BOHAI LEASING AGREES TO ACQUIRE AVOLON FOR US$31 CASH PER SHARE

News / Finance

Avolon (NYSE: AVOL), the international aircraft leasing company, announces that today it has entered into a definitive merger agreement (the “Merger Agreement”) to be acquired by Bohai Leasing Co., Ltd. (SZSE: 000415) (“Bohai”) at a price of US$31 cash per common share (the “Transaction”).

Under the terms of the Transaction, which has been unanimously approved by Avolon’s Board of Directors, all Avolon shareholders will receive US$31 in cash for each Avolon common share they hold, in a transaction with a total enterprise value of approximately US$7.6 billion.

US$31 per share represents a 31% premium to Avolon’s undisturbed closing price on July 13, 2015 of US$23.73 per share, the closing price prior to the announcement of Bohai’s initial intention to acquire a 20% stake in Avolon. US$31 per share also represents a 55% premium to Avolon’s initial public offering at US$20 per share in December 2014.

The agreed price in the Merger Agreement of US$31 per share, as against an indicative offer price of US$32 per share described in Avolon’s press release dated August 10, 2015, reflects significant

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volatility across global equity markets. To provide greater certainty of value and reflecting its commitment to the Transaction, Bohai will increase its deposit by US$100 million to a total of US$350 million. Bohai has already paid a deposit of US$75 million. A further US$200 million will be paid on September 4, 2015 and the final US$75 million will be paid by September 15, 2015. The total US$350 million deposit represents approximately US$4.25 per Avolon common share and is payable to Avolon in certain circumstances if the Transaction is not consummated.

The Transaction is subject to customary conditions including receipt of certain required regulatory approvals and the approval of Avolon and Bohai's shareholders. To facilitate the approval process, affiliates of CVCCapital, Cinven, Oak Hill Capital, GIC and their respective syndicate investors have agreed to vote their shares in favour of the Transaction at the shareholder meeting to be held to approve the transaction and HNA Group, Bohai's largest shareholder, has agreed to vote its shareholding in Bohai in favour of the Transaction. The Transaction is not subject to any conditions related to financing or Chinese capital control approvals. The purchase price is guaranteed by HNA Group.

The Transaction is expected to close by the first quarter of 2016.

Denis Nayden, Avolon's Chairman, commented:

"Avolon is an established leader in the global aircraft leasing industry and we are pleased to announce this agreement with Bohai. Avolon has delivered significant returns for all shareholders and we believe Bohai are the right shareholder for the Avolon business in the next stage of growth. We believe Bohai will enhance Avolon's profile, positioning and relationships in the Chinese aviation market – a market which we believe offers one of the most compelling growth opportunities in global aviation over the next two decades."

Dómhnal Slattery, Avolon's CEO, commented:

"I would like to thank all of our shareholders and, in particular, our sponsors who have been with us on this journey since our foundation in 2010. Avolon would not be the leading industry player it is today without the commitment and hard work of our team who have built a business with an enterprise value of $7.6 billion. It is a remarkable achievement and one of which we are all very proud. We look forward to the strategic development of Avolon under Bohai's leadership."

Chris Jin, CEO of Bohai, commented:

"Avolon is a leader in the aircraft leasing industry with a proven team and platform. We are delighted to announce this agreement to acquire the business. Our vision at Bohai is to build each of our transportation finance businesses into global leaders. Avolon has delivered remarkable growth over the past 5 years to become a leading industry franchise with a distinct business model, and the company is a strong complement to our existing investment in the aircraft leasing sector."

Hal Hayward, Managing Director of Bravia Capital, commented:

"We are pleased to have been able to increase the stake that Bohai previously contracted to acquire to a full buyout of the company. Under Bohai ownership, Avolon will gain increased access to the fast growing Chinese market, strong support for continued growth worldwide and clear competitive advantages that come with additional size, scale and diversity."

For further information regarding all terms and conditions contained in the Merger Agreement,

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please see Avolon's Report on Form 6-K, which will be available on the Avolon website, www.avolon.aero and will be filed with the U.S. Securities and Exchange Commission (www.sec.gov) on September 4, 2015.

Advisors

Bravia Capital is serving as exclusive financial advisor to Bohai and Sidley Austin LLP is serving as Bohai's legal counsel. J.P. Morgan Limited and Morgan Stanley & Co. LLC are serving as financial advisors to Avolon and Weil, Gotshal & Manges LLP is serving as Avolon's legal counsel.

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