



July 26, 2010

Dear DA42 Owner / Operator (North America),

Diamond is pleased to be able to provide you with comprehensive engine upgrade options for your DA42 TDI. Owners now have the choice of upgrading their DA42 with either Lycoming or Austro Engine power, or simply continue operating their Centurion engines. Also available are numerous options to turn your DA42 TDI into a virtually new aircraft, with all the features of new production DA42s. We continue to support the Centurion powered DA42 TDI, of course, including retrofit upgrades such as Synthetic Vision Technology (Garmin SVT), available in the very near future. We are also making available the serviceable used Centurion parts, removed during our conversions, to support the existing DA42 TDI fleet at lowest possible cost.

The best part of upgrading your DA42 TDI with new engines is that you will not only enjoy enhanced performance, reliability and comprehensive North American based after sales support, but also increased value and marketability of the converted airplane.

Diamond has worked very hard and spent an enormous amount of resources to develop and certify these retrofit options. We believe that our course of action has been the best possible and in the interest of all DA42 owners. Regardless of the long term prospects of TAE, these stand alone engine options assure the long term viability of your DA42.

The cost to convert is significantly subsidized by Diamond for all Customer Assistance Program subscribers. If you did not sign up for the original Customer Assistance Program, but want to benefit from the same special conversion pricing, please contact us directly to see how. Please also consider that when you convert, not only do you get higher performance zero time engines, you also will appreciate the reduced operating expenses that come with new factory warranties.

Whether you want to convert now or are only considering your future options, we invite you to study the enclosed information and contact us directly at [DA42conversions@diamondair.com](mailto:DA42conversions@diamondair.com) or 1-877-359-7736 to discuss the best options for your specific situation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Maurer", with a long horizontal flourish extending to the right.

Peter Maurer  
President, Diamond Aircraft Industries Inc.



July 26, 2010

## **DA 42TDI ENGINE CONVERSION PROGRAM**

Following our previous update of April 14<sup>th</sup>, 2010, we are pleased to provide you with the details and pricing for several engine and configuration choices now available to you and to advise you of our pro-active efforts to maximize the value of the delivered DA42 fleet.

Enclosed you will find pricing information for these choices, information about warranties and support, as well as factors to consider when making your decision.

Although the conversions are extensive, the benefits are well worth your consideration. You will enjoy improved performance, reliability and support now and in the future, along with enhanced value and desirability should you ever decide to sell. All work is done to the same high standards that applied to the manufacture of your airplane. The conversions are done exclusively at Diamond's factory in London, Ontario, Canada, for North American market customers.

### **Austro Engine Conversions**

Austro Engine conversions are now underway at our London facility and we will exhibit the first one of these aircraft at EAA AirVenture 2010 (Oshkosh, July 26<sup>th</sup> through August 1<sup>st</sup>). We invite you to inspect it there and challenge you to tell it from new.

There are many options available to you when converting to Austro Engine. You may convert only the engines or complete a full conversion to the specifications of a new production DA42 NG, which includes the sensational Garmin GFC 700 Automated Flight Control System with Yaw Damper, Synthetic Vision and many other options.

We are very excited to offer you a special incentive on the full DA42 NG specification factory conversion package, which even includes a 2 year / 2000 hour warranty, covering not only the new engines, but also the complete airframe and entire avionics system. This conversion also includes a fresh annual, 1000 hour inspection, and a cosmetic "make-over". This complete factory conversion to the full new production spec DA42 NG configuration (WAAS optional), will not only maximize the value of your DA42 and your enjoyment of your airplane, but will also enhance your ability to successfully sell your airplane, should you decide to do so in the future.

In addition to the full production spec NG conversion, customers may also choose to add extra cost options that are best installed while the aircraft is disassembled for the conversion.

For those customers who want to simply replace their Centurion engines with the Austro Engine AE 300s, that option is available as well.

### **Lycoming Conversion**

The Lycoming powered DA42 L360 has achieved instant popularity in markets where AVGAS 100LL is available and relatively affordable. Major institutional training organizations including Embry-Riddle Aeronautical University, Massey University, CAE, and others have made the L360 their standard multi-engine trainer. With the Garmin G1000 glass cockpit, fuel-injected, counter-rotating engines and optional ice protection system, the DA42 L360 offers significant advantages over legacy twin-engine trainers. These features also make the DA42 L360 ideal as a leaseback airplane for smaller flight training operations that offer multi-engine training and rental. Equipped with luxury options, the DA42 L360 is an attractive and capable personal airplane, especially when much of your flying is over open water or hostile terrain. To date, we have performed 28 conversions to L360 specification, in our London, Ontario facility.

