



USAIRE NEWS – March 2010

Recent Events - Upcoming Events - News from the Board -

Dear Friends and Colleagues,

Spring time in Paris ... and Toulouse! There are numerous things going on between Paris and the South West Chapter. Our Toulouse organization is particularly active and able to mobilize highly attractive speakers and important audiences. As many of us are moving back and forth in France and Europe anyhow, we wish to give more visibility to the events set up by our South West Chapter so to allow our members from other places to potentially adjust their diaries and to participate. From today we will inform you about our Toulouse events in the same way as about the Paris ones. Bravo Toulouse!

In the coming weeks we will have Al Volkman, Director, International Cooperation, Office of the US Under Secretary of Defence in Paris (30 April) and at the same date in Toulouse Francis Niss, President of Liebherr Aerospace France. On May 21st, again in Toulouse, we will welcome David Bruner, VP GCS Panasonic for a Conference.

For the « Fun » part, we are currently organizing two events, one new and one that is already a « Grand Classique » : before the Summer break in early July, we have the intention to have a USAIRE Garden Party in or close to Paris and on September 26, we will have the famous « Gers Garden Party » organized by the South West Chapter. Both occasions should allow to see friends, to make new contacts and – for your companies – to invite business partners for some pleasant hours in a relaxed setup.

We hope to see many of you at one of these events!

Andreas Loewenstein
USAIRE President



Conference by Gilles MICHEL, CEO of Fonds Stratégique d'Investissement (FSI)

On Friday March 26th, 2010 we had the pleasure to welcome Gilles MICHEL who is heading the newly created Fonds Stratégique d'Investissement (FSI) since its creation beginning of 2009.

In concise and precise terms, Mr. Michel presented the organisation and its roles and made us understand that this institution is a truly unique "French model" with a particular mission adapted to the French economic and public governance organisation. FSI is a well tuned response of the French State, using the form of an incorporated and privately managed institution, to support most efficiently dynamic companies with important growth potential. Indeed, starting from the fact that the French industry, in particular SMEs face a chronic difficulty to raise capital in order to develop their growth potential and international competitiveness and as the financial/banking environment in France is missing the ability/willingness to engage into promising ventures which require long term investment, the FSI has developed a specific investment doctrine:

- it enters into the capital (does not give loans or subsidies) of viable companies (it is not a vehicle for subsidies for perishing activities); the targets are chosen by an independent investment board including recognized representatives from private industry
- it favours co-investment and targets normally minority stakes encouraging other private investors to join; it does not intend to take the control
- it engages over a period of 7 to 8 years on average, the return on investment criteria are market standard
- it divests taking into account the stability and re-composition of the capital of the company in order to avoid weakening it at exit.

The FSI has been capitalized by its two shareholders (Caisse des Dépôts et Consignations and the French State) with an asset base of 20 bn €. This allows it to invest annually roughly 2bn € into promising ventures.

FSI has no particular market focus and is investing into all kinds of promising industries. Currently the aeronautical portfolio (after only 1 year of existence) is reaching a little more than 3 %. Operations like the investment into DAHER and MECACHROME show that FSI's investment philosophy can be a suitable lever to stabilize and strengthen promising ventures equally in our sector. More significant operations are expected in the coming years.

Mr. Michel underlined his role as leverage allowing third parties to invest. He explicitly said that he is not opposed to capitalize companies alongside with foreign investors. Even companies acting in France (subsidiaries ...) being foreign-owned are potentially eligible for strategic investment input by the FSI.

In order to multiply the effect of the capital volume he can mobilize annually despite his only very limited workforce at the FSI himself which has to focus on major cases only, Mr. Michel described the specific mechanism of indirect investment through the participation to numerous other investment funds: FSI is injecting significant amounts into other investment funds focusing on SMEs in particular. Hundreds of operations have been made possible (for amounts between 300 k€ and 5 m€) allowing to help start-ups or very small but promising companies to obtain the necessary financial surface.

Even though still a recent creation, the FSI's performance seems to have proven its great efficiency in a crisis environment. The State's intervention applying private management and financial criteria with strategic focus seems indeed a promising model.



Membership News

Since the beginning of this year, three new members joined our Association:

- **Geoff Sawyer, EADS, Paris**
- **Gil Michielin, Thalès, Toulouse**
- **Yves Brocard, ERG Europe**

We are pleased to welcome them all onboard. Several other requests for membership have been received by the Committee and are currently being processed.

Upcoming events



Friday 30 April, 2010 in Paris: Luncheon with **Al Volkman**, Director International Cooperation, Undersecretary of Defense for Acquisition, Technology & Logistics, at Salons France-Amériques, 9 avenue Franklin-Roosevelt, Paris 8ème.

Friday 30 April, 2010 in Toulouse: Luncheon with **Francis Niss**, *President Liebherr - Aerospace & Transportation*, at the Pullman-Blagnac Airport, 2, avenue Didier Daurat, 31700 Toulouse. Please register at mgallett@rockwellcollins.com

Friday 21 May, 2010 in Toulouse: Luncheon with **David Bruner**, VP GCS Panasonic.

Friday 25 June, 2010 in Paris: Luncheon with **Patrick Gandil**, *Directeur Général de l'Aviation Civile*, at Cercle de l'Union Interalliée, 33, rue du Faubourg Saint-Honoré, Paris 8ème.