Proposal To Offer

FlyerTech's Airworthiness Support Services

To Aircraft Lessors

Preamble

About FlyerTech

FlyerTech Limited are a UK based organisation, we were established in 2001 to fulfil a need for an independent organisation that can provide two key services:

1. To provide a Technical Services facility to Aircraft Lessors for use at Aircraft Pre-Purchase, Aircraft Delivery, Aircraft Handback and In Service Aircraft Technical Monitoring.

2. To be an Independent Airline Technical Department, for customer airlines, that is separate from the maintenance provider.

FlyerTech hold an EASA Part M Subpart G, Continuing Airworthiness Management approval and we also hold EASA Part M Subpart I, Airworthiness Review Certificate privileges. FlyerTech perform full, ongoing Continuing Airworthiness Management services, including Airworthiness Review Certificate Issue and extensions for a variety of aircraft operators and a variety of aircraft types worldwide. These services have historically been performed by an airlines "in-house" Technical Department but for a number of reasons, our customers choose to contract FlyerTech to perform these functions.

FlyerTech are approved by the Civil Aviation Authority of the United Kingdom under the requirements of BCAR A8-8 to produce "E3" Technical Reports for use at aircraft import onto the UK Register of Aircraft and initial Certificate of Airworthiness issue.

FlyerTech are also approved by the Civil Aviation Authority of the United Kingdom under the requirements of BCAR A8-3 Supplement 2 to recommend the re-issue of Certificates of Airworthiness on UK registered aircraft.

In addition to our EASA and UK CAA Approvals, FlyerTech hold Continuing Airworthiness Management Approval issued by the Department of Civil Aviation Affairs of the Kingdom of Bahrain.

FlyerTech utilise a software based Maintenance & Engineering control system called FAME (FlyerTech Aircraft Maintenance & Engineering system). This software allows FlyerTech to review and track the maintenance status of aircraft throughout their operation. It also allows us to produce customised, branded documentation such as Maintenance Status reports, Airworthiness Directive Statements, Service Bulletin Statements, Hard Time Component Statements, Component Fit Lists, Maintenance Due Lists, Work Packs and many other reports. This prevents Lessee's being issued with statements and reports relating to the status of the aircraft which are branded by previous Lessee's and hand amended to reflect any subsequent changes.

It is FlyerTech's experience that if an aircraft is delivered to a Lessee with a compliment of Technical Records that are in a very good condition, the Lessee is more likely to be inclined to ensure that these Technical Records are maintained in a good condition throughout the lease term.

FlyerTech's Lessor Airworthiness Support Services

In addition to the team of Engineers that FlyerTech employ to deliver Continuing Airworthiness Management services to aircraft operators, FlyerTech also employ a team of Engineers who specialise in delivering Airworthiness Support Services to Lessors.

Since mid 2006, FlyerTech have been the preferred supplier of technical support services to BAE Systems Regional Aircraft who are based in Hatfield, England. Accordingly FlyerTech have performed Asset Health Monitoring services (in service monitoring) of BAE Systems' entire portfolio of leased aircraft. This service is supplied to BAE Systems as a fully managed service, in other words BAE Systems have agreed the frequency of inspections which are based upon criteria relating to the technical and financial strength of the operator and FlyerTech will ensure that the frequency of the inspections is met and that reports are delivered on time. The criteria on which the frequency of the inspections is based relate to the financial health of the operator, the strength of the operator from an airworthiness perspective and how co-operative the operator is from a commercial and administrative perspective.

In delivering these services to BAE Systems, FlyerTech plan the inspection, liaise with the operators, perform the inspection, produce and deliver the resulting reports, follow up on any recommendations made and assist BAE Systems in ensuring that any required remedial action is communicated to the operator and acted upon.

As well as supplying Asset Health Monitoring services, FlyerTech have a wealth of experience in performing Pre-Purchase and Pre-Lease Inspections and E3 Reviews on behalf of various Lessors and Operators. The reports that result from these inspections and reviews assist with an understanding of the condition, maintenance status, airworthiness and ultimately value of the aircraft.

In addition to these aircraft condition reporting services, FlyerTech have also been very successful in providing Technical Representation to Lessors and Operators at Aircraft Delivery and Handback. We have provided these Lease Transition services to Lessors such as BAE Systems, ATR, NAC, TES and Magellan and also to Operators such as Thomsonfly, Flyglobespan, Origin Pacific and Astraeus. During these occasions we are able to provide one or more Engineers who will be present on site at the Delivery or Handback location as required. Our Engineers will be able to inspect the Aircraft and the associated Technical Records for condition and conformity with Lease Delivery or Handback requirements, follow up any action points arising from the inspection and ensure that they are comprehensively dealt with, liaise with the operator or vendor of the aircraft, liaise with the Maintenance Organisation, liaise with the relevant National Regulatory Authorities and of course liaise with the customer.

