



- Global Aviation Co. & Aviation Excellence, Inc.
- Profit, power and the role of PMA
- Who is vulnerable
- Will a PMA be successful - Two perspectives
- Outlook for the future



Company Profile

Global Aviation Company

- Established 1997
- Located near ATL
- Helicopter division
- Fabrication Inspection System

◆ Distribution of aftermarket spares

◆ Support to 200+ airlines, 70 + MRO's, and many of the world's largest helicopter operators

◆ FAA Accredited Distributor - AC 00-56A

◆ Holds multiple PMA's and STC's and 100's more for sale.

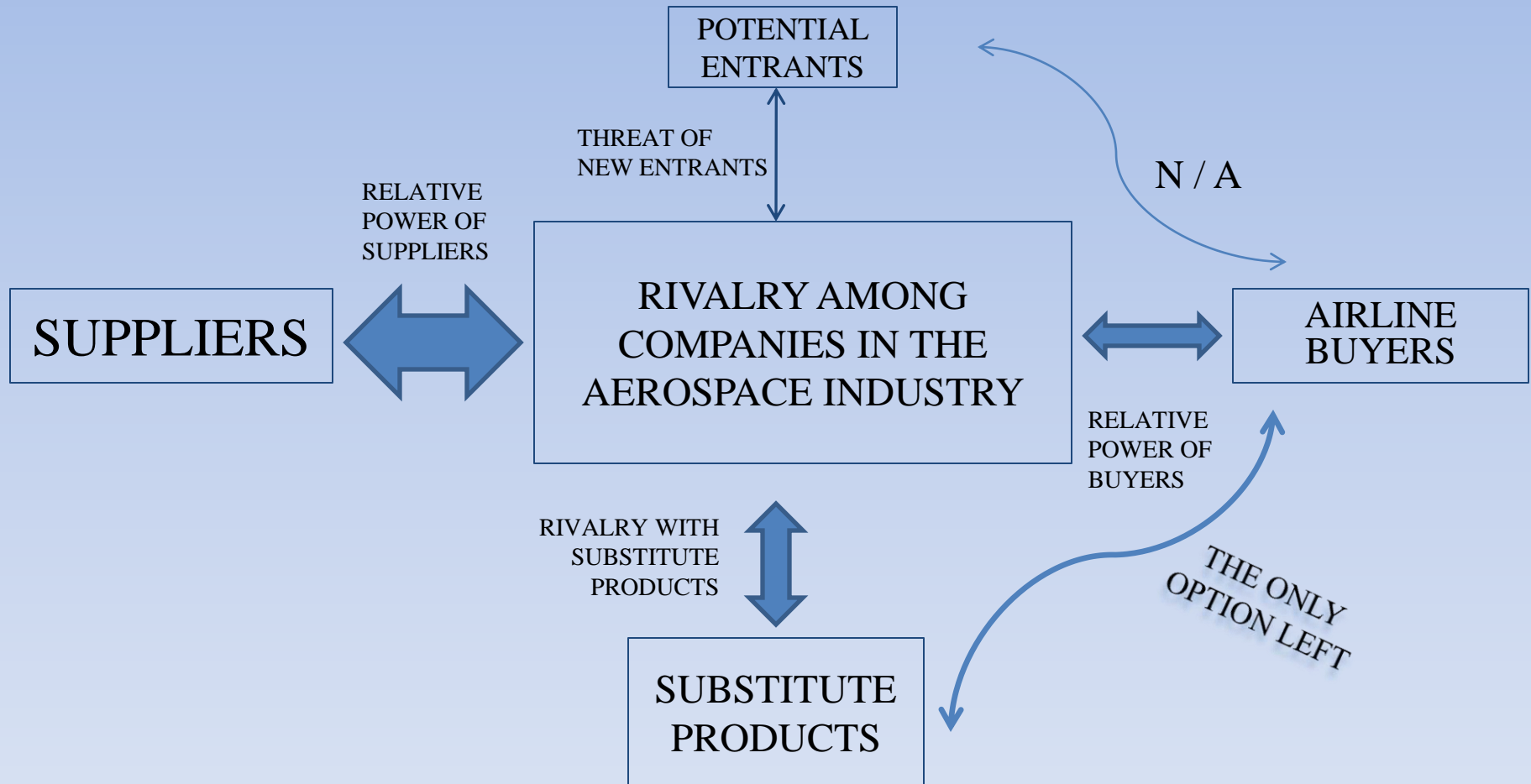
◆ Value-added services including: inventory management, repair management, sourcing/purchasing support and material consignment

(AV-EX) Aviation Excellence, Inc.

