

PRIVATE PLACEMENT MEMORANDUM
CONFIDENTIAL

INTEGRITY AVIATION & LEASING, LLC.
PRIVATE PLACEMENT MEMORANDUM

\$100 MILLION OFFERING

8.00% 30-Month Secured Promissory Notes (quarterly interest payments)

Integrity Aviation & Leasing, LLC
2 Spencer Road,
Suite 103
Boerne, TX. 78015
Telephone: 210-446-5170

This document is the Regulation D, Rule 506 Private Placement Memorandum for Integrity Aviation & Leasing, LLC ("Integrity Aviation") offered to a limited number of individuals and entities who are "Accredited Investors."

INVESTORS SHOULD MAKE THEIR OWN DECISION WHETHER THIS OFFERING MEETS THEIR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED, OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THE DISCLOSURES IN THIS MEMORANDUM, NOR WHETHER THEY ARE COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL. NO STATE ADMINISTRATOR HAS REVIEWED THIS DOCUMENT. THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION OR QUALIFICATION. INVESTORS WILL BE REQUIRED TO HOLD THEIR INVESTMENT UNTIL THE NOTES BEING OFFERED HEREBY ARE FULLY SATISFIED BY THE ISSUER. OTHER IMPORTANT RISK FACTORS ARE EXPLAINED IN DETAIL IN THIS DOCUMENT. THE NATURE OF THE RISKS OF THIS OFFERING REQUIRES THAT INVESTORS MEET MINIMUM ASSET/INCOME CONDITIONS.

The date of this Memorandum is January 2, 2016

OFFEREE NAME _____

PPM No. 00101

IMPORTANT NOTICE ABOUT THIS MEMORANDUM

The information contained in this Private Placement Memorandum (this "Memorandum") is confidential and is furnished for use only by potential investors. Each potential investor agrees that he/she will not transmit, reproduce, or make available this Memorandum or any related exhibits or documents to any other person or entity. Any action to the contrary may place the potential investor in violation of various state and/or federal securities laws.

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SECURITIES DISCLOSURES

PROSPECTIVE PURCHASERS OF THE SECURED PROMISSORY NOTES DESCRIBED HEREIN ("SECURITIES" OR "NOTES") BEING OFFERED HEREBY BY INTEGRITY AVIATION & LEASING, LLC (HEREINAFTER KNOWN AS "INTEGRITY AVIATION" OR THE "COMPANY") ARE NOT TO RELY ON THE CONTENTS OF THIS MEMORANDUM AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE PURCHASER SHOULD CONSULT HIS/HER OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THESE SECURITIES.

THE INFORMATION CONTAINED IN THIS MEMORANDUM HAS BEEN PRESENTED AND IS ACCEPTED WITH THE EXPRESS AGREEMENT AND UNDERSTANDING THAT IT IS CONFIDENTIAL AND THAT IT WILL NOT BE REPRODUCED IN WHOLE OR IN PART, NOR WILL IT BE DISTRIBUTED OR DISCLOSED TO ANY OTHER PERSON, FIRM OR CORPORATION WITHOUT THE COMPANY'S PRIOR WRITTEN PERMISSION. ANY PERSON ACTING CONTRARY TO THE FOREGOING RESTRICTIONS MAY PLACE HIMSELF/HERSELF AND THE COMPANY IN VIOLATION OF FEDERAL OR STATE SECURITIES LAWS.

THIS MEMORANDUM SPEAKS AS OF THE DATE SET FORTH ON THE COVER PAGE HEREOF AND NEITHER THE DELIVERY HEREOF NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE.

THIS MEMORANDUM CONTAINS A SUMMARY OF THE MATERIAL PROVISIONS OF DOCUMENTS REFERRED TO HEREIN. STATEMENTS MADE WITH RESPECT TO THE PROVISIONS OF SUCH DOCUMENTS ARE NOT NECESSARILY COMPLETE AND REFERENCE IS MADE TO THE ACTUAL DOCUMENTS FOR COMPLETE INFORMATION AS TO THE RIGHTS AND OBLIGATIONS OF THE PARTIES THERETO.

BY ACCEPTING DELIVERY OF THIS MEMORANDUM, THE OFFEREE NAMED ON THE COVER PAGE HEREOF AGREES TO RETURN THIS MEMORANDUM AND ALL ACCOMPANYING DOCUMENTS TO THE COMPANY IF HE/SHE DOES NOT AGREE TO PURCHASE ANY OF THE SECURITIES OFFERED HEREBY.

THE PURCHASE OF THESE SECURITIES INVOLVES A HIGH DEGREE OF RISK. THESE SECURITIES ARE BEING OFFERED ONLY TO ACCREDITED INVESTORS WHO HAVE NO NEED FOR LIQUIDITY AND CAN AFFORD TO LOSE ALL OF THE CASH TENDERED IN EXCHANGE FOR THESE SECURITIES.

NO OFFERING LITERATURE OR ADVERTISING IN WHATEVER FORM MAY BE EMPLOYED IN THE OFFERING OF THESE SECURITIES EXCEPT FOR THIS MEMORANDUM. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS ON BEHALF OF THE COMPANY WITH RESPECT TO THE

COMPANY OR THESE SECURITIES OTHER THAN THE REPRESENTATIONS CONTAINED HEREIN. ACCORDINGLY, ANY REPRESENTATIONS, OTHER THAN THOSE SET FORTH IN THIS MEMORANDUM, AND ANY INFORMATION OTHER THAN THAT CONTAINED IN DOCUMENTS AND RECORDS FURNISHED BY THE COMPANY UPON REQUEST, MUST NOT BE RELIED UPON. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS SET FORTH HEREIN SINCE THE DATE OF THIS MEMORANDUM.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

IN MAKING A DECISION TO PURCHASE THESE SECURITIES, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY OFFERING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY AUTHORITY. FURTHERMORE, GOVERNMENTAL AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS MEMORANDUM CONSTITUTES AN OFFER ONLY IF A NAME APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE HEREOF. OFFERS MAY BE MADE ONLY TO PERSONS DEEMED ELIGIBLE FOR PARTICIPATION IN THE OFFERING UNDER THE CRITERIA SET FORTH IN THIS MEMORANDUM AND RELEVANT FEDERAL AND STATE SECURITIES LAWS. THE COMPANY RESERVES THE RIGHT, NOTWITHSTANDING ANY SUCH OFFER, TO WITHDRAW OR MODIFY THIS OFFERING AND TO REJECT ANY SUBSCRIPTIONS FOR THESE SECURITIES, IN WHOLE OR IN PART.

THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS CONTEMPLATED HEREIN ARE SET FORTH IN AND WILL BE GOVERNED BY THE DOCUMENTS ATTACHED AS EXHIBITS HERETO. ALL OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS MEMORANDUM ARE QUALIFIED IN THEIR ENTIRETY BY SUCH DOCUMENTS. CONSEQUENTLY, EACH PROSPECTIVE INVESTOR IS URGED TO CAREFULLY READ THE DOCUMENTS ATTACHED HERETO BECAUSE SUCH DOCUMENTS FORM AN INTEGRAL PART OF THIS MEMORANDUM AND ARE HEREBY INCORPORATED HEREIN BY REFERENCE FOR ALL INTENTS AND PURPOSES. IN ADDITION, EACH PROSPECTIVE INVESTOR IS URGED TO AVAIL HIMSELF/HERSELF OF THE OPPORTUNITY TO INSPECT AND OBTAIN COPIES OF OTHER DOCUMENTS DESCRIBED HEREIN, BUT NOT ATTACHED HERETO, EXCEPT FOR

PROPRIETARY DOCUMENTS. SUCH NON-PROPRIETARY DOCUMENTS WILL BE MADE AVAILABLE UPON REQUEST TO THE MANAGING MEMBER OF THE COMPANY AT ITS PRINCIPAL PLACE OF BUSINESS. EACH PROSPECTIVE INVESTOR IS ALSO URGED TO ASK QUESTIONS OF THE COMPANY CONCERNING THIS OFFERING AND TO SEEK ADDITIONAL INFORMATION THAT THE PROSPECTIVE INVESTOR DEEMS NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS/HER OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING HIS/HER PURCHASE OF THESE SECURITIES.

TO COMPLY WITH TREASURY DEPARTMENT CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS MEMORANDUM AND RELATED MATERIALS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY INVESTORS, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE INTERNAL REVENUE CODE; (B) ANY SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE COMPANY OF THE MATTERS DESCRIBED HEREIN; AND (C) INVESTORS CONSIDERING AN INVESTMENT IN THE COMPANY SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

BLUE SKY LEGENDS

For Residents of All States:

NASAA UNIFORM LEGEND: IN MAKING AN INVESTMENT DECISION, PROSPECTIVE PURCHASERS OF THE NOTES MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING OF THE NOTES, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THESE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON THEIR TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OR ANY STATE SECURITIES LAWS OR THE LAWS OF ANY OTHER NATION OR JURISDICTION AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNLESS THE SAME HAVE BEEN INCLUDED IN AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE MANAGING MEMBER OF THE COMPANY HAS BEEN RENDERED TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER APPLICABLE SECURITIES LAWS IS AVAILABLE. IN ADDITION, TRANSFER OR OTHER DISPOSITION OF THE NOTES IS RESTRICTED AS PROVIDED IN THE NOTES AND THE NOTE PURCHASE AGREEMENT.

NOTICE TO TEXAS RESIDENTS:

PURSUANT TO THIS AGREEMENT, TEXAS RESIDENTS HAVE A THREE DAY RIGHT OF RESCISSION. IF A TEXAS RESIDENT HAS EXECUTED A NOTE PURCHASE AGREEMENT, HE MAY ELECT, WITHIN THREE BUSINESS DAYS AFTER SIGNING THE NOTE PURCHASE AGREEMENT, TO WITHDRAW FROM THE NOTE PURCHASE AGREEMENT AND RECEIVE A FULL REFUND AND RETURN (WITHOUT INTEREST) OF ANY MONEY PAID BY HIM. A TEXAS RESIDENT'S WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH SUCH WITHDRAWAL, A TEXAS RESIDENT NEED ONLY SEND A LETTER OR FACSIMILE TO THE COMPANY AT THE ADDRESS OR FACSIMILE NUMBER SET FORTH IN THIS MEMORANDUM INDICATING HIS INTENTION TO WITHDRAW. SUCH LETTER OR FACSIMILE MUST BE SENT AND (IF A LETTER) POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED THIRD BUSINESS DAY. IF A TEXAS RESIDENT SENDS A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME AND DATE WHEN IT IS MAILED. SHOULD A TEXAS RESIDENT MAKE THIS REQUEST ORALLY, HE SHOULD ASK FOR A WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

FORWARD-LOOKING STATEMENTS:

THIS MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE GENERALLY ACCOMPANIED BY WORDS SUCH AS "INTENDS," "PROJECTS," "BELIEVES," "ANTICIPATES," "CONTEMPLATES," "PLANS," "EXPECTS," "SEEKS," "WILL" AND SIMILAR TERMS THAT CONVEY THE UNCERTAINTY OF FUTURE EVENTS OR OUTCOMES. THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE INCLUDE, BUT ARE NOT LIMITED TO, DEPENDENCE ON THE

SERVICES OF THE CURRENT OFFICERS, MANAGERS OR MANAGING MEMBERS OF THE MANAGING MEMBER OF THE COMPANY, THE COMPETITIVENESS OF THE INDUSTRY, THE REGULATORY CLIMATE OF THE INDUSTRY, AND THE GENERAL ECONOMIC CLIMATE, ALL OF WHICH MAY AFFECT FUTURE RESULTS OF THE COMPANY. PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH REFLECT THE MANAGING MEMBER'S ANALYSIS ONLY AS OF THE DATE HEREOF AND ARE IN ALL CASES SUBJECT TO THE COMPANY'S ABILITY TO RAISE SUFFICIENT CAPITAL FROM THE SALE OF THE NOTES. THE COMPANY UNDERTAKES NO OBLIGATION TO REVISE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES THAT ARISE AFTER THE DATE HEREOF.

