suretyship rights and claims, whether direct or indirect, liquidated or contingent, whether arising under express or implied contract or by operation of law, which such Guarantor may now have or hereafter have as against the Borrower with respect to the Obligations. Each Guarantor also hereby waives any rights to recourse of or with respect to any asset of the Borrower. Each Guarantor agrees that in light of the immediately foregoing waivers, the execution of this Guaranty shall not be deemed to make such Guarantor a "creditor" of the Borrower, and that for purposes of Sections 547 and 550 of the Bankruptcy Code, such Guarantor shall not be deemed a "creditor" of the Borrower.

4. Representations and Warranties. Each Guarantor, jointly and severally, represents and warrants to the Security Agent as follows:

(a) Organization: Good Standing. It is duly organized and validly existing under the laws of the jurisdiction of its organization, and has the power and authority (corporate or otherwise) necessary to own its assets, carry on its business and enter into and perform its obligations hereunder and under the other Loan Documents to which it is a party. It is qualified to do business and, if applicable, is in good standing as a foreign corporation in each jurisdiction in which it is required to so qualify, except where the failure to so qualify would not have a Material Adverse Effect.

(b) Corporate Authority. The making and performance of this Guaranty and the other Loan Documents to which any Guarantor is a party are within such Guarantor's power and authority and have been duly authorized by all necessary action (corporate or otherwise). The making and performance of this Guaranty and the other Loan Documents to which any Guarantor is a party (i) do not and under present law will not require any consent or approval of any of its shareholders or any other Person, and (ii) do not and under present law will not violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award, do not and will not violate any provision of its charter or by-laws or equivalent organizational documents, do not and will not result in any breach of any agreement, lease or instrument to which it is a party, by which it is bound or to which any of its assets are or may be subject. No Guarantor is in default in any material respect under any of the foregoing.

(c) Validity of Documents. This Guaranty and the other Loan Documents to which any Guarantor is a party, if any, are, or when executed and delivered will be, the legal, valid and binding obligation of such Guarantor, enforceable against it in accordance with their terms. Except as has been duly obtained, no authorization, consent, approval, license, exemption of or filing or registration with any court, governmental agency or other tribunal is or under present law will be necessary to the validity or performance of this Guaranty or the other Loan Documents to which any Guarantor is a party, other than particulars of any security document to which Guarantor is a party must be filed on a Form C1 in the Companies Registration Office in Dublin within 21 days of the execution of each such security document.

(d) Financial Condition of Borrower. Each Guarantor is currently informed of the financial condition of the Borrower and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Guarantor further represents and warrants to the Security Agent that such Guarantor has read and understands the terms and conditions of the Loan Documents. Each Guarantor hereby covenants that it will continue to keep informed of the Borrower's financial condition, the financial condition of other Guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(e) No Event of Default. No Event of Default has occurred and is continuing, or, after giving effect to this Guaranty, shall exist.

(f) Representations and Warranties. All representations and warranties made by it in the Loan Documents are true and correct as if made on and as of the date hereof, except in each case for representations and warranties which by their terms are expressly applicable to an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date.

5. Covenants. Each Guarantor, jointly and severally, covenants and agrees that from and after the date hereof and so long as any Obligation remains unpaid or outstanding:

(a) Assistance to the Borrower. It will provide its full assistance and cooperation in order to enable the Borrower to comply with all covenants and agreements set forth in the Credit Agreement and the other Loan Documents to the extent such covenants and agreements relate to the Borrower, its assets, business and operations.

(b) Credit Agreement Affirmative and Negative Covenants. It will comply with each of the affirmative covenants set forth in Section 6 of the Credit Agreement and the negative covenants set forth in Section 7 of the Credit Agreement, substituting its name for the name of the Borrower throughout the Credit Agreement as fully as if set forth therein without the necessity of restating each and every said covenant herein; provided, however, that in determining a Guarantor's compliance with the aforementioned covenants of the Credit Agreement (i) Section 7.5(b) of the Credit Agreement shall be deemed to read "the Borrower or a Subsidiary is the surviving entity"; (ii) the terms "Material Adverse Change" and "Material Adverse Effect" as used in the Credit Agreement shall continue to be deemed to refer to the Borrower rather than the Guarantor; (iii) the definition of 'Permitted Liens" in the Credit Agreement shall be deemed to include those existing Liens described on Schedule I to this Guaranty, and (iv) nothing in the Credit Agreement shall be deemed to prohibit a Guarantor from transferring assets to the Borrower.

6. Subordination of Sums Payable to Any Guarantor. Each Guarantor hereby subordinates all claims and demands it has, or may in the future have, against the Borrower or any other Guarantor arising or growing out of any indebtedness, liability or obligation, direct or indirect, due or to become due which arises, may arise or arose by reason of any advance or loan by such Guarantor, directly or indirectly, to the Borrower or any other Guarantor (all of such claims and demands being herein referred to collectively as the "Subordinated Liabilities"), to the prior and full payment, performance, satisfaction and discharge of the Obligations, and each Guarantor agrees that the Security Agent shall first be paid in full with interest all sums now due or that may hereafter accrue and become due and payable by the Borrower under the Credit Agreement, the Notes and any other Loan Document before any Guarantor shall be paid anything by the Borrower or out of any property of the Borrower for or on account of any of the Subordinated Liabilities. Each Guarantor further agrees that the Security Agent, the Administrative Agent or any Credit Facility Lender may at any time and from time to time renew or extend the time of payment of any indebtedness of the Borrower to the Credit Facility Lenders, or any portion of such indebtedness, and may make new loans to the Borrower, secured or unsecured, under the Credit Agreement or otherwise, with or without a guarantee, all without any notice to the Guarantors who shall nonetheless remain fully bound by their agreement to subordinate the Subordinated Liabilities until this Guaranty has been terminated by the Security Agent in the manner hereinafter provided.

7. Expenses. In addition to all other liabilities of each Guarantor hereunder, the Guarantors also agree to pay to the Security Agent, on demand, all reasonable costs and expenses (including reasonable fees, costs and disbursements of its counsel) which may be incurred in the enforcement of the Obligations or the liabilities of the Guarantors hereunder.

8. Modification of Obligations. Each Guarantor hereby consents and agrees that without further notice to or assent from it, the amount of the Obligations, the time of payment of any or all the Obligations may be changed, any other term or condition relating to any or all the Obligations may be changed, the Borrower (or any other Person primarily or secondarily liable for the Obligations, including any Guarantor hereunder) may be discharged from any or all the Obligations, any composition or settlement relating thereto may be consummated and accepted, and that each Guarantor will remain bound upon this Guaranty notwithstanding any or all of the foregoing.

9. No Waivers: No Election: Rights and Remedies Cumulative. No failure on the part of the Security Agent to exercise, and no delay in exercising, any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by the Security Agent of any right, power or remedy preclude any other further exercise thereof or the exercise of any other right, power or remedy. The Security Agent shall have the right to seek recourse against each Guarantor to the fullest extent provided for herein, and no election by the Security Agent to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of the Security Agent's right to proceed in any other form of action or proceeding or against other parties unless the Security Agent has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by the Security Agent, the Administrative Agent or any Credit Facility Lender under any Loan Document or any other document or instrument evidencing the Obligations shall serve to diminish the liability of any Guarantor under this Guaranty except to the extent that the Security Agent, the Administrative Agent or any Credit Facility Lender finally and unconditionally shall have realized indefeasible payment by such action or proceeding and then only to the extent of such payment. The rights and remedies provided herein shall be in addition to and not exclusive of any rights or remedies provided at law or in equity, and may be exercised in such order as the Security Agent shall determine, in its sole discretion.