Regulatory Requirements For Lessors

During the operation of an aircraft with an EASA approved operator (AOC holder), the aircraft's Continuing Airworthiness Management is controlled under that operator's EASA Part M Sub Part G Approval. This function may be subcontracted to a third party such as FlyerTech but the responsibility remains with the operator. Once the Aircraft has been handed back to the Lessor, the Continuing Airworthiness Management responsibility is passed on to the Lessor. As discussed above, it is a requirement of EASA that the Continuing Airworthiness Management of the Aircraft be maintained by an appropriately EASA Part M Sub Part G approved third party such as FlyerTech throughout the Lease Transition period including any period of Storage.

This may become problematic for aircraft during the Lease Transition period as the aircraft may no longer feature on the AOC of an approved Operator and as such the aircraft's Continuing Airworthiness Management may no longer comply with EASA Requirements. In other words the aircraft's Continuing Airworthiness Management has not been controlled by an EASA Part M, Sub Part G approved organisation.

FlyerTech are also able to manage the transfer of aircraft into and out of the jurisdiction of EASA. In these cases FlyerTech will ensure that the regulatory requirements of the National Airworthiness Regulatory Authority that the aircraft is transferring into, are identified at an early stage and satisfied as required.

Within this proposal, in the case of managing aircraft throughout the Lease Transition period and throughout the Storage period, the aircraft's Continuing Airworthiness Management will be controlled under the EASA Part M Sub Part G Approval of FlyerTech who will assume full responsibility under the privileges of our EASA Part M Sub Part G Approval. On a case by case basis, FlyerTech will register the aircraft on our CAM list of managed aircraft in accordance with our approved procedures and processes.

It will also normally be a requirement that the aircraft is registered on FlyerTech's FAME system in order that FlyerTech are able to demonstrate control of the Continuing Airworthiness of the Aircraft.

FlyerTech's Services

In order to provide an understanding of FlyerTech's services we have broken the Aircraft Lease Cycle into 4 main areas, Handback, Transition Maintenance, Delivery and In Service. FlyerTech are able to offer Airworthiness Support Services to compliment each of these Lease Cycle areas together with other related events. Consequently this proposal comprises the following sections.

1. Continuing Airworthiness Management (CAM)
2. Airworthiness Review Certificate (ARC) Issue And Renewal.
3. Handback (or Redelivery).
4. Transition Maintenance Including Refurbishment and Storage.
5. Delivery.
6. In-Service Asset Health Monitoring (AHM)
7. Service Delivery
8. Cost Structure
9. Summary

A breakdown of each of these processes is offered below.

1 Continuing Airworthiness Management (CAM)

1.1 Continuing Airworthiness Management Services

FlyerTech has over the last 6 years established itself as the European market leader in supplying independent Aircraft Continuing Airworthiness Management services broadly consisting of the following:

- The Total Aircraft Technical Administration
- Monitoring And Review Of Airworthiness Directive Compliance On A Real Time Basis.
- Monitoring And Review Of Service Bulletin Compliance On A Real Time Basis.
- Monitoring Damage Assessment AndRepair Certification And Ensure Damage Reports Updated.
- Monitor Hard Time Component Replacements.
- Monitor Serialised Component Replacements.
- The Production, Development, Amendment, Control, Administration And Implementation Of An Approved Aircraft Maintenance Programme.
- The Production Of Aircraft Reliability Reports And The Chairing Of Periodic Reliability Review Meetings.
- The Production, Issue And Management Of Line And Base Maintenance Work Packs And Task Cards In Accordance With The Approved Maintenance Program.
- The Control Of Out Of Phase Maintenance Requirements In Accordance With The Approved Maintenance Program
- The Management, Maintenance And Safekeeping Of Aircraft Technical Records.
- The Scanning Of Technical Records.
- Hosting Of Lessors' Audits.
- CAM For Aircraft In Storage - Monitoring Storage Program And Issue Of Storage Work Packages.

1.2 Full Continuing Airworthiness Management

Once an aircraft has been setup in accordance with the service discussed in paragraph 3.1.2 below under the heading "FAME Setup", it is relatively straight forward for FlyerTech to provide Aircraft Lessors with full Continuing Airworthiness Management services which facilitates the recording all operations and maintenance events in accordance with EASA Part M Sub Part G requirements.