INTEGRITY AVIATION & LEASING, LLC

SUMMARY OF SECURED PROMISSORY NOTES (THE "NOTES") PRIVATE OFFERING

The following summary is qualified in its entirety by reference to more detailed information appearing elsewhere herein. Each prospective Noteholder is urged to read this Memorandum in its entirety, including without limitation the risks identified in the "Certain Risk Factors" section and the conflicts identified in the "Conflicts of Interest" section. The Company undertakes no obligation to revise this Memorandum to reflect events or circumstances that arise after the date hereof.

The Company: Integrity Aviation & Leasing, LLC, a Texas limited liability company (the "Company"), was organized in August 2013. The Company is managed by its Managing Member, Victor Farias (the "Managing Member").

Purpose and Objectives: The Company has been formed for the primary purpose of acquiring and selling, opportunistically, aircraft engines, airframes, and related parts and assets ("Aviation Assets").

The secondary purpose of the Company is to buy, rebuild, and lease used aircraft engines to commercial air carriers.

The tertiary purpose of the company is to purchase equity and/or debt instruments of entities that will provide the company with a strategic or market advantage enhancing its ability to attract capital or acquire Aviation Assets.

The aforementioned business in which the Company engages is referred to herein as the "Business."

No assurances can be given that the net revenues derived from the Business will be sufficient to satisfy the Notes. See "Certain Risk Factors."

The Offering: The Company is offering up to \$100,000,000 of Secured Promissory Notes (the "Notes") to individuals and entities that qualify as "Accredited Investors" within the meaning of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). The minimum offering amount is \$1,000,000. The minimum subscription requirement per investor is \$50,000, subject to waiver in the Managing Member's discretion.

The Notes will bear simple interest at a rate of eight percent

The Notes:

(8.00%) per annum unless the investor elects to take a one time, lump-sum payment at maturity, in which case the interest will be ten percent (10.00%)per annum (for a twenty-five percent (25%) total return).

The Notes will mature thirty (30) months from the date of issuance, but may be extended for up to two (2) additional periods of ninety (90) days each at the Managing Member's discretion.

Outstanding principal is payable upon maturity and accrued interest, initially calculated on a pro-rata basis, is payable quarterly in cash in arrears commencing by the fifth day of the fourth month after the end of the calendar quarter of issuance (the "Initial Payment") and ending on the date of maturity. Following the Initial Payment, accrued interest is payable in cash in arrears by the fifth business day of the first month after the end of each subsequent calendar quarter.

The Notes will be secured by the Company's assets pursuant to the Security Agreement in the form attached hereto as Exhibit "C" and will be subject to a Collateral Agency Agreement in the form attached hereto as Exhibit "D".

The Notes by their terms provide that, if the Company utilizes leverage (in addition to the Notes) for purposes of achieving its objectives, the Notes will be subordinated in both right of payment and lien to any leverage facility obtained by the Company. See "*Certain Risk Factors.*"

Notwithstanding that the Notes may be issued at different times during the Offering Period (as herein defined), and may therefore have different issuance and maturity dates, they will all be treated on a *pari passu* basis with respect to priority of repayment in the event of default (but not with respect to prepayment prior to default) and priority of lien on the Company's assets serving as collateral.

The Notes are prepayable by the Company at any time without penalty or premium. See "*The Offering.*"

**Company Contact
Information:**

Integrity Aviation & Leasing, LLC
2 Spencer Road
Suite 103
Boerne, Tx, 78006
Telephone: 210-446-5170
Attention: Victor Farias

Managing Member:

Victor Farias, Managing Member of Integrity Aviation & Leasing, a

Texas limited liability company, is the managing member of the Company and has the exclusive authority to manage the Company's business and operations and make all decisions with respect thereto.

Management Personnel: For the biography of Victor Farias, the Managing Member, see "*Management.*"

Capitalization: 100% of the Company's limited liability company interests are currently owned by the Managing Member. The Managing Member will make a nominal capital contribution to the Company in respect of its limited liability company interest. The capital structure of the Company will be comprised almost entirely of the principal amount of the Notes. See "*Certain Risk Factors.*"

Risk Factors and Conflicts of Interest: An investment in the Notes entails substantial risks. Please see the sections entitled "*Certain Risk Factors*" and "*Conflicts of Interest*" for greater detail of these risks.

THE OFFERING

Securities:	If fully subscribed, the Company will issue \$50,000,000 in Secured Promissory Notes. See <i>"Description of Securities."</i>
Minimum Subscription:	Each subscriber must purchase \$50,000 or more in principal amount of a Note, subject to the Managing Member's right to accept subscriptions for lesser amounts (in increments of any amount) in its discretion.
Offering Amount:	The Company is offering for purchase up to \$100,000,000 in principal amount of Notes. On the date of purchase, the subscription funds from the purchase of each Note will be deposited in the Company's bank account and the Note will be promptly issued to the Noteholder (the date on which the Note is issued is referred to herein as the "Date of Issuance"). The minimum amount that the Company is required to sell before conducting an initial closing is \$1,000,000 in principal amount of Notes. Affiliates of the Managing Member may purchase Notes to achieve the minimum offering amount. After the initial closing, the Company may have additional closings in its discretion during the Offering Period. If the minimum offering amount is not achieved, subscription funds will be returned to subscribers without interest or deduction.
Offering Period:	The Offering Period begins on the date of this Memorandum and will terminate on the earlier of: (i) the date upon which the Company shall have accepted subscriptions for \$100,000,000 in principal amount of Notes; or (ii) the first anniversary of the date of this Memorandum (subject to extension in the Managing Member's sole discretion for up to an additional three periods of 30 days each). The Company reserves the right to terminate this offering at any time.
Eligibility of Investors:	The Company may sell Notes to a limited number of individuals and entities that qualify as "Accredited Investors", as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended. Please refer to Exhibit "F" for the definition of "Accredited Investor."
How to Subscribe:	Persons interested in purchasing Notes need to complete and execute the Note Purchase Agreement attached as Exhibit "A," the Collateral Agency Agreement attached as Exhibit "D," the Noteholder Questionnaire attached as Exhibit "F" and IRS Form W-9 attached as Exhibit "G" and submit such completed and executed documents together with a check made payable to "Integrity Aviation & Leasing, LLC" in the principal amount of the Notes desired to be subscribed for. If paying by wire transfer, then wire transfer instructions will be provided by the Managing Member upon request. The Company will be reviewing subscriptions as they are received. If the Company accepts your subscription, the Company will then countersign the Note Purchase Agreement and execute the Note(s) indicating the principal amount that the Company has agreed to accept from you.

Description of Securities: *The following summary is subject to and qualified in its entirety by reference to the provisions of the form of Secured Promissory Note, attached hereto as Exhibit "B" and made a part hereof.*

The Notes will bear a face value of \$1 for every \$1 loaned to the Company, and will obligate the Company to pay the holder of the Note cash equal to the face value of the Note upon maturity. The Notes will bear interest at a rate of eight percent (8.00%) per annum. Outstanding principal is payable upon maturity and accrued interest, initially calculated on a pro-rata basis, is payable quarterly in cash in arrears commencing by the fifth day of the fourth month after the end of the calendar quarter of issuance (the "Initial Payment") and ending on the date of maturity. Following the Initial Payment, accrued interest is payable in cash in arrears by the fifth business day of the first month after the end of each subsequent calendar quarter. If elected, the interest of ten percent (10.00%) per annum will be paid with the initial principal on date of maturity.

Maturity: Each Note will mature thirty (30) months after its Date of Issuance, although the maturity date may be extended for up to two (2) additional periods of ninety (90) days each at the Managing Member's discretion.

Possible Interest Reserve: The Company may, but is not required to, establish an interest reserve to cover all or a portion of the interest payable on the Notes as it becomes due (the "Interest Reserve"). If established, the Interest Reserve will be held by the Company. If an Interest Reserve is established, the Company may use a portion of the net proceeds from the sale of the Notes in this offering to fund the Interest Reserve, which will reduce the amount otherwise available to the Company to invest in aviation assets.

Prepayment: The Company has the right to prepay all or a portion of the amounts due under the Notes at any time, without any prepayment penalty or premium. Notes will be prepaid (if at all) in the order of priority that corresponds to the order of their issuance by the Company, such that the Notes that have an earlier Date of Issuance (and thus an earlier maturity date) will be entitled to priority of any prepayment. Notwithstanding the foregoing, the Company reserves the right on a case-by-case basis to prepay all or any portion of a Note (without making any prepayment on any other Note) in the Managing Member's discretion if the Managing Member determines that such prepayment is necessary or appropriate to avoid an adverse legal, operational, economic, tax, regulatory or securities law effect upon the Company or the Managing Member or its members including, without limitation, to avoid or resolve litigation or claims against the Company or the Managing Member or its members.

Security: The Notes will be secured by the assets of the Company. See "*Certain Risk Factors.*" The Notes will be treated on a *pari passu* basis with respect to priority of repayment in the event of default and priority of lien on the

Company's assets serving as collateral.

Collateral Agent:

The Company has entered into a Collateral Agency Agreement, in the form attached hereto as Exhibit "D," with Integrity Aviation & Leasing, LLC, whereby Integrity Aviation & Leasing, LLC or any successor collateral agent (who may be a Noteholder or otherwise have a relationship with the Company) will serve as collateral agent on behalf of all Noteholders (the "Collateral Agent"). See "Certain Risk Factors." The Company will execute a Security Agreement with the Collateral Agent on behalf of the Noteholders whereby the Company will grant a security interest in all of the assets of the Company as more fully described in the Security Agreement attached hereto as Exhibit "C," as security for the Notes. The security interest will be managed by the Collateral Agent, which will take direction from the Noteholders in accordance with the Collateral Agency Agreement. The Noteholders will each irrevocably authorize the Collateral Agent to take such action on behalf of each Noteholder, and to exercise such rights and powers and to perform such duties, as are specifically delegated to or required of the Collateral Agent by the terms of the Collateral Agency Agreement and the Security Agreement. The rights and remedies to be exercised by the Collateral Agent in the Event of Default (as defined in the Collateral Agency Agreement) by the Company shall be exercisable only by the Collateral Agent on behalf of all the Noteholders in accordance with the terms of the Collateral Agency Agreement. The Collateral Agency Agreement provides, among other things, that no Noteholder may alter the terms of the Notes or enforce the Notes against the Company individually. All such actions and similar actions are reserved for voting among the Noteholders and/or delegated to the Collateral Agent. The Notes and the Security Agreement contain cross-default provisions providing that a default by the Company under any Note will constitute a default by the Company under all other Notes and under the Security Agreement, subject to applicable cure periods.