### **Cost to Convert**

In the enclosures you will find the list prices for all conversions and options, along with information about the special Diamond-subsidized pricing to our Customer Assistance Program subscribers.

Customers who have not subscribed to the Customer Assistance Program, but want to benefit from the same special pricing may still do so, conditional on providing a general release of liability of Diamond Aircraft Industries, Inc. and Diamond Aircraft Industries GmbH from any claims relating to TAE / Centurion engines in DA42 aircraft or arising out of the insolvency of Thielert Aircraft Engines GmbH. While other Customer Assistance Program benefits will continue to be extended to existing Customer Assistance Program subscribers these are no longer available to other customers.

The special pricing is a time-limited offer and may be withdrawn by Diamond at any time without prior notice.

## **Deposit and Payment Terms:**

All conversions are subject to the following deposit and payment terms: US\$20,000 deposit with order, balance upon delivery, but no later than 7 days after “ready for delivery notice”. Customer is responsible for transportation of airplane to and from Diamond’s facility in London, Ontario.

## **Some Thoughts about DA42 Market Values**

Considering that all aircraft resale values have dropped significantly due to the worldwide economic conditions, it may not be reasonable to expect to fully recover one’s investment in any aircraft, including the DA42. We do, however, believe that a factory conversion to full NG specification will do much to enhance the value of any DA42. When you consider that a new DA42 NG has a current base price of approximately US\$ 680,000 and can cost US\$ 800,000 or more with the addition of Ice Protection, Platinum Interior, oxygen and other options, we believe that it is likely for a newly converted and similarly equipped DA42 to have a market value in the range of US\$ 150,000 to US\$ 200,000 below the price of a comparably equipped new airplane. We will be making best efforts to have insurance companies and financing providers recognize the value of your converted aircraft. While it is clear that no one can make guarantees regarding future values of any aircraft, we do believe that the cost of conversion will be offset by higher market values and salability.

The Lycoming (L360) conversion is priced very close to a basic Austro conversion and is also a viable and attractive option, especially if the aircraft is leased back for conventional multi-engine flight training or if the owner is apprehensive about the new technology powerplants. It is also the lowest cost engine conversion option. For reference, a base DA42 L360 is currently listed at US\$ 599,500.

### **USE OF INFORMATION**

The information provided above and following is a summary only of the DA42 TDI Engine Conversion Program and OEM Warranty Provider warranty provisions referred to which, while believed to be accurate at the time of preparation, remains subject to change without notice. The full text of all OEM Warranty Provider warranties in effect from time to time should be referred to for complete OEM Warranty Provider warranty information including terms, limitations, exclusions and application to particular circumstances. Please refer to the full text of guides or other sources of information identified in the summary. For further information on the DA42 TDI Engine Conversion Program please contact Diamond Aircraft Industries Inc. at [DA42conversions@diamondaair.com](mailto:DA42conversions@diamondaair.com) or 1-877-359-7736

## Attachment 1

### **Conversion to Lycoming powered DA42 L360**

#### **Description:**

The conversion includes all parts and labor for the engine conversion, specifically the items and tasks listed below. Additional items requiring repair, replacement or required for compliance with airworthiness standards, will be charged separately.

#### **What is included:**

- Incoming inspection and cleaning of aircraft
- Disassembly as required for conversion
- Verification of any additional work required or recommended in addition to the conversion
- Installation of new Lycoming engines, including new engine mount, new engine electrical harnesses, new engine sensors, new oil cooler, new prop governor, new Powerflow exhaust system, new cowlings
- New MT propeller assemblies
- Installation of new 6 lever throttle quadrant with modified rudder trim system
- Fuel system modification
- Installation of new engine annunciation software
- Flight test, all required documentation, certification and return to service

#### **Additional cost items:**

- Repair or replacement of any items that are not specific to the conversion but are required to return the aircraft to service
- Mandatory Service bulletin compliance, unless covered under warranty
- Annual inspection (customer option)
- 1000 hr inspection (customer option)
- Equipment upgrades (customer option)
- Flight or maintenance training

**Pricing:**

Note: All pricing is in US\$ and current as of this writing. Prices are subject to change without notice. Additional work required will be performed at our standard shop rate of US\$ 75/hr.