10. Other Guaranties. A subsequent guaranty by any other guarantor of any of the Obligations shall not be deemed to be in lieu of or to supersede or terminate this Guaranty but shall be construed as an additional or supplementary guaranty; and if any other guarantor has given to the Security Agent a previous guaranty or guaranties, this Guaranty shall be construed to be an additional or supplementary guaranty, and not to be in lieu thereof or to terminate such previous guaranty or guaranties.

11. Right of Set-off. Upon an Event of Default under the Credit Agreement (which Event of Default has not been waived in writing by the Security Agent), the Security Agent, the Administrative Agent and each Credit Facility Lender 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 at any time held and other indebtedness at any time owing by the Security Agent, the Administrative Agent and any Credit Facility Lender to or for the credit of any Guarantor against any and all of the obligations of such Guarantor now or hereafter existing under this Guaranty. Any such set-off or application of deposits by a Credit Facility Lender shall be deemed to be made on behalf of all of the Credit Facility Lenders, in accordance with their respective Pro Rata Share of the Revolving Loan Commitment.

12. Termination of Guaranty. Notwithstanding anything to the contrary here or in any other Loan Document, Guarantors shall be released from liability under this Guaranty only upon the earlier to occur of (a) payment in full of all Obligations (other than contingent obligations which by their nature cannot be satisfied by payment at such time) and either (i) expiration of the term of the Credit Agreement or (ii) termination of the obligation of any Credit Facility Lender and Non-Lender to make any advances to Borrower pursuant to the Credit Agreement or any other Loan Document; or (b) release by Security Agent of such Guarantor in accordance with the terms and conditions of this Guaranty, the Credit Agreement and the other Loan Documents.

13. Binding Effect: Assignment. The provisions of this Guaranty shall be binding upon and inure to the benefit of each Guarantor and the Security Agent and their respective successors and assigns, except that the Guarantors may not assign or otherwise transfer any of their rights or obligations hereunder. The Security Agent may at any time sell, assign, pledge, grant participations in or otherwise transfer its rights under this Guaranty in whole or in part, to the extent permitted by Section 13 of the Credit Agreement.

14. Amendments and Waivers. Any provision of this Guaranty may be amended if such amendment is in writing and is signed by the then-existing Guarantors and the Security Agent, and any provision of this Guaranty may be waived by the Security Agent (consistent with the provisions of the Credit Agreement).

15. Governing Law: Jurisdiction. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES. EACH GUARANTOR IRREVOCABLY CONSENTS AND AGREES, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THAT ANY LEGAL ACTION OR PROCEEDING AGAINST IT UNDER, ARISING OUT OF OR IN ANY MANNER RELATING TO THIS GUARANTY SHALL BE SUBJECT TO THE EXCLUSIVE JURISDICTION OF ANY COURT OF THE STATE OF NEW YORK SITTING IN THE COUNTY OF NEW YORK OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. EACH GUARANTOR, BY ITS EXECUTION AND DELIVERY OF THIS GUARANTY, EXPRESSLY AND IRREVOCABLY ASSENTS AND SUBMITS TO THE PERSONAL JURISDICTION OF ANY OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING. EACH GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF ANY COMPLAINT, SUMMONS, NOTICE OR OTHER PROCESS RELATING TO ANY SUCH ACTION OR PROCEEDING BY DELIVERY THEREOF TO IT BY HAND OR BY MAIL CARE OF THE BORROWER AT THE BORROWER'S ADDRESS SPECIFIED IN THE CREDIT AGREEMENT. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES ANY CLAIM OR DEFENSE IN ANY SUCH ACTION OR PROCEEDING BASED ON ANY ALLEGED LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS OR ANY SIMILAR BASIS. EACH GUARANTOR SHALL NOT BE ENTITLED IN ANY SUCH ACTION OR PROCEEDING TO ASSERT ANY DEFENSE GIVEN OR ALLOWED UNDER THE LAWS OF ANY STATE OTHER THAN THE STATE OF NEW YORK UNLESS SUCH DEFENSE IS ALSO GIVEN OR ALLOWED BY THE LAWS OF THE STATE OF NEW YORK. NOTHING IN THIS SECTION 15 SHALL AFFECT, OR IMPAIR

IN ANY MANNER OR TO ANY EXTENT THE RIGHT OF THE SECURITY AGENT TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST SUCH GUARANTOR IN ANY JURISDICTION OR TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW.

16. Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH GUARANTOR HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY ACTION, CAUSE OF ACTION, CLAIM, DEMAND, OR PROCEEDING ARISING UNDER OR WITH RESPECT TO THIS GUARANTY, OR IN ANY WAY CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE DEALINGS OF SUCH GUARANTOR AND THE SECURITY AGENT WITH RESPECT TO THIS GUARANTY, OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH GUARANTOR HEREBY AGREES THAT ANY SUCH ACTION, CAUSE OF ACTION, CLAIM, DEMAND, OR PROCEEDING SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY AND THAT THE SECURITY AGENT MAY FILE AN ORIGINAL COUNTERPART OF THIS SECTION WITH ANY COURT OR OTHER TRIBUNAL AS WRITTEN EVIDENCE OF THE CONSENT OF SUCH GUARANTOR TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

17. Additional Guarantors. Each Subsidiary of the Borrower which is required by the terms of the Credit Agreement to become a party to this Guaranty after the date hereof shall become a Guarantor for all purposes of this Guaranty upon execution of a counterpart hereof or of an assumption agreement in form and substance satisfactory to the Security Agent.

18. Severability. The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Guaranty shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Guaranty or of such provision or obligation in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

19. Headings; Binding Effect. The headings of the several sections of this Guaranty are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Guaranty. The provisions of this Guaranty shall inure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns.

20. Consultation with Advisors. Each of the Borrower and each Subsidiary Guarantor acknowledges that it has consulted with counsel and with such other experts and advisors as it has deemed necessary in connection with the negotiation, execution and delivery of this Guaranty. This Guaranty shall be construed without regard to any presumption or any rule requiring that it be construed against the party causing this Guaranty or any part hereof to be drafted.

21. Entire Agreement. This Guaranty sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior

negotiations and agreements among the parties relative to such subject matter. None of the terms or conditions of this Guaranty may be changed, modified, waived or canceled, orally or otherwise, except with the written agreement of each of the parties hereto.

22. Credit Agreement to Control. In the event of a conflict between the terms of this Guaranty and the terms of the Credit Agreement, the terms of the Credit Agreement shall control.

* * *

[Remainder of Page Intentionally Left Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Guaranty as a deed as of the day and year first above written.

SIGNED, SEALED and DELIVERED
for and on behalf of
[SUBSIDIARY])
acting by its attorney-in-fact) LS
in the presence of:)

_____
Name:
Title:

SCHEDULE 1 TO THE
SUBSIDIARY GUARANTY

EXISTING LIENS

[TO BE APPENDED]

Exhibit K

Form of Trust Agreement

[Appended]

FORM OF TRUST AGREEMENT

TRUST AGREEMENT NO. [ ]

dated as of [, 20]

between

WILLIS LEASE FINANCE CORPORATION,
Owner Participant

and

WELLS FARGO BANK NORTHWEST, N.A.,
Owner Trustee

K

TRUST AGREEMENT NO.

THIS TRUST AGREEMENT NO. dated as of , 20 , (as amended, modified or supplemented from time to time, the "Trust Agreement") (with respect to the following aircraft engine: one model aircraft engine, bearing manufacturer's serial number) between WILLIS LEASE FINANCE CORPORATION, a Delaware corporation (the "Owner Participant"), and WELLS FARGO BANK NORTHWEST, N.A., a national banking association under the laws of the United States of America (in its individual capacity, "WFB" and otherwise not in its individual capacity but solely as trustee hereunder with its permitted successors and assigns the "Owner Trustee").

