

EETC Exposure

As of September 30, 2011

Enhanced Equipment Trust Certificates ("EETCs") are forms of secured debt frequently used by the airlines to finance aircraft. The financings are tranching to create a tiering of interests in the aircraft collateral. Ambac issued a financial guarantee on the most senior tranche called the "G tranche" (for guaranteed). In many cases, Junior C-class certificates were also issued to finance an additional portion of the equipment value. The airline itself, or a third party equipment lessor, financed the equity, or ownership, portion of aircraft value.

Ambac is the guarantor of the most senior class (or a portion thereof) of secured debt in every transaction, and in most cases is also the control party. The transactions are enhanced via (i) the setting of a relatively low loan to value ("LTV") at the time of issuance, (ii) an amortization schedule designed to address declining aircraft market values over time, and (iii) a liquidity facility to provide for eighteen months of interest payments in the event that the airline obligor defaults.

<i>Airline</i>	<i>Net Par (\$ Millions)</i>	<i>Aircraft Type</i>	<i>Final Maturity Date ⁽²⁾</i>
America West Airlines, Series 1999-1 ⁽¹⁾	\$120.3	Airbus 319-100s and 320-200s	July 2020
America West Airlines, Series 2000-1 ⁽¹⁾	105.7	Airbus 319-100s and 320-200s	January 2022
America West Airlines, Series 2001-1 ⁽¹⁾	183.0	Airbus 319-100s and 320-200s	October 2022
American Airlines, Series 2001-2	12.5	Boeing 737-800s, 757-200ERs, 757-200s and 777-200ERs	April 2013
Continental Airlines, Series 2002-1	190.1	Boeing 757-300s, 767-400ERs and 777-200ERs	August 2013
Continental Airlines, Series 1999-2	54.9	Boeing 737-700s, 737-800s, 757-200ERs and 777-200ERs	September 2021
Total Portfolio	<u>\$666.5</u>		

(1) America West Airlines merged with US Airways in September 2005 and now operates under the US Airways name.

(2) Represents legal final maturity date. EETC's have a scheduled maturity date that is 18 months prior to the legal maturity.