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NextGen Equipage Fund Announces Public-Private Partnership

House Bill passage supports PPP, paving the way for significant passenger relief by reducing air traffic congestion

The NextGen Equipage Fund uses private-sector capital and innovative equipage financing programs

WASHINGTON D.C., April 4, 2011 – The Federal Aviation Administration Reauthorization and Reform Act of 2011 passed in the U.S. House of Representatives on April 1, 2011. The bill included a critical amendment authorizing a public-private partnership (PPP) approach to accelerating NextGen equipage for general aviation and commercial airlines. NextGen is the FAA’s program that will reduce passenger delays by replacing our aging air traffic control system with new satellite-based navigation and communication systems.

As a PPP, the NextGen Equipage Fund, LLC will bring substantial private-sector capital to overcome the investment barriers that have prevented many air carriers and other operators from investing in the NextGen technologies for their aircraft. These barriers are driven mainly by the need to start making these investments several years before the FAA systems can deliver the benefits.

“Accelerating NextGen aircraft equipage will unlock real economic growth and benefits, such as job creation, as soon as equipment orders are placed.” said Russ Chew, general partner of NextGen Fund LLC and former FAA chief operating officer and JetBlue Airways’ president. “According to research that we have conducted, accelerating NextGen equipage will create up to 32,000 jobs and \$23.5 billion in economic growth over its five-year ramp-up period.”



The NextGen Fund is partnering with ITT Corporation, other aerospace companies and Wall Street, to provide the more than \$1.5 billion in financing for the industry to adopt the avionics technology needed to help make NextGen a reality,” said Michael Dymant, general partner of the NextGen Fund LLC, and managing partner at NEXA Capital Partners. “We are proud to bring a private-sector solution to the aviation industry that currently has few alternatives available to address equipage financing. NextGen is the only system capable of reducing passenger delays, while at the same time lowering fuel burn and producing favorable environmental benefits.”

The NextGen Equipage Fund (www.nextgenfund.com) will enable the retrofit of up to 75 percent of the U.S. commercial air transport fleet – including airlines and some general aviation aircraft – with NextGen technology such as ADS-B and data communications. The NextGen Fund’s innovative offering combines financing at competitive rates backed by loan guarantees with proven credit management practices that drive default risks to near-zero.

The main advantage to the airlines and commercial operators is that they can equip for NextGen without a large cash outlay or adding more debt. Payments for the equipage would be deferred until specific NextGen services are delivered to the aircraft operators by the FAA. Encouraging broad equipage among commercial air transport is necessary to maximize the benefits delivered to all users.

Said Jim May, former CEO of the Air Transport Association, “Airlines are not in a position to shoulder all the financial risks of buying and installing avionics based solely on government promises that the capabilities needed to enable NextGen will appear sometime in the future. This must become a public-private partnership.”

According to the FAA, once fully rolled out NextGen stands to broadly benefit airlines, government and the U.S. economy at large, with as much as \$40 billion a year in fuel and other cost savings. Airline passengers also stand to benefit from faster NextGen implementation, including decreased passenger delays and shorter flight times due to more direct air routes.

“One of the larger challenges facing our ability to realize the enormous benefits that NextGen is poised to bring our nation, is the issue of establishing a sound business case for equipping airlines with NextGen compatible systems,” said Marion C. Blakey, president and CEO of the Aerospace Industries Association and former FAA administrator, in public testimony. “Aircraft equipage is just as much a part of our national airspace system infrastructure as airports, runways and satellites. The NextGen Equipage Fund is an innovative way to incentivize the retrofitting of commercial aircraft with NextGen avionics equipment. The time is now to encourage the involvement of private sector investment capital.”



About the NextGen Equipage Fund, LLC

The NextGen Equipage Fund, LLC is managed by the NEXA General Partnership and Management Company. This Fund was formed by NEXA Capital Partners, LLC who provide specialized transaction-focused services including business advisory, capital planning, corporate finance, and investment banking, for the aerospace sector. NEXA Capital develops strategies supporting direct investments in promising companies with partner institutional investors and corporations. With offices in Washington DC, NEXA also works closely with government and industry organizations that drive regulatory requirements so important for the aerospace and airline sectors.

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