



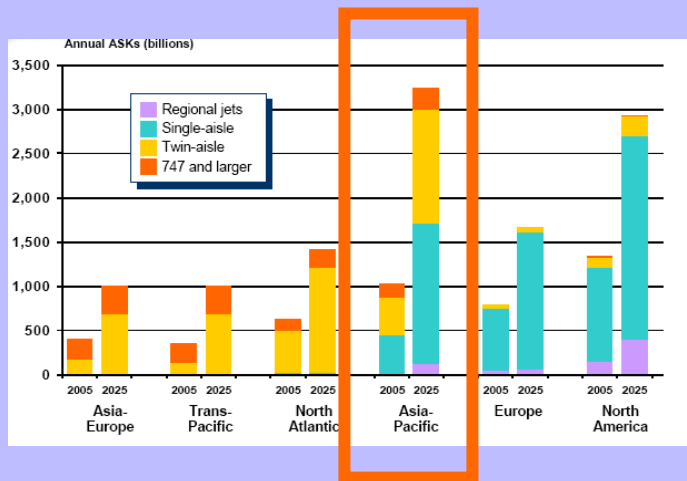
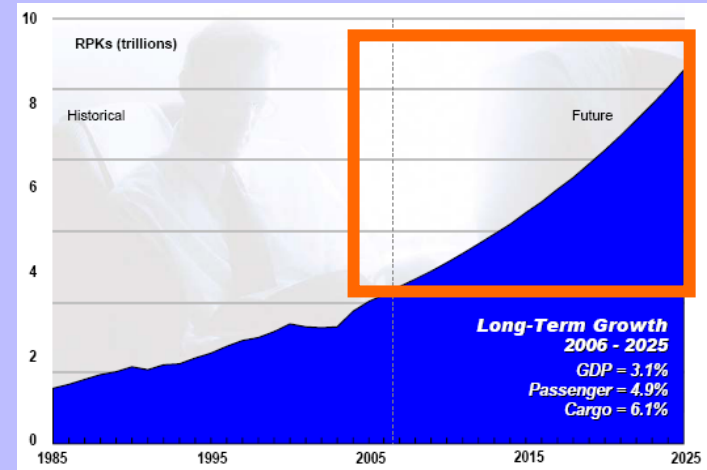
Aircraft Cabins from the Financier's Point of View

Tom Zoogers

101 Capital Limited

STRONG GROWTH

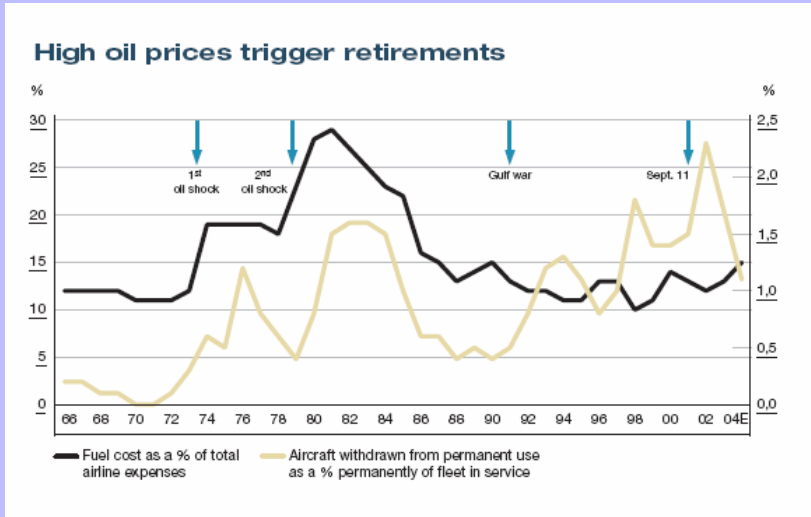
We Are Entering an Era of Strong, Consistent Growth in Air Travel



Both Asian Regional and Intercontinental Growth Will Be the Most Robust

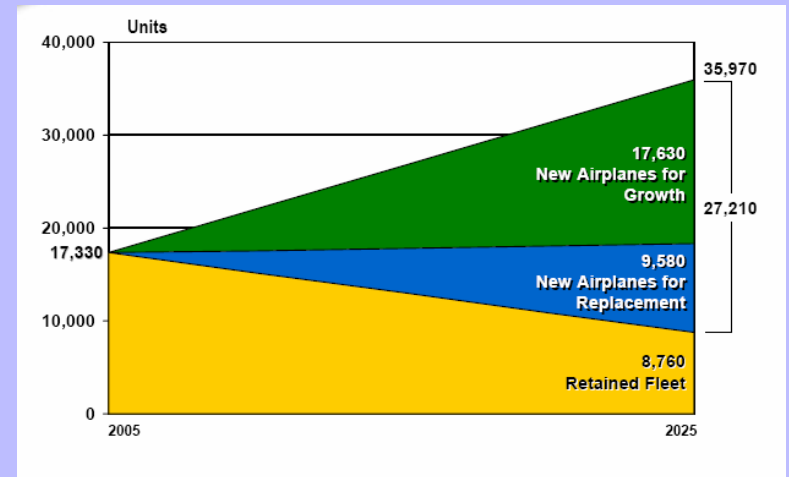
Tom Soeger

LOTS OF NEW AIRCRAFT



High Fuel Prices and Proliferating Restrictions on Airframe Age Means an Increased Rate of Airframe Retirement

