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ESP[™]

FREQUENTLY ASKED QUESTIONS



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FREQUENTLY ASKED QUESTIONS

WHAT IS THE EAGLE SERVICE[™] PLAN (ESP[™])?

Pratt & Whitney Canada's (P&WC) ESP is a pay-per-hour maintenance cost

guarantee program that covers major scheduled engine maintenance events as well as basic unscheduled engine and accessory maintenance, required service bulletin upgrades, and a number of related support services.

WHY ENROLL IN ESP?

ESP provides a long-term maintenance cost guarantee at a preferential price.

PREDICTABILITY AND RISK PROTECTION

Engine maintenance expenses are more predictable as they become stabilized to the level of aircraft utilization. Given the level of utilization, budgeting and forecasting for the engine maintenance portion of your flight operations becomes much easier. With ESP, we have virtually eliminated the risk of highcost surprises, making engine maintenance expenses much more predictable.

BACKED BY THE OEM

Others may claim to know everything about engine maintenance and maintenance costs for all aircraft engines. As the designer and manufacturer of P&WC engines, we know better. No one knows your engine or the engine maintenance costs better than the engine manufacturer, which is why with ESP we focus only on our area of expertise – your P&WC engines. P&WC has the facilities, the parts, the rental engines and the experts to ensure that you and your P&WC engine(s) are provided with the service levels expected from the manufacturer.

ENHANCED AIRCRAFT RESALE VALUE

Since ESP coverage is transferable at aircraft sale to subsequent owners or operators, it becomes a portable asset to enhance your aircraft resale value and improves the potential for buyer consideration. As ESP is an industryrecognized maintenance program provided by the engine manufacturer, aircraft with engines enrolled on ESP are routinely appraised and sold at higher values.

NO ANNUAL MINIMUMS

In general, ESP has no annual minimum flying hour requirements, so you only pay for the hours you fly.

ISN'T THIS PROGRAM JUST AN EXTENSION OF THE WARRANTY?

ESP[™] is much more than an extended warranty.

Warranties typically cover defects in material and workmanship, as expressly provided by each specific warranty, and do not include items such as normal wear and tear or service bulletin upgrades.

With ESP, the major portion of your fee is really an investment toward the future scheduled restoration of your engine, which includes any required replacement or refurbishment of parts due to normal wear and tear, required service bulletin upgrades and additional services to keep you flying.

Engine maintenance programs are recognized in the industry as adding value to the aircraft. Warranties do not.

WHO CAN ENROLL?

ESP is offered on most P&WC engines installed on business or general aviation aircraft.

Aircraft used for military or special mission operations (firefighting, maritime low level flight, acrobatics, training schools etc.) may not be eligible.

In-service engines must have been maintained in accordance with the applicable P&WC instructions, with prior repairs and overhauls performed at a facility recognized by P&WC, and subject to a satisfactory inspection by P&WC if deemed necessary.

HOW DO I ENROLL?

First, obtain an ESP request form from <u>getESP@pwc.ca</u> or your local sales representative. Second, complete the ESP request form and email it to <u>ESP.Admin@pwc.ca</u>

Your P&WC local sales or field service representative will be happy to assist you in completing and submitting the form. You may also call us for assistance at the phone numbers on the back of this brochure. The completed ESP request form does not create any contractual obligations.

Upon receipt of the ESP request form, P&WC will prepare and send you the ESP agreement for your review and signature.

The ESP request form may also be used to request a formal ESP enrollment quote.

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WHAT IS THE HOURLY RATE FOR MY ENGINE?

The preferential hourly rates for each engine model are based on the expected cost of operating an engine over an overhaul cycle.

The rates take into account the benefit of existing warranty and commercial support programs, and that the customer's payments begin when the engine enters service.

There are several hourly rates, depending on the coverage selected. You may request a rate sheet for your engine model at **getESP@pwc.ca**

ARE THERE ANY SAVINGS IF I ENROLL MY ENGINES WHEN THEY ARE NEW?

Yes. Most engine models benefit from a discounted hourly rate or other savings when enrolling new. For more details, refer to the engine model rate sheet.

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IS A BUY-IN REQUIRED TO ENROLL MY ENGINES?

