

Training Seminar

Operating Leases 2010

How to structure, administer and finance an operating lease

18-20 May 2010

Copthorne Tara Hotel,
Kensington, London



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Benefits of Attending

- **FIND OUT** about what is involved in structuring an operating lease
- **LEARN** how to finance, administer and structure an operating lease
- **DISCUSS** the intricacies of operating leases
- **DISCOVER** the implications involved for the lessee
- **UNDERSTAND** about risk management of the lease
- **EXAMINE** case studies

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Structuring an Operating Lease

Day One May 18th 2010

Structuring an Operating Lease

Sean Cleghorn, MD, Whitesands

Aviation Ltd; William Piels, Partner, Holland & Knight LLP

08.00 Continental Breakfast/Registration

08.45 Welcome/Introduction

- Seminar background, content and purpose
- Letter of Intent ("LOI") exercises

1 Aircraft Operating Leasing

- Main Characteristics
- Pricing Factors
- Major Considerations
- Common Structures

10.30 Refreshment Break (15 mins)

2 Heads of Agreement/Term Sheet Structure

- Principal Components & Legal Effect

3 Pre-delivery Planning/Legal Issues

- Choice of Registry & Law
- Cape Town Convention
- Local Law Issues
- Tax Considerations

4 Aircraft Definition at Delivery

- Specification & Condition at Delivery
- Pre-delivery Maintenance
- Definition of Component & Modification Status
- Records & Manuals Inventory
- Pre-delivery Flight Test
- Certification Issues
- Aircraft Condition Disclaimers

5 Delivery

- Delivery Timing & Location
- Acceptance Procedures & Ferry Flight

6 Lease Term

- Lease Duration and the Value Cycle
- Early Termination & Purchase Options

12.45 Luncheon

13.30

7 Rental

- Rent Alternatives
- Rental/Lease Term Balance
- Payments & Remittances
- Net Lease Concept/Unconditional Payment Obligation
- Currency Risk

8 General Tax Indemnity

- Basic Obligations of Lessee
- Exceptions and Offsets to Lessor Indemnification
- Coverage of Lessor Tax Benefits

15.15 Refreshment Break (15 mins)

9 Security

- Amount & Form
- Cash/Letter of Credit/Bank Guarantee/Surety Bond
- Additional Credit Support
- Return of Deposit
- Lessee Considerations

10 Conditions Precedent to Lessor Obligations

11 Conditions Precedent to Lessee Obligations

12 Lessee Representations

13 Lessor Representations

17.30 Day 1 concludes

Day Two May 19th 2010

Structuring an Operating Lease

Sean Cleghorn, MD, Whitesands

Aviation Ltd; William Piels, Partner, Holland & Knight LLP; David Sales, Aerospace Insurance, Cooper Gay

08.00 Continental Breakfast

08.45

14 Operation and Use

- Quiet Enjoyment
- Compliance with Laws and Insurance
- Additional Restrictions on Use
- Liens and Security Interests
- Sublease & Technical Issues
- Wet Lease
- Default of Sub-lessee
- Engines Off Wing

15 Maintenance Covenants

- Applicable Maintenance Programme & Regulatory Baseline
- Maintenance Contractor & Technical Support Arrangements
- Asset Monitoring & Reporting During Lease
- Airworthiness Directive & Service Bulletin Compliance
- AD Cost Sharing
- Records
- Manufacturer & Vendor Warranties

10.15 Refreshment Break (15 mins)

16 Insurance

- General Considerations
- Categories of Insurance and Amounts
- Key Contract Provisions
- Certificate of Insurance & Broker's Letter of Undertaking

12.15 Luncheon

17 Maintenance Reserves

- Basis of Calculation
- Hour/Cycle and Utilisation Impact
- Reserve Rate Escalation and Accrued Interest
- Reimbursement Procedure
- Lessor Contribution to Maintenance
- Security or Additional Rent?