The Collateral Agent will receive a fee in consideration of its services under the Collateral Agency Agreement. Collateral Agent fees are \$50 per Noteholder, regardless of the amount of each Note. The Collateral Agent is also entitled to an enforcement and administrative fee of \$125 per hour for services it provides in enforcing the Company's obligations pursuant to the Notes, to the extent required, and for reimbursement of expenses. Collateral Agent fees and expense reimbursement will be paid by the Company. The Collateral Agent is also entitled to indemnification from the Company for the acts or omissions of the Collateral Agent pursuant to the Collateral Agency Agreement except to the extent due to its gross negligence or willful misconduct. See Collateral Agency Agreement, Exhibit "D."

Use of Proceeds:	The Company will use the net proceeds from the sale of the Notes offered hereby, after payment of any organizational and offering expenses incurred (exclusive of applicable federal and state blue sky filing fees and costs), Collateral Agent fees and after deducting amounts to fund the Interest Reserve if established by the Managing Member, to invest in assets in accordance with its investment objectives.
Restrictions on Resale:	The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold unless registered or pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. The Company has no intention to seek registration. Further, the transfer of the Notes is restricted pursuant to their terms.
No Participation in Equity Distributions:	As the sole member of the Company, the Managing Member is entitled to receive 100% of the total distributions (and profit and loss allocations) of the Company after payment or provision has been made for the Company's expenses and obligations including, without limitation, satisfaction of the Notes and payment of all fees to affiliates and third parties. As a Noteholder, the purchasers of the Notes will only be entitled to receive payments on their Notes and will not be entitled to receive or otherwise participate in distributions from (and profit and loss allocations of) the Company.
Company Expenses:	The Company will bear all costs and expenses relating to its organization, the offering of the Notes, and the operation of the Company and/or management of its business, and will reimburse the Managing Member and its principals for all such costs and expenses incurred or advanced by them. These expenses include, without limitation, the following: (i) all expenses associated with acquiring, holding, managing, owning, selling, transferring, conveying, assigning, encumbering or otherwise disposing of assets including, without limitation, expenses of travel, marketing, counsel, independent accountants and others; (ii) all expenses related to the evaluation, due diligence investigation, closing or monitoring of leases, assets and investments, and all expenses relating to transactions that are not consummated; (iii) all normal operating expenses incidental to the provision of the day-to-day administrative services to the Company; (iv) all expenses related to legal, audit, accounting and tax preparation services; (v) taxes, other governmental charges, fees of auditors and counsel, insurance, litigation expenses, and license fees; (vi) organizational and offering expenses; (vii) the fees and reimbursable expenses of the Collateral Agent; (viii) all costs related to any indemnification or contribution obligations including, without limitation, indemnification of the Managing Member and its principals, members, managing members, managers and officers; (ix) salaries of officers and employees; and (xi) all expenses of liquidating the Company, (collectively, "Expenses"). The Company may establish and maintain reserves from time to time sufficient to pay its Expenses, in such

amounts, at such times and from such sources as the Managing Member may determine in their sole and absolute discretion, including from offering proceeds and revenues derived from operations and assets. The principal of the Managing Member, Victor Farias, will not receive compensation from the Company for his services in managing the Company's business but will receive distributions from the Managing Member in respect of his equity interests in the Managing Member, which will receive distributions from the Company in respect of its equity interest in the Company as discussed above.

PURPOSES AND OBJECTIVES

Purposes and Objectives

The Company has been formed for the primary purpose of acquiring and selling, opportunistically, aircraft engines, airframes, and related parts and assets.

The secondary purpose of the Company is to buy, rebuild, and lease used aircraft engines to commercial air carriers.

The tertiary purpose of the company is to purchase equity and/or debt instruments of entities that will provide the company with a strategic or market advantage enhancing its ability to attract capital or acquire Aviation Assets.

The business in which the Company engages is referred to herein as the "Business."

Overview of Commercial Aviation Industry

The commercial air travel and air freight markets have traditionally been long-term growth sectors, broadly correlated with world economic activity and growing at a rate of one to two times global GDP growth. Source: Boeing Market Outlook 2011-2030. This growth in air travel and air cargo activity has driven a continuous increase in the world aircraft fleet despite cycles of downturn between peak growth periods.

Since 2010, the sector has been emerging from the most recent cyclical low point in air travel demand with strong growth in both passenger and cargo markets. Overall global passenger and air cargo traffic levels exceed pre-recession levels. Source: Boeing Market Outlook 2011-2030. We believe these favorable trends will continue.

The global GDP is projected to grow at an average of 3.3% per year over the next 20 years. Source: Boeing Market Outlook 2011-2030. Worldwide passenger air travel is projected to grow at an average of 5.1% per year and air cargo traffic is projected to grow at an average of 5.6% per year over the next 20 years. Source: Boeing Market Outlook 2011-2030.

During the recession of 2008-2009, global air travel dropped dramatically forcing most commercial aircraft operators to downsize, de-leverage, and outsource (IT, catering, reservation systems, aircraft and aircraft engines). Commercial aircraft operators lightened their balance sheets by moving away from fixed costs and increasing variable costs tied to sales.

The effort to achieve operating efficiencies has resulted in a growing trend for aircraft operators to outsource aircrafts and aircraft engines through operating leases and spare aircraft engine leases, rather than through acquisitions and ownership of the assets. With increased operating efficiencies and refined business models, the commercial airline industry appears to be well-positioned for growth, albeit amidst ongoing consolidation and uncertainty around fuel prices. To meet this projected increase in air travel, it is projected that the number of airplanes in the worldwide fleet will grow at an annual rate of 3.6%, nearly doubling from around 19,400 airplanes in 2010 to more than 39,500 airplanes by 2030. Source: Boeing Market Outlook 2011-2030. Airplane deliveries, for fleet growth and replacement of aging airplanes, are projected to

total 33,500 over the next 20 years, with a projected value of \$4 trillion. Source: Boeing Market Outlook 2011-2030.

The demand for aircraft engines and aircraft engine leasing is highly correlated to the demand for aircrafts. Therefore, the anticipated growth in the worldwide aircraft fleet bodes well for the aircraft engine leasing industry.

Leased Aircraft Engines

Historically, commercial aircraft operators owned rather than leased their aircraft engines. However, as aircraft engines have become more powerful and technically sophisticated, they have also become more expensive to acquire and maintain. Increased costs for new aircraft engines, coupled with cash constraints experienced by commercial aircraft operators, have led the industry to lease more aircraft engines as a percentage of their aircraft fleet.

The trend away from aircraft engine ownership and toward leasing has grown substantially over the past 12 years. In 1990, less than 100 aircraft engines were leased. By 2005, commercial aircraft operators leased more than 1,300 aircraft engines. Today, it is estimated that there are between 4,700 and 7,100 spare aircraft engines in the market. Source: JMP Securities 1/18/2012. Aircraft engine leasing is a specialized business that has become its own sector within the commercial aviation market. Participants in this sector need access to capital and highly specialized technical knowledge (governed and overseen by the FAA or equivalent foreign entities) in order to compete successfully.

The value of particular used aircraft engines varies greatly depending upon their condition, the maintenance services performed during the lease term, and the number of hours or cycles remaining until the next major maintenance is required.

Aircraft engines are considered attractive aviation assets because they commonly have long economic lives (approximately 40 years), their unit price is much lower than aircrafts, cash flows generated from aircraft engine leasing are reasonably predictable, aircraft engine values are historically more stable than aircraft values, and their end of life value tends to be higher than aircraft values as well.

We believe that the main drivers of the aircraft engine leasing business will remain strong over the term of the Notes and that we will be able to benefit from the industry's growth.

Integrity Aviation & Leasing, LLC and its Affiliates

Integrity Aviation & Leasing, LLC (“Integrity Aviation”) is a recently-formed Texas Limited Liability Company. The company is controlled by Victor Farias who controls 100% of the company.

Integrity Aviation sourcing for potential Aviation Asset acquisitions and dispositions and serving as Servicing Agent for any assets leased.

Integrity Aviation Business Strategy

Integrity Aviation primary business strategy is to acquire, opportunistically, Aviation Assets with the intention of rebuilding in order to sell for a potential profit.

The Company's objective is to generate sufficient revenue from the sale of Aviation Assets to make quarterly interest payments and to repay the principal due by maturity.

The Company may also generate revenue from the lease of certain Aviation Assets.

The Company believes that Integrity Aviation & Leasing, LLC and its affiliates have the infrastructure, expertise, and management team necessary to identify attractive acquisition opportunities of Aviation Assets for the Company. See "*Certain Risk Factors*."

Leverage

The Company may utilize leverage (in addition to the Notes) for purposes of achieving its objectives. The Notes will be subordinated to any leverage facility obtained by the Company.

Short-Term Investments

The Company may invest cash on hand (including cash set aside for reserves) in short-term securities or money market accounts.

No assurances can be given that the net revenues derived from the Business will be sufficient to satisfy the Notes. See "*Certain Risk Factors*."

AFFILIATE FEES AND TRANSACTIONS

The following payments may be made, and the following transactions may be entered into, among affiliates of the Managing Member in connection with the Business:

- Equity Distributions. The principal of the Managing Member, Victor Farias, will receive distributions from the Managing Member in respect of his equity interest in the Managing Member, which will receive distributions from the Company in respect of its equity interest in the Company.
- Servicing and Management Fees. The Company will pay Integrity Aviation servicing and management fees to oversee the acquisition, sale, leasing, maintenance, management, and disposition of the Aviation Asset and Lease portfolios acquired by the Company.
- Purchase and Sale Commissions. Affiliates of the Managing Member may receive from the Company commissions, fees, and revenue or profit sharing payments in connection with brokering the purchase or sale of Aviation Assets or sourcing deals on behalf of the Company. For example, Integrity Aviation or other affiliates of the Managing Member may source an Aviation Asset for the Company to purchase, and in consideration for such service the Company may pay Integrity Aviation or such other affiliates of the Managing Member a fee or agree to share revenues or profits from the eventual sale of such asset.
- Closing and Other Transaction Fees. Affiliates of the Managing Member may receive closing or other transaction fees related to the purchase, sale, lease, or maintenance of any Aviation Assets. These closing or transaction fees will be paid by the counter-party to the transaction. For example, Integrity Aviation or other affiliates of the Managing Member may broker the purchase by the Company of an Aviation Asset, in consideration for which closing and other transaction fees may be paid by the seller to Integrity Aviation or such other affiliates of the Managing Member.
- Compensation and Expense Reimbursement. Affiliates of the Managing Member which manage, or provide services to, Integrity Aviation or the Company may receive compensation and expense reimbursements in connection with their activities related to Integrity Aviation or the Company.
- Note Servicing Fees. The Company may engage an affiliate of the Managing Member to service the Notes and pay such affiliate a fee at market rates.
- Purchase and Sale Transactions. The Company may buy Aviation Assets from, and sell Aviation Assets to, affiliates of the Managing Member. Any such transactions will be at prices based on third party appraisals or bona fide offers.
- Affiliate Loans. The Company may borrow money from affiliates of the Managing Member (other than pursuant to the Notes), but only if necessary to avoid a default on the Notes, to pay unforeseen liabilities, or to fund temporary cash shortfalls, and not to fund the acquisition of Aviation Assets.

