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Vedder Price, Milbank on \$2 Billion Macquarie Deal for AIG Aircraft Unit

Posted by Julie Triedman

American International Group's aircraft leasing unit, International Lease Finance Corp., announced Wednesday that Australian financial services conglomerate Macquarie Group Ltd. had bought 53 of its aircraft for \$1.99 billion.

ILFR is one of the two largest aircraft leasing companies in the world; the current sale represents roughly five percent of its entire fleet. The planes are leased to 35 airlines in 27 countries, according to Macquarie AirFinance, the planes' new owner.

Last month, ILFR said it intended to raise as much as \$3.5 billion from asset sales. Since early March, it has raised an additional \$4 billion in financing, including a \$2.7 billion unsecured high-yield offering and \$1.3 billion in secured financing.

The deal roped in two of the largest aircraft-finance powerhouses in the law firm landscape. AIG relied on Drew Fine of Milbank, Tweed, Hadley & McCloy to lead the negotiations on its behalf; Fine, a partner and global executive committee member, has extensive experience in transactions involving aircraft. Fine also worked on the recent \$1.3 billion secured financing offering for ILFR. Alexander Kaye, an M&A partner, also worked on the deal. Milbank's relationship with

AIG goes back a year and a half, to late 2008, when the battered company and the U.S. government were working toward a possible sale of the entire unit via auction. The firm has 25 lawyers focused on transportation and aircraft deals in particular.

Macquarie tapped Vedder Price partner Geoffrey Kass, a member of the firm's equipment finance group. The group lists 44 lawyers; 26, including Kass, are listed in aircraft finance alone. Macquarie also looked to the general counsel of its AirFinance unit, Stephen Moulton.

The Federal Reserve Bank of New York relied on Juliet Cain and John Amorosi at Davis Polk & Wardwell in connection with the deal; they were assisted by associates Giorgio Bovenzi, J.W. Perry, Gavin Skene, and Bradley Mitchell. The U.S. government owns nearly 80 percent of AIG.

AIG made selling its aircraft leasing business a top priority in late 2008, but in the past year and a half, buyers appeared to have been stymied by the unit's massive \$30-billion-plus pile of debt, Reuters reports. The government pulled back from plans to auction off the entire fleet after it failed to get the price it wanted.