Typically a buy-in is required if the engines have accumulated hours since new. The buy-in is calculated using the accumulated hours and/or cycles since new or since overhaul, and the current applicable hourly rate. For an engine enrolling after first overhaul on a coverage level that includes LCF, an additional buy-in will be required to account for LCF cycles consumed.

If the FLEX option is chosen at enrollment, the customer may pay a smaller percentage of the buy-in up front and defer a portion of buy-in, converted to flight hours, to a later time provided there are no upcoming major events.

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ARE THERE ANY ENROLLMENT FEES OTHER THAN THE BUY-IN?

There are no enrollment fees for engines enrolling on ESP[™] for the first time. A transfer fee may apply to engines enrolled on ESP and transferring to a new customer.

10 WHY SHOULD I ENROLL BEFORE MY NORMAL WARRANTY EXPIRES?

Enrolling at entry into service reduces the overall payments towards the engine

maintenance program. Enrolling after the warranty expires will result in the loss of the applicable early enrollment hourly rate, if applicable, and a buy-in for accumulated flight hours at the then year hourly rate.

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WHAT SERVICES ARE COVERED BY THE PROGRAM?

ESP[™] offers a variety of coverage levels on different aircraft and engine models designed to suit different customer needs. Coverage levels vary based on engine model.

All packages include coverage for the following services:

- Engine overhaul or refurbishment
- Hot section inspection (HSI)
- Basic unplanned engine removal (BUER)
- Basic unplanned accessory removal (BUAR)
- Troubleshooting labour (limited)
- Service bulletin incorporation
- Lease engine support
- Trend monitoring
- Low Cycle Fatigue (LCF) parts [coverage is optional on some models]

Gold package adds coverage for the following services:

- Troubleshooting labour (as required)
- Removal and installation (R&I)
- Mobile repair team (MRT) for AOG
- Freight

Where available, the Platinum package adds coverage for the following services to the Gold package:

- Routine periodic inspections
- Environmental damage repair
- Additional services depending on engine model

Where available, some or all of the following ancillary services are included on all coverage levels on select engine models:

- Advanced technology oil analysis
- Engine connectivity (cellular plan & data processing)
- Pro-active help desk
- Wear & tear coverage on FOD events

For a specific list of covered services, refer to the engine model rate sheet.

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IF MY ENGINE REQUIRES REMOVAL FOR A COVERED EVENT, IS A LEASE ENGINE COVERED?

Yes. In most cases, when an engine requires removal for a covered scheduled or unscheduled event, P&WC will arrange for a lease engine for the period required to perform the "off-wing" maintenance (subject to execution of an appropriate lease agreement). The customer continues to pay the current ESP[™] hourly rate for the lease engine.

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HOW DO I GO ABOUT REQUESTING SERVICES COVERED BY MY ESP AGREEMENT?

It's very simple.

Identify yourself as an ESP customer and provide your ESP agreement number to either the flight line service facility or to our ESP frontline team.

In all cases, an ESP work authorization is required to perform covered work.

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WHERE CAN I TAKE MY ENGINE FOR SERVICE?

All work for services covered by the program must be authorized by a P&WC service representative under a work authorization prior to the start of any work.

For on-wing services performed by a flight line service facility, including the customer's own maintenance personnel, the customer shall ensure that such facility:

- A. is approved by the FAA and/or the local airworthiness authority,
- **B.** has the work performed by fully qualified licensed engine mechanics who were trained and certificated within the past ten (10) years by a training school acceptable to P&WC,
- C. is fully equipped with all the tooling necessary to perform the required, and
- **D.** complies with the P&WC manuals.

For off-wing services, work shall be performed by a facility authorized by P&WC in the work authorization to perform the services.

WHAT IS NOT COVERED BY THE PROGRAM?

Refer to the engine model rate sheet for the list of covered services.

Some of the standard exclusions are expenses related to or arising from:

- Improper operation or maintenance, use of non-approved parts or repairs, or damage due to mishandling or during transport
- Damage attributable to factors external to the engine or engine accessory, such as environmental damage, foreign object damage (FOD), accidents etc.
- Routine periodic inspections
- Engine low utilization inspection if applicable
- Engine washes
- Lease engine support for non-covered events or for events requiring engine removal for less than 10 days
- Taxes, duties, and tariffs

Where available, Platinum covers some of the above standard exclusions:

- Environmental damage repair as specified
- Routine periodic inspections
- Engine low utilization inspection, if applicable

On certain engine models, Platinum coverage also includes

- FOD repair,
- Engine washes as specified, and
- Technical publications.