- Established 1990
- Located near DFW & DAL
- Specialize in ATA Ch. 25,26,33-35,38
- Weekly On-Site DAR



Profit, Power and the Role of PMA



Source: *The 5 Forces of Competitive Strategy*.
Michael E. Porter.



Power dictates the direction of profit.

- Alternatives are an essential part of every industry
- PMA is nothing new
- Champions are key
- Regulators play a pivotal role
 - Expanded Gov't Regulation
 - FAA / EASA / others
- Leasing Co's Requirements
 - GECAS / ILFC / others

- EBIT of large OEMs is highest
- EBIT of Operators is lowest



Large OEMs have the power

What leverage do airlines have?

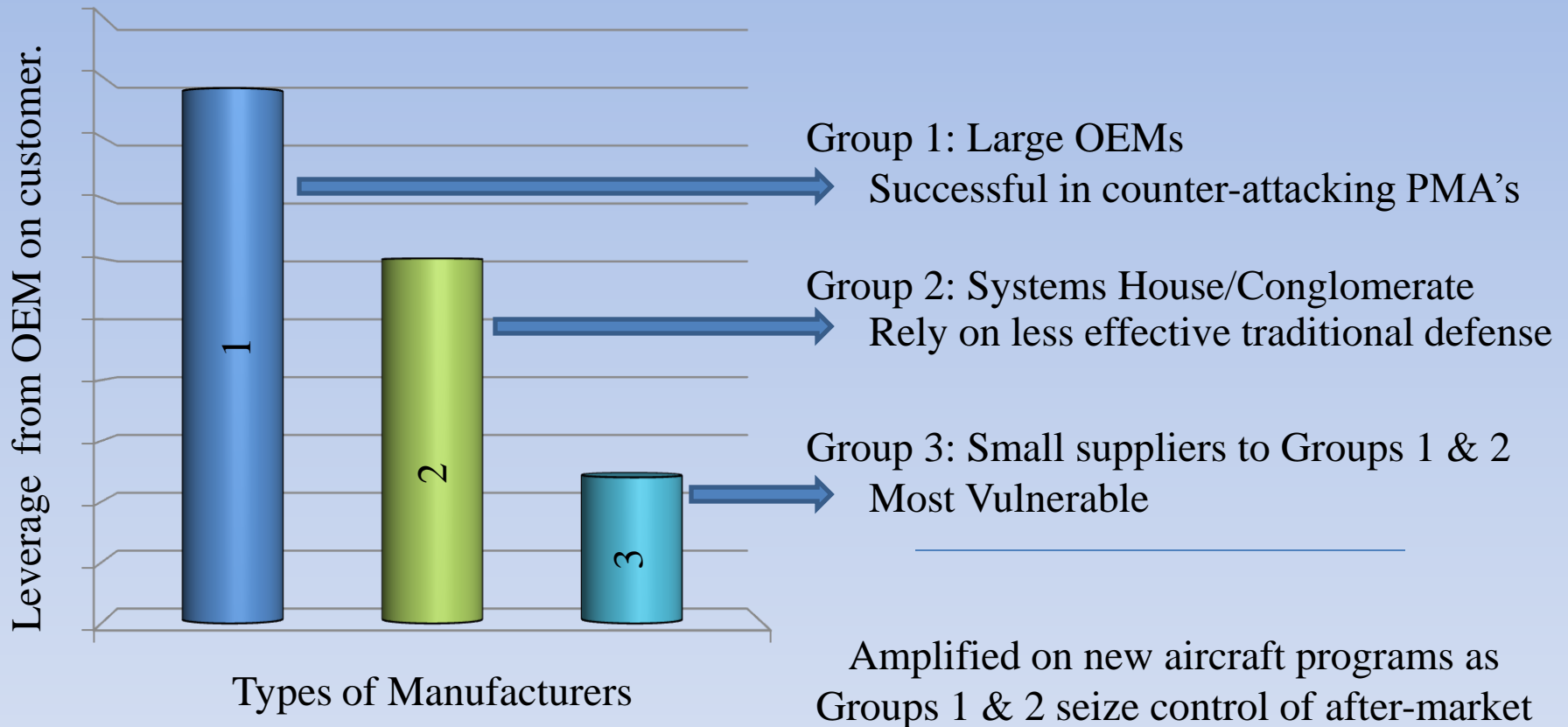
Airlines look to Groups 2 & 3