18 Loss, Damage and Requisition

- Total Loss
- Repairable Damage
- Government Requisition

19 Return Condition

- Matching with Delivery Condition
- Re-delivery Maintenance
- Residual Life - Life Limited Parts
- Regulatory Compliance
- Re-delivery Inspection & Records Audit
- Non-Compliance Adjustments
- De-registration & Export C of A
- Return Acceptance Certificate

15.00 Refreshment Break (15 mins)

20 Indemnities

- General Obligations of Lessee
- Exceptions to Indemnification of Lessor
- Additional Considerations

21 Lessee General Covenants

- Financial Reports
- Preservation of Rights
- Merger Restriction
- Notice of Default

22 Assignment

- Assignment by Lessor
- Lessee Cooperation
- No Assignment by Lessee

23 Summary

17.15 Case Study orientation discussion

18.00 Drinks Reception

Administering & Financing the Lease

Day Three May 20th 2010

Lease Administration & Risk Management

Daire O'Criodain, Head of Special Projects, Claret Capital Limited;
William Piels, Holland & Knight LLP

08.00 Continental Breakfast

08.45 Lease Administration

Routine Lease Management Activity

- 1 The Delivery
- 2 Information
- 3 Technical Asset Management
- 4 Payments
- 5 Miscellaneous
- 6 Redelivery/Disposal

Risk Management

Filtering Business Risk

- 7 Aircraft Asset Risk
- 8 Lessee Credit Risk
- 9 Jurisdiction Risk
- 10 Transaction Risk Management
- 11 Fitting Transaction Design to Risk

10.30 Refreshment Break

From Filtering Risk to Managing it

Default and Remedies:

- 12 Events of Default
- 13 Lessors Rights
- 14 Liability for Damages
- 15 Lessor Default
- 16 Lessor Remedies - The Practical View
- 17 Voluntary Payment Defaults
- 18 Involuntary Payment Defaults
- 19 Hierarchy of Outcomes

- Resolution within the framework of the existing lease
- Lease restructurings
- Aircraft Repossession

20 Enforcement Actions & Considerations: US Bankruptcy

- General Concepts
- Operating Lease Issues

21 Post-Recovery Issues

Case Studies

Three case studies will be reviewed at the end of this section. These are based on actual airline delinquencies. One relates to a small airline, one a large flag carrier and one relates to a Chapter 11 situation in the US. The group will be divided into three teams, each of which will examine one of the case studies from the perspectives of both the airline and of the lessor. Each team will present its conclusions to the entire group.

13.00 Luncheon

Financing an Operating Lease

Christophe Beaubron, SVP Analysis & Research, PK AirFinance

13.45

22 Sources of Financing for Operating Leases

- Debt
- Equity
- Capital Markets

23 Financing Structures

- Mortgage Loans
- Operating Leases
- Finance Leases
- Non-recourse Loans
- Recourse Loans
- Other Variants

24 Risk & Reward

- Default Risk
- Asset Risk
- The Cycle
- Airline Credit
- Risk and Reward Models

15.10 Refreshment Break

25 Heads of Agreement & Term Sheet Structures

- Principle Components/Key Lender Concerns
- Negotiating The Term Sheet

26 Loan Agreement

27 When things go wrong

- Technical Issues
- Repossessions

16.30 Conclusion

WHAT OUR CLIENTS SAY

“

This was a thorough and comprehensive discussion on all fundamental topics related to Operating Leasing. I have been with my company working on the marketing side of leasing activities for four years. This Operating Lease Training Seminar in Miami 2009 touched on many pieces from my experience and left me with a much clearer picture on the industry.

Sigfús Ólafsson, Manager Marketing Loftleidir Icelandic

The seminar on Operating lease was a good and very fun experience. I learnt a lot and it was definitely useful, as a Lessor, to have both airlines and banks at the seminar discussing the different views of problems that can appear in a transaction. I believe it's very good for both people who have been in the industry for many years and for those who only just started.

Carolin Wigarde, Contracts Administrator, Volito Aviation

Even though I have been in the Leasing business for many years I still found this conference interesting and educational. JT-Power LLC will be sending me of our newer employees to this conference next year.

Ian McDonald, EVP, Operations, JT Power

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Forthcoming Events

Maintenance Reserves Training School – 13th April, London
How to Survive the Aviation Crisis - 21st June, London
Aircraft Asset Management, 13-14 Sept, Washington DC, USA

Training Seminar – Operating Leases 18-20 May 2010

Copthorne Tara Hotel, Kensington, London



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1+2	1,390 + VAT	2,220 + VAT

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