So over 27,000 New Commercial Aircraft Will Enter Service in the Coming 20 Years



Tom Soyer

BRUTAL COMPETITION

Liberalised Air Rights, Globalization,
and Greater Aircraft Range Means
Competition Comes From All Sides.

Tom Soyer

101 Capital Limited

IN 2015

- More Than 40% of Commercial Aircraft Fleets Will Be Leased
- Financiers Will Be Even More Active Managers of Their Portfolios
- Airlines Will Increasingly Engage In Sale and Leaseback of Their Aircraft Fleet

A handwritten signature in black ink, appearing to read "Tom Zoeger".

LEASED AIRCRAFT

You can have any color you want so long as it is from our standard palette



You can have any A320 you want, so long as it has 168 seats

**DOES LEASING CAUSE THE DEATH
OF INNOVATION IN THE CABIN?**

- Low Cost Carrier Aircraft Standardization
- Limited Approved Suppliers for New Generation Aircraft
- FAA / EASA Rule Incongruity - Design for Most Stringent Rule
- Financier Need to Manage Life of Aircraft Asset
- Lean Airline Operating Methods in Era of High Fuel Prices and Broadening Competition

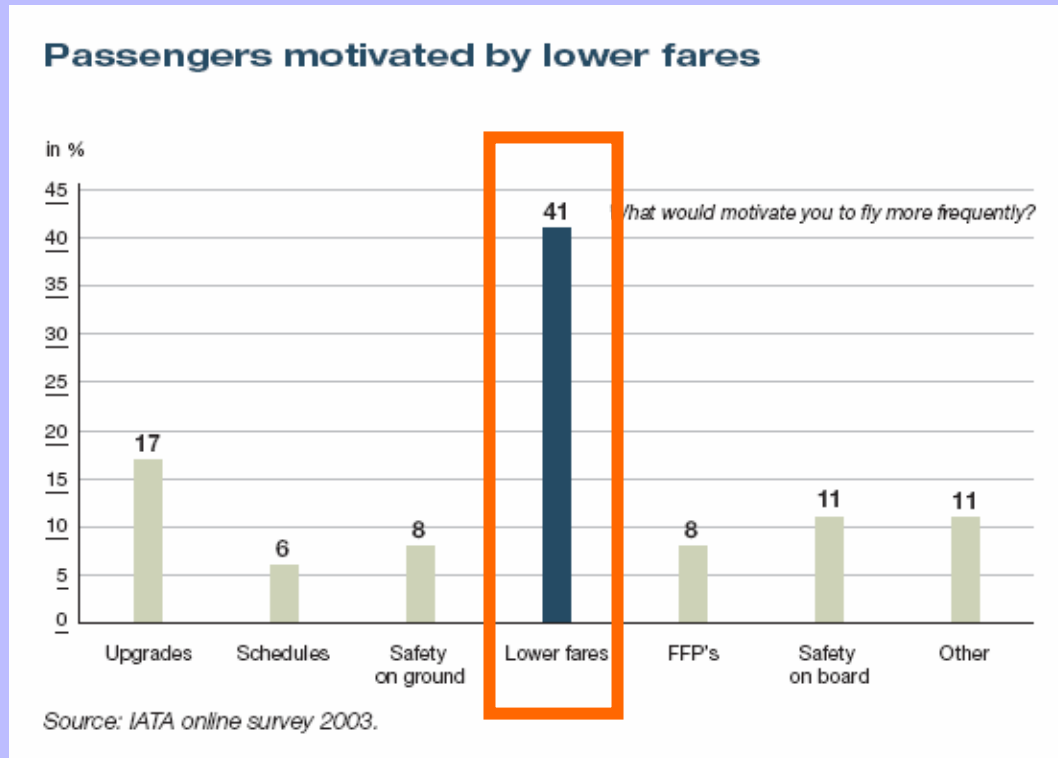
**TOO EXPENSIVE TO DEVIATE FROM THE BOUNDARIES
DEFINED BY AIRCRAFT COST OF OWNERSHIP AND
TRANSITION**

INNOVATION

Tom Soyer

101 Capital Limited

Price Remains by Far the Strongest Air Travel Motivator



Tom Soyer

101 Capital Limited

THE NEW REALITY ?

