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Introduction

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Presentation Outline

- Case Study Deal Description
- Three Aspects of Importation
 - Economic
 - Regulatory
 - Registration
- Bringing it all Together
- Common Issues
- Questions



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Case Study: Deal Description

Aircraft: 2002 Citation Excel, Portuguese

Registration Mark CS-DFN.

Seller: NetJets Europe.

Buyer: Limited Liability Company, based in

Delaware

Deal Points/Issues:

- > Aircraft has been parked for sometime and is not current on inspections.
- > Buyer wants fresh O/H engines
- Prebuy inspection at Marshall Aerospace in Cambridge, U.K.
- > Closing location will be New Hampshire





Economic

> What are we talking about?

- Customs
- Dealing with Customs and Border Patrol and Department of Treasury

> What do you need to consider?

- Who handles export from current country?
- Who handles import?
- Who is paying?
- Identify arrival airport. Entry requires more than just standard international flight arrival processing. Must use an airport that has CBP staffed for trade operations

> What do you need to do?

- File a Customs declaration. Advance filing usually allows for a quick turn
- Import may require a bond
- Follow normal international arrival procedures (e-APIS);
- HIRE A BROKER
 - Customs broker can tell you what you need to do and when.
 - Broker Fee is relatively minimal



Regulatory

- > What are we talking about?
 - Federal Aviation Regulations
 - Dealing with FAA/EASA/CAAC, as applicable
- > What do you need to consider?
 - Who does what and who pays?
- > What do you need to do?
 - To be imported, Aircraft must conform to US type design and be Airworthy
 - May use Export Certificate of Airworthiness to Assist; does not guarantee acceptance by FAA
 - Requires bilateral agreement between US and exporting country
 - Modifications may require re-certification
 - NetJets will generally provide Export C of A as Seller, but just like the Export C of A, we don't guarantee import
 - If aircraft has had a US Certificate of Airworthiness at some prior time, or where it was manufactured in the US according to a US-approved type design, the Designated Airworthiness Representative (DAR) can issue the US C of A (only the FAA can do it otherwise)
 - If DAR approves (will inspect aircraft and records), after aircraft is on the registry,
 DAR will issue C of A
 - Possible to do DAR inspection overseas, but DAR must be allowed to work in the area where aircraft is located and the DAR is allowed to charge a fee for their services.



Registration

> What are we talking about?

- Changing tail numbers.
- Dealing with the FAA Registration Branch in Oklahoma City and the registry of current country (e.g., for CS-DFN it was INAC in Portugal)

> What do you need to consider?

- Aircraft can only be registered in one jurisdiction at a time
- Must be carefully coordinate to minimize/prevent unregistered aircraft
- Who does what and who pays?

> What do you need to do?

- For import onto the US Registry, from most exporting jurisdictions we can close and request registration at the FAA using a copy of the deregistration notice from the foreign jurisdiction (don't need to wait on aviation authority receiving Telex)
- As seller, we agree to deregister the aircraft and provide evidence of deregistration. Re-registration of the aircraft in the Buyer's jurisdiction is the Buyer's responsibility.
- In the case of the US, this will generally also be required by law since only US Citizens can register aircraft
- NetJets, as seller, generally agrees to deregister the aircraft and provide evidence of deregistration. Re-registration of the aircraft is on Buyer. In the case of the US, this will generally also be required by law since only US Citizens can register aircraft.



Bringing it All Together – CS-DFN

- > Purchase Agreement is signed 2/16/2012
- > Aircraft is already located at EGSC enters prebuy 2/16/2012
- > Aircraft accepted, Parties ready to close 2/29/12
- Aircraft moved to LPCS to clear export customs from Portugual/EU – 3/10/12
- > Aircraft arrives at KBGR to clear US import customs 3/12/12
- > Aircraft moves to closing location (KMHT) 3/12/12
- > Deregistration requested and received from INAC 3/14/12
- > Aircraft closed 3/15/12
- > TCOR issued 3/16/2012
- > C of A issued by DAR 3/16/2012



Common Issues

> Economic

- Awareness of requirement
- Contract silent on responsibility

> Airworthiness

- DAR Shopping
- Problem modifications
- Disparity between maintenance documents/terminolgy used in foreign countries
- Limited Hangar Space in foreign countries

> Registration

- Logistics Time Zones and Timing
- Who requests deregistration? local counsel?
- Proving clear title
- Unpredictability
- Operator vs Owner Registry





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