This service will allow Aircraft Lessors to ensure that assets are managed in the best possible manner and also ensure that Aircraft Lessors have complete oversight with regard to each asset. In short FlyerTech can take care of all of the Airworthiness Management requirements to allow Aircraft Lessors to rest assured that whatever standards of record keeping and maintenance planning are maintained by the various Lessee's, the Lessors' aircraft will always maintain the highest of standards in compliance with the requirements of EASA, catered for by an EASA Part M Sub Part G approved company. Consequently, regardless of what jurisdiction an aircraft is operated in and what the capabilities of the Lessee are, FlyerTech's services ensure that from a technical perspective, the highest of standards are achieved facilitating a smooth transition from one Lessee to another minimising "inter-lease" interruptions and allowing the aircraft to earn lease revenue for Aircraft Lessors.

FlyerTech supply or have supplied Continuing Airworthiness Management Services to operators such as Air Contractors, Astraeus, Flyglobespan and Zoom as well as service providers such as Avalon Aero Ltd and Avisa Safety Systems Ltd.

The cost of these Continuing Airworthiness Management services need not be borne in their entirety by Aircraft Lessors. It may be the case that under the terms of certain operating lease agreements, Aircraft Lessors instruct certain Lessee's to have the Continuing Airworthiness Management catered for by FlyerTech. Under such circumstances, Aircraft Lessors can rest assured that the job is done thoroughly whilst the Lessee funds the service as part of their operating overhead in full or as a cost share with Aircraft Lessors. The service could even be accrued for and funded as part of the aircraft maintenance reserves.

1.3 Continuing Airworthiness Management as Part of a Turnkey Solution

From time to time, new operations are setup and whilst these fledgling operators are selecting aircraft types, negotiating operating lease agreements and establishing their organisations they are also forced setup their own Continuing Airworthiness Management arrangements together with Aircraft Maintenance arrangements, Spares Support arrangements etc. It may be the case that some of these operators may find attractive, and would benefit from, a turnkey solution that included Leasing Aircraft from a particular Aircraft Lessor whilst using FlyerTech's Continuing Airworthiness Management services.

The use of FlyerTech's Continuing Airworthiness Management services as Part of a Turnkey Solution may be attractive to many start-up Operators (Lessee's) as it would relieve the start-up Operator from the burden of establishing their own in-house Continuing Airworthiness Management organisation whilst giving the Lessor the confidence that the Technical Records for the Aircraft would be maintained to the highest of standards in a safe environment.

This may also have the added benefit of simple recovery of the Aircraft Technical Records in the event that the Operator failed to survive. Under these circumstances the recovery of the full compliment of Aircraft Technical Records would be guaranteed.

1.4 Continuing Airworthiness Management of Aircraft In Storage

As discussed above, it is a requirement of EASA that the Continuing Airworthiness Management of the Aircraft be maintained by an appropriately EASA approved third party such as FlyerTech throughout the Lease Transition period including any period of Storage.

As required by EASA Part M Sub Part G, FlyerTech will monitor and manage the Aircraft's Continuing Airworthiness Management requirements throughout the storage period. Including the forecasting and planning of the Approved Maintenance Program requirements together with the production and supply of required work packs and the subsequent updating of the aircraft records. Monitoring the issue of Airworthiness Directives (AD's) and assisting with the planning of AD compliance action. Including the tracking of component replacements resulting from robberies and maintenance.

Notes: This CAM for Aircraft in Storage service assumes that each aircraft has been setup on FlyerTech's Aircraft Maintenance & Engineering System (FAME).

2 Airworthiness Review Certificate Issue And Extensions

As part of our commitment to offer a comprehensive Airworthiness Management service to our customers and to keep pace with the changing regulatory environment, FlyerTech were the first independent Continuing Airworthiness Management organisation to be approved under the requirements of EASA Part M Sub Part I, Airworthiness Review Certificates (ARC).

Our EASA Part M Sub Part I or ARC approval allows us to deliver Airworthiness review services broadly consisting of the following:

- ARC Initial Issue.
- ARC Renewal.
- Airworthiness Review Of The Aircraft.
- Airworthiness Review Of The Compliment Of Aircraft Technical Records.
- Production Of Airworthiness Review Report.
- Report Submission To EASA.
- Liaison And Resolution Management With EASA.

2.1 EASA Requirements For The Issue Of An Airworthiness Review Certificate

EASA Part M Sub Part G requires that all aircraft have an Airworthiness Review Certificate (ARC) maintained at all times whilst the aircraft is registered within EASA's jurisdiction.

