



A Lessor's Perspective

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2. EASA member states

3. lessors' role

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6. proposed solution

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facts & figures



■ corporate

formed

1985

employees

114

first delivery

October 1986: 737-300 to America West

office locations

SEA, NYC, MIA, LON, SIN, SYD

shareholder

Morgan Stanley (100%)

■ fleet

aircraft purchased

255

current leasing fleet

155 aircraft¹

global reach

45 countries²

current customers

76

total customers

225

¹ 53 aircraft in EASA Member States (34%)

² 29 customers in EASA Member States (38%)

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EASA member states



- 28 September 2003 – 15 Member States
 - Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Sweden, Spain, and United Kingdom.
- 01 May 2004 – 25 Member States
 - Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic, and Slovenia.
- 01 June 2005 – 27 Member States
 - Norway
 - Iceland¹
- 2006 – 28 Member States
 - Switzerland²
- 2007 – 30 Members States
 - Bulgaria and Romania³



53 AWAS aircraft distribution in EASA Member States (Nov 05)

¹ EASA requirements were effective from 01 July 2005 (Icelandic Law)

6 ² EASA Associate

³ Planned EU accession in 2007

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lessors' role



- Operating lease business started in early '70s; many lessors exist today
- Operating lessors retain asset ownership and rent to airlines
 - Lease terms may be long or short
- Lessors are integral to aviation growth - fleet expansion, renewal & start-ups
- AWAS aircraft returns are typically based on FAA requirements
- Lessors own and/or manage some 5,500 commercial jet aircraft worldwide
- Airlines are increasingly leasing aircraft from operating lease companies
- Lessors currently account for 20% of Airbus and Boeing aircraft back-log
 - 640 speculative aircraft orders with Airbus and Boeing

lessors' role



- Lessors own/manage 40% (1550) of EASA commercial jet aircraft
- Lessors own/manage 25% (3,900) of RoW commercial jet aircraft
- Since 4Q03, lessors owned/managed used aircraft (Airbus & Boeing) are estimated to have 475 lease events with an EASA Member State airline (new lease, lease extension, sub-lease etc).
 - Approximately 20% of the aircraft moved into the EASA environment.
- Since 4Q03, lessors have delivered 100 new aircraft to EASA airlines