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND TERMS

Section 1.01. Certain Definitions. All definitions contained in this Section 1.01 shall be equally applicable to both the singular and plural forms of the terms defined. For all purposes of this Trust Agreement the following terms shall have the following meanings:

"Beneficial Interest Pledge and Security Agreement" means any agreement pursuant to which Beneficiary pledges its interest in the Owner Trust to the Secured Party as security for obligations under and in connection with a Credit Agreement.

["Bill of Sale" means the [warranty] bill of sale with respect to the Equipment issued by in favor of the Owner Trustee.]

"Credit Agreement" means any agreement pursuant to which one or more lenders have extended credit to the Beneficiary.

"Closing Date" means [, 20].

"Corporate Trust Department" means the office of the Owner Trustee located at Wells Fargo Bank Northwest, N.A., 299 South Main Street, 12th Floor, Salt Lake City, UT 84111.

"Equipment" means .

"Lease Agreement" means any lease agreement upon which the Owner Trustee is the lessor or an assignee of the lessor, with respect to the Engine, as modified, amended or supplemented from time to time, and in respect of which the Owner Trustee is acting in its capacity as bare legal trustee for the Owner Participant.

"Mortgage and Security Agreement" any agreement pursuant to which the Owner Trustee pledges its interest in the Trust Estate to Secured Party as security for obligations under and in connection with the Credit Agreement.

"Owner Trustee Guaranty" means any guaranty by Owner Trustee of obligations under the Credit Agreement.

"Secured Party" means the lender or any agent for any lender or group of lenders under the Credit Agreement.

"Trust Estate" means all estate, right, title and interest of the Owner Trustee in and to: (i) the Equipment, (ii) the Lease Agreement [other documents related to the Lease Agreement, such as assignment and/or bill of sale], (iii) all amounts of rent, security deposits, maintenance reserves, use fees, proceeds of sale, lease or other disposition of the Equipment, insurance proceeds (other than liability insurance proceeds payable to or for the benefit of an additional or named insured for its own account), guarantee payments, fees, premiums and requisition payments, indemnity payments, damage, or other payments or proceeds of any kind for or in respect of the Equipment, the Lease Agreement or other document payable to, or received by or for the account of Owner Trustee, excluding any fees, expenses or indemnities of Owner Trustee payable to it in its individual capacity.

Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement.

ARTICLE II

AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS; DECLARATION OF TRUST

Section 2.01. Authority to Execute Documents. The Owner Participant hereby authorizes and directs the Owner Trustee to execute and deliver any agreements, instruments or documents to which the Owner Trustee is a party in the respective forms thereof delivered from time to time by the Owner Participant to the Owner Trustee for execution and delivery.

Section 2.02. Declaration of Trust. The Owner Trustee hereby declares that it will hold legal title to the Trust Estate upon the bare trust hereinafter set forth for the absolute use and benefit of the Owner Participant and the Owner Participant shall have the exclusive right to direct how the Trust Estate shall be dealt with pursuant to and subject to the terms of this trust.

Section 2.03. Name of Trust. The name of the trust created pursuant to this Trust Agreement shall be "Owner Trust ".

ARTICLE III

CONVEYANCE OF THE EQUIPMENT

Section 3.01. Conveyance of the Equipment. The Owner Participant hereby authorizes and directs the Owner Trustee to, and the Owner Trustee agrees for the benefit of the Owner Participant that it will:

(a) [accept delivery from the Owner Participant [or other Person designated by the Owner Participant] of the bill of sale for the Equipment;]

(b) execute and deliver the Lease Agreement;

(c) execute and deliver the Owner Trustee Guaranty;

(d) execute and deliver the Mortgage and Security Agreement;

(e) execute and deliver the Beneficial Interest Pledge and Security Agreement;

(f) [specify other steps to be taken and documentation entered into connection with the delivery of the Equipment and its lease; and]

(g) execute and deliver all such other instruments, documents or certificates and take all such other actions in accordance with the directions of the Owner Participant, as the Owner Participant may deem necessary or advisable in connection with the transactions contemplated hereby or otherwise.

ARTICLE IV

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

Section 4.01. Distribution of Payments. (a) Payments to Owner Trustee. The Owner Trustee will receive all amounts constituting part of the Trust Estate which are payable to the account of the Owner Trustee under this Trust Agreement, and shall forthwith distribute said amounts:

First, to payment to the Owner Trustee for any fees, expenses, costs or liabilities incurred for which the Owner Trustee is entitled to payment, reimbursement or indemnity from the Owner Participant and for which the Owner Trustee has not been paid or reimbursed from any other source; and

Second, to payment of the entire balance to the Owner Participant.

(b) Multiple Owner Participants. If, as a result of a transfer by an Owner Participant under Section 8.01 of this Trust Agreement, there is more than one Owner Participant hereunder, each such Owner Participant shall hold in proportion to its respective beneficial interest in the Trust Estate, an undivided beneficial interest in the entire Trust Estate and is entitled to receive ratably with any other Owner Participant, payments distributable by the Owner Trustee hereunder. No Owner Participant shall have legal title to the Equipment or any other portion of the Trust Estate.

Section 4.02. Method of Payments. The Owner Trustee shall make distributions or cause distributions to be made to the Owner Participant pursuant to this Article IV by transferring by wire transfer in immediately available funds on the day received (or on the next succeeding Business Day if the funds to be so distributed shall not have been received by the Owner Trustee by 1:00 p.m., Mountain time), the amount to be distributed to such account or accounts of the Owner Participant as the Owner Participant may designate from time to time in writing to the Owner Trustee; provided, however, that the Owner Trustee shall use reasonable efforts to invest overnight in federal funds all monies received by it at or later than 1:00 p.m., Mountain time.

ARTICLE V

DUTIES OF THE OWNER TRUSTEE

Section 5.01. Action Upon Instructions. Subject to the terms of Sections 5.01 and 5.02 hereof, upon the written instructions at any time and from time to time of the Owner Participant, the Owner Trustee will take such of the following actions as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder or under any document to which the Owner Trustee may be a party or in respect of all or any part of the Trust Estate, or take such other action, as shall be specified in such instructions; (ii) take such action to preserve or protect the Trust Estate (including the discharge of Liens) as may be specified in such instructions; (iii) approve as satisfactory to it all matters required by the terms of any document to which the Owner Trustee may be a party or to be satisfactory to the Owner Trustee, it being understood that without written instructions of the Owner Participant, the Owner Trustee shall not approve any such matter as satisfactory to it; (iv) retain, lease or otherwise dispose of, or from time to time take such other action with respect to, the Equipment on such terms as shall be designated in such instructions; and (v) take or refrain from taking such other action or actions as may be specified in such instructions.

Section 5.02. Indemnification. The Owner Trustee shall not be required to take any action under Section 5.01 hereof if the Owner Trustee shall reasonably believe such action is not adequately indemnified by the Owner Participant under Section 7.01 hereof, unless the Owner Participant agrees to furnish such additional indemnity as shall reasonably be required, in manner and form reasonably satisfactory to the Owner Trustee and to pay the reasonable compensation of the Owner Trustee for the services performed or to be performed by it pursuant to such direction and any reasonable fees and disbursements of counsel or agents employed by the Owner Trustee in connection therewith. The Owner Trustee shall not be required to take any action under Section 5.01 hereof if the Owner Trustee shall reasonably determine, or shall have been advised by counsel, in its reasonable opinion, that such action is contrary to the terms of any document to which the Owner Trustee may be a party or to applicable law.

Section 5.03. No Duties Except as Specified in Trust Agreement or Instructions. The Owner Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Equipment or any other part of the Trust Estate, except as expressly provided by the terms hereof or in a written instruction from the Owner Participant received pursuant to the terms of Section 5.01, and no implied duties or obligations shall be read into this Trust Agreement against the Owner Trustee. WFB agrees that it will, in its individual capacity and at its own cost or expense (but without any right of indemnity in respect of any such cost or expense under Section 7.01 hereof), promptly take such action as may be necessary to duly discharge and satisfy in full all Liens on all or any part of the Trust Estate attributable to it in its individual capacity.