- Reduced costs
- Greater assortment
- Faster time to market



Who has leverage

Who is vulnerable



Groups 2 and 3 are the most vulnerable



Successful defense mechanisms

OE counter for PMA

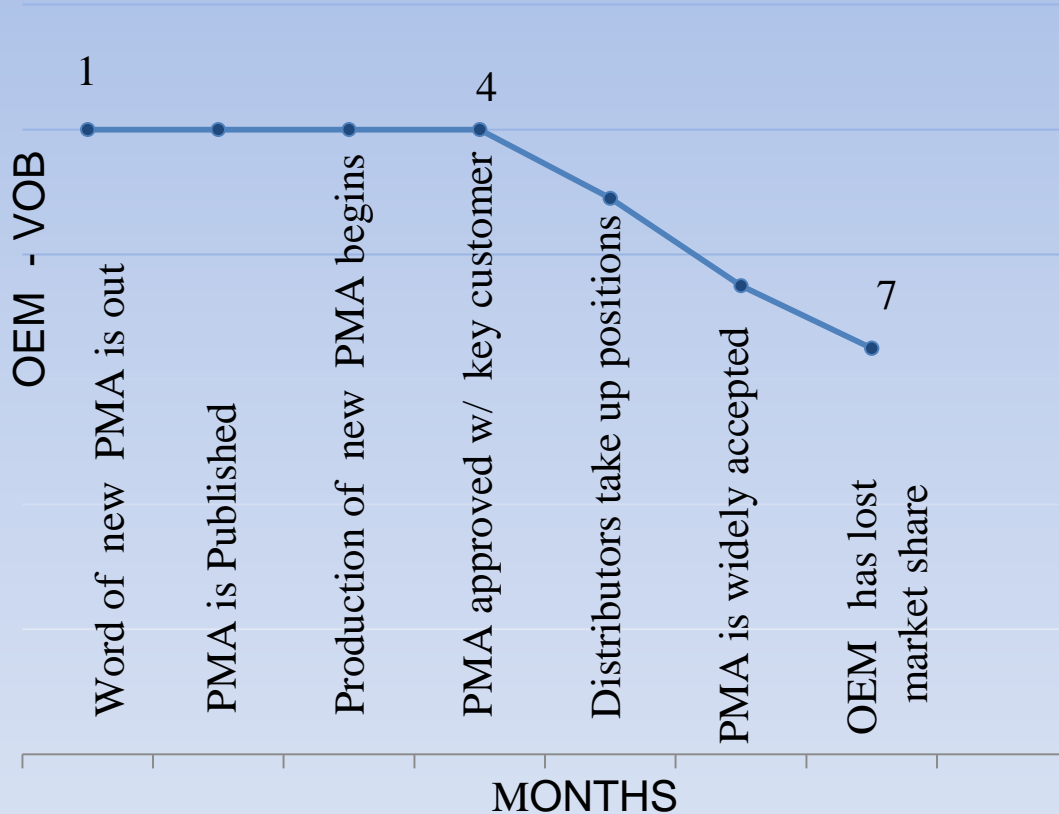
- PBH
 - License Service Agreements
 - Lock in the spares, through repair
- Warranty and Liability
 - Insurance
- Contracts
 - Including Right of Refusal
- License Agreements
 - Boeing IPM
- In lock-step with Leasing Co.'s
- New Materials
- Enhanced Designs
- New Technology and Patents
- Excellent Customer Service

Group 1 is more effective at defending than Groups 2 & 3



Groups 2 & 3 meet threat using traditional defense.

