



**Town Halls (June 17, 2020) – Business Update
Mr. David Curtis, Executive Chairman, Longview Aviation Capital**

Internal

DHC Questions and Answers

Q. Who is replacing Todd Young?

Joining the team in a new role as Chief Transformation Officer (CTO) is Dave Riggs. Todd's leadership team will report directly to Dave.

Dave Riggs is joining the organization as Chief Transformation Officer (CTO). All Todd's direct reports will be reporting to Dave Riggs and Dave Riggs will report directly to me (Dave Curtis). He knows the site, has many years of production/manufacturing experience, and has worked on several projects with some of our other subsidiaries including Viking and LAS. I know he will work well with everyone at Downsview to assist us in re-shaping the business and getting us through to the next phase of business.

Q. Questions relating to site (land status)/future of the production facility:

Q. I would like to know given the current worldwide health situation are you still trying to stay on the current Downsview Site? What do you see as the future plans of the DH Dash 8-400 line?

Q. Are you going to stay in Ontario?

Q. Will De Havilland be staying in either Downsview, or Ontario past 2020?

Q. Have there been any developments / discussions surrounding a new facility / location and have the current challenges with respect to COVID-19 have had an impact on this?

Q. What is the Land Status? Is it still 2023?

Q. Will De Havilland be staying in either Downsview or Ontario past 2020?

Q. With our COO retiring, how much confidence is there for the Downsview site?

Q. Is there any progress on the plans for the Downsview site past 2021?

Longview has remained transparent at previous Town Halls and prior to COVID-19, we had been working to a "four-pillar" strategy. Pillar one related to the land lease expiry. The answer was yes, we could get an extension; but the runway was being removed mid-2023. Pillar two related to the extension of the Collective Bargaining Agreement (CBA). We had initial meetings early this year; but we were unable to come to any agreement, so discussions were put on hold. The third pillar related to sustainable business results and assessing the business operating to plan. Everyone can understand that we are in a business environment that no one could have forecasted. Lastly, the fourth pillar was the marketplace. We needed the market to tell us if we



should continue to produce airplanes. We currently have about 20+ aircraft in our backlog and the sales team is still looking at other opportunities. The fact is airline companies are not currently considering acquiring new regional aircraft. There will continue to be considerable uncertainty and given this uncertainty we are not able to predict where the business will be in the next three months, let alone in a year, or two. We are taking a phased, measured, and cautious approach with confirmed customers. We will not be producing white tails.

Q. Who has advised that the runway is definitely closed? Could DHC not take over the lease?

As has been publicly announced the Landlord has plans to develop the property. The existence of the runway prohibits this development. The runway will be decommissioned by June 2023.

Q: Is the plan to produce white tail aircrafts as said before?

At this point, no. We are focused on delivering AC with firm orders from customers. TY and sales team is working to firm up the customers as well as the letters of intent we have but at this time we will not be producing aircraft that do not have customers.

Q: Is there a plan to lay off additional people?

We would hesitate to say no, as we have said throughout the conversations, we continue to adjust the business to the new business conditions. There is nothing imminent but being frank we are continuing to monitor and will adjust as we get additional information.

Q: Is Longview going to allow employees that have the ability and capability to work from home to continue do so, at least until Covid-19 is not an issue, or vaccine is available?

We are making sure we have appropriate safety protocols; we will be evaluating on a case by case basis and each business. Part of that is ensuring we evaluate each situation appropriately.

Q: When could the pay cut for salaried employees be reversed?

We understand that this has been a difficult part of our recovery process for many employees. Our goal is to keep as many people employed as we possibly can and this has allowed us to do that. You have my commitment that we are looking at it - a process is in place for financial review, beginning with Business Unit leaders providing updates to the Audit Committee which is a Committee of the Board of Directors of Longview Aviation Capital. Any reversal of the pay reductions is a decision that must be made at the Board level. It is top of mind and as soon as we can reverse those we will.

Q. Last year we received some letters of intent (LOIs) for the Dash 8-400. Are these customers still interested?

Most were done during Dubai airshow. Sales team continue to interface with our customers and has been working diligently on converting the LOIs. A number are still in play and being actively

worked on. COVID-19 has slowed the discussions, but a number are still active and being pursued along with all other market leads.

Q. Any plans to develop a smaller version of the Dash-8 400, or a full cargo aircraft?

There is a smaller version we have always talked about, but the timing has to be right. There must be market demand and the economics must be right. As far as cargo aircraft, we have come to the market with the SPF, it is being received very well and we have received many orders. The designation is a 'temporary' configuration with the regulators. We are working to get that designation removed, so it can become a permanent configuration. Our target is by December 2020. We will also look at a full cargo freighter and a large door configuration. Some of the older aircraft are becoming very good aircraft for conversions to freighters.