Section 5.04. No Action Except Under Specified Documents or Instruction. The Owner Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Equipment or any other part of the Trust Estate except (i) as expressly required by the terms of any document to which the Owner Trustee may be a party, (ii) as expressly provided by the terms hereof, or (iii) as expressly provided in written instructions from the Owner Participant pursuant to Section 5.01 hereof.

ARTICLE VI

THE OWNER TRUSTEE

Section 6.01. Acceptance of Trusts and Duties. WFB accepts the trusts hereby created and agrees to perform the same but only upon the terms hereof applicable to it. The Owner Trustee also agrees to receive and disburse all monies received by it constituting part of the Trust Estate upon the terms hereof. WFB shall not be answerable or accountable under any circumstances, except (a) for its own willful misconduct or gross negligence, (b) its failure (in its individual capacity) to perform its obligations under the last sentence of Section 5.03 hereof, (c) for its or the Owner Trustee's failure to use ordinary care to disburse funds or to comply with the first sentence of Section 6.08 hereof and (d) for liabilities that may result from the inaccuracy of any representation or warranty of it in its individual capacity (or from the failure by it in its individual capacity to perform any covenant) in Section 6.03 hereof.

Section 6.02. Absence of Certain Duties. Except in accordance with written instructions furnished pursuant to Section 5.01 hereof and except as provided in, and without limiting the generality of, Sections 3.01 and 5.03 hereof and the last sentence of Section 9.01(b) hereof, neither the Owner Trustee nor WFB shall have any duty (i) to see to any recording or filing of any document or of any supplement to any thereof or to see to the maintenance of any such recording or filing or any other filing of reports with the Federal Aviation Administration or other governmental agencies, except that WFB in its individual capacity agrees to comply with the Federal Aviation Administration reporting requirements set forth in 14 C.F.R. § 47.45 and 14 C.F.R. § 47.51, and the Owner Trustee shall complete and timely submit (and furnish the Owner Participant with a copy of) any and all reports relating to the Equipment which may from time to time be required by the Federal Aviation Administration or any government or governmental authority having jurisdiction, (ii) to see to any insurance on the Equipment or to effect or maintain any such insurance, or (iii) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against any part of the Trust Estate. Notwithstanding the foregoing, the Owner Trustee will furnish to the Owner Participant, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, tax bills, invoices, certificates and financial statements received under or in connection with the Trust Estate, except to the extent to which a responsible officer of the Owner Trustee reasonably believes (and confirms by telephone call with the Owner Participant) that duplicates or copies thereof have already been furnished to the Owner Participant by some other person.

Section 6.03. No Representations or Warranties as to Certain Matters. NEITHER THE OWNER TRUSTEE NOR WFB MAKES OR SHALL BE DEEMED TO HAVE MADE (a) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE

TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE EQUIPMENT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT OR ANY PART THEREOF WHATSOEVER, except that WFB in its individual capacity warrants that on the Closing Date the Owner Trustee shall have received whatever title was conveyed to it by and that the Equipment shall during the term of this Trust Agreement be free of Liens attributable to WFB in its individual capacity, or (b) any representation or warranty as to the validity, legality or enforceability of this Trust Agreement, or any other document or instrument, or as to the correctness of any statement contained in any thereof except to the extent that any such statement is expressly made herein or therein by such party as a representation by the Owner Trustee or by WFB in its individual capacity, as the case may be, and except that WFB in its individual capacity hereby represents and warrants that this Trust Agreement has been, and (assuming due authorization, execution and delivery by the Owner Participant of this Trust Agreement) the other Loan Documents to be entered into by the Owner Trustee have been duly executed and delivered by one of its officers who is duly authorized to execute and deliver such instruments on behalf of itself or the Owner Trustee, as the case may be, and that the Trust Agreement, and such other Loan Documents constitute the legal, valid and binding obligation of WFB or the Owner Trustee, as the case may be, enforceable against WFB or the Owner Trustee, as the case may be, in accordance with their respective terms.

Section 6.04. No Segregation of Monies; Interest. Monies received by the Owner Trustee hereunder need not be segregated in any manner except to the extent provided by law, and shall be invested as provided in Section 4.02 hereof.

Section 6.05. Reliance Upon Certificates, Counsel and Agents. The Owner Trustee shall incur no liability to anyone in acting in good faith in reliance upon and in accordance with any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties. Unless other evidence in respect thereof is specifically prescribed herein, any request, direction, order or demand of the Owner Participant mentioned herein shall be sufficiently evidenced by written instruments signed by a person purporting to be the Chairman of the Board, the President, any Vice President or any other officer and in the name of the Owner Participant. In the administration of trusts hereunder, the Owner Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it. The Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons and the Owner Trustee shall not be liable for the negligence of any such counsel, accountant or other skilled person appointed by it with due care hereunder.

Section 6.06. Not Acting in Individual Capacity. In acting hereunder, the Owner Trustee acts solely as trustee and not in its individual capacity except as otherwise expressly provided herein; and, except as may be otherwise expressly provided in this Trust Agreement, all persons having any claim against the Owner Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof except to the extent the Owner Trustee shall expressly agree otherwise in writing.

Section 6.07. Fees: Compensation. The Owner Trustee shall be entitled to receive compensation on the terms heretofore agreed upon between Owner Trustee and Owner Participant, together with reimbursement within thirty (30) days of its request for all reasonable expenses incurred or made by it in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the expenses of its counsel, accountants or other skilled persons and of all other persons not regularly in its employ). The Owner Participant shall be required to pay the fees of the Owner Trustee comprising the compensation and reimbursement of expenses to which the Owner Trustee is entitled under this Section 6.07, provided that the Owner Trustee shall have a lien upon the Trust Estate for any such fee not paid by the Owner Participant as contemplated by this Section 6.07, and such lien shall entitle the Owner Trustee to priority as to payment thereof over payment to any other person under this Trust Agreement.

Section 6.08. Tax Returns. The Owner Trustee shall be responsible for the keeping of all appropriate books and records relating to the receipt and disbursement of all monies under this Trust Agreement or any agreement contemplated hereby. The Owner Participant shall be responsible for causing to be prepared and filed all income tax returns required to be filed by the Owner Participant. The Owner Trustee shall be responsible for causing to be prepared, at the request and expense of the Owner Participant, all income tax returns required to be filed with respect to the trust created hereby and shall execute and file such returns. Owner Participant, upon request, will furnish the Owner Trustee with all such information as may be reasonably required from the Owner Participant in connection with the preparation of such income tax returns.

ARTICLE VII

INDEMNIFICATION OF WFB BY OWNER PARTICIPANT

Section 7.01. Owner Participant to Indemnify WFB. The Owner Participant hereby agrees to assume liability for, and hereby indemnifies, protects, saves and keeps harmless WFB in its individual capacity and its successors, assigns, legal representatives, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by WFB in its individual capacity on or measured by any compensation received by WFB in its individual capacity for its services hereunder), claims, actions, suits, costs, expenses or disbursements (including, without limitation, reasonable legal fees and expenses, and including without limitation any liability of an owner, any strict liability and any liability without fault) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against WFB in its individual capacity in any way relating to or arising out of this Trust Agreement or in any way relating to or arising out of the manufacture, purchase, acceptance, nonacceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Owner Trustee or WFB in its

individual capacity hereunder, except (a) in the case of willful misconduct or gross negligence on the part of the Owner Trustee or WFB in its individual capacity in the performance or nonperformance of its duties hereunder or under any other document to which the Owner Trustee may be a party or (b) those resulting from the inaccuracy of any representation or warranty of WFB in its individual capacity (or from the failure of WFB in its individual capacity to perform any of its covenants) in Section 6.03 hereof or in any other document to which the Owner Trustee may be a party or (c) as may result from a breach by WFB in its individual capacity of its covenant in the last sentence of Section 5.03 hereof or (d) in the case of the failure to use ordinary care on the part of the Owner Trustee or WFB in its individual capacity in the disbursement of funds or in compliance with the provisions of the first sentence of Section 6.08 hereof. The indemnities contained in this Section 7.01 extend to WFB only in its individual capacity and shall not be construed as indemnities of the Trust Estate (except to the extent, if any, that WFB in its individual capacity has been reimbursed by the Trust Estate for amounts covered by the indemnities contained in this; Section 7.01). The indemnities contained in this Section 7.01 shall survive the termination of this Trust Agreement.