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DO I STILL NEED TO BUY INSURANCE FOR MY ENGINES?

Yes. In general, ESP[™] does not cover loss or damage to the engine that is related to misuse, neglect, accident, ingestion of foreign material or any other defect or cause outside P&WC control. It also does not cover loss due to fire, theft or consequential damages, and does not provide any liability insurance. The customer is required to carry insurance for all engine shipments, including lease engine shipments, both to and from the aircraft. Also, in the event of the installation of a lease engine, the customer is required to carry or obtain a specified minimum amount of aircraft liability insurance.

IS ENGINE TREND MONITORING REQUIRED?

Engine trend monitoring is required for engines covered by ESP™.

P&WC requires the customer to sign a separate agreement with the Designated Analysis Centre (DAC), which will be identified by P&WC, for engine data processing and analysis. The DAC fees for engine trend monitoring are included in ESP coverage.

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HOW DO I REPORT MY UTILIZATION AND MAKE MY PAYMENT TO P&WC?

At the end of each month, the customer or customer's agent reports the actual number of engine operating hours and cycles for that month via the customer portal. The monthly invoice is automatically calculated by multiplying the reported hours/cycles by the applicable hourly rate, plus any applicable taxes. When enrolling, the customer will receive instructions on how to register on the customer portal, report flight hours and cycles and make payments for invoices.

Payments can be made:

- A. by credit card via the customer portal; or
- B. by cheque mailed to P&WC; or
- C. by bank-to-bank wire transfer.

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CAN I TRANSFER ESP COVERAGE WHEN I SELL MY AIRCRAFT?

Yes. The accumulated coverage will transfer to the new customer subject to the signing of a new ESP[™] agreement. An administrative fee to process the transfer may apply.

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ARE THERE MINIMUM CHARGES REQUIRED?

No. In general, there are no annual minimums. You only pay for the hours you fly.

A few engine models have an optional extended overhaul cycle with a calendar limit that may require annual minimums.

CAN I TERMINATE MY ESP™ AGREEMENT?

Yes. Upon written request, the ESP agreement may be terminated at any time by the customer, provided the customer has fulfilled all of its obligations under the agreement up to the date of termination.

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IF I TERMINATE MY ESP AGREEMENT, ARE THERE ANY PROVISIONS FOR REIMBURSEMENT?

A credit or cash reimbursement provision is available to the aircraft's first enrolled customer, upon request for termination, provided the engine has not been inducted for its first covered overhaul.

A reconciliation is performed by adding the amounts paid in to ESP less the aggregate retail price of the ESP coverage provided for the engine(s).

After reconciliation, if there is a positive balance, the first enrolled customer is eligible for:

- **A**. a non-cashable credit of 85% of the positive account balance, for future expenditures at a P&WC facility, or for ESP payments on another aircraft.
- **B.** a cash reimbursement of 60% of the positive account balance.

Both the non-cashable credit and the cash reimbursement amounts are reduced by a percentage of any outstanding amounts or remaining deferred hours.

A non-cashable credit reimbursement provision is also available in the event an Engine is damaged by accident or otherwise and deemed to be beyond economical repair.

23 IF I TERMINATE MY ESP AGREEMENT, AM I STILL ENTITLED TO MY STANDARD WARRANTY?

Yes. Upon termination of the ESP agreement for any reason, the balance of the remaining engine warranty coverage, if any, reverts to the customer.

IF I HAVE ANY FURTHER QUESTIONS, WHERE SHOULD I ADDRESS THEM?

To request a quote, view our offerings or obtain general information about our coverage levels, visit our ESP[™] page at <u>www.pwc.ca/get-ESP</u> or email us at <u>getESP@pwc.ca</u>

For questions regarding technical issues, publications or work authorizations, call our ESP frontline team at:

- +1 (800) 288-8000 (CANADA & USA)
- +1 (450) 647-8000 (INTERNATIONAL)
- +8000 268-8000 (INTERNATIONAL TOLL-FREE)

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