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pro-active approach

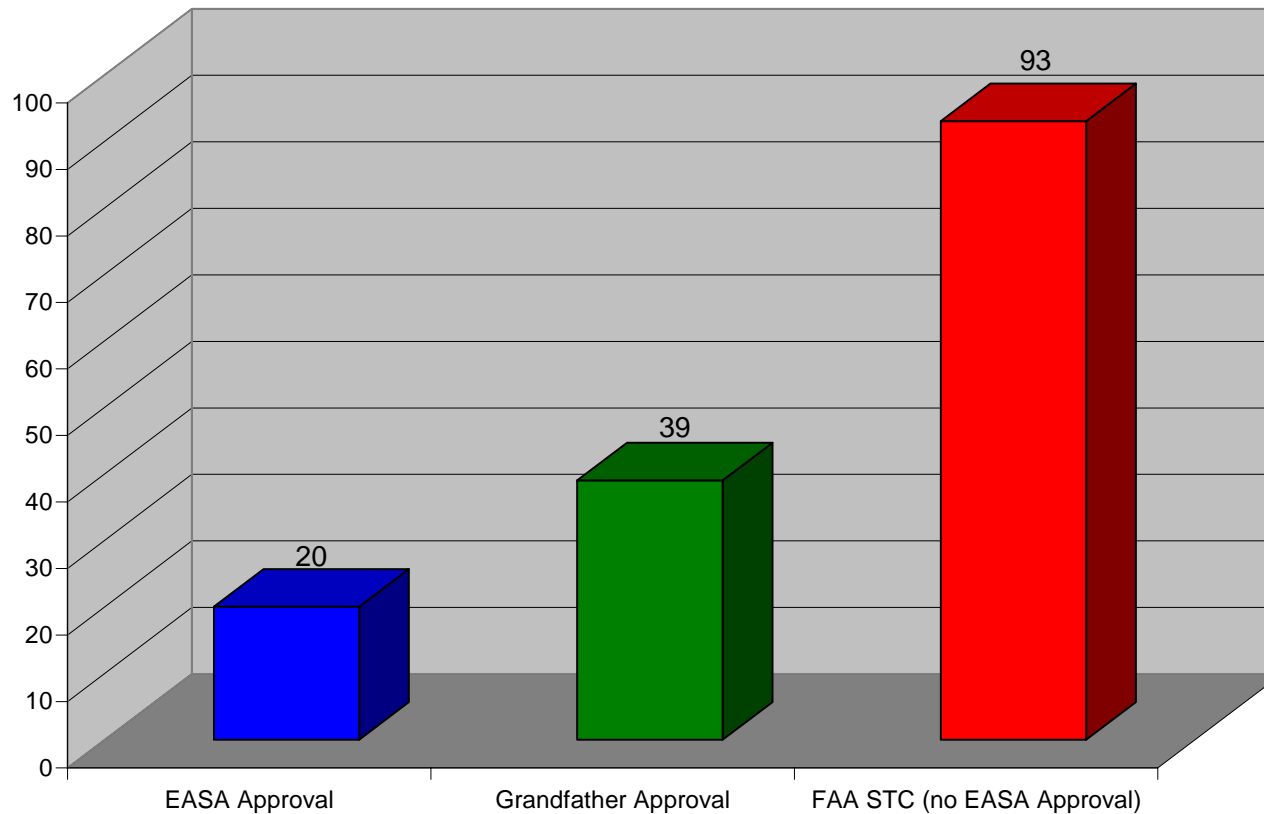


- AWAS has been an active participant on the major EASA events.
- AWAS attended events on EASA:
 - FAA/JAA Conference – May 2003
 - 2nd EASA Industry Meeting – April 2004
 - FAA/JAA/EASA Conference – June 2004
 - 3rd EASA Industry Meeting – Nov 2004
 - FAA/JAA/EASA Conference – June 2005
 - 4th EASA Industry Meeting – Nov 2005
- Since 28 September 2003, AWAS has been preparing for EASA requirements.
 - 152 different FAA STC's have been currently identified as installed on an AWAS aircraft.
 - A total of 472 FAA STC's have been currently identified across the AWAS fleet, the same STC number installed on multiple aircraft (e.g. Cockpit Door STC).
 - 20 EASA approvals/validations have been received by the STC Holder affecting AWAS aircraft.
 - 49 “Grandfather” approvals have been found by AWAS (5 are limited to specific MSN, 5 are limited a specific model only).
 - 14 Grandfather approvals could be added if the Icelandic-CAA approvals are considered EASA approved (9 are limited a specific model only).

pro-active approach



FAA STC on AWAS Fleet



- As of 10 November 2005.
- 93 FAA STC's are not EASA approved / validated (10 are currently in-work with EASA).
- 79 of the 93 (85%) FAA STC's were issued (re-issued) prior to 28 September 2003.

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impact on transitions



- AWAS experienced up to a 5-month delay in placing two aircraft within an EASA Member State due to EASA certification requirements for FAA major modifications (STC's).
- By not meeting EASA certification requirements for major modifications a Lessor will not be able to register an aircraft within the EASA environment.
- As a result, aircraft will be on-ground until EASA certification is obtained
- EASA major modification approval process is overwhelmed
- Expected AWAS aircraft returns are at a maximum in the next 3 years

impact on transitions



- Finding EASA STC approvals / validations continues to be an on-going process.
- STC approval / validation process takes average 6 months, with several projects affecting AWAS aircraft taking well over 10 months
- Long lead-times to obtain EASA approval / validation is a burden on timely placement of aircraft with EASA airlines

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proposed solution



- AWAS requests EASA to consider impact of current requirements for major modifications (STC's) on the leasing industry.
- AWAS proposes that EASA issue an Executive Decision that would Grandfather all FAA STC issued prior to 28 September 2003, where the aircraft Certification Basis is identical between the FAA and JAA/EASA.
 - (B707, B727, B737-100/-200/-300/-400/-500, B747-200/-300, 757-200, B767-200/-300, DC-8, DC-9, MD-80 series, DC-10, MD-11 and B717).
- This could eliminate 85% of the FAA STC without EASA certification on AWAS aircraft (similar for other leasing companies).
 - Cost/benefit would extend beyond leasing companies.
 - EU airlines would benefit from faster access to leased aircraft
 - EASA would benefit from more dedicated focus on new certification projects

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aviation working group (AWG)



- AWAS is an active participant in the Aviation Working Group
- The AWG should liaise between lessors/managers and EASA
- AWG is a not-for-profit, legal entity comprising:
 - ACG
 - AerCap
 - Airbus
 - Boeing
 - Bombardier
 - Calyon
 - Citibank
 - DVB
 - Embraer
 - GECAS
 - GE
 - ILFC
 - JPMorgan
 - KfW
 - Morgan Stanley
 - RBS
 - Rolls-Royce
 - SALE
 - SNECMA
 - UTC (Pratt & Whitney Division)

the future



- The following topics are issues that could impact leasing companies.
 - EASA Operational Requirements
 - Continued FAA/EASA rulemaking harmonization
 - Bilateral Agreement with United States (FAA)
 - Consistent implementation of EASA requirements by National Aviation Authorities

summary

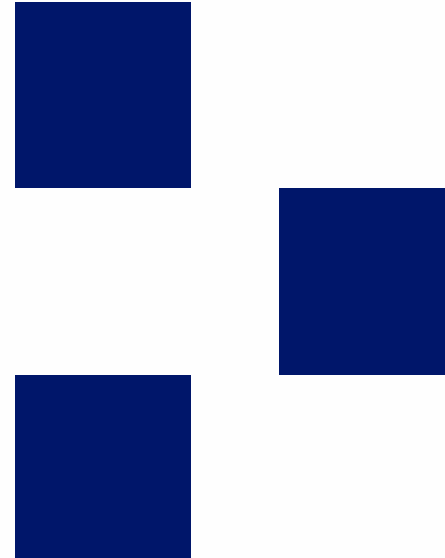


- Lessors are integral to commercial aviation growth
 - Lessors own and/or manage some 5,500 commercial jet aircraft worldwide
- By not meeting EASA certification requirements for major modifications a Lessor will not be able to register an aircraft within the EASA environment.
- EASA major modification approval process is overwhelmed
- Long lead-times to obtain EASA approval & validation for major modifications
 - Burden on timely placement of aircraft with airlines in EASA Member States
- AWAS requests EASA to consider impact on lessors

thank you



AWAS





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Engineering



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