CERTAIN RISK FACTORS

The securities being offered hereby involve a high degree of risk. Prospective Noteholders should carefully consider the following risks and speculative factors inherent in and affecting the Business and this offering, and should consult independent qualified sources of investment and tax advice. This investment is intended only for persons who can afford to lose all of their investment. This Memorandum contains forward-looking statements. Such forward-looking statements are generally accompanied by words such as "intends," "projects," "believes," "anticipates," "contemplates," "plans," "expects," "seeks," "will," and similar terms that convey the uncertainty of future events or outcomes. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. As used herein, the term "Lessor" means any Integrity affiliate in its capacity as a lessor under Leases or, to the extent the Company leases Aviation Assets, the Company in its capacity as a lessor under Leases. The risks involved include, but are not limited to, the following:

No assurances can be given that the Notes will be satisfied.

The Company's ability to satisfy the Notes is subject to the success of the Business in which Integrity Aviation and the Company will engage. Due to the numerous risks described herein, there can be no assurance that the Company will be able to pay any or all of the accrued interest on the principal amount of the Notes, or any or all of the principal amount of the Notes.

During the term of the Notes, our operating results may fluctuate.

Our operating results may fluctuate due to a number of factors, including the risks described in this Memorandum. These fluctuations may also be caused by:

- the timing and number of purchases and sales of aircraft 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 aircraft engine types;
- the retirement or announced retirement of particular aircraft models by aircraft operators;
- the operating history of any particular aircraft engine or aircraft engine model;
- the length of our leases; and
- the timing of necessary overhauls of aircraft engines.

These risks may reduce our aircraft engine utilization rates, lease margins, maintenance reserve revenues, proceeds from aircraft engine sales, and result in higher legal, technical, maintenance, storage and insurance costs related to repossession and costs of aircraft engines being off-lease. As

a result of the foregoing and other factors, the availability of aircraft engines for lease or sale periodically experiences cycles of oversupply and undersupply of given aircraft engine models. The incidence of an oversupply of aircraft engines may produce substantial decreases in aircraft engine lease rates, the appraised and resale value of aircraft engines and increase the time and costs incurred to lease or sell aircraft engines.

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

The Lessor's financial performance is dependent, in part, on the financial strength of the Lessees: Lessee defaults and other credit problems could adversely affect the Lessor's financial results and, in turn, the Company's ability to satisfy the Notes.

The Lessor's financial performance and the Company's ability to satisfy the Notes depend on the financial strength of the Lessees, the Lessor's ability to appropriately assess the credit risk of the Lessees, and the ability of Lessees to perform under their Leases. It is anticipated that Lessees will include the airline industry, and as a result, the Company is affected by all the risks facing airlines. The ability of the Lessees to perform their obligations under their Leases will depend primarily on the Lessee's financial condition and cash flow, which may be affected by factors outside Integrity's and the Company's control, including: competition; fare levels; passenger and air cargo rates; passenger and air cargo demand; geopolitical and other events, including war, acts of terrorism, outbreaks of epidemic diseases, and natural disasters; increases in operating costs, including the price and availability of jet fuel and labor costs; labor difficulties; economic conditions and currency fluctuations in the countries and regions in which the Lessee operates; and governmental regulation and associated fees affecting the air transportation business. Generally, aircraft operators with high debt leverage are more likely than aircraft operators with stronger balance sheets to seek operating leases. As a result, most of the Lessees will not be rated investment grade by the principal U.S. rating agencies and may suffer liquidity problems, and may experience Lease payment difficulties or be significantly in arrears in their obligations under their Leases. Some Lessees encountering financial difficulties may seek a reduction in their Lease rates or other concessions, such as a decrease in their contribution toward maintenance obligations. Any future downturns in the airline industry could greatly exacerbate the weakened financial condition and liquidity problems of some of the Lessees and further increase the risk of delayed, missed, or reduced rental payments. The Lessor may not correctly assess the credit risk of each Lessee or charge lease rates which correctly reflect the related risks and the Lessees may not be able to continue to meet their financial and other obligations under their Leases in the future. A delayed, missed, or reduced rental payment from a Lessee decreases the Lessor's revenues and cash flow. Lessee default levels may increase over time if economic conditions deteriorate.

If Lessees of a significant portion of the Aviation Assets default on their Leases, the Lessor's financial results and growth prospects will be adversely affected, which will adversely affect the Company's ability to satisfy the Notes.

The Business depends on the re-leasing of Aviation Assets when current Leases expire, and such re-leasing may not be able to occur on favorable terms, if at all.

The Business depends on the re-leasing of Aviation Assets when current Leases expire in order to generate sufficient revenues to fund the Lessor's business and for the Company to satisfy the Notes. The Lessor's ability to re-lease its Aviation Assets will depend on general market and competitive conditions at the time the Leases expire. The general market and competitive conditions may be affected by many factors which are outside of Integrity's and the Company's control. If the Lessor is unable to re-lease Aviation Assets on acceptable terms, the Lessor's revenues may decline and the Lessor may need to sell the Aviation Assets at unfavorable prices to provide adequate funds to finance its business, which may materially and adversely affect the Company's ability to satisfy the Notes.

Dependence Upon Integrity Aviation and an affiliated MRO

The Company will rely upon the skill, expertise, facilities, and resources of Integrity Aviation and our MRO affiliate in connection with the operation and management of the Business to ensure that it generates sufficient revenues in order to enable the Company to satisfy the Notes. Any adverse changes in the operations or financial condition of any of Integrity Aviation or our MRO affiliate, or any termination of their business relationship or disputes among them, would have a material adverse effect on the Company and its ability to satisfy the Notes.

Any oversupply of Aviation Assets could materially and adversely affect the Lessor's financial results and, in turn, the Company's ability to satisfy the Notes.

The oversupply of a specific type of Aviation Asset could depress the lease rates for and the value of that type of Aviation Asset. The supply and demand for Aviation Assets are affected by various cyclical and non-cyclical factors that are outside of Integrity's and the Company's control, including: passenger and air cargo demand; fuel costs and general economic conditions; geopolitical events, including war, prolonged armed conflict and acts of terrorism; outbreaks of communicable diseases and natural disasters; governmental regulation; interest rates; the availability of credit; airline restructurings and bankruptcies; manufacturer production levels and technological innovation; manufacturers merging or exiting the industry or ceasing to produce aircraft types; retirement and obsolescence of aircraft models; reintroduction into service of aircraft previously in storage; and airport and air traffic control infrastructure constraints. These factors may produce sharp and prolonged decreases in Aviation Asset lease rates and values, and have a material adverse effect on the Lessor's ability to lease and re-lease the Aviation Assets and/or sell its Aviation Assets at acceptable prices, and, in turn, on the Company's ability to satisfy the Notes.

The value and lease rates of Aviation Assets could decline, which would have a material adverse effect on the Lessor's financial results and, in turn, the Company's ability to satisfy the Notes.

Aviation Asset values and lease rates have historically experienced sharp decreases due to a number of factors including, but not limited to, decreases in passenger and air cargo demand, increases in fuel costs, government regulation, and increases in interest rates. In addition to factors linked to the aviation industry generally, many other factors may affect the value and lease rates of Aviation Assets, including: the particular maintenance, operating history, and documentary records of the Aviation Assets; the number of operators using that type of Aviation Asset; the regulatory authority under which the Aviation Asset is operated; whether the Lease terms are favorable to the Lessor; any renegotiation of a Lease on less favorable terms; the negotiability of clear title free from mechanics liens and encumbrances; any regulatory and legal requirements that must be satisfied before the Aviation Asset can be leased or re-leased;

compatibility of the Lessor's Aviation Asset configurations or specifications with other Aviation Assets owned by operators of that type; comparative value based on newly manufactured competitive Aviation Assets; and the availability of spare parts. Any decrease in the value and lease rates of Aviation Assets which may result from the above factors or other unanticipated factors may have a material adverse effect on the Lessor's financial results and, in turn, the Company's ability to satisfy the Notes.

The concentration of specific Aviation Assets in the Lessor's portfolio of Leases could adversely affect the Lessor's business and financial results if any problems specific to these particular models occur.

Due to the high concentration of certain models in the Lessor's portfolio of Leases, the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes may be adversely affected if the demand for these Aviation Asset models declines, if they are redesigned or replaced by their manufacturer, or if these models experience design or technical problems. If any of these Aviation Asset types encounter technical or other problems, the value and lease rates of those Aviation Assets will likely decline, and such Aviation Assets may be unable to be leased on favorable terms, if at all. Any significant technical problems with any such Aviation Asset models could result in the grounding of the Aviation Asset. Any decrease in the value and lease rates of the Lessor's Aviation Assets may have a material adverse effect on the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

If Lessees encounter financial difficulties and the Lessor decides to restructure its Leases, the restructuring would likely result in less favorable Leases which could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