List price:.....US\$ 195,000

Special Diamond subsidized Pricing for  
Customer Assistance Program Subscribers:.....US\$ 125,000

**Warranty\*:**

<b>Component</b>	<b>Warranty Provider</b>	<b>Warranty Duration</b>
Engines	Lycoming	2 years / TBO
Propellers	MT-Propellers	2 years / 1000 hrs
Propeller Governor System	MT-Propellers	2 years / 2000 hrs
Conversion Airframe Parts	Diamond	2 years / 2000 hrs
Exhaust	Diamond	2 years / 2000 hrs
Exhaust Insert	Diamond	1 year / 1000 hrs

\*Note: This section is for information only. For actual warranty terms, limitations and exclusions, refer to specific warranty document of Warranty Provider. Diamond expressly does not warrant any items for which another Warranty Provider is specified. Any component that requires replacement or repair during the conversion process will be subject to existing warranty terms. The new warranties described above become effective upon the aircraft returning to service.

## Attachment 2

### **Conversion to Austro Engine powered DA42 NG**

When you choose to convert to Austro Engines, your choices range from the basic engine-only conversion to full new production specification, or anything in between. For your convenience, the details and pricing of the basic conversion are detailed in this Attachment 2. Attachment 3 describes the conversion to nearly full new production DA42 NG configuration, with special package pricing, representing the best conversion value. Attachment 4 describes options and pricing to allow you maximum flexibility in custom designing your DA42 NG to your personal specification.

### **Basic Conversion to Austro AE 300 Engines**

#### **Description:**

This conversion includes all parts and labor for the engine conversion, specifically the items and tasks listed below. Additional items requiring repair, replacement or required for compliance with airworthiness standards will be charged separately.

#### **What is included:**

- Incoming inspection and cleaning of aircraft
- Disassembly as required for conversion
- Verification of any additional work required or recommended in addition to the conversion
- Installation of new Austro Engines, including new four-point engine mount, new engine electrical harnesses, new FADEC system (EECU), new engine sensors, new heat exchangers (turbo intercooler, cabin heater, coolant), new turbocharger system, new exhaust system, new cowlings.
- Installation of new power levers (EECU resolvers)
- Installation of new engine annunciation software
- Conversion of MT propeller flange ("A" to "R" configuration)
- Airframe modification to increase MTOW to 1900 kg (4,185 lbs)
- Flight test, all required documentation, certification and return to service
- Austro Engine Maintenance Training credit for one, at Diamond's London facility (3 days with previous DA42 training; 5 days without)
- Differences Training (ground and flight) at DFC London (maximum 1 day)

**Additional cost items:**

- Repair or replacement of any items that are not specific to the conversion but are required to return the aircraft to service
- Mandatory Service bulletin compliance, unless covered under warranty.
- Equipment upgrades (customer option)
- Annual inspection (customer option)
- 1000 hr inspection (customer option)

**Pricing:**

Note: All US\$ pricing is current as of this writing and based on a US\$ / Euro exchange rate of 1.3. Final price may be adjusted to reflect prevailing exchange rate, depending on when the conversion is actually performed. US\$ pricing will be quoted and finalized for customer approval, prior to start of conversion. Prices are subject to change without notice. Additional work required will be performed at our standard shop rate of US\$ 75/hr.

List price:.....US\$ 220,740

Special Diamond Subsidized Pricing for  
Customer Assistance Program Subscribers:.....US\$ 130,000\*

\* Additional discounts may apply – see Customer Assistance Program

**Warranty\*:**

<b>Component</b>	<b>Warranty Provider</b>	<b>Warranty Duration</b>
Engines	Austro Engine	2 years / 2000 hrs
Propeller Governor System	MT-Propellers	2 years / 2000 hrs
Conversion Airframe Parts	Diamond	2 years / 2000 hrs

\*Note: This section is for information only. For actual warranty terms, limitations and exclusions, refer to specific warranty document of Warranty Provider. Diamond expressly does not warrant any items for which another Warranty Provider is specified. Any component that requires replacement or repair during the conversion process will be subject to existing warranty terms. The new warranties described above become effective upon the aircraft returning to service.

## Attachment 3

### **Conversion to Austro Engine powered DA42 NG**

When you choose to convert to Austro Engines, your choices range from the basic engine only conversion to full new production specification, or anything in between. For your convenience, the details and pricing of the basic conversion are detailed in Attachment 2. This Attachment 3 describes the conversion to nearly full new production DA42 NG configuration, with special package pricing, representing the best conversion value. Attachment 4 describes options and pricing to allow you maximum flexibility in custom designing your DA42 NG to your personal specification.

