



SERVICE LETTER

DATE: 19 FEBRUARY 1999

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TRANSFER OF OWNERSHIP OF LIGHT HELICOPTER LINE

In February of 1998, McDonnell Douglas Helicopter Company (MDHC), an indirect subsidiary of The Boeing Company, announced they were going to sell the commercial helicopter manufacturing business. During the ensuing months, MDHC received and evaluated several offers from other companies interested in purchasing our commercial helicopter product lines. In January 1999, MDHC and MD Helicopters Inc., (MDHI) an indirect subsidiary of RDM Holding, Inc., signed an agreement on an asset purchase of Boeing's MD500, MD600N® and MD Explorer® series of light helicopter product lines.

MD Helicopters, Inc. has stated that it will initially operate from existing Boeing facilities at Mesa, Arizona. MDHC will continue to provide technical and engineering support under contract to MD Helicopters.

Current MDHC employees will remain in their current positions in support of the light helicopter program for up to 120 days. Following that period, MDHC will be under agreement to provide various support (parts and technical) for two years, followed by an additional three years of technical support on an as needed basis. With the transition period, followed by the support agreements, we fully expect production, spares support, field support and publications will be uninterrupted.

In regards to certification and production issues, both H3WE (MD369/500N/600N series) and H19NM (MD900) Type Certificates (TC's) have been transferred to MDHI. This sales contract action requires MDHC to terminate the use of Production Certificate No. 410, which was in continuous use since the 1960's. MDHI intends to make application for their own PC, however that process could take upwards of six months. Therefore, MDHI has licensed back the rights of the TC's to MDHC who has already received a new Production Certificate No. 714NM. Please be aware that this new Production Certificate Number (714NM) will be evident on various documents to include sales orders and helicopter airframe data plates in the near future as newly manufactured parts and helicopters are built and delivered. Components, parts and helicopters manufactured before February 19, 1999 are identified by the old PC number (410) and should be considered totally acceptable.

MD Helicopters can be contacted at (602)891-8014, FAX (602)891-8018. MD Helicopters can also be located on the Internet at www.mdhelicopters.com.

For further assistance, contact your local MDHI Field Service Representative (refer to the latest revision of the "At Your Service" handbook for address and telephone numbers) or contact the Field Service Department at MDHI, Mesa, Arizona. Telephone 1-800-388-3378 or (480) 891-6342. DATAFAX: (480) 891-6782.