If a Lessee is late in making payments, fails to make payments in full or in part under a Lease, or has advised the Lessor that it will fail to make payments in full or in part under a Lease in the future, the Lessor may elect or be required to restructure the Lease, which could result in less favorable terms or termination of a Lease without receiving all or any of the past due amounts. The Lessor may be unable to agree upon acceptable terms for some or all of the requested restructurings and as a result may be forced to exercise its remedies under those Leases. If the Lessor, in the exercise of its remedies, repossesses an Aviation Asset, the Lessor may not be able to re-lease the Aviation Asset promptly at favorable rates, if at all. Prospective Noteholders should expect that restructurings and/or repossessions with some Lessees will occur in the future. The terms and conditions of possible Lease restructurings may result in a significant reduction of Lease revenue, which may adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The failure to maintain the Aviation Assets that are the subject of the Leases may cause their value to decline and the Lessor may not be able to lease or re-lease Aviation Assets at favorable rates, if at all, which would adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The Lessor may be exposed to increased maintenance costs for its leased Aviation Assets

associated with a Lessee's failure to properly maintain the Aviation Assets or pay supplemental maintenance rent. If an Aviation Asset is not properly maintained, its market value may decline which would result in lower revenues from its lease or sale. Under the terms of the Leases, the Lessees are primarily responsible for maintaining the Aviation Assets and complying with all governmental requirements applicable to the Lessee and the Aviation Assets. Although the Lessor may require Lessees to pay a supplemental maintenance rent, failure of a Lessee to perform required maintenance during the term of a Lease could result in a decrease in value of an Aviation Asset, an inability to re-lease an Aviation Asset at favorable rates, if at all, or a potential grounding of an Aviation Asset. Maintenance failures would also likely require the Lessor to incur maintenance and modification costs upon the termination of the applicable Lease, which could be substantial and exceed the maintenance reserve, to restore the Aviation Asset to an acceptable condition prior to re-leasing or sale. Supplemental maintenance rent paid by Lessees may not be sufficient to fund the Lessor's maintenance costs. The failure of Lessees to meet their obligations to pay supplemental maintenance rent or perform required scheduled maintenance or the Lessor's inability to maintain its Aviation Assets may materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Competition from other Aviation Asset lessors with greater resources or a lower cost of capital than the Lessor could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The Aviation Asset leasing industry is highly competitive. This competition is comprised of major Aviation Asset leasing companies. Many of these competitors are significantly larger and have greater resources or lower cost of capital than the Lessor; accordingly, they may be able to compete more effectively in one or more of the Lessor's markets. In addition, the Lessor may encounter competition from other entities such as: airlines; aircraft manufacturers and MRO organizations; financial institutions, including those seeking to dispose of re-possessed Aviation Assets at distressed prices; Aviation Asset brokers; public and private partnerships, investors, and funds with more capital to invest in Aviation Assets; and other Aviation Asset leasing companies and MRO organizations. Many of these competitors have greater operating and financial resources and access to lower capital costs than the Lessor. The Lessor may not always be able to compete successfully with such competitors and other entities, which could materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Changes in interest rates may adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Changes in interest rates may adversely affect revenues generated from Leases with lease rates tied to floating interest rates. To the extent Leases are tied to floating interest rates, if interest rates were to decrease, Lease revenues would decrease. In addition, because fixed rate Leases are based, in part, on prevailing interest rates at the time a Lease is entered into, if interest rates decrease, new Leases entered into will be at lower lease rates and Lease revenues will be adversely affected. Any decrease in Lease revenues could adversely affect the Company's ability to satisfy the Notes.

The Lessor could be exposed to significant regional political and economic risks due to the concentration of Lessees in certain geographical regions which could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Through the Lessees, the Lessor could be exposed to local economic and political conditions. Such adverse economic and political conditions include additional regulation. The effect of these conditions on payments under the Leases will be more or less pronounced, depending on the concentration of Lessees in the region with adverse conditions. The airline industry is highly sensitive to general economic conditions. A recession or other worsening of economic conditions or a terrorist attack, particularly if combined with high fuel prices or a weak local currency, may have a material adverse effect on the ability of Lessees to meet their financial and other obligations under the Leases. This would have a material adverse effect on the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Aviation Assets have limited economically useful lives and depreciate over time, which can adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

As the Lessor's Aviation Assets age, they will depreciate and generally they will generate lower revenues and cash flows. If the Lessor does not replace its older depreciated Aviation Assets with newer Aviation Assets, the Leases of such older assets will generate less revenues and, accordingly, the Lessor's ability to maintain or increase its revenues and cash flows derived from Leases will decline, which could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The advanced age of some of the Lessor's Aviation Assets may cause it to incur higher than anticipated maintenance expenses, which could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

In general, the costs of operating an Aviation Asset, including maintenance expenditures, increase as the Aviation Asset ages. In addition, older Aviation Assets are typically less fuel- efficient, noisier, and produce higher levels of emissions, than newer Aviation Assets and may be more difficult to lease or re-lease or sell. In a depressed market, the value and lease rates of older Aviation Assets may decline more rapidly than the value and lease rates of newer Aviation Assets. Increased variable expenses like fuel, maintenance, and increased governmental regulation could make the operation of older Aviation Assets less profitable and may result in increased Lessee defaults.

Incurring higher than anticipated maintenance expenses associated with the advanced age of some of the Lessor's Aviation Assets or the Lessor's inability to lease or re-lease or sell such older Aviation Assets would materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The advent of superior Aviation Asset technology could cause the Lessor's existing Aviation Asset portfolio to become outdated and therefore less desirable, which could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

As manufacturers introduce technological innovations and new types of Aviation Assets, some

of the Aviation Assets in the Lessor's portfolio may become less desirable to potential Lessees. In addition, the imposition of increased regulation regarding stringent noise or emissions restrictions may make some of the Lessor's Aviation Assets less desirable in the marketplace. Any of these risks may adversely affect the Lessor's ability to lease or sell its Aviation Assets on favorable terms, if at all, which would have a material adverse effect on the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

If Lessees' insurance coverage is insufficient, it could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

While the Lessor does not directly control the operation of any of its leased Aviation Assets, by virtue of holding title to Aviation Assets, directly or indirectly, in certain jurisdictions around the world, the Lessor could be held strictly liable for losses resulting from the operation of its Aviation Assets, or may be held liable for those losses on other legal theories. The Lessor requires its Lessees to obtain specified levels of insurance and indemnify it for, and insure against, liabilities arising out of their use and operation of the Aviation Assets that are the subject of the Leases. However, following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of insurance coverage available to airlines for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war, or similar events. At the same time, aviation insurers significantly increased the premiums for third-party war risk and terrorism liability insurance and coverage in general. As a result, the amount of third-party war risk and terrorism liability insurance that is commercially available at any time may be below the amount stipulated in the Leases. The Lessees' insurance or other coverage may not be sufficient to cover all claims that may be asserted against the Lessor arising from the operation of its Aviation Assets by the Lessees. Inadequate insurance coverage or default by Lessees in fulfilling their indemnification or insurance obligations will reduce the proceeds that would be received by the Lessor in the event the Lessor is sued and is required to make payments to claimants. This could materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

If the Lessor incurs significant costs resulting from Lease defaults, it could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

If the Lessor is required to repossess an Aviation Asset after a Lessee default, it may be required to incur significant unexpected costs. Such costs include legal and other expenses of court or other governmental proceedings, including the cost of posting surety bonds or letters of credit necessary to effect repossession of the Aviation Asset, particularly if the Lessee is contesting the proceedings or is in bankruptcy. In addition, during these proceedings the relevant Aviation Asset is not generating revenue. The Lessor may also incur substantial maintenance, refurbishment, or repair costs that a defaulting Lessee has failed to pay and that are necessary to put the Aviation Asset in suitable condition for re-lease or sale. It may also be necessary to pay off liens, taxes, and other governmental charges on the Aviation Asset to obtain clear possession and to remarket the Aviation Asset effectively, including, in some cases, liens that the Lessee may have incurred in connection with the operation of its other Aviation Assets. The Lessor may also incur other costs in connection with the physical possession of the Aviation Asset.

The Lessor may also suffer other adverse consequences as a result of a Lessee default and the related termination of the Lease and the repossession of the related Aviation Asset. The Lessor's

rights upon a Lessee default vary significantly depending upon the jurisdiction and the applicable law, including the need to obtain a court order for repossession of the Aviation Asset and/or consents for de-registration or re-export of the Aviation Asset. When a defaulting Lessee is in bankruptcy, insolvency, or similar proceedings, additional limitations may apply. Certain jurisdictions give rights to the trustee in bankruptcy or a similar officer to assume or reject the Lease or to assign it to a third party, or entitle the Lessee or another third party to retain possession of the Aviation Asset without paying Lease rentals or performing all or some of the obligations under the relevant Lease. In addition, certain Lessees are owned in whole, or in part, by government-related entities, which could complicate efforts to repossess Aviation Assets in that government's jurisdiction. Accordingly, the Lessor may be delayed in, or prevented from, enforcing certain of its rights under a Lease and in re-leasing the affected Aviation Asset.

If the Lessor repossesses an Aviation Asset, it will not necessarily be able to export or de-register and profitably redeploy the Aviation Asset. For instance, where a Lessee or other operator flies only domestic routes in the jurisdiction in which the Aviation Asset is registered, repossession may be more difficult, especially if the jurisdiction permits the Lessee or the other operator to resist de-registration. The Lessor may also incur significant costs in retrieving or recreating Aviation Asset records required for registration of the Aviation Asset, and in obtaining the certificate of airworthiness for an Aviation Asset. If the Lessor incurs significant costs repossessing Aviation Assets, or is delayed in repossessing Aviation Assets or unable to obtain possession of Aviation Assets as a result of Lessee defaults and thus is delayed in re-leasing them, the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes may be materially and adversely affected.

If Lessees fail to appropriately discharge Aviation Asset liens, the Lessor may be obligated to pay the liens, which could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

In the normal course of their business, the Lessees are likely to incur Aviation Asset liens that secure the payment of airport fees and taxes, customs duties, air navigation charges, landing charges, crew wages, repairer's charges, salvage, or other liens that may attach to the Aviation Assets that are the subject of the Leases. These liens may secure substantial sums that may, in certain jurisdictions or for certain types of liens, particularly liens on entire fleets of aircraft, exceed the value of the particular Aviation Asset to which the liens have attached. Aviation Assets may also be subject to mechanical liens as a result of routine maintenance performed by third parties on behalf of the Lessees. Although the financial obligations relating to these liens are the responsibility of the Lessees, if they fail to fulfill their obligations, the liens may attach to the Aviation Assets under lease and ultimately become the Lessor's responsibility. In some jurisdictions, Aviation Asset liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the Aviation Asset. Until they are discharged, these liens could impair the Lessor's ability to repossess, re-lease, or sell its Aviation Assets. Lessees may not comply with their obligations under their Leases to discharge liens arising during the terms of their Leases. If they do not, the Lessor may find it necessary to pay the claims secured by such liens in order to repossess the Aviation Asset. Such payments would materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Failure to obtain certain required licenses, certificates, and approvals could adversely affect the Lessor's ability to lease or sell Aviation Assets, which would materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Under its Leases, the Lessor may be required in some instances to obtain specific licenses, consents, or approvals for different aspects of the Leases. These required items include consents from governmental or regulatory authorities for certain payments under the Leases and for the import, re-export, or deregistration of the Aviation Assets. Subsequent changes in applicable law or administrative practice may increase such requirements. In addition, a governmental consent, once given, might be withdrawn. Furthermore, consents needed in connection with future re-leasing or sale of an Aviation Asset may not be forthcoming. A failure to maintain these licenses or certificates or obtain any required license or certificate, consent, or approval, or the occurrence of any of the foregoing events, could adversely affect the Lessor's ability to lease or re-lease or sell its Aviation Assets, which would materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The failure of the suppliers of Aviation Assets to meet their Aviation Asset delivery obligations to the Lessor could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The Company is dependent on the success of the suppliers of Aviation Assets to the Lessor in remaining financially stable, providing Aviation Assets that meet the airline operators' demands, and fulfilling their contractual obligations to the Lessor. If any such supplier fails to respond appropriately to changes in the market environment or fails to fulfill its contractual obligations, the Lessor may experience: (a) missed or late delivery of Aviation Assets ordered by the Lessor and an inability to meet the Lessor's contractual obligations to Lessees, resulting in lost or delayed revenues, lower growth rates, and strained customer relationships; (b) an inability to acquire Aviation Assets and related components on terms that will allow the Lessor to lease those Aviation Assets to customers at a profit, resulting in lower growth rates or a contraction in the Lessor's Aviation Asset portfolio; (c) a market environment with too many Aviation Assets available, creating downward pressure on demand for the Aviation Assets in the Lessor's portfolio and reduced market lease rates and sale prices; (d) poor customer support from the manufacturers of Aviation Assets and components resulting in reduced demand for a particular manufacturer's product, creating downward pressure on demand for those Aviation Assets in the Lessor's portfolio, and reduced market lease rates and sale prices for those Aviation Assets; and (e) reduction in the Lessor's competitiveness due to deep discounting by the manufacturers, which may lead to reduced market lease rates and sale prices for the Lessor's Aviation Assets and may affect the Lessor's ability to remarket or sell some of the Aviation Assets in its portfolio, which could materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The Lessor is subject to various environmental regulations that may have an adverse impact on the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Governmental regulations regarding Aviation Asset noise and emissions levels apply based on where the relevant 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 noise level standards. These regulations could limit the economic life of the

