Katerina Barilov, Hawker Beechcraft

Impact of Finance on New Aircraft Sales
Agenda

- HBC Sales Finance Mission and Objectives
- Tools and Resources we use
- Involvement in Aircraft Sales
- Challenges of Aircraft Financing Markets
- Initiatives we take
Objectives

- Provide comprehensive customer financing support
- Utilize third party financing

Mission

- Provide sales team with a competitive advantage
- Avoid missed delivery dates
- Diminish sales workload
- Improve financers’ view of Hawker Beechcraft and the investment in our aircraft
- Alert sales team to possible threats to delivery
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Working Together

- Financiers
- Opinion Makers
- Customers
- HBC

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Financing Sources

Local Banks
- BARCLAYS
- UniCredit Group
- NEDBANK
- JPMorgan
- Investec
- Commerce Bank
- Wells Fargo
- BTB
- WesBank
- Lloyds TSB

Private Banks
- BNP Paribas
- Credit Suisse
- SG

Lessors
- CIT
- SEACOR Holdings Inc.
- Raiffeisen Leasing
- HYPO Südleasing
- Siemens Financial Services
- RBS
- Deutsche Leasing
- IMMORENT
- BOC Aviation

Export Credit
- Export-Import Bank of the United States
- ECGD

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Tools and Resources

- Presentations describing and introducing HBC Sales Finance services
- Indicative term sheets with pricing and payment schedules
- Lists of banks providing financing in sales’ jurisdiction/aircraft model
- Descriptions and explanations of available financing solutions in the marketplace
- Tailored memo’s/letters describing HBC Sales Finance services
- Presentations of current market conditions
- Market outlook research
- Deal structures and light tax and customs advice
Involvement

- 30% of all non-special mission deliveries in 2011 involved Sales Finance
- This is in line of estimates of financed corporate aircraft in the EMEA
- We do not let deals “fly under our radar”
- Consistent addition of new sources of financing
- Increased visibility of Hawker Beechcraft in the market
Challenges

- Banks increasingly restricted by internal and external forces such as capital adequacy and regulations are becoming less willing to lend on non-boilerplate transactions.
- The less riskier the transaction tends to be, the less the borrower requires loan or lease finance assistance and the more capable they become to finance the acquisition themselves.
- Increased departures from the market of financing firms not specialized and/or well-experienced in aircraft financing.
- Entrance/increased aggression of smaller firms with 100% non-recourse and higher rates and down payments.
- Large increase of Ex-Im guarantee requests.
- Longer lead times at Ex-Im and overburdened team.
Impact of Sale Jurisdiction

- Higher perceived repossession risk
- Results in higher rates

Legend:
- Green: High availability of Financing sources
- Orange: Financing sources exist
- Dark Orange: Financing lacking
## Impact of Model

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>“Safe” Jurisdiction</th>
<th>Well Known Client</th>
<th>“Risky” Jurisdiction</th>
<th>New Client</th>
<th>Overall</th>
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<tbody>
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<td>Hawker 4000</td>
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<td>Bonanza G36</td>
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What we need...

- Piston aircraft lack support
- Residual value fight
- New financing sources as players exit the market
- Financing sources in emerging markets
- How can we work together better?
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Initiatives we take

- Private wealth management network in Europe
  - Events and networking are synergetic for both parties
  - Goal is to generate leads by education of private wealth managers

- HBC Sales Finance is a unique source of expertise
  - Direct visibility to rates and pricing
  - Well managed network of banks and financiers gives relevant and current market conditions
  - International expansion gives Sales Finance deal structure expertise
  - First to know of new innovative sources of finance

- Increased generation of tools and resources
- Identification of additional sources of capital