Before a used aircraft which has been operated by an organisation outside of the jurisdiction of EASA can be operated within EASA's jurisdiction it must be managed by an EASA Part M Sub Part G Approved Continuing Airworthiness Management organisation such as FlyerTech and a full airworthiness review will be required which will involve tracing the airworthiness compliance of the aircraft together with the equipment installed on the aircraft, back to birth.

Once the full airworthiness review has been completed and it has been established that the aircraft complies with EASA's requirements, then an Airworthiness Review Certificate can be issued or recommended for the aircraft.

2.2 EASA Requirements For Maintaining The Airworthiness Review Certificate

For an ARC to remain valid the airworthiness of the aircraft has to be managed by an EASA Part M Sub Part G Approved Continuing Airworthiness Management organisation such as FlyerTech and it is required to have a review of the airworthiness of the aircraft performed periodically to validate the airworthiness status of the aircraft.

The scope of the airworthiness review required to renew an ARC is limited to a review of the aircraft records back as far as the last time that and ARC review was performed, providing that the aircraft has been continually managed by an EASA Part M Sub Part G Approved Continuing Airworthiness Management organisation such as FlyerTech. If there is a lapse in the Continuing Airworthiness Management, in other words if the aircraft has for a period of time, since the last ARC was issued, not been managed by an EASA Part M Sub Part G Approved Continuing Airworthiness Management organisation such as FlyerTech, then a full review of the airworthiness will be required which will involve tracing the airworthiness compliance of the aircraft together with the equipment installed on the aircraft, back to birth.

The impact upon Aircraft Lessor's of the above regulations is that subsequent to the handback of an aircraft from an Operator based within EASA's jurisdiction and prior to the delivery of the aircraft to another Operator who is also based within EASA's jurisdiction, in other words during the Lease Transition period, the airworthiness of the aircraft has to be

managed by an EASA Part M Sub Part G Approved Continuing Airworthiness Management organisation such as FlyerTech if the ARC is to remain valid. If the ARC is allowed to lapse, then time may well be wasted whilst a back to birth ARC Review is performed for the issue of a new ARC.

Similarly, if following the return of an aircraft from an Operator based within EASA's jurisdiction the aircraft is placed into storage for a period of time, through the storage period the airworthiness of the aircraft has to be managed by an EASA Part M Sub Part G Approved Continuing Airworthiness Management organisation such as FlyerTech if the ARC is to remain valid. If the ARC is allowed to lapse, then once again time may well be wasted whilst a back to birth ARC Review is performed.

2.3 EASA Part M Sub Part I Approval - Airworthiness Review Certificate

FlyerTech hold privileges under the requirements of EASA Part M Sub Part I, Airworthiness Review Certificates. This means that FlyerTech are approved by EASA to perform initial issue full airworthiness reviews for the initial issue of an ARC when an aircraft is imported into the EASA jurisdiction as well as airworthiness reviews for the extension of an ARC where allowed.

3 Handback (or Redelivery)

3.1 Three To Six Months Prior To Handback

3.1.1 Pre-Handback Inspection

FlyerTech recommends that as a matter of course, between three and six months prior to handback, FlyerTech send an appropriately experienced and skilled Engineer to perform a review of the Aircraft together with a review of the Technical Records associated with the Aircraft. Such a review should be performed to the standards of the UK CAA E3 Reviews (to be superseded by an ARC Review).

Following the review our Engineer will produce a detailed report which offers an insight into the compliance status of the Aircraft with lease return conditions, airworthiness requirements and general airline standards. This report will also offer a summary which can be used to identify any shortfalls and discuss and plan remedial action.

3.1.2 FAME Setup

If required by the Lessor, FlyerTech are able to setup aircraft within FlyerTech's Aircraft Maintenance & Engineering System (FAME). Lessors are then able to interrogate the maintenance status of the aircraft utilising FAME on-line via the internet which allows for the local printing of various reports and other documentation relating to the aircraft. It is also possible to forecast what work is required to be performed on an aircraft by simply altering the Due List Horizon or the utilisation of the aircraft. This can enable Lessors to simply and effectively plan for Lease Transition Maintenance requirements. The Setting Up of Aircraft on FAME could immediately follow the Pre-Handback Inspection and could be accomplished using the information secured during the Inspection. Equally aircraft could be setup on FAME at any time using historic data and then updated with later data obtained during AHM Inspections (see below).

