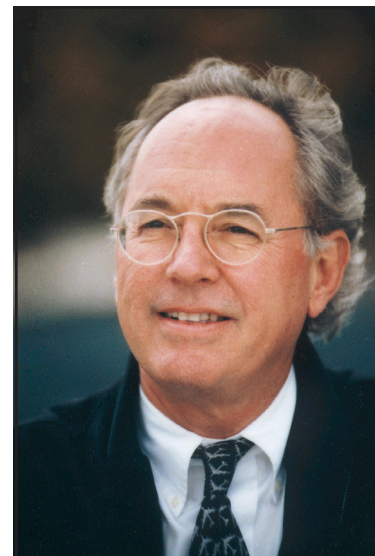


Aviation Partners Inc. Year in Review 2003

Over the past 12 years, Blended Winglet Technology™ has evolved from revolutionary to mainstream. Today, more than 500 business and commercial aircraft are equipped with patented* Performance Enhancing Blended Winglet Systems, and we've only just scratched the surface of potential market demand.



Aviation Partners CEO, Joe Clark

“Our original Gulfstream II Blended Winglet program is now mature, with over 70% of the available fleet upgraded to IISPs. We look forward to retrofitting an even greater percentage of the Raytheon Hawker 800 series fleet with Blended Winglet Technology beginning early in 2004,” says Aviation Partners Inc. Chairman and CEO Joe Clark. “Our Aviation Partners Boeing joint venture had a banner year in 2003 including a landmark sale, with options, for up to 543 Blended Winglet shipsets to Southwest Airlines. Over the next 10 years, we anticipate providing more than 3000 Blended Winglet shipsets to commercial aircraft operators worldwide.”

The future of Blended Winglet Technology is compelling because virtually any business or commercial aircraft can benefit dramatically from this revolutionary Performance Enhancing Technology. Expect a major

program announcement from Aviation Partners Inc. at the European Business Aviation Convention & Exhibition (EBACE) in May. Aviation Partners Boeing will also announce new programs this year. Meanwhile, advanced technology and production processes for Blended Winglets, as well as continued research and development into patented closed-loop Spiroid systems, are on the Aviation Partners Inc. drawing boards in Seattle, WA.

“Our original aerodynamic Dream Team, under the leadership of Aviation Partners Inc. Senior Vice President of Technology Dr. Bernie Gratzer, is still very active in pursuing new Blended Winglet and Spiroid designs with the objective of further improving productivity, efficiency, performance and environmental impact of both business and commercial aircraft,” says Clark. “Our engineering and flight test talent

base really has no equivalent in the industry. In fact, we may need to amend our current retirement policy of 85 as our team just keeps coming up with new technology!”

Blended Winglets are more than twice as effective as conventional angular winglet systems because they're sized for maximum performance and, with a smooth transition from wing to winglet, they disperse wing vortex drag more effectively than traditional winglets. What started out as revolutionary technology quickly became an evolutionary process as more and more aircraft operators became aware of this Performance Enhancing Technology. **“Blended Winglets give aircraft owners a performance and value boost and they're the environment's best friend. This really is a big deal,”** says Clark. **“We believe that anything you can do to improve the productivity of an aircraft is a wise investment.”**

Blended Winglet Status Report

While the IISP program (\$459,500 installed) is now mature, with just a few Blended Winglet shipsets remaining, Aviation Partners Inc. may re-start production if demand picks up. Over 15 pre-certification customers have signed up for Hawker 800 Blended Winglet shipsets (\$350,000 installed prior to certification and \$395,000 post-certification). With a 6-7% increase in range, together with performance boosts from high altitude and hot runways, a Blended Winglet equipped Hawker 800SP will be a consistent coast-to-coast performer. Aviation Partners Inc. anticipates retrofitting the Hawker 800 series aircraft with Blended Winglet Technology with initial deliveries beginning Q1 of 2004.

On the Aviation Partners Boeing front, 86 Boeing Business Jets have been Blended Winglet Equipped along with several hundred 700 and 800 series Next Generation Boeing 737 aircraft. Active Blended Winglet development programs are underway for the Boeing 747, 767 and 757. These will be customer-driven programs with product launches dependent upon market demand. Southwest Airlines' 2003 mega order for Boeing 737-700 series Blended Winglet Systems recently validated the enormous benefits of our technology. After completing an exhaustive analysis of Blended Winglet Technology,

Southwest Airlines determined that it would save close to 100,000 gallons of jet fuel per year for every one of its Blended Winglet Equipped aircraft.

We can also look forward to performance benefits of Blended Winglet Technology within the military and special mission arenas. **“We’re currently looking at several military applications of Blended Winglet Technology and we feel there’s also a compelling argument for this technology in the realm of unmanned air vehicles (UAVS),”** says Clark. **“UAVs are all about staying in the air a very long time and carrying more payload. Blended Winglets provide a benefit similar to adding more wingspan but without having to have that extra wingspan.”**

The Future is on The Wing

Clark envisions 2004 as a building year for Aviation Partners Inc. and Aviation Partners Boeing. Having made remarkable advances in the science of aerodynamically enhancing wing performance over the past dozen years, the future is indeed exciting with a potential universe of some 30,000–40,000 aircraft capable of benefitting from Blended Winglet Technology.

“It’s been an exciting year,” says Clark. “We’re all about saving fuel, maximizing performance,

making aircraft quieter and protecting the environment. Blended Winglets have become mainstream technology. As we increase our production and marketing efforts in 2004, you’ll see more and more aircraft flying with, and benefiting from, Blended Winglets.”



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