

LYCOMING

A Textron Company

652 Oliver Street
Williamsport, PA 17701
USA

Tel: 570/329-6181
Fax: 570/327-7101
www.lycoming.textron.com

March 5, 2004

To: All Lycoming Distributors
Subject: 2004 Engine Ordering Procedures

On January 1, 2004, changes to the Lycoming Distributor Operating Procedure became effective. These changes are incorporated into the December 2003, Revision of the Distributor Operating Procedure Manual, SSP-201.

Following is a partial summary highlighting guidelines for engine core return times, unserviceable parts credit reduction and credit reductions for late returns. For complete and detailed Exchange Engine procedures and policies, please refer to Section 4 of the latest revision of the Lycoming Distributor Operating Procedure Manual.

- I. Your Lycoming exchange engine purchase is part of a *replacement* program which effectively keeps customers' costs as low as possible only if a complete, operable core of the same engine model as the one purchased is returned within the time required by the normal core return policy.

| NORMAL CORE RETURN SCHEDULE (DAYS AFTER INVOICE DATE) | | | |
|---|-------------|---------------|-------------|
| Domestic | | International | |
| 2003 Orders | 2004 Orders | 2003 Orders | 2004 Orders |
| 90 Days | 60 Days | 120 Days | 90 Days |

- II. **Effective immediately**, Lycoming will enforce its published unserviceable parts credit reduction policy, as follows:

| UNSERVICEABLE PARTS CREDIT REDUCTION (\$US) | | | | |
|---|------------|------------|------------|------------|
| Engine Type | Crankshaft | | Crankcase | |
| | 2003 Order | 2004 Order | 2003 Order | 2004 Order |
| 4-Cylinder | \$ 2,000 | \$ 3,500 | \$ 2,000 | \$ 3,000 |
| 6-Cylinder | \$ 3,000 | \$ 4,500 | \$ 3,000 | \$ 4,000 |
| 8-Cylinder | RFQ | RFQ | \$ 12,500 | \$ 12,500 |

NOTE: Deductions for unserviceable parts will be made within 30 working days of the date the core is received in Williamsport, and payment terms are "Net" only-No cash discounts.

LYCOMING

A Textron Company

III. To encourage the timely return of cores, effective immediately, Lycoming will enforce its published late return core value reduction policy, as follows:

| LATE CORE RETURN CREDIT REDUCTION (\$US) | | |
|---|------------|------------|
| Days Beyond Return Date Allowed by the Normal Core Return Policy. | 2003 Order | 2004 Order |
| 1 Through 30 Days | \$ 0 | \$ 500 |
| 31 Through 60 Days | \$ 500 | \$ 1,000 |
| 61 Through 90 Days | \$ 1,000 | \$ 2,000 |
| 91 Through 120 Days | \$ 2,000 | \$ 3,000 |
| 121 Through 150 Days | \$ 3,000 | \$ 4,000 |
| 151 Through 180 Days | \$ 4,000 | \$ 5,000 |

IV. Effective immediately, engine cores received 181 days through one year (2004 orders) or two years late (2003 orders) will receive a maximum of the following residual core values.

| RESIDUAL VALUE FOR CORES OVER 180 DAYS LATE | |
|---|----------|
| 4-Cylinder | \$ 2,000 |
| 6-Cylinder | \$ 2,500 |
| 8-Cylinder | \$ 4,000 |

Final notice will be given when core invoice is one (2004 orders) or two (2003 orders) years old. Customer has 30 days to return/resolve issues. Beyond these 30 days cores will be taken with no further notice and no core credit issued.

We appreciate the timely return of your serviceable engine cores. Thank you for your cooperation.

Sincerely,