Aircraft Lessors have in the past expressed a preference for FlyerTech to assure themselves that all airworthiness data is validated back to last performed or back to birth in certain areas as appropriate. It is FlyerTech's view that in order to achieve the standards required to ensure that the highest level of quality are met, "last performed" data will be traced back to birth on all Airworthiness Directives, Repairs Certification, Hard Time Components & Life Limited Parts prior to setting an aircraft up in FAME.

With respect to Maintenance Program tasks of a repetitive nature, "last performed" data will be reviewed on a sampling basis which will ensure that between 10% and 50% of effective MPD tasks are traced back to the last time that the task was performed on the aircraft. The level of sampling will be determined by the history of the Lessee together with the overall quality of the Continuing Airworthiness Management that the Lessee has been able to demonstrate during the Pre-Handback Inspection.

Notes:

The cost of setting up an Aircraft in FAME is a once off, per aircraft fee. Once an aircraft is setup on FAME it need only be updated prior to future handbacks and deliveries.

This service can also be accomplished on those aircraft that are currently in storage or those aircraft that are about to be handed back from lease and for which FlyerTech will have no involvement in the Handback process. In these instances it is planned that FlyerTech will use the previous or current Lessee's aircraft maintenance status documentation or other agreed documentation to load the maintenance status of the aircraft into FAME.

3.2 Handback Planning

Assuming that the aircraft has been setup in FAME, FlyerTech will be able to produce a Workscope to reflect the Lessor's perspective of what work will be required to bring aircraft into compliance with Lease Return Conditions.

Further to the production of the Pre-Handback Inspection Report, a list of open issues will be prepared for discussion. At this stage a meeting should be held between FlyerTech and the Aircraft Lessor to discuss, utilising FAME, AHM reports (see below) and other intelligence, the likely compliance status of the aircraft with Lease Return Conditions at

Handback together with the ability of the Lessee to deliver a compliant Aircraft on-time. During this meeting we would also discuss and Plan the Handback Project.

FlyerTech recommend discussions with the Lessee at this stage to plan the Handback program including planning the Workscope.

<u>If No Follow-On Lessee Has Been Identified - Two To Three Months Prior To Handback</u>

Prepare and plan storage program and required workscope if this is required.

Participate in a Storage Maintenance planning meeting with the appointed Maintenance Organisation.

<u>If A Follow-On Lessee Has Been Identified - Two To Three Months Prior To Handback</u>

Utilising FAME, and taking into consideration the work that is planned to be performed prior to the handback of the aircraft, FlyerTech will analyse the Delivery Requirements of the Follow-On Lease and the Follow-on Lessee's National Airworthiness Requirements. From this analysis FlyerTech will prepare, produce and plan the pre-delivery workscope.

This workscope would then identify major component changes that might be required and enable Aircraft Lessors to prepare orders to pre-load the required spares parts.

At this stage we would also anticipate participating in a Transition Maintenance planning meeting with the appointed Maintenance Organisation.

3.3 During Handback

Taking into account the findings of the Pre-Handback Inspection and also taking into account the consequential list of open issues, FlyerTech will perform an on-site review of the aircraft records for final compliance with Lease Return Conditions and Airworthiness Regulatory Requirements. The findings of the Pre-Handback Inspection will be used to steer FlyerTech's representatives through this process however diligence will also be exercised to ensure that any changes to the condition or content of the records will be picked up if any have been effected since the Pre-Handback Inspection was performed and to close out all discrepancies raised.

Following the on-site review, FlyerTech will produce a control document listing all of the non-compliances (areas where the Lessee has not met the return conditions of the lease agreement or fails to meet airworthiness requirements). Such a document can be used to manage the handback process and will enable all parties to track the progress of remedial action with respect to these items. FlyerTech will then participate in meetings with Lessee to discuss the progress of remedial action and monitor plans to address any shortfalls.

During the handback process and in preparation for the subsequent delivery of the aircraft to a follow-on Lessee, FlyerTech will also take care of dismantling, sorting, reworking and repackaging of aircraft technical records and compilation of archive boxes. This will ensure that aircraft ship-sets of Technical Records are presented to Lessees in a consistent format. This process will also involve preparing the aircraft certification and delivery documentation into folders commensurate with expected standards which will also be common for each aircraft transition.

As the handback maintenance is completed, FlyerTech will update FAME, closing work packs and changing components within FAME as required. Updated reports produced from FAME will then be filed within the aircraft ship-set of records to keep the hard copy records current.

4 Transition Maintenance Including Refurbishment & Storage

4.1 Regulatory Requirements

As discussed above, it is a requirement of EASA that the Continuing Airworthiness Management of the Aircraft be maintained by an appropriately EASA approved third party such as FlyerTech throughout the Lease Transition period including any period of Storage.