Lessor's Aviation Assets, reduce their value, limit the Lessor's ability to lease or sell the non-compliant Aviation Assets or, if engine modifications are permitted, require the Lessor to make significant additional investments in the Aviation Assets to make them compliant. In addition to more stringent noise restrictions, 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. Though current emissions control laws generally apply to newer engines, new laws could be passed in the future that also impose limits on older engines, and therefore any new engines that the Lessor purchases, as well as its older engines, could be subject to existing or new emissions limitations. Limitations on emissions could favor the use of larger wide-body aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect the Lessor's ability to re-lease or otherwise dispose of its narrow-body aircraft on a timely basis, at favorable terms, or at all. This is an area of law that is rapidly changing, and while it is unknown at this time whether new emission control laws will be passed, and if passed what impact such laws might have on the Business, any future emissions limitations could adversely affect Integrity Aviation and the Company.

The Business operations are subject to various federal, state, and local environmental, health, and safety laws and regulations in the United States, including those relating to the discharge of materials into the air, water, and ground, the generation, storage, handling, use, transportation, and disposal of hazardous materials, and the health and safety of employees. A violation of these laws and regulations or permit conditions can result in substantial fines, permit revocation, or other damages. Many of these laws impose liability for clean-up of contamination that may exist at the Lessor's facilities (even if the Lessor did not know of or was not responsible for the contamination) or related personal injuries or natural resource damages or costs relating to contamination at third party waste disposal sites where the Lessor has sent or may send waste. No assurance can be given that Integrity Aviation or the Company will be at all times in complete compliance with these laws, regulations, or permits. Integrity or the Company may have liability under environmental laws or be subject to legal actions brought by governmental authorities or other parties for actual or alleged violations of, or liability under, environmental, health, and safety laws, regulations, or permits.

In certain jurisdictions, an engine affixed to an aircraft may become an accession to the aircraft and the Lessor may not be able to exercise its 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 the Lessor's rights as owner of the engine. This legal principle could limit the Lessor's ability to repossess an engine in the event of a Lease default while the aircraft with the Lessor's engine installed remains in such jurisdiction. The Lessor would suffer a substantial loss if it were not able to repossess engines leased to Lessees in these jurisdictions, which would materially and adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Integrity Aviation and/or the Company will need sufficient capital to finance its growth, and may not be able to obtain it on acceptable terms, if at all, which may limit its ability to grow and compete in the Aviation Asset leasing and trading markets.

Integrity Aviation and/or the Company will need sufficient capital to continue to expand its business by acquiring additional Aviation Assets, and financing may not be available or may be

available only on terms that are not favorable. If Integrity Aviation and/or the Company is unable to raise sufficient funds or obtain capital on acceptable terms, it may have to delay, modify, or abandon some or all of its business or growth strategies.

As high fuel prices continue to affect the profitability of the aviation industry, Lessees might not be able to meet their Lease payment obligations, which would adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

Fuel costs represent a major expense to companies operating in the aviation industry. Fuel prices fluctuate widely depending primarily on international market conditions, geopolitical and environmental events, and currency/exchange rates. As a result, fuel costs are not within the control of Lessees and significant increases in fuel costs would materially and adversely affect their operating results. Factors such as hurricanes and other natural disasters can significantly affect fuel availability and prices. The high cost of fuel has had, and sustained high costs in the future may continue to have, a material adverse effect on the profitability of the Lessees. Due to the competitive nature of the aviation industry, operators have been and may continue to be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully offsets the increased fuel costs they have incurred. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. If fuel prices remain at high levels or increase further due to future terrorist attacks, acts of war, armed hostilities, natural disasters, or for any other reason, they are likely to cause Lessees to incur higher costs and/or generate lower revenues, resulting in an adverse effect on their financial condition and liquidity. Consequently, these conditions may adversely affect the Lessees' ability to make rental and other lease payments under their Leases, result in Lease restructurings and/or Aviation Asset repossessions, increase the Lessor's costs of servicing and marketing its Aviation Assets, or impair the Lessor's ability to lease or re-lease or sell them. Any of these events could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

If the effects of terrorist attacks and geopolitical conditions continue to adversely affect the financial condition of the airlines and other aircraft operators, Lessees might not be able to meet their Lease payment obligations, which would adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

As a result of the September 11, 2001 terrorist attacks in the United States and subsequent terrorist attacks abroad, increased security restrictions were implemented on air travel, costs for aircraft insurance and security measures have increased, passenger and cargo demand for air travel decreased, and operators have faced and continue to face increased difficulties in acquiring war risk and other insurance at reasonable costs. In addition, war or armed hostilities, or the fear of such events, could further exacerbate many of the problems experienced as a result of terrorist attacks. Future terrorist attacks, war or armed hostilities, or the fear of such events, could further adversely affect the aviation industry and may have an adverse effect on the financial condition and liquidity of the Lessees and Aviation Asset values and lease rates, and may lead to Lease restructurings or repossessions, all of which could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes. Terrorist attacks and adverse geopolitical conditions have adversely affected the aviation industry and concerns about such events could also result in: (a) higher costs to the airlines due to the increased security measures; (b) decreased passenger demand and revenue due to the inconvenience of additional security measures; (c) uncertainty of the price and availability of jet fuel and the cost

and practicability of obtaining fuel hedges under current market conditions; (d) higher financing costs and difficulty in raising the desired amount of proceeds on favorable terms, if at all; (e) significantly higher costs of aviation insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking, and other similar perils, and the extent to which such insurance has been or will continue to be available; (f) inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of terrorist attacks and geopolitical conditions, including those referred to above; and (g) special charges recognized by some operators, such as those related to the impairment of aircraft and engines and other long-lived assets stemming from the grounding of aircraft as a result of terrorist attacks, the economic slowdown, and airline reorganizations. Future terrorist attacks, acts of war, or armed hostilities may cause certain aviation insurance to become available only at significantly increased premiums, which may be for reduced amounts of coverage that are insufficient to comply with the levels of insurance coverage currently required by aircraft and engine lenders and lessors or by applicable government regulations, or to be not available at all. Future terrorist attacks, acts of war, or armed hostilities are likely to cause Lessees to incur higher costs and to generate lower revenues, which could result in an adverse effect on their financial condition and liquidity. Consequently, these conditions may affect their ability to make rental and other lease payments under their Leases or obtain the types and amounts of insurance required by the applicable Leases, which may in turn lead to aircraft groundings, may result in additional Lease restructurings and repossessions, may increase the cost of leasing or re-leasing or selling the Aviation Assets, and may impair the ability to lease or re-lease or otherwise dispose of them on a timely basis at favorable rates or on favorable terms, if at all, and may reduce the proceeds received for the Aviation Assets upon any disposition. Any of these results could adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The effects of epidemic diseases may adversely affect the airline industry in the future, which might cause Lessees to not be able to meet their Lease payment obligations, which would adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The outbreak of epidemic diseases could materially and adversely affect passenger demand for air travel. In the event of an epidemic disease such as human influenza, SARS, or avian influenza affecting humans, numerous responses, including travel restrictions, might be necessary to combat the spread of the disease. Outbreaks of diseases, or the fear of such events, could adversely affect passenger demand for air travel and the aviation industry. These consequences could result in Lessees' inability to satisfy their Lease payment obligations, which would adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The passenger aviation industry is inherently cyclical and a significant downturn in the industry would adversely impact Lessees' ability to make Lease payments, which would adversely affect the Lessor's financial results and growth prospects and, in turn, the Company's ability to satisfy the Notes.

The passenger aviation industry has been characterized by periods of falling air traffic demand and rising costs. Such industry downturns can be exacerbated by terrorist attacks, prolonged military action, rising fuel prices, outbreaks of epidemic diseases, and other events beyond the Managing Member's control. As a result, the global airline industry may experience significant financial losses, and announce or implement reductions in capacity, service, and workforce.

Additionally, many airlines may seek protection under bankruptcy laws. The airline bankruptcies and the reduction in demand may lead to the grounding of significant numbers of aircraft and engines and the negotiation of reductions in Lease rental rates, which depress Aviation Asset market values. There is a substantial risk of an industry downturn occurring again in the future and the impact could be similar to the impact of the prior downturn. Such a downturn would likely place already financially weakened Lessees under further duress, once again putting downward pressure on lease rates applicable to the Leases. As in the previous downturn, the grounding of undesirable older aircraft would also play a role in depressing Aviation Asset market values.

The Notes are subject to restrictions on transferability and there is no public market for the Notes; therefore, the Notes should be considered an illiquid investment.

The Notes are not registered under the Securities Act or qualified under the blue sky laws of any state or jurisdiction, nor does the Company have any intention to seek registration. The Notes are also subject to significant restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act, and applicable state securities laws, pursuant to registration or exemption therefrom, and except as permitted under the terms of the Notes. There is no market for the Notes and, as a result, Noteholders should assume the Notes are illiquid and the principal will not be paid prior to maturity (subject to extension in accordance with the Note terms).

The Company's ability to satisfy the Notes is dependent on the principals of the Managing Member and of Integrity Aviation, the loss of any of whom will have a material adverse effect on the Company.

The Company's ability to satisfy the Notes will be largely dependent on the principals of the Managing Member and Integrity Aviation who manage the Business. The skill of these persons is critical to the success of the Company. The loss of services of any of these persons for any reason may have a material adverse effect on the Company. There is no key person insurance on any of these individuals.

The Noteholders have no right to participate in the management of the Company or Integrity Aviation.

The Managing Member has the exclusive right, power and authority to manage the Company's business and make all decisions with respect thereto. The principals of Integrity Aviation have the exclusive right, power and authority to manage Integrity's business and make all decisions with respect thereto. The securities to be issued in this offering consist of Secured Promissory Notes, the holders of which do not have any right to vote or participate in the management of the Company or Integrity Aviation or in any decisions by the Company or Integrity Aviation.

The Managing Member and its principal may have conflicts of interest, which may not be resolved in favor of the Noteholders.