Q. ERP: What system have we selected and when we will be moved over to it?

We are waiting to announce the provider as further negotiations are currently underway. We will share details as soon as we can.

Q. Are there any updates on the reported Amazon interest in the Dash 8-400?

There was a rumour floating around the site that Amazon had purchased 100 aircraft, that is not factual. What is factual is that we have had very early discussions with Amazon about how a Dash 8-400 could assist in their business. Sales and Marketing provided an overview of the product offerings we could provide that included a freighter strategy (SPF, full freighter to large door freighter and cargo combi). We are waiting for their feedback and but good interest with Amazon, but no firm order on horizon. We will continue to work diligently on a firm deal and will keep the discussions alive as we are early in the campaign.

Questions on recall:

Q. Is there any specific date for recalls in the Production line for Dash 8 program in Toronto?

Q. Still there are lots of people outside taking only wage subsidy, for those of us who are on a temporary lay off, when will we find out if we are coming back or being let go permanently?

Q. Do you have a plan or goal in mind of when members will be recalled?

Q. Can you please advise when we will be back to work?

Q. I heard you say that 130 people have been recalled so far. When do you anticipate that all laid off employees will hear a final decision regarding their recall or termination?



Once the wage subsidy ends (currently set at end of August?) will DHC either recall, or terminate each person?

We are ensuring that any re-start is done with careful consideration. We are consulting customers to reassure ourselves of their commitments to take the aircraft they have contracted us for. We are working through all re-start plans and monitoring the business regularly as the business environment changes. We still do not fully understand the full impact of COVID-19 on our operations and must fully understand that impact before we are able to accurately plan future production. All employees who are on lay off will be notified as soon as we are able.

Q. We have transitioned for just over a year now from Bombardier. Due to the COVID-19 virus, production has been impacted and many are still not back to work for obvious reasons. Lately, I have noticed that Upper Management has been changing as well. This is my question to you for DH Employees – are you and the company using this time to restructure/transition DH with a long-term plan and finally move away from Service Agreements (TSA) with Bombardier and become more autonomous with Longview Aviation Capital?

COVID-19 has upset the process of building out our strategic 2-5year plan. While we now know what is happening tomorrow, we are still working in the next few months to stabilize. There is no question we are having some changes in the leadership group, Todd Young retiring as well as a couple of others. With having Dave Riggs take the role of Chief Transformation Officer (CTO), just the title indicates that we are looking at transformation in our business. We are looking at extracting ourselves from the TSAs including the IT system. These are big investments with the view to the longer-term. We are looking towards the future, as our name states, we are in for the “Longview.”

Q. How is Longview’s cash flow?

We are working with our customers on receivables. All of our customers have been impacted and the team is working with every one of them to ensure that while we are providing services, we are also being paid. The same goes for AC deliveries. As we ramp up production, Todd and his team have had conversations with every company’s leadership to ensure we all have the same expectations on payment timelines. We are managing cash and meeting our obligations and being cautious in everything we do to ensure we have the capital required as we re-start production.

Q. Given the disruption in industry currently are there any plans to make strategic acquisitions to allow us to offer more turnkey solutions to customers?

I would say that we are always looking for opportunities, however; we are focussed on our business as it is today. Right now, our focus needs to be on our existing businesses returning to

health and being sustainable and it requires our full attention. If people have ideas, however, bring them to me (David Curtis).

Q. Can someone comment on when the fabrication department will be fully operational? Also, can someone comment on why it is ok for some departments to operate with only 1 person? It is not in the best interest of health and safety, if a department only has 1 person. If that person gets ill or takes vacation the department will run open.

We have recalled a portion of the fabrication group to support TSAs, the remaining group will be a part of the larger production line restart. Once we confirm delivery dates with customers and the master schedule is run, we will have a much better idea of when exactly that will be.

Q. In all of the messages to Operators ensuring them that the level of Customer Support would remain unchanged, there has been no specific reference to the RSOs, either their presence, the support they are providing or their future. Given that two RSOs have already been, or are in the process of being shut down, what is the future for those remaining and more to the point, their staff? The Viking support model appears to be 100% from within Canada, is this what the future holds for DHC also?

With respect to DHC and the RSOs, in response to COVID-19 and fleet utilization, we have made a conscious decision to close the RSOs, as mentioned two have been closed and we will be looking at closing two additional RSOs leaving only Sydney remaining. We will have international people continuing to work but will not have 'bricks and mortar' anymore. The cost structure of having those offices in region was too high so we made the decision. There was no particular decision to support just from Canada similar to Viking's support model. However, there has been some discussion about consolidating our distribution network. We will continue to look at that and define that.