FlyerTech are able to assist Lessors in minimising costs here. In the case of managing aircraft throughout the Lease Transition period and throughout the Storage period, the aircraft's Continuing Airworthiness Management can be controlled under the EASA Part M Sub Part G Approval of FlyerTech who will assume full responsibility under the privileges of our EASA Part M Sub Part G Approval. This will avoid having to perform a full Airworthiness Review if the current ARC is invalid.

FlyerTech are also able to manage the transfer of aircraft into and out of the jurisdiction of EASA. In these cases FlyerTech will ensure that the regulatory requirements of the National Airworthiness Regulatory Authority that the aircraft is transferring into, are identified and an early stage and satisfied as required.

4.2 Planning Aircraft Storage Maintenance

In addition to the services discussed in paragraph 3.2 above under the heading "If No Follow-On Lessee Has Been Identified - Two To Three Months Prior To Handback", FlyerTech propose the following services to produce documentation and work packs to prepare the aircraft for entry into a storage (care and maintenance) program.

As required by EASA Part M Sub Part G, FlyerTech will manage the Aircraft's Maintenance requirements into the storage period.

FlyerTech will provide on site participation in the monitoring and ongoing planning of the Storage Maintenance as required.

4.3 Planning Lease Transition Maintenance

In addition to the services discussed in paragraph 3.2 above under the heading "If Follow-On Lessee Has Been Identified - Two To Three Months Prior To Handback", FlyerTech propose the following services to prepare the aircraft for delivery to the next Lessee.

Taking into account all Scheduled Maintenance work requirements and Refurbishment work requirements, FlyerTech will further analyse the Delivery Requirements of the Follow-On Lease and the Follow-on Lessee's National Airworthiness Requirements. From this analysis FlyerTech will make any required amendments to the pre-delivery workscope and issue the final version to the appointed Maintenance Organisation.

Major component changes having previously identified by FlyerTech, pre-loaded spares parts should be available and work can commence. FlyerTech will liaise with the appointed Maintenance Organisation as required to ensure that the transition maintenance is being progressed on target. This will involve some on-site visits to assist the Maintenance Organisation in planning and managing pre-delivery workscope and in some cases may involve the supply of a FlyerTech Engineer throughout the duration of the maintenance input.

5 Delivery

During the delivery process FlyerTech propose the following services:

5.1 – Transition Maintenance

In addition to the services discussed in paragraph 3.2 above under the heading "If Transition Maintenance Is Required In Preparation For Next Delivery", FlyerTech will make any required Last Minute Changes to the content of the pre-delivery workscope and agree such changes with the appointed Maintenance Organisation.

5.2 – Liaison and Progress Chasing

FlyerTech's on-site representative will participate in on-site pre-delivery meetings with the Follow-on Lessee as required to discuss the progress of the pre-delivery work pack and any other points as they arise. These meetings can also be used to liaise with the Follow-on Lessee with respect to tracking the progress of any open issues that the Follow-On Lessee may have raised in their pre-delivery records auditing process.

FlyerTech's on-site representative will also liaise with Follow-On Lessee's National Airworthiness Regulatory Authority as required to ensure as smooth a transition between jurisdictions as possible.

FlyerTech will assist with the application for Certificates of Airworthiness (C of A) and for Export C of A's as required.

5.3 – Records Updating

FlyerTech will ensure the timely updating of the Aircraft Records and FAME (if required) with follow-up from Pre-Delivery Maintenance as it is closed down by the appointed Maintenance Organisation. This will help to ensure that at the time of the delivery of the aircraft, the compliment of aircraft records precisely reflect the current status of the aircraft.

Following on from the preparation of the records in paragraph 3.3 above, FlyerTech will perform the final preparation of the Aircraft Records to comply with Lease Delivery Requirements.

As the pre-delivery maintenance work is completed, FAME will be updated and FlyerTech will be able to produce and certify Airworthiness Directive Statements, Hard Time Component Statements, Service Bulletin Statements, Maintenance Program Status Reports, Component Fit Lists and any other delivery documents that may be required to be produced from FAME.

5.4 – Technical Support

FlyerTech's on-site representative will be available throughout the delivery to provide "On-Site" Technical Support to deal with any last minute issues in relation to the aircraft records, to make any required last minute changes to the records and to generally liaise with all parties and assist during the final stages of the delivery of t he Aircraft.