ARTICLE VIII

TRANSFER OF THE OWNER PARTICIPANT'S INTEREST

Section 8.01. Transfer of Interests. If there is more than one Owner Participant, no assignment, conveyance or other transfer by an Owner Participant of any of its right, title or interest in and to this Trust Agreement or the Trust Estate shall be valid unless each other Owner Participant's prior written consent (which consent may be withheld in the sole discretion of such other Owner Participants) is given to such assignment, conveyance or other transfer.

Section 8.02. Actions of the Owner Participants. If at any time prior to the termination of this Trust Agreement there is more than one Owner Participant, then, subject to Section 11.05 hereof, during such time, if any action is required to be taken by all Owner Participants and whenever any direction, authorization, approval, consent, instruction, or other action is permitted to be given or taken by the Owner Participant, such direction, authorization, approval, consent, instruction, or other action shall be given or taken only upon unanimous agreement of all Owner Participants; provided, however, that the termination of this Trust Agreement pursuant to Sections 11.01 or 11.02 hereof may be effected upon the election of any Owner Participant.

ARTICLE IX

SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES

Section 9.01. Resignation of Owner Trustee; Appointment of Successor.

(a) Resignation or Removal. The Owner Trustee or any successor Owner Trustee may resign at any time without cause by giving at least 60 days' prior written notice to the Owner Participant, such resignation to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b) hereof. In addition, the Owner Participant may at any time remove the Owner Trustee with or without cause by a notice

in writing delivered to the Owner Trustee, such removal to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b) hereof. In the case of the resignation or removal of the Owner Trustee, the Owner Participant may appoint a successor Owner Trustee by an instrument signed by the Owner Participant. If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Owner Trustee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided.

(b) Execution and Delivery of Documents, etc. Any successor Owner Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee an instrument accepting such appointment, and thereupon such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts hereunder with like effect as if originally named the Owner Trustee herein; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all monies or other property then held by such predecessor Owner Trustee upon the trusts herein expressed. Upon the appointment of any successor Owner Trustee hereunder, the predecessor Owner Trustee will execute such documents as are provided to it by such successor Owner Trustee and will take such further actions as are requested of it by such successor Owner Trustee as are reasonably requested.

(c) Qualifications. Any successor Owner Trustee, however appointed, shall be a "citizen of the United States" within the meaning of 49 U.S.C. § 40102(a)(15) and shall also be a bank or trust company organized under the laws of the United States or any state thereof having a combined capital and surplus of at least $50,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Owner Trustee hereunder upon reasonable or customary terms. No such successor trustee shall charge fees for its services as an Owner Trustee in excess of the then prevailing market rates for such services.

(d) Merger, etc. Any corporation into which WFB may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which WFB shall be a party, or any corporation to which substantially all the corporate trust business of WFB may be transferred, shall, subject to the terms of Section 9.01(c) hereof, be the Owner Trustee hereunder without further act.

Section 9.02. Co-Trustees and Separate Trustees. If at any time it shall be necessary or prudent in order to conform to any law of any jurisdiction in which all or any part of the Trust Estate is located, or the Owner Trustee being advised by counsel shall determine that it is so necessary or prudent in the interest of the Owner Participant or the Owner Trustee, or the Owner Trustee shall have been directed to do so by the Owner Participant, the Owner Trustee and the Owner Participant shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust

company or one or more persons (any and all of which shall be a "citizen of the United States" as defined in 49 U.S.C. § 40102(a)(15)) approved by the Owner Trustee and the Owner Participant, either to act as co-trustee, jointly with the Owner Trustee, or to act as separate trustee hereunder (any such co-trustee or separate trustee being herein sometimes referred to as an "additional trustee"). In the event the Owner Participant shall not have joined in the execution of such agreements supplemental hereto within ten days after the receipt of a written request from the Owner Trustee so to do, or in case an Event of Default shall occur and be continuing, the Owner Trustee may act under the foregoing provisions of this Section 9.02 without the concurrence of the Owner Participant; and the Owner Participant hereby appoints the Owner Trustee its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 9.02 in either of such contingencies.

Every additional trustee hereunder shall, to the extent permitted by law, be appointed and act, and the Owner Trustee and its successors shall act, subject to the following provisions and conditions:

(a) All powers, duties, obligations and rights conferred upon the Owner Trustee in respect of the custody, control and management of monies, the Equipment or documents authorized to be delivered hereunder shall be exercised solely by the Owner Trustee;

(b) All other rights, powers, duties and obligations conferred or imposed upon the Owner Trustee shall be conferred or imposed upon and exercised or performed by the Owner Trustee and such additional trustee jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (including the holding of title to the Trust Estate) the Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional trustee;

(c) No power given to any such additional trustee shall be exercised hereunder by such additional trustee, except jointly with, or with the consent in writing of, the Owner Trustee;

(d) No trustee hereunder shall be personally liable by reason of any action or omission of any other trustee hereunder; and

(e) The Owner Trustee and Owner Participant may remove any such additional trustee, at any time, by an instrument in writing signed by both parties; provided, in the event that the Owner Participant shall not have joined in the execution of any such instrument within ten days after the receipt of a written request from the Owner Trustee so to do, the Owner Trustee shall have the power to remove any such additional trustee without the concurrence of the Owner Participant, and the Owner Participant hereby appoints the Owner Trustee its agent and attorney-in-fact in connection therewith.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS

Section 10.01. Supplements and Amendments. This Trust Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by the Owner Trustee and the Owner Participant. Subject to Section 10.02 hereof, the Owner Trustee will execute any amendment, supplement or other modification of this Trust Agreement or of any other document to which the Owner Trustee may be a party which it is requested to execute by the Owner Participant.

Section 10.02. Discretion as to Execution of Documents. Prior to executing any document required to be executed by it pursuant to the terms of Section 10.01 hereof, the Owner Trustee shall be entitled to receive an opinion of its counsel to the effect that the execution of such document is authorized hereunder. If in the opinion of the Owner Trustee any such document adversely affects any right, duty, immunity or indemnity in favor of the Owner Trustee hereunder or under any other document to which the Owner Trustee is a party, the Owner Trustee may in its discretion decline to execute such document.

Section 10.03. Absence of Requirements as to Form. It shall not be necessary for any written request furnished pursuant to Section 10.01 hereof to specify the particular form of the proposed documents to be executed pursuant to such section, but it shall be sufficient if such request shall indicate the substance thereof.