### **Conversion to new Production specification DA42 NG – Special Program**

#### **Description:**

The conversion includes all parts and labor for conversion to near current production DA42 NG specification, specifically the items and tasks listed below. Additional items requiring repair, replacement, or required for compliance with airworthiness standards will be charged separately.

#### **What is included:**

##### **Basic Conversion to Austro AE 300 Engines**

- Incoming inspection and cleaning of aircraft
- Disassembly as required for conversion
- Verification of any additional work required or recommended in addition to the conversion
- Installation of new Austro Engines, including new 4 point engine mount, new engine electrical harnesses, new FADEC system (EECU), new engine sensors, new heat exchangers (turbo intercooler, cabin heater, coolant), new turbocharger system, new exhaust system, new cowlings.
- Installation of new powerlevers (EECU resolvers)
- Installation of new engine annunciation software
- Conversion of MT propeller flange (“A” to “R” configuration)
- Airframe modification to increase MTOW to 1900 kg (4,185 lbs)
- Flight test, all required documentation, certification and return to service
- Austro Engine Maintenance Training credit for one, at Diamond’s London facility (3 days, with previous DA42 maintenance training; 5 days without)
- Differences Training (ground and flight) at DFC London (maximum 1 day).

**Additionally Included:**

- Installation of complete Garmin GFC 700 Automatic Flight Control System, including Servos, servo mounts, yaw damper, and replacement of Multi-Function Display
- Installation of Garmin SVT Synthetic Vision System
- New Main Landing gear brake discs, pads, tires and tubes
- New Nose Landing gear tire and tube
- Installation of overhauled MT propellers (exchange)
- 1000 hour inspection
- Annual inspection (requires FAA IA, included)
- Cosmetic interior and exterior detailing, including installation of new style wing-walk, minor paint touch up, interior shampoo and leather treatment.
- Full new aircraft production level flight test, all required documentation, certification and return to service

**Additional cost items:**

- Repair or replacement of any items that are not specific to the conversion but are required to return the aircraft to service
- Mandatory Service bulletin compliance, unless covered under warranty.
- Equipment upgrades (customer option)
- Repainting (other than minor touch-up), restriping, (customer option)
- WAAS compatible equipment (customer option)

**Pricing:**

Note: All US\$ pricing is current as of this writing and based on a US\$ / Euro exchange rate of 1.3. Final price may be adjusted to reflect prevailing exchange rate, depending on when conversion is actually performed. US\$ pricing will be quoted and finalized for customer approval, prior to start of conversion. Prices are subject to change without notice. Additional work required will be performed at our standard shop rate of US\$ 75/hr.

List price:.....US\$ 315,195

Special Diamond Subsidized Pricing for  
Customer Assistance Program Subscribers:.....US\$ 198,000\*

\* Additional discounts may apply – see Customer Assistance Program

**Warranty\*:**

<b>Component</b>	<b>Warranty Provider</b>	<b>Warranty Duration</b>
Engines	Austro Engine	2 years / 2000 hrs
Propellers, overhauled	MT-Propellers	2 years / 1000 hrs
Propeller Governor System	MT-Propellers	2 years / 2000 hrs
Airframe	Diamond	2 years / 2000 hrs
Avionics System	Garmin	2 years / 2000 hrs

\*Note: For information only. For actual warranty terms, limitations and exclusions, refer to specific warranty document of Warranty Provider. Diamond expressly does not warrant any items for which another Warranty Provider is specified. Any component that requires replacement or repair during the conversion process will be subject to existing warranty terms. The new warranties described above become effective upon the aircraft returning to service.

Attachment 4

**Additional Options**

The conversion of your DA42 is a great time to add those options you wish you had, while taking advantage of reduced labor costs, as the aircraft is already in a state of disassembly. There are many options available that enhance the appearance and improve the functionality or capability of the airplane. Listed below are options that are available for the different conversions, including pricing if installed at the time of conversion. We can also offer new exterior striping, change of registration, or even repaint, to truly make your airplane look brand new. For any other or special requirements, please contact us for an individualized quotation.