6 In-Service Asset Health Monitoring (AHM)

6.1 – AHM Program

Subsequent to the delivery of an aircraft to the Lessee as contemplated in Section 5 above, it is often desirable for the Lessor to be diligent in ensuring that the Lessee is operating and maintaining the aircraft in accordance with Lease conditions and also in accordance with Airworthiness Regulations. To achieve this FlyerTech recommends that the aircraft becomes the subject of an In-Service Asset Health Monitoring (AHM) program.

FlyerTech's AHM service is supplied to Aircraft Lessors as a fully managed service, many Lessors may already have an established AHM program, if not FlyerTech can help to establish such a program. We can agree the frequency of inspections which are based upon criteria relating to the strength of the operator and FlyerTech will ensure that the frequency of the inspections is met and that reports are delivered on time. The criteria on which the frequency of the inspections is based relate to the financial health of the operator, the strength of the operator from an airworthiness perspective and how co-operative the operator is from a commercial and administrative perspective. FlyerTech are able to assist with the ongoing monitoring of these criteria.

In delivering these services to Lessors, FlyerTech are able to plan the inspection, liaise with the operators, perform the inspection, produce and deliver the resulting reports, follow up on any recommendations made and assist Aircraft Lessors in ensuring that any required remedial action is communicated to the operator and acted upon.

In order to help FlyerTech to deliver the AHM services, we have developed a software program called FlyerTech Inspection Report generator (FIR) that assists our Engineers in producing AHM Inspection Reports in an efficient and controlled manner. FIR allows us to be flexible with each report whilst still prescribing what areas of the Aircraft and Technical Records we wish the engineers to concentrate their efforts on. Reports that are produced include Aircraft Specification, inspection and audit work scope checklist, fully comprehensive commentary on the inspection and audit finding, Conclusions and Recommendations and Executive Summary together with where appropriate, cross references to photographs and appendices. Reports produced by FIR are delivered to our customers in MS Word and PDF format.

Once aircraft have been setup on FAME, it is much easier for FlyerTech's Engineers to evaluate the Maintenance Status of an aircraft prior to performing an in service AHM Inspection. This will allow FlyerTech's Engineers to have an improved understanding of the expectations of what maintenance to expect to have been performed on the aircraft since the last inspection. It will also offer an improved understanding of the status of the aircraft with respect to the Maintenance Program. This will improve the quality of service that FlyerTech are able to offer Aircraft Lessors and could lead to qualitative changes in the format of AHM Reports to enhance the utility of the reports.

Information obtained during the AHM Inspections can also be used to update the maintenance status of the aircraft in FAME once the AHM Report has been completed. By virtue of FAME's on-line access, this will offer Aircraft Lessors an improved insight into the maintenance status of each aircraft that has been setup on FAME.

6.2 – FlyerTech Information Library (FIL)

Following significant investment, FlyerTech will shortly be introducing an on-line information library for use by Aircraft Lessors This is a web based information library and as such will be accessed via the internet and will facilitate access to any documentation (including selected aircraft records and AHM reports) that Aircraft Lessors require FlyerTech to make available on-line. The intention is that the information library will improve the dissemination and availability of information throughout Aircraft Lessors.

In time it is anticipated that FlyerTech's Information Library may be available to Aircraft Lessor's marketing teams to allow them to provide potential aircraft purchase or Lessee customers, access to the compliment of aircraft Technical Records. It is hoped that this facility will have the effect of enhancing the Aircraft Lessor's marketing team's ability to deliver a timely insight into the status of the aircraft by delivering on-line access to the compliment of Technical Records that are associated with a particular aircraft. This may well prevent the potential customer from having to travel to the location of the Aircraft to review the Technical Records in person and thus reduce costs for them and speed up the decision making process.

7 Service Delivery

Because FlyerTech already have an existing infrastructure in place to provide AHM and Delivery support to Aircraft Lessors in addition to our existing and growing infrastructure that we have in place to provide Continuing Airworthiness Management Services, we already have the systems, processes, procedures and man power to deliver the services to Aircraft Lessors today.

7.1 Asset Health Monitoring (AHM)

FlyerTech already have in place suitably trained and qualified staff and as such, when a Lessor commissions FlyerTech's services, there would be no need to be concerned about a new provider recruiting and training staff to satisfy resource requirements.

In addition FlyerTech also have existing procedures and processes in place which not only meet the requirements of AHM services, but given the positive comments that we have received from Aircraft Lessors, more than satisfy the individual customer's requirements. As such if a Lessor utilises FlyerTech's services, there would be no need to be concerned about a new provider developing procedures and processes to cope with new services.