The Managing Member and its principal may have conflicts of interest. No assurances can be given that these conflicts will be resolved in favor of the Company and the Noteholders. See "Affiliate Fees and Transactions" and "Conflicts of Interest."

As of the date of this Memorandum, Integrity Aviation has not entered into an agreement to purchase specific Aviation Assets to acquire or Leases to enter into which Noteholders may evaluate before investing in the Company.

Integrity Aviation has not entered into an agreement to purchase specific Aviation Assets to acquire or Leases to enter into. Accordingly, Noteholders will not have an opportunity to review and evaluate the terms and conditions of the Aviation Assets to be acquired or Leases to be entered into by Integrity Aviation prior to purchasing the Notes, and may not agree with how Integrity's management uses the proceeds derived from this offering. If this offering continues following the initial closing, then the Company will make available to prospective investors information concerning the Company's and Integrity's assets and financial condition prior to their making an investment decision.

The lack of suitable opportunities could cause delays or could result in transactions on less than desirable terms.

No assurance can be given that there will be a sufficient number of suitable Aviation Assets to acquire or Leases to enter into or whether they can be acquired or entered into on desirable terms or in a desirable timeframe. Any delays as well as any transaction on less than desirable terms will adversely affect the Company's ability to satisfy the Notes.

Noteholders have no control over how the Note proceeds will be used.

Noteholders will have no control or discretion over how the proceeds from the Notes are used, and must trust the judgment of the principal of the Company as to how they utilize such proceeds. There can be no guarantee or assurances that the Company will utilize such proceeds in a manner that produces a cash flow stream sufficient to satisfy the Notes.

The Company will be substantially capitalized with debt securities and, therefore, creditors of the Company could claim that the Notes are equity securities which could have adverse consequences to the Noteholders.

The Company will be, upon issuance of the Notes, substantially capitalized with debt securities. Accordingly, creditors of the Company could potentially seek to attack the Notes (or the secured status thereof) based on legal and equitable theories traditionally employed by creditors of companies with a high concentration of debt. It is, therefore, possible that all or a portion of the Notes could be re-characterized as equity securities of the Company. Such re-characterization could have adverse tax, legal and other consequences to the Noteholders.

If the Notes are re-characterized as equity securities, there could be adverse tax consequences to the Noteholders.

The federal income tax consequences of owning the Notes are dependent upon the characterization of the Notes as debt of the Company for federal income tax purposes, rather than as equity interests in the Company or a partnership among the holders of Notes and the Company and/or its Managing Member. The Company believes that the Notes have been structured in a manner that will allow the Notes to be characterized as a debt of the Company for federal income tax purposes. However, this is only the Company's belief, and no ruling from the Internal Revenue Service ("IRS") or an opinion of counsel has been sought in this regard. Thus, the IRS could successfully challenge

this characterization. If the Notes are re-characterized as equity interests, there could be adverse effects on Noteholders. For example, (a) income to non-U.S. holders could be subject to federal income tax withholding, (b) unrelated business taxable income may result to tax-exempt entities, including pension funds and some retirement accounts (if the relationship were characterized as a partnership for tax purposes), and (c) the timing and amount of income that accrues to holders of Notes may be different than anticipated. **Because of these potential adverse effects, prospective Noteholders are urged to consult their own tax advisors as to the tax consequences that may apply to their particular situation in the event the Notes are re-characterized as equity interests and as to the likelihood that the Notes could be so re-characterized.**

Noteholders may have taxable income without regard to interest payments on the Notes.

Under applicable tax law, Noteholders may be required to recognize taxable interest income annually with respect to the Notes even though the interest may not be paid until a later time and, therefore, Noteholders may have to rely upon resources independent of the Notes to pay their obligations to the federal, state and local tax authorities. **Prospective Noteholders are urged to consult their own tax advisors as to the tax consequences of holding a Note.**

Noteholders will not have the ability to enforce the terms of the Note individually.

The Notes will be secured by a security interest in the Company's assets pursuant to the Security Agreement attached hereto as Exhibit "C." The security interest will be managed by a Collateral Agent that will take direction from the Noteholders in accordance with the Collateral Agency Agreement attached hereto as Exhibit "D." The Collateral Agency Agreement provides, among other things, that no Noteholder may alter the terms of the Notes or enforce the Notes against the Company individually. All such actions and similar actions are reserved for voting among the Noteholders and/or delegated to the Collateral Agent. The Security Agreement contains a cross-default provision such that a default by the Company on one Note will constitute a default on all Notes. Noteholders are dependent upon the efforts of the Collateral Agent to enforce their rights under the Notes and foreclose on the collateral and prosecute related claims. The Collateral Agent can only be removed by a supermajority vote of the Noteholders if it has been found to have engaged in willful misconduct. To the extent the Collateral Agency Agreement requires the vote or consent of a majority of the Noteholders or less than all of the Noteholders, such consent, if not obtained, could have an adverse affect on the Noteholders or, if obtained, could result in action being taken by the Collateral Agent which the non-consenting Noteholders find objectionable. Finally, if the security interests in the collateral are not perfected, third party claims may successfully attach to the collateral, thereby adversely affecting the Noteholders. Noteholders should carefully review the Collateral Agency Agreement and the Security Agreement.

There are risks relating to the security interest in the Company's assets serving as collateral to secure the Notes.

It is anticipated that the Collateral Agent's security interest in the Company's assets serving as collateral to secure payment on the Notes will be perfected solely through the filing of a UCC-1 financing statement with the Secretary of State of the State of Delaware where the Company is formed. However, the perfection of a security interest in certain assets of the Company may require a method other than the filing of a UCC-1 financing statement, such as through possession or control of such assets or through filings of other documents with other governmental agencies.

Any such assets in which the Company is granting a security interest to the Collateral Agent which cannot be perfected by filing a UCC-1 financing statement with the Delaware Secretary of State will not be perfected. If the security interest in the collateral is not perfected for this or any other reason (including the Collateral Agent's failure to properly perfect its security interest), third party claims may successfully attach to the collateral and have priority over the Collateral Agent's security interest in such collateral, thereby adversely affecting the Noteholders' security for the Company's obligation to make payments on the Notes. Further, under the terms of the Collateral Agency Agreement and the Security Agreement, the Company will have the right to use, dispose of and encumber its assets in the ordinary course of its business prior to an event of default under the Notes, free from any encumbrance of the security interest granted to the Collateral Agent in favor of the Noteholders.

If a successor Collateral Agent is required to replace an existing Collateral Agent due to resignation or removal, there may be additional fees and costs as well as modified terms to the Collateral Agency Agreement.

If the Collateral Agent resigns or is removed, the Company will be required to find a successor to take its place. In such an event, a successor Collateral Agent may require other or additional fees or terms to those set forth in the existing Collateral Agency Agreement. Accordingly, there is a risk that the Collateral Agency Agreement may have to be modified if the Collateral Agent resigns or is removed in order to accommodate its successor and that such modifications may increase costs or otherwise be unfavorable to the Noteholders.

Noteholders may be required to indemnify the Collateral Agent.

Under the terms of the Collateral Agency Agreement, the Collateral Agent is entitled to receive fees and expense reimbursements from the Company and, to the extent the Company fails to satisfy such obligations, then the Noteholders (ratably in accordance with the relative principal amounts of their Notes) are obligated to reimburse and hold harmless the Collateral Agent for such amounts. Further, the Collateral Agency Agreement provides that the Company and the Noteholders (ratably in accordance with the relative principal amounts of their Notes) shall indemnify the Collateral Agent (and related persons) for its acts or omissions as Collateral Agent except to the extent of the Collateral Agent's sole negligence or willful misconduct. If the Company is required to indemnify the Collateral Agent, then this will reduce amounts available for payment on the Notes and other Company purposes. If the Noteholders are required to indemnify the Collateral Agent, then this will be a full recourse obligation of each Noteholder (subject to any rights they may have against the Company).

This is a "best-efforts" offering.

This is not an underwritten offering. The Company may not be able to sell all of the Notes that it is seeking to sell and issue in this offering. Consequently, the costs and expenses of the offering and the Company's operations could represent a greater percentage of the offering proceeds.

No assurance can be given that the Company will have a diversified asset portfolio, which could increase the risk that the Notes will not be fully paid.

The Company intends to attempt to diversify its assets and thus minimize the risk that the overall performance of the Company will be materially adversely affected by the unfavorable performance of few assets or even one asset in its portfolio. However, the Company's ability to diversify will,

to a great extent, depend upon the proceeds of this offering which will determine the amount of proceeds available for investment; the greater the aggregate principal amount of Notes sold, the more funds that will be available to fund the Business which increases the ability to diversify through acquiring numerous Aviation Assets and entering into numerous Leases. However, it is possible that diversification will be limited due to the ultimate size of the offering, or for other reasons.

A portion of the Note proceeds will be used to pay the Company's organizational and offering expenses, and the percentage of each Noteholder's subscription proceeds applied toward these expenses will vary inversely with the total amount of subscription proceeds.

The Company will bear organizational expenses and expenses related to this offering as described elsewhere in this Memorandum. A portion of the Note proceeds of each purchaser of a Note in this offering will be used to pay these expenses. These organizational and offering expenses will be deducted from the initial funds raised at the initial closing or closings. As a result, the portion of an investor's Note proceeds that is applied to pay these expenses will vary inversely with the aggregate principal amounts of the Notes sold in this offering.

Unanticipated Expenses and reserves will reduce amounts otherwise available to acquire assets or to satisfy the Notes and ultimately could have a material adverse effect on the Company's ability to satisfy the Notes.

The Company will bear all Expenses. Certain Expenses are beyond the control of the Managing Member and cannot be estimated or predicted. If the Company experiences unanticipated costs or liabilities, including as a result of future litigation, the inability to liquidate assets on favorable terms or otherwise, then this could have a material adverse effect on the Company's results of operation and financial condition and ability to satisfy the Notes. In addition, the Company may be required to establish reserves from time to time to cover known and unknown liabilities that may arise. Such reserves will be determined by the Managing Member in its sole and absolute discretion. These reserves may be established out of any Company funds as determined by the Managing Member, including out of the offering proceeds (which will reduce amounts available to acquire assets) and out of revenues derived from operations and assets (which will reduce amounts available to make payments on the Notes). Without limiting the foregoing, if the Company is unable to liquidate all of its assets prior to the maturity of the Notes and must place them in a liquidating trust, the Company will be required to set aside due and adequate reserves at that time to cover the expenses of holding, maintaining and disposing of those assets while in the liquidating trust. Any such costs and reserves will reduce amounts otherwise available for application toward satisfaction of the Notes.

If Notes are prepaid, Noteholders may not be able to find an alternative investment at the same yields.

The Company may prepay all or a portion of the outstanding amounts due under the Notes at any time without prepayment penalty or premium. If the Notes are prepaid, Noteholders expecting a fixed return at the applicable Note rate for the full 30-month term may not be able to find an alternative investment at the same or higher yields than the debt that was repaid, particularly in a declining interest rate environment.