<b>Option</b>	<b>DA42 L360</b>	<b>DA42 NG Basic</b>	<b>DA42 NG Full Spec.</b>
2 x GIA63W WAAS compatible COM/NAV/GPS SEE IMPORTANT NOTE BELOW <sup>1</sup>	Not available	US\$17,300	US\$17,300
GFC700 with Yaw Damper	Not available	US\$47,000	included
Garmin SVT	Not available	US\$12,000	included
Platinum Interior, includes adjustable backrest and lumbar support for front seats, premium leather upholstery, electrically adjustable rudder pedals, premium carpet and miscellaneous custom trim panels.	US\$27,800	US\$27,800	US\$27,800
Large Canopy with overhead panel and sun visors– increases headroom and adds luxury and functionality dual adjustable acrylic sunvisors	US\$5,760	US\$5,760	US\$5,760
Electric adjustable rudder pedals (pair), included in Platinum Interior	US\$8,170	US\$8,170	US\$8,170
Propeller Overhaul (MT)	Not applicable	US\$6,700	included
1000 hr / annual inspection <sup>2</sup>	US\$2,250	US\$2,250	included
Full airplane 2 year / 2000 hr warranty	Not available	Not available	included

<sup>1</sup> Installation of WAAS compatible equipment is certified, however certification for flying WAAS approaches is pending for the DA42 NG (WAAS is not available in Europe).

<sup>2</sup> This includes the cost of inspection and return to service only (FAA IA required and included). Any items requiring repair, replacement, or rectification are charged separately.

## **Frequently asked questions:**

Question: Does the Austro engine have a “TBR – Time Between Replacement”, like the Centurion?

Answer: *No. The Austro Engine is designed to be overhauled like a conventional engine. More information is available in the **Austro Engine Customer Information Guide***

Question: What is the current TBO of the Austro Engine and how will it be extended? Is there a Life Extension Program and what are the financial implications?

Answer: *We have addressed the details of this in the **Austro Engine Customer Information Guide**. In summary, the engine’s current TBO of 1000 hrs will be extended progressively to an anticipated and intended 2000 hrs. (the Design TBO). Some scheduled inspections and replacement items are identified and will remain even as the TBO is extended. Additionally, some items have shorter temporary inspection intervals or periodic replacement requirements, that will be extended or removed, based on fleet operating experience. Pending this, Diamond will bear the direct cost associated with such extraordinary inspections and replacements, including parts, labor and partial shipping costs.*

*Pending extension of the TBO, customers will pay for an engine overhaul on a prorated basis; i.e. if an engine is overhauled at 1000 hours, the customer will pay 50% of the planned 2,000 hour overhaul cost.*

Question: How long does the conversion take and why does it cost as much as it does?

Answer: *The conversions are all very extensive, requiring the installation of many new airframe parts, changes to electrical, avionics, fuel and engine control systems, along with the engines and engine specific installation items and accessories. The labor to convert to either the Austro Engine or Lycoming (L360) is on the order of magnitude of 500 man-hours and requires approximately 6 weeks to complete.*

Question: Is the converted airplane certified in all countries that the DA42 TDI was originally certified in?

Answer: *No. Although the DA42 with Austro engines is certified under the original Type Certificate, it is a new model with new engines that requires country specific certification. Currently it is certified in Europe, the USA, former CIS countries, much of south-east Asia, and several other countries. Transport Canada certification is in process.*

*The DA42 L360 is certified under a Supplemental Type Certificate, held by Diamond Aircraft Industries (Canada). It is certified in the USA, Canada, New Zealand, Australia and India.*

*Additional country certifications are in process and / or will be pursued on an as needed basis.*

Question: What is the warranty for the Austro Engine?

Answer: *2 years / 2000 hrs. For details refer to the AE warranty document. Warranty administration in North America will be provided by Diamond Aircraft Industries Inc (Canada) Customer Support, under contract to Austro Engine. While the TBO is less than 2000 hrs, and engines require inspection at earlier intervals, Austro Engine will apply balance of warranty on the inspected / overhauled / exchanged engine, as applicable.*

Question: How is Diamond establishing technical support of the Austro Engine in North America?

Answer: *Technical Support will be provided to North American Customers directly through Diamond Aircraft Industries Inc (Canada) Customer Support. Our technicians have received Austro Engine specific training, we have already begun Service Center training and we have established a complete spare parts inventory, including complete engines and all regular service items.*

Question: How will the conversions affect my weight & balance and useful load?

*Answer: Both Lycoming and Austro conversions have a significant effect on W&B. In the case of the heavier Austro engines, the conversion includes a gross weight increase to preserve the useful load. The Lycoming has a revised weight and balance envelope, but no change in gross weight. We recommend that you review your specific airplane's W&B data with our customer service advisors to see how your specific airplane will be affected by the conversion.*

Question: Can I get copies of the DA42 NG and / or DA42 L360 POH to help me make a decision?