Section 10.04. Distribution of Documents. Promptly after the execution by the Owner Trustee of any document entered into pursuant to Section 10.01 hereof, the Owner Trustee shall mail, by certified mail, postage prepaid, a conformed copy thereof to the Owner Participant, but the failure of the Owner Trustee to mail such conformed copy shall not impair or affect the validity of such document.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Termination of Trust Agreement. This Trust Agreement and the trusts created hereby shall be of no further force or effect upon the earlier of (a) the sale or other final disposition by the Owner Trustee of all property constituting part of the Trust Estate and the final distribution by the Owner Trustee of all monies or other property or proceeds constituting part of the Trust Estate in accordance with Article IV hereof or (b) twenty-one years less one day after the death of the last survivor of all of the descendants of the grandparents of David C. Rockefeller living on the date of the earliest execution of this Trust Agreement by any party hereto, but if this Trust Agreement and the trusts created hereby shall be or become authorized under applicable law to be valid for a period commencing on the 21st anniversary of the death of such last survivor (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity of this Trust Agreement and the trusts created hereby for a period in gross exceeding the period for which this Trust Agreement and the trusts created

hereby are hereinabove stated to extend and be valid), then this Trust Agreement and the trusts created hereby shall not terminate under this subsection (b) but shall extend to and continue in effect, but only if such non-termination and extension shall then be valid under applicable law, until the day preceding such date as the same shall, under applicable law, cease to be valid; otherwise this Trust Agreement and the trusts created hereby shall continue in full force and effect in accordance with the term hereof.

Section 11.02. Owner Participant Has No Legal Title in Trust Estate. No Owner Participant shall have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any right, title and interest of the Owner Participant in and to the Trust Estate hereunder shall of itself operate to terminate this Trust Agreement or the trusts hereunder or entitle any successors or transferees of the Owner Participant to an accounting or to the transfer of legal title to any part of the Trust Estate. Nothing in this Section 11.02 shall, however, prevent the trust declared in Section 2.02. from being a bare trust, and any Owner Participant shall be entitled to terminate this Trust Agreement at its election.

Section 11.03. Assignment, Sale, etc. of Equipment. Any assignment, sale, transfer or other conveyance of the Equipment or any part thereof by the Owner Trustee made pursuant to the terms hereof shall bind the Owner Participant and shall be effective to transfer or convey all right, title and interest of the Owner Trustee and the Owner Participant in and to the Equipment so assigned, sold, transferred or conveyed. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance or as to the application of any sale or other proceeds with respect thereto by the Owner Trustee.

Section 11.04. Trust Agreement for Benefit of Certain Parties Only. Except for the terms of Article VIII hereof and except as otherwise provided in Article IX and Sections 2.02 6.07, 10.01 and 11.01 hereof, nothing herein, whether expressed or implied, shall be construed to give any person other than the Owner Trustee and the Owner Participant any legal or equitable right, remedy or claim under or in respect of this Trust Agreement; but this Trust Agreement shall be held to be for the sole and exclusive benefit of the Owner Trustee and the Owner Participant.

Section 8.01. Notices. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by facsimile, or by prepaid courier service, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or, if sent by registered or certified mail, three Business Days after being deposited in the mails addressed to the intended recipient thereof in accordance with the provisions of this Section 11.05. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 11.05, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective facsimile numbers) as follows: (A) if to Owner Trustee, to: Wells Fargo Bank Northwest, N.A., 299 South Main Street, 12th Floor, Salt Lake City, Utah 84111, telecopier: (801) 246-5053, attention: Mr. Val T. Orton, (B) if to the Original Owner Participant to: Willis Lease Finance Corporation, 773 San Marin Drive, Suite 2215, Novato, CA 94998, telecopier: (415) 408-4701, Attention: General Counsel or (C) if to a Subsequent Owner Participant, addressed to such Subsequent Owner Participant at such address as such Subsequent Owner Participant shall have furnished by notice to the parties hereto.

Section 11.06. Severability. Subject to Sections 11.06 and 11.12 hereof, any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.07. Waivers, etc. No term or provision hereof maybe changed, waived, discharged or terminated orally, but only by an instrument in writing entered into in compliance with the terms of Article X hereof; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 8.01. Counterparts. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.09. Binding Effect, etc. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Owner Trustee and its successors and assigns, and the Owner Participant, its successors and, to the extent permitted by Article VIII hereof, its assigns. Any request, notice, direction, consent, waiver or other instrument or action by an Owner Participant shall bind its successors and assigns.

Section 11.10. Headings; References. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 11.11. Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS MORTGAGE AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICTS OF LAWS, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

[Remainder of page intentionally left blank; signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

WILLIS LEASE FINANCE CORPORATION

By: _____
Name:
Title:

WELLS FARGO BANK NORTHWEST, N.A.

By: _____
Name:
Title:

Exhibit L

Form of Placard

Placard to be used for Engines owned by Owner Trustee:

THIS ENGINE IS OWNED BY AND LEASED FROM WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, AS OWNER TRUSTEE, AND IS SUBJECT TO A FIRST PRIORITY SECURITY INTEREST IN FAVOR OF ONE OR MORE FINANCIAL INSTITUTIONS.

C/O Willis Lease Finance Corporation, as Servicer
773 San Marin Drive, Suite 2215
Novato, CA 94998
415-408-4700

Placard to be used for Engines owned by Borrower:

THIS ENGINE IS OWNED BY WILLIS LEASE FINANCE CORPORATION, OR AN AFFILIATE, AND IS SUBJECT TO A FIRST PRIORITY SECURITY INTEREST IN FAVOR OF ONE OR MORE FINANCIAL INSTITUTIONS.

Willis Lease Finance Corporation
773 San Marin Drive, Suite 2215
Novato, CA 94998
415-408-4700

Schedule 1.1b

Borrowing Base Geographic Limitations

REGION	Percentage of Total
United States and Canada	***%
Mexico	***%
Central and South America (Including Argentina, Aruba, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama, Peru, or Venezuela)	***%
Brazil (sublimit)	***%
Asia/Pacific (Including Australia, Fiji, Hong Kong, India, Japan, New Zealand, Singapore, Taiwan, China, Indonesia, South Korea, Malaysia, Philippines, Thailand, or Vietnam)	***%
China (sublimit)	***%
South Korea (sublimit)	***%
India (sublimit)	***%
Western Europe (Including Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Malta, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, The Netherlands or the United Kingdom)	***%
Middle East/Eastern Europe (Including Bahrain, Croatia, Hungary, Israel, Kuwait, Qatar, Pakistan, Poland, Russia, Turkey, Yemen, or United Arab Emirates)	***%
Africa (Including South Africa)	***%
Emerging Countries (any individual country outside of North America and Western Europe, excluding Australia, Japan, New Zealand, and Singapore)	***%

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

Schedule 1.1d

Liens of Record

1. Liens in favor of Bank of America Leasing and Capital, LLC on (1) one Canadair Ltd. Model CL-600 2412 (Challenger 601-1A) aircraft bearing MSN *** and (2) two General Electric Model CF-34-3A aircraft engines bearing MSNs *** and ***
2. Liens in favor of Credit Agricole Corporate and Investment Bank (formerly Calyon New York Branch) on the WEST Series 2008-B1 Note
3. Liens in favor of Norddeutsche Landesbank Girozentrale, as lender on the following equipment:
   - One CFM56-7B aircraft engine bearing MSN ***
   - One CFM56-7B aircraft engine bearing MSN ***
   - One V2500-A aircraft engine bearing MSN ***
4. Liens in favor of Norddeutsche Landesbank Girozentrale on the WEST Series 2005-B1 Note
5. Advisory UCC Financing Statements filed with the Delaware Secretary of State by US Bancorp with respect to two photocopier leases, Filing No. 2008 348820 dated October 15, 2008 and Filing No. 2009 1283404 dated April 22, 2009