7.2 Lease Handback and Transition

It is of the greatest importance to all parties to ensure that any lessons learned are observed and taken into account for the future. In particular, previous Aircraft Handback/ Re-Delivery/Transition experiences that Aircraft Lessors and FlyerTech have in the past had. Experience has indicated that clear responsibilities and expectations need to be agreed between both parties prior to the commencement of services. It is with this in mind that FlyerTech propose the following processes.

In advance of the start of work, the Aircraft Lessor and FlyerTech should agree the precise and detailed scope of FlyerTech's involvement within each stage of the process. A clear understanding of the expectations of both Aircraft Lessors and FlyerTech should be developed and agreed. FlyerTech recommend that each stage of the services be broken down and the fine detail of precisely where responsibility lays be agreed.

It is FlyerTech's opinion that in order to ensure that we can deliver a Quality Service to Aircraft Lessors in a timely manner, FlyerTech should develop a customised set of Technical Procedures and agree them with each Aircraft Lessor customer. Initially these procedures should broadly cover the key events of the process, Handback, Transition and Delivery and the procedures should take into consideration the expectations and responsibilities as discussed above Over time these procedures can be expanded upon and more detailed procedures can be developed if required. It is proposed that where either the Aircraft Lessor or FlyerTech have in place existing procedures to cover the process then these existing procedures should be utilised in drafting the final agreed procedures.

Apart from the obvious benefits of level of control and ensuring a degree of foresight in the processes, developing and controlling an agreed set of procedures with FlyerTech will give Aircraft Lessors the ability to audit FlyerTech in what we are doing thus ensuring the consistent delivery of a Quality Service.

In order to achieve a smooth take over of these services, FlyerTech would like to phase in the services over a period of time. This would present less risk to all parties and ensure that lessons learned can be implemented at an early stage minimising the impact of problems generated prior to lessons being learned.

FlyerTech also recommend that any procedures developed and adopted should be routinely reviewed and discussed at regular Technical Review Meetings.

8 Costs Structure

FlyerTech are happy to provide services based upon an "as incurred per-event" cost. However FlyerTech are happy to explore other charging mechanisms such as fixed monthly charges and discuss these with Aircraft Lessors, in order to achieve this we will need to have an improved understanding of the likely activity levels with respect to handbacks and deliveries on which to base the monthly fee.

8.1 - Volume of Business Discount

FlyerTech recognise that some difficulty may be experienced in arriving at reliable activity levels with respect to handbacks and deliveries. It is therefore difficult for us to determine the likely volume of business that any services will generate. Notwithstanding this, FlyerTech recognise that the volume of business may make a significant contribution to FlyerTech's turnover and as such we are happy to consider volume of business discount based upon trigger levels such as the number of man-days consumed, number of lease transition events or the turnover generated by the services. We propose that such discounts should be based upon the eventual costing structure that each customer decides upon and as such would need to be discussed at a later date.

8.2 - Trial Period

FlyerTech are happy to offer our services to Aircraft Lessors on a trial period basis. Such a trial may include a number of sample handbacks and deliveries and may allow both parties to have an improved understanding of the workloads and costs associated with these activities.

9 Summary

As discussed above, FlyerTech propose to supply Aircraft Lessors with AHM and Airworthiness Support Services to assist in managing various Aircraft Lessors Portfolio Aircraft through lease and transition between Operating Leases or prior to sale.

FlyerTech would not require any introductory grace period. Because FlyerTech have an existing infrastructure in place to provide AHM and Delivery support to Aircraft Lessors in addition to our existing and growing infrastructure that we have in place to provide Continuing Airworthiness Management Services, we already have the systems, processes, procedures and man power to deliver the services to Aircraft Lessors today.

Based upon our collective experience FlyerTech conclude that the likely success of the proposed AHM and Airworthiness Support Services will depend upon a staged approach being adopted for the introduction of the services and clearly defined expectations with agreed technical procedures. In FlyerTech's opinion the AHM Inspections will be a key part of ensuring the duration of the lease transition activities are reduced and this would also support the view that a longer Agreement duration should be considered.

As should be expected and as is illustrated above, FlyerTech will adopt a long term approach to these activities and propose that to provide stability, the term of any Agreement should be a minimum of three years.

During the term of the Agreement, we are keen to ensure regular Technical Review Meetings initially held at the end of each key event and periodically thereafter to identify "lessons learned" and allow for any required remedial action to be agreed, planned and implemented in a controlled manner. Such a high level of control that is proposed for the introduction of the services will also allow FlyerTech to ensure that Engineering Staff can be suitably trained and briefed to resource the project into the future.