Notes with later maturity dates are subject to the risk of less diversified, liquid or valuable

collateral.

Noteholders holding Notes with later maturity dates are subject to the risk that collateral securing their Notes will be liquidated to satisfy or prepay Notes with earlier maturity dates. Such Noteholders holding Notes with later maturity dates may be left with a smaller and less diversified pool of collateral securing their Notes, or with collateral that is illiquid or less valuable compared to the collateral that has been liquidated to satisfy or prepay Notes with earlier maturity dates.

There are risks associated with the Company's utilization of leverage.

The Company may utilize leverage in addition to the Notes sold in this offering ("Senior Debt") for purposes of achieving its objectives. Pursuant to the terms of the Notes, the Senior Debt will be senior in payment and in lien to the Notes. It is anticipated that debt service payments due on any Senior Debt will be paid primarily out of cash flow generated from the Company's assets. No assurance can be given that the amount of the Company's cash flow or other available resources will be sufficient to make the debt service payments on any Senior Debt that may be incurred by the Company. In addition, increases in the interest rate on any Senior Debt that may be incurred by the Company that bears interest at a variable rate could make it more difficult and/or expensive for the Company to meet its debt service requirements. In addition, the Company's Senior Debt lender would likely require it to secure repayment of any Senior Debt with all or a portion of the Company's assets, or at least the specific assets in respect of which it provides financing, which assets currently serve as collateral to secure the Notes. If the Company does not have financial resources available to satisfy the Senior Debt prior to the maturity date, it may be required to sell its assets to do so which would reduce the collateral securing the Notes. There can be no assurance that any of the Company's assets can be successfully sold to pay off any Senior Debt incurred by it. If the Company fails to make payments on any secured Senior Debt loan made to it or otherwise defaults under the applicable loan documents, the secured Senior Debt lender generally would have the right to execute and foreclose its security interest in the collateral. Because the Notes will be subordinated to such Senior Debt in payment and in lien, the claims of such Senior Debt lender would take priority over the claims of Noteholders, and no assurance can be given that the Company will have sufficient assets to satisfy the Notes after satisfaction of such Senior Debt lender's claims. In that case, the Company could lose all or a portion of its assets, which will have a material adverse effect on the Company's ability to satisfy the Notes.

The Company may be subject to indemnification claims in connection with its business.

The Company may be subject to indemnification claims in connection with its business. For instance, the Managing Member and its principals, members, managers, officers and agents are entitled to indemnification by the Company for their acts or omissions while acting on behalf of the Company. The Company is also obligated to indemnify third party providers such as the Collateral Agent in accordance with the applicable agreements between the Company and such persons and entities. Further, the Company may be required by law, contract, court order or otherwise to indemnify various parties for breach of warranty, representation or covenant, for fraud, or for violation of law, in connection with its assets, including purchasers of assets from the Company, sellers of assets to the Company, service providers such as companies it engages to service its loans and assets, and annuity issuers and insurance companies involved in underwriting policies, annuities and other assets acquired by the Company. Therefore, the Company may incur costs if it is required to indemnify any such persons, in which event the

Company's profitability and ability to satisfy the Notes may be adversely affected.

The Company is not registered as an investment company or investment advisor and, therefore, prospective Noteholders will not have the benefit of the protections afforded by such registration and regulation.

While the Company may be considered a private investment company now or in the future depending on its activities and applicable law, the Company is not required and does not intend to register as such under the Investment Company Act of 1940 in reliance upon an applicable exemption or exclusion therefrom. The Managing Member is also relying on an exemption or exclusion from registration as an investment advisor under the Investment Advisors Act. Accordingly, the provisions of these acts, which are designed to protect investment company investors and regulate the relationship between the investment advisor and the investment company, will not be applicable.

This offering is not registered with the Securities and Exchange Commission or any state securities authorities and, therefore, prospective Noteholders will not have the benefit of regulatory review.

The offering of the Notes will not be registered with the Securities and Exchange Commission under the Securities Act or the securities agency of any state, and the Notes are being offered in reliance upon an exemption from the registration requirements of the Securities Act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth herein. Since the offering is a nonpublic offering and, as such, is not registered under federal or state securities laws, prospective investors will not have the benefit of review by the Securities and Exchange Commission or any state securities regulatory authority.

The Company has not retained independent professionals to represent the prospective Noteholders' interests.

The Company has not retained any independent professionals for subscribers in this offering to review or comment on this offering or otherwise protect the interests of the subscribers hereunder. Although the Company has retained its own counsel and accountants, neither such firms nor any other firm has made any independent examination of any factual matters represented by management herein, and purchasers of the Notes offered hereby should not rely on the firms so retained with respect to any matters herein described. Each prospective Noteholder should consult his, her or its own legal, tax and financial advisors regarding the merits and risks of this investment.

Actual results of the Company will vary from any pro forma financial information contained in this Memorandum or elsewhere.

Any pro forma financial information, if any, discussed in or accompanying this Memorandum are "forward-looking statements" that involve significant risk and uncertainty. All materials or documents supplied to prospective Noteholders by the Company, the Managing Member and their respective affiliates, including any such pro forma financial information, should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed

in this Memorandum. The assumptions and facts upon which such financial information, if any, is based are subject to variations that may arise as future events actually occur and to a complex series of events, many of which are outside the control of the Company, the Managing Member and their respective affiliates. Such pro forma financial information, to the extent any is provided, is based on assumptions made by the Managing Member regarding future events. There is no assurance that actual events will correspond with these assumptions. Actual results may differ significantly.

CONFLICTS OF INTEREST

The financial interests of the principals of the Managing Member in the Company and Integrity Aviation as well as fees payable to affiliates of the Managing Member in connection with the Company's and Integrity's activities may create an incentive for the Company and Integrity Aviation to engage in transactions that are riskier or not in the best interests of the Noteholders.

Noteholders are entirely dependent upon the principals of the Managing Member and Integrity Aviation to manage the Business. The financial interests of the principals of the Managing Member in the Company and Integrity are dependent on revenues generated by the Company's and Integrity's respective asset portfolios, and specifically that such revenues exceed expenses and the amounts necessary to satisfy the Notes. Therefore, the financial interests of the principals of the Managing Member in the Company and Integrity Aviation may create an incentive for the principals of the Managing Member to cause the Company to acquire assets or enter into lease agreements that are riskier than those that the Company would acquire or enter into in the absence of such financial interests or otherwise to acquire assets or enter into lease agreements not in the best interests of the Noteholders. This is particularly important due to the fact that affiliates of the Managing Member will be receiving fees, commissions, and other compensation with respect to the Company's activities whether or not the Notes are satisfied.

The Managing Member may form or control competing funds which may create conflicts of interest in allocating opportunities among such funds.

Mr. Farias is not restricted from forming, investing in, managing, controlling, or otherwise participating in other funds or businesses which have objectives the same as or substantially similar to those of the Company. Conflicts of interest may arise in connection with the promotion of the Company and such other funds to prospective investors (to the extent their offering periods coincide) as well as the selection of assets and investment or business opportunities for the Company and such other funds or the allocation of such assets and investment or business opportunities among the Company and such other funds. The Noteholders will be relying upon the Managing Member to act, in all instances, in the best interests of the Noteholders and to promote the Company to prospective investors and to select the best assets and investment or business opportunities for the Company, despite their interest in and relationships with other funds and the inherent conflicts of interest arising therefrom.

The Managing Member's principals may have conflicts of interest in allocating their time between the Business and their other activities.

Principals of the Managing Member are now and will continue to be engaged in other business activities. The Company is not able to estimate the amount of time that such persons will devote

to the Business. As a result, they may have conflicts of interest in allocating their time between the Business and these other activities. There can be no assurance that such principals will, at all times, devote sufficient time to the Business.

Affiliates of the Managing Member may receive fees, commissions, reimbursements, carried interests, and other compensation in connection with the Company's activities.

As more particularly discussed under the section above entitled "*Affiliate Fees and Transactions*", affiliates of the Managing Member may receive fees, commissions, reimbursements, carried interests, and other compensation in connection with the activities of the Company. Such fees and other amounts will be paid whether or not the Notes are satisfied. Such fees to affiliates create conflicts of interest, including an incentive for the principals of the Managing Member to cause the Company to engage in transactions that are riskier than the transactions in which they would engage in the absence of such compensation or otherwise to engage in transactions that are not in the best interests of the Noteholders.

Transactions Among Affiliates.

The Company may engage in the various transactions described under the section above entitled "*Affiliate Fees and Transactions*". These transactions will not be on arms'-length terms, and, in the case of any transaction prices determined by independent third parties, such independent third parties will be selected by the principals of the Managing Member. Further, to the extent the Company engages in transactions with affiliates of the Managing Member, the Noteholders will be relying on the principals of the Managing Member to protect the Company's interests and to enforce its rights in the event of a dispute despite their inherent conflicts of interest, and no assurance can be given that such conflicts will be resolved in favor of the Company and the Noteholders.

The Company's and/or Integrity's ability to borrow additional funds increases risk to Noteholders.

The principals of the Managing Member may cause the Company to borrow funds to increase the number or aggregate amount of assets the Company acquires, in order to increase the financial return to such principals (assuming all Notes are satisfied). However, this use of leverage, while possibly allowing for greater returns to the principals of the Managing Member, may increase the risk to Noteholders because of, among other things, their subordinated position in the collateral. Accordingly, the incentive to increase leverage may conflict with the interests of Noteholders and the Noteholders must therefore rely upon the judgment of the principals of the Managing Member to prudently manage the use of such leverage in a way to minimize risk to Noteholders.

CAUTIONARY STATEMENTS CONCERNING TAX CONSEQUENCES

THE COMPANY ADVISES ALL PROSPECTIVE INVESTORS TO CONSULT THEIR OWN TAX ADVISORS, WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION AND THE POTENTIAL EFFECT OF APPLICABLE LAWS AND REGULATIONS. THIS MEMORANDUM CONTAINS NO ANALYSIS OF, AND THE COMPANY PROVIDES NO ADVICE CONCERNING, ANY OF THE POTENTIAL TAX CONSIDERATIONS AND CONSEQUENCES RELATING TO THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE NOTES. IN ADDITION, THE COMPANY HAS NOT OBTAINED, NOR DOES THE COMPANY INTEND TO OBTAIN, A RULING FROM THE IRS OR AN OPINION OF COUNSEL WITH RESPECT TO ANY TAX CONSEQUENCES OF PURCHASING, OWNING OR DISPOSING OF THE NOTES. NEITHER THE COMPANY NOR THE MANAGING MEMBER, OR COUNSEL OR ANY OTHER PROFESSIONAL ADVISORS ENGAGED BY THE COMPANY, WILL ASSUME RESPONSIBILITY FOR THE TAX CONSEQUENCES OF THIS TRANSACTION TO A NOTEHOLDER. IF YOU ARE CONSIDERING THE PURCHASE OF A NOTE, YOU SHOULD CONSULT YOUR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO YOU OF ACQUIRING, HOLDING OR DISPOSING OF THE NOTES, INCLUDING THE EFFECT AND APPLICABILITY OF FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.