*Answer: Yes. All of our technical publications, including the flight manuals are accessible free of charge through our website, [www.diamondaircraft.com](http://www.diamondaircraft.com).*

Question: How do I book a conversion?

*Answer: Conversions for North American customers are performed at our facility on London, Ontario only. You can book a conversion directly through our Customer Service Department.  
[DA42conversions@diamondair.com](mailto:DA42conversions@diamondair.com); 1-877-359-7736*

Question: When can I get my conversion done?

*Answer: We are processing requests for conversions on a first come - first served basis, while trying to give priority to customers who are AOG or are about to go AOG as their Centurion engine times out. Depending on demand, we may adjust capacity to suit. Your Customer Service Advisor will provide specific schedule information upon request*

Question: Can the Centurion 155 hp 2.0S be installed in the DA42?

*Answer: This combination is not certified. Based on the service history of the 135 hp 2.0 I Centurion engine, which is operating at maximum 87% power of the 2.0S engine, the lack of resident North American customer service, and the uncertainty surrounding the long-term future of the insolvent Thielert Aircraft Engines GmbH company, Diamond will not be pursuing certification of the 2.0S under Diamond's Type Certificate.*

*There is however no technical reason why Centurion could not pursue an STC, independent of Diamond, similar to the planned STCs they have announced for several other aircraft models.*

Question: I can't decide which way to go. Can Diamond advise me what I should do?

*Answer: There is no single answer for all owners. It all depends on the remaining life of your Centurion Engines, whether you have 1.7 or 2.0 liter engines, how you use your airplane and what your future plans are for the airplane. We will be pleased to discuss the relative merits of each conversion to help you make the most informed decision possible.*

Question: Can the ice protection system be installed at the time of conversion?

*Answer: While technically possible, it is not economically feasible to do so and we recommend trading up to an aircraft equipped with ice protection. Please contact our sales department with your specific requirements.*

Question: I have heard that Diamond is developing an air conditioning system for the DA42 NG. Will this be retrofittable?

*Answer: Diamond is developing an electrically driven cabin air conditioning system for new production DA42 NGs. It is intended that such systems will be retrofittable for all Austro powered airplanes, however the extent of retrofit effort, price and availability remain to be defined.*

Question: My DA42 tdi has the FIKI option. Will the converted airplane be certified for Flight Into Known Ice (FIKI)?

*Answer: In the case of the Austro Engine conversions, yes. In the case of the Lycoming conversions, no. A FIKI certification program is very expensive and as such, we would need to see sufficient demand to justify pursuing such a certification program for the DA42 L360. The DA42 L360 does of course offer the same airframe ice protection system as the DA42tdi and DA42 NG, it is just not approved for flight into known ice. If a DA42tdi that is currently equipped with the ice protection system is converted to Lycoming power, propellers with the TKS ice protection provisions are included as part of the conversion.*

Question: Can I finance the engine conversion? Does Diamond offer factory direct financing for such conversions?

*Answer: Diamond does not offer factory direct financing. Unless there is adequate equity in the aircraft to be converted or other security is offered, it may be challenging to secure third party financing for an engine only conversion, especially if the aircraft is heavily encumbered, at least until market values for converted aircraft are established. We do however believe that an airplane converted to the full NG specification, with a complete factory warranty and new NG pricing as a baseline, will be the easiest to refinance under a single loan. We recommend that you contact an aviation financing specialist and will gladly refer you to several. One such company is Airfleet Capital that has financed numerous Diamond aircraft over many years. The principal is Steve Smestad who operates a DA42 tdi and as such his staff is most familiar with the overall situation.  
[www.airfleetcapital.com](http://www.airfleetcapital.com); 1-800-390-4324.*

Question: Does bonus depreciation apply to engine conversions?

*Answer: To the best of our knowledge, bonus depreciation applies to major airplane upgrade, including the engine conversions, and may return for 2010. It is our understanding that the conversion would qualify for Section 179 write-off as well. This can be a valuable tool in minimizing the actual cost to convert. We recommend you consult with an aviation tax specialist. One such company that we have worked with for many years is ADVOCATE CONSULTING LEGAL GROUP PLLC.  
[www.advocatetax.com](http://www.advocatetax.com); 1-888-325-1942.*