- In Order to Offer the Lowest Prices to Passengers, Keep Demand Rising, and Control Costs, The Airline Industry Will Provide More or Less the Current Standard of Service for the Foreseeable Future.
- New Technologies Will Mostly Offer Less Expensive Means to Deliver the Current Experience.
- Airlines Have Little Economic Incentive to Move Far From the Existing Global Standards.

WHICH DIRECTION ?

A

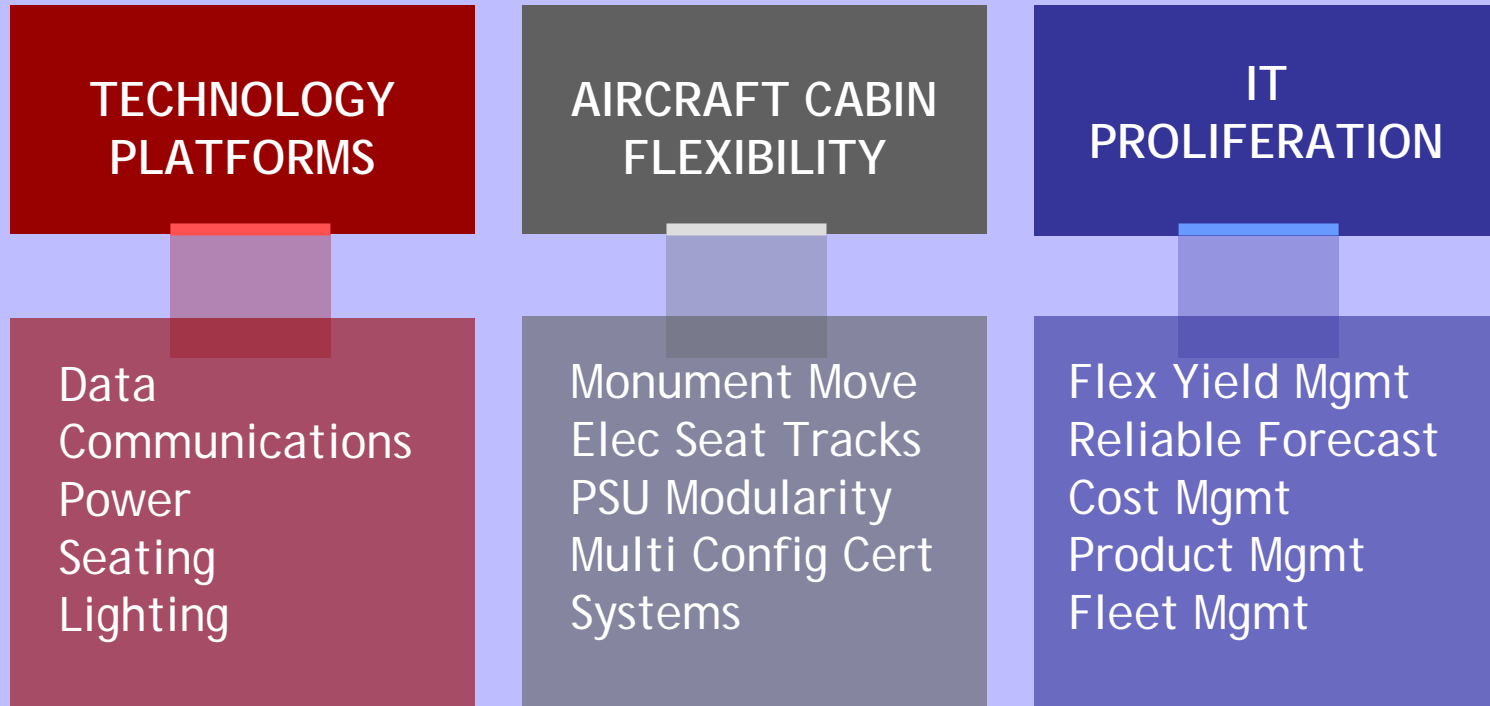
Incremental
Change on
the Existing
Offering

B

Significant
Transformation
of the Passenger
Experience

CONVERGENCE

Why I Think The Answer is B



Tom Soyer

Historically, When an Industry Converges On Shared Standards, a Boom in Innovation and Drop in Prices Typically Follows

- Higher Volumes for Mfgs
- Market Consistency / Predictability
- More Compelling Solutions to Market
- Greater Speed of Innovation to Market

WE ARE NOW ENTERING A NEW ERA WHERE EFFECTIVE AIRFRAME PLATFORMS, INFRASTRUCTURE TECHNOLOGIES, AND INFO TECH ARE ALL IN PLACE FOR THE **FIRST TIME**

Tom Soyer

101 Capital Limited

THE STARS HAVE ALIGNED

Volume
Standards
Technology

We Now Have a Rational Standard Around
Which to Innovate

Tom Soyer

101 Capital Limited

CONVERGENCE 1.0

SUPPLY CHAIN

The aircraft product supply chain is undergoing a transformation from bespoke development to a largely platform strategy.