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

Schedule 1.1e

Schedule of Documents

Amended and Restated Credit Agreement

Revolving Notes for each of the Lenders

Amended and Restated Swing Line Note

Affirmations of Owner Trustee Mortgage and Security Agreements and Guaranties

Affirmations of Leasing Subsidiary Guaranties and Security Agreements

Borrowing Base Certificate

Borrowing Notice

Compliance Certificate

Schedule 2.1

Revolving Commitment

Commitment	Lender	Pro Rata Share
$75,000,000.00	Union Bank, N.A.	21.739130434%
$75,000,000.00	Wells Fargo Bank, National Association	21.739130435%
$75,000,000.00	U.S. Bank National Association	21.739130435%
$35,000,000.00	City National Bank	10.144927536%
$35,000,000.00	The Huntington National Bank	10.144927536%
$25,000,000.00	EverBank Commercial Finance, Inc.	7.246376812%
$25,000,000.00	Umpqua Bank	7.246376812%
$345,000,000.00	**TOTAL**	**100.000000000**

Schedule 5.2

Executive Offices; Corporate or Other Names; Conduct of Business

Willis Lease Finance Corporation – Corporate Headquarters
773 San Marin Drive, Ste. 2215
Novato, CA 94945

Willis Lease Finance Corporation – Technical office
6495 Marindustry Place
San Diego, CA 92121

Willis Lease Finance Corporation – London Office
34 St. James's Street, 2nd Floor
London, SW1A 1HD, UK

Willis Lease France – Office of French Subsidiary
17 Avenue Didier Daurat
Immeuble Socrate, BP10051
31702 Blagnac, France

Willis Aviation Finance Limited – Office of Irish Subsidiary
Suite 1123
Fitzwilliam Business Centre
77 Sir John Rogerson's Quay
Dublin 2

The Bank of New York – Collateral Custodian
MBS Collateral Services
5730 Katella Avenue
Cypress, CA 90630

Schedule 5.5

Subsidiaries

Wholly-Owned Subsidiaries	**State or Jurisdiction of Incorporation**
Willis Engine Securitization Trust*	Delaware; business trust
WEST Engine Funding LLC*	Delaware; limited liability company
WEST Engine Funding (Ireland) Limited*	Rep. of Ireland; limited liability company
Willis Lease (Ireland) Limited	Rep. of Ireland; limited liability company
WLFC (Ireland) Limited	Rep. of Ireland; limited liability company
WLFC Funding (Ireland) Limited*	Rep. of Ireland; limited liability company
Willis Aviation Finance Limited*	Rep. of Ireland; limited liability company
Willis Lease France*	France; Société par actions simplifiées (SAS)
Willis Lease (China) Limited*	People's Republic of China; limited liability company

* Excluded Subsidiary

Other Non-Subsidiary Equity Interests	**Percentage Interest**
WOLF A340, LLC (Limited liability company formed under the laws of Delaware)	50.0%
Willis Mitsui & Co Engine Support Limited (Limited company formed under the laws of the Republic of Ireland)	50.0%

Schedule 5.7

No Other Liabilities; No Material Adverse Changes

None.

Schedule 5.9

Trade Names

Willis Leasing

Willis Lease

WLFC

Schedule 5.10

Litigation

None.

Schedule 5.17

Hazardous Materials

None.

Schedule 5.21

Depreciation Policies

The Borrower generally depreciates engines on a straight-line basis over 15 years to a 55% residual value. Spare parts packages are generally depreciated on a straight-line basis over 15 years to a 25% residual value. Aircraft are generally depreciated on a straight-line basis over 13-20 years to a 15%-17% residual value. For equipment which is unlikely to be repaired at the end of its current expected life, and is likely to be disassembled upon lease termination, we depreciate the equipment over its estimated life to a residual value based on an estimate of the wholesale value of the parts after disassembly. If useful lives or residual values are lower than those estimated by us, upon sale of the equipment, a loss may be realized. It is our policy to review estimates regularly to more accurately expense the cost of equipment over the useful life of the engines. On July 1, 2009 and again on July 1, 2010, the Borrower adjusted the depreciation for certain older engine types within the portfolio.

Schedule 5.22

Non-Lender Protection Agreements as of the Closing Date

None.

Schedule 5.23

Eligible Leases as of the Closing Date

	MSN	Equipment Type	Owner	Leased as of Closing Date	Lessee	Location of Chattel Paper Original
*1	***	APU + Parts	***	***	***	***
2	***	RB211-535E4	***	***	***	***
3	***	PW118B	***	***	***	***
4	***	PW121	***	***	***	***
5	***	PW121	***	***	***	***
6	***	PW121	***	***	***	***
7	***	PW121	***	***	***	***
8	***	PW121	***	***	***	***
9	***	PW123	***	***	***	***
10	***	PW123E	***	***	***	***
11	***	PW124B	***	***	***	***
12	***	PW124B	***	***	***	***
13	***	PW124B	***	***	***	***
14	***	PW124B	***	***	***	***
15	***	PW125B	***	***	***	***
16	***	CF34-8C5	***	***	***	***
17	***	CF34-8C5	***	***	***	***
18	***	CF34-8C5	***	***	***	***
19	***	CF34-10E6	***	***	***	***
20	***	CF34-10E7	***	***	***	***
21	***	CF6-50C2	***	***	***	***
22	***	CFM56-5B4/P	***	***	***	***
23	***	CFM56-5B4/P	***	***	***	***
24	***	CFM56-5B4/3	***	***	***	***
25	***	CF6-80C2-B4	***	***	***	***
26	***	CF6-80C2-B4	***	***	***	***

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

	MSN	Equipment Type	Owner	Leased as of Closing Date	Lessee	Location of Chattel Paper Original
27	***	CFM56-5B4/3	***	***	***	***
28	***	CF6-80C2-B4F	***	***	***	***
29	***	CF6-80C2-B7F	***	***	***	***
30	***	CF6-80C2B5F	***	***	***	***
31	***	CFM56-3C1	***	***	***	***
32	***	CFM56-3C1	***	***	***	***
33	***	CFM56-3C1	***	***	***	***
34	***	CFM56-3C1	***	***	***	***
35	***	CFM56-3C1	***	***	***	***
36	***	CFM56-3C1	***	***	***	***
37	***	CFM56-3C1	***	***	***	***
38	***	PW4168A	***	***	***	***
39	***	CFM56-5C4	***	***	***	***
40	***	CFM56-5B4/P	***	***	***	***
41	***	CFM56-7B24/3	***	***	***	***
42	***	CFM56-7B24/3	***	***	***	***
43	***	CF6-80E1A4B	***	***	***	***
44	***	CFM56-3C1	***	***	***	***
45	***	CFM56-3C1	***	***	***	***
46	***	CFM56-3C1	***	***	***	***
47	***	CF34-3B1	***	***	***	***
48	***	CF34-3B1	***	***	***	***
49	***	CF34-3B1	***	***	***	***
50	***	CF34-3B1	***	***	***	***
51	***	CF34-3B1	***	***	***	***
52	***	CF34-3B1	***	***	***	***
53	***	CF34-3B1	***	***	***	***
54	***	CFM56-7B24	***	***	***	***
55	***	CFM56-7B24/3	***	***	***	***

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

	MSN	Equipment Type	Owner	Leased as of Closing Date	Lessee	Location of Chattel Paper Original
56	***	CFM56-7B24/3	***	***	***	***
57	***	CFM56-7B24/3	***	***	***	***
58	***	CFM56-7B24/3	***	***	***	***
59	***	CFM56-7B26/3	***	***	***	***
60	***	CF34-10E6	***	***	***	***
61	***	CF34-10E7	***	***	***	***
62	***	-5C4-P QEC Kit	***	***	***	***
63	***	PW123	***	***	***	***
64	***	PW127F	***	***	***	***
65	***	PW127M	***	***	***	***
66	***	PW127F	***	***	***	***
67	***	PW127M	***	***	***	***
68	***	PW150A	***	***	***	***
69	***	PW150A	***	***	***	***
70	***	PW150A	***	***	***	***
71	***	PW150A	***	***	***	***
72	***	PW150A	***	***	***	***
73	***	V2500-A1	***	***	***	***
74	***	V2527-A5	***	***	***	***
75	***	Dash 8-103 Aircraft	***	***	***	***
	***	PW121	***	***	***	***
	***	PW121	***	***	***	***
	***	HS 14 SF-7 Prop	***	***	***	***
	***	HS 14 SF-7 Prop	***	***	***	***
76	***	Dash 8-103 Aircraft	***	***	***	***
	***	PW121	***	***	***	***
	***	PW121	***	***	***	***
	***	HS 14 SF-7 Prop	***	***	***	***
	***	HS 14 SF-7 Prop	***	***	***	***

