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*(Translated by Calyon)*

## **Calyon forms an alliance with Goldman Sachs in aeronautics**

**The two banks are working together to finance Boeing aircraft in the United States. They are backed by a guarantee from the U.S. government.**

**An unexpected alliance:** Calyon, Crédit Agricole's corporate and investment bank, has just formed an original partnership with the U.S. giant Goldman Sachs. The two banks are allied in the export financing of Boeing aircraft in the United States. These transactions have the advantage of being guaranteed by the Ex-Im Bank, a U.S. government entity that insures the financing of imports and exports.

Concretely speaking, the two banks arrange the financing of Boeing aircraft purchased by foreign companies. Calyon and Goldman Sachs create bonds issued by the purchasing company, which are then distributed on financial markets to institutional investors such as insurers, asset managers and pension funds.

### **REASSURED INVESTORS**

The two partners began their discussions at the beginning of the year, just after the start of the financial crisis. Airlines were unable to secure loans from banks, which were either no longer lending or had withdrawn from the business. The two banks, which enjoyed close relations in this area of business, came up with the idea of substituting bonds for traditional bank financing. "We created a new market, and this seems to have led several other banks to imitate us," explains José Abramovici, the head of aeronautics financing at Calyon. These debt issues have met the appetite of investors, who are reassured by the government guarantee.

For their part the airlines were keen on the low financing cost arising from this government backing. "This activity consumes little capital for Calyon thanks to the U.S. government's guarantee. Above all, it enables us to free up liquidity," argues José Abramovici. This form of securitization is consistent with Calyon's strategy to develop distribution modes through partnerships while limiting the consumption of equity capital.

### **DURABLE ARRANGEMENTS**

The French bank and Goldman Sachs are complementary. Calyon is a world leader in the sector while the U.S. bank is the largest distributor of government bonds in the United States and knows all the investors. The specific aeronautics market is assessed at nearly \$10 billion.

The partners have just finalized the financing of three Boeing 777s for \$413 million and three 737-800s for \$115 million. Two further deals are currently being executed. Even if the banks are gradually beginning to lend again, this new financing approach looks built to last. "We are thinking about setting up a similar partnership for Airbus aircraft in Europe," explains the French banker.

*Matthieu Pechberty*

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