- Highly Optimised Product Platforms
- Inventories Reduced
- Product Cycles Shortened

Suppliers will add value to a product at the last possible moment to cater to the changing preferences of airline customers

CONVERGENCE 1.0

FIBER & WIRELESS DATA BACKBONE

Ubiquitous IFE & Communications

Light, Reliable, Flexible

Backbone for Next Generations of Personal Digital Devices

A handwritten signature in black ink, appearing to read "Tom Sojka".

101 Capital Limited

CONVERGENCE 1.0

IT DRIVEN BUSINESS PROCESS OPTIMIZATION

Know More

Manage Change – Better Decisions

Offer More Tailored Solutions

Build New Revenue Streams

Make Better Bets Now Because Information is Better

Tom Soyer

101 Capital Limited

CONVERGENCE 1.0

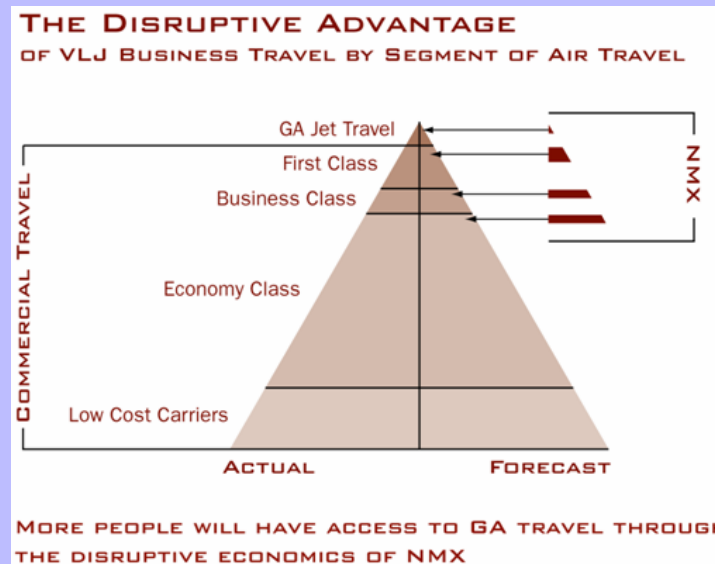
BUSINESS MODELS

Segmentation Has Rapidly Accelerated Over the Past 5 Years With The Arrival of New Technologies and Business Models.

Low Cost Long Haul
New Segment
New Entrants
Established Players

Low Cost Short Haul
2000 - 2005
26 New Low Cost
Carriers in Asia

Regional Jet
Emergence
Service to Smaller
Markets + Increased
Frequency



Air Taxi / Charter
DayJet - USA
Europe
India
China

All Business Class
Multiple New
Ventures

Tom Zoeger

101 Capital Limited

CONVERGENCE 1.0

PRODUCT PLATFORMS

Jetta / Golf / Beetle / Audi TT / Audi A3 from the Same Platform

Baseline Products Developed for Sustained Volumes - Not Program by Program

More Capable, More Reliable Core Technologies, Functionality

Tom Soyer

101 Capital Limited

CONVERGENCE 1.0

IT DRIVEN MASS CUSTOMIZATION

- Portable
- Personal
- Virtual
- Digital

- Transferable
- Shared - Community

Tom Soyer

101 Capital Limited

IMPLICATIONS

AIRCRAFT FINANCIERS

Aircraft Cabins Fitted for Initial Airline Customers at Lower Cost

Variability Between Airlines Accomplished with Pre-Certified Kitted Modifications to Existing Seat Frames, Galley Monuments

New IFE and Communication Capabilities Readily Plugged Into Existing Infrastructure

Much Less Expensive Transition Costs



101 Capital Limited

IMPLICATIONS

AIRLINES

Should Enjoy More Flexible Financing Terms and Lower Total Costs

Passenger Experience Strategies More Readily Deployed Across Fleet

Common Product Platforms Across Fleet Reduce Inventory and Maintenance Costs



101 Capital Limited

IMPLICATIONS

SUPPLY CHAIN

Product Support Changes From Sale Expense to Upgrade Programs

More Reliable and Robust Product Platforms Produced in Higher Volume

Pre-Certified Modification Packages for Seats

Tom Soyer

101 Capital Limited

END

Tom Soyer

101 Capital Limited