PMA Progression

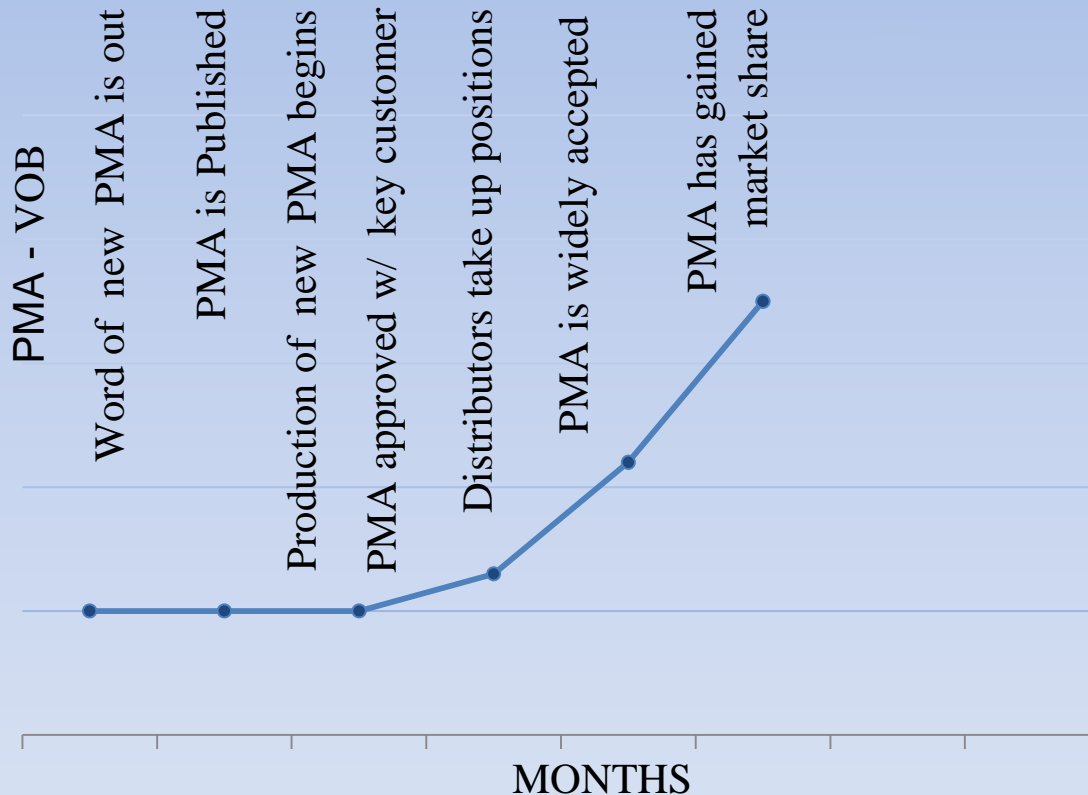


1. Our Business won't suffer
2. They can't our match quality
3. Let's get samples and test
4. We'll show the FAA their error
5. Let's ask the FAA for help
6. Let's do "something" with price
7. ...and provide average service



Simultaneously, PMA company
is working hard to get parts approved

PMA Progression

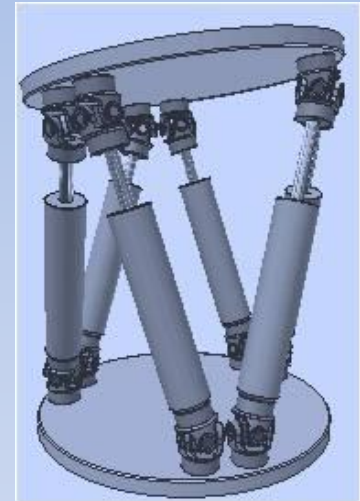


1. We think there is a business case
2. We have a large customer interested
3. Let's action the FAA/PMA Process
4. Key customer approves PMA package
5. Let's position inventory with our highly motivated distributor
6. Our PMA is widely embraced
7. ...with excellent customer service



Outlook

- Large OEs will continue to dominate
- Invisible hand becoming more visible
- Operators drive for Cost Reduction means
 - More PMAs and Faster
 - More focus on Groups 2 and 3



PMAs continue to help airlines with position and control.

Thank You