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

	MSN	Equipment Type	Owner	Leased as of Closing Date	Lessee	Location of Chattel Paper Original
77	***	Dash 8-102 Aircraft	***	***	***	***
	***	PW120A	***	***	***	***
	***	PW120A	***	***	***	***
	***	HS 14 SF-7 Prop	***	***	***	***
	***	HS 14 SF-7 Prop	***	***	***	***
78	***	PW120	***	***	***	***
79	***	PW120	***	***	***	***
80	***	HS 14 SF-7 Prop	***	***	***	***
81	***	HS 14 SF-7 Prop	***	***	***	***
82	***	PW120	***	***	***	***
83	***	PW120	***	***	***	***
84	***	HS 14 SF-7 Prop	***	***	***	***
85	***	HS 14 SF-7 Prop	***	***	***	***

* Lease of this asset does not constitute an "Eligible Lease" as of the Closing Date.

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

Schedule 7.10

Indebtedness and Guaranteed Indebtedness existing on the Closing Date

Creditor	Original Principal Amount / Notional Amount	Description
Credit Agricole Corporate and Investment Bank (formerly Calyon New York Branch)	***	***
Canela Investments LLC	***	***
Bank of America Leasing and Capital, LLC	***	***
Norddeutsche Landesbank Girozentrale	***	***
Norddeutsche Landesbank Girozentrale	***	***

*** Confidential information omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission

Schedule 7.15

Investments Existing as of the Closing Date

1. 50.0% membership interest in a joint venture, WOLF A340, LLC, a Delaware limited liability company
2. Willis Engine Securitization Trust Series 2008-B1 Note in the original principal amount of $20,000,000.00
3. Willis Engine Securitization Trust Series 2005-B1 Note in the original principal amount of $28,276,878.00
4. 50.0% membership interest in a joint venture, Willis Mitsui & Co Engine Support Limited, limited liability company formed under the laws of the Republic of Ireland
5. Investments in each "Excluded Subsidiary" as defined in the Credit Agreement

Exhibit 11.1

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
Computation of Earnings Per Share
(In thousands, except per share amounts)

	Years Ended December 31,		
	2011	2010	2009
Basic			
Earnings:			
Net income attributable to common shareholders	$11,380	$8,922	$19,239
Shares:			
Average common shares outstanding	8,423	8,681	8,364
Basic earnings per common share	$ 1.35	$ 1.03	$ 2.30
Assuming full dilution			
Earnings:			
Net income attributable to common shareholders	$11,380	$8,922	$19,239
Shares:			
Average common shares outstanding	8,423	8,681	8,364
Potentially dilutive common shares outstanding	453	570	619
Diluted average common shares outstanding	8,876	9,251	8,983
Diluted earnings per common share	$ 1.28	$ 0.96	$ 2.14

Supplemental information:

The difference between average common shares outstanding to calculate basic and assuming full dilution is due to options outstanding under the 1996 Stock Option/Stock Issuance Plan and restricted stock issued under the 2007 Stock Incentive Plan.

The calculation of diluted earnings per share for 2011 excluded from the denominator zero options and zero restricted stock awards granted to employees and directors because their effect would have been anti-dilutive. The calculation of diluted earnings per share for 2010 excluded from the denominator zero options and 4,000 restricted stock awards granted to employees and directors because their effect would have been anti-dilutive. The calculation of diluted earnings per share for 2009 excluded from the denominator 35,000 options and 4,000 restricted stock awards granted to employees and directors because their effect would have been anti-dilutive.

Exhibit 12.1

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
Statement of Computation of Ratios of
Earnings to Fixed Charges and Preferred Dividends
(In thousands, except ratios)

	Years Ended December 31,				
	2011	2010	2009	2008	2007
Earnings:					
Earnings from continuing operations before income taxes	$23,885	$18,571	$31,445	$41,202	$27,033
Fixed charges	35,469	41,186	36,236	38,860	38,157
Cash distributions from equity method investments	810	949	675	690	975
Total earnings	$60,164	$60,706	$68,356	$80,752	$66,165
Fixed charges:					
Interest expense	$35,201	$40,945	$36,013	$38,640	$37,940
Estimated interest expense within rental expense [1]	268	241	223	220	217
Total fixed charges	$35,469	$41,186	$36,236	$38,860	$38,157
Preferred stock dividend [2]	5,153	5,111	4,527	4,942	4,911
Total fixed charges and preferred stock dividends	$40,622	$46,297	$40,763	$43,802	$43,068
Ratio of earnings to fixed charges	1.70	1.47	1.89	2.08	1.73
Ratio of earnings to fixed charges and preferred stock dividends	1.48	1.31	1.68	1.84	1.54

(1) Represents an estimate of the interest within rental expense. There is no expressed interest expense within rental expense. Rather, the imputed interest expense within rental expense is calculated by multiplying by 30% the office rent expense for each of the years ended, as indicated above.

(2) Represents pre-tax earnings required to pay preferred stock dividends.

Exhibit 21.1

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
List of Subsidiaries

Subsidiary	State or Jurisdiction of Incorporation
Willis Engine Securitization Trust	Delaware
WEST Engine Funding LLC	Delaware
WEST Engine Funding (Ireland) Limited	Rep. of Ireland
WLFC (Ireland) Limited	Rep. of Ireland
WLFC Funding (Ireland) Limited	Rep. of Ireland
WLFC Lease (Ireland) Limited	Rep. of Ireland
Willis Aviation Finance Limited	Rep. of Ireland
Willis Lease France	France
Willis Lease (China) Limited	People's Republic of China

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Willis Lease Finance Corporation:

We consent to the incorporation by reference in the registration statements (No. 333-15343, 333-48258, 333-63830, 333-109140) on Form S-8 of Willis Lease Finance Corporation and subsidiaries of our reports dated March 12, 2012, with respect to the consolidated balance sheets of Willis Lease Finance Corporation and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2011, and related financial statement schedules I and II, and the effectiveness of internal control over financial reporting as of December 31, 2011, which reports appear in the December 31, 2011 annual report on Form 10-K of Willis Lease Finance Corporation.

/s/ KPMG LLP
San Francisco, California
March 12, 2012

Exhibit 31.1

CERTIFICATIONS

I, Charles F. Willis IV, certify that:

1. I have reviewed this report on Form 10-K of Willis Lease Finance Corporation;

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 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: March 12, 2012

/s/ Charles F. Willis, IV
Charles F. Willis, IV
Chief Executive Officer
Chairman of the Board

Exhibit 31.2

CERTIFICATIONS

I, Bradley S. Forsyth, certify that:

1. I have reviewed this report on Form 10-K of Willis Lease Finance Corporation;

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 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: March 12, 2012

/s/ Bradley S. Forsyth
Bradley S. Forsyth
Chief Financial Officer
Senior Vice President

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, in his or her capacity as an officer of Willis Lease Finance Corporation (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

- the Annual Report of the Company on Form 10-K for the year ended December 31, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 12, 2012

/s/ Charles F. Willis, IV
Charles F. Willis, IV
Chairman of the Board and Chief Executive Officer

/s/ Bradley S. Forsyth
Bradley S. Forsyth
Senior Vice President and Chief Financial Officer