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Contact: Hollen Cromer
+1.901.259.4503
hcromer@apiworldwide.com

API Celebrates 20 Years in Aviation Business

MEMPHIS, Tenn., October 6, 2008 - Twenty years ago, Aerospace Products International (API) was a spunky startup of a Memphis FBO with a remarkably simple strategy: to focus all its energy and inventory in one location - Memphis, the emerging air express capital. This strategy allowed API to funnel all its resources into supplying one location with the right people, the right technologies and the right systems. Back then, this idea challenged the conventional wisdom that the best way to serve aviation customers was with a patchwork of branches scattered around the country. This startup business unit of AMR Services, a subsidiary of the parent that owned American Airlines, had the foresight to see that overnight shipping was about to change the way the world conducts business. Being located in Memphis, the home of Federal Express, API chose its strategy wisely.

In 1992, API merged with AMR Combs' distribution businesses, joining the AMR FBO chain. Though API was thriving, AMR Combs decided to refocus on its core airline business. In 1997, AMR sold its corporate maintenance business to Bombardier, its FBO chain to BBA's Signature Aviation and API to First Aviation Services, Inc. (FAvS). FAvS changed API's name from "Aircraft Parts, Inc." to "Aerospace Products International" and planned its worldwide growth with branches in Canada and Asia/Pacific.

First Aviation Services and API

Before First Aviation's acquisition, API was recording approximately twenty million plus in sales, and growing 25% a year. Even though the company was ranked number eight in the industry, API still didn't gain much attention due to the inherent nature of its business model. "Back then, the big guys never saw us coming," states Aaron Hollander, API Chairman and CEO. "We weren't announcing new branches, so people didn't think we were a threat. What our competition didn't see was that, more and more, MRO shops were doing

business differently. They were moving their inventory buy from 'just in case' to doing business 'just in time.'"

The world was changing and API was ready. API's strategy to focus its worldwide distribution center in Memphis was paying off. API was able to capitalize on the growing FedEx infrastructure. The cutoff time for shipments from the FedEx hub in Memphis was at 2:00 a.m. (Even after September 11, the cutoff is still an amazing 12:00 a.m. EST, unless AOG.) For the first time, customers could really trust that they could get all of the parts they needed from one location, with one phone call and have them arrive first thing in the morning. No one else in the aviation parts distribution industry could offer this service.

At the same time, internet business was becoming more popular, making API's single point distribution model even more compelling. An increasing number of Original Equipment Manufacturers (OEMs) were qualifying API as an Authorized Distributor and a Master Distributor of their product lines.

The Challenges of Growth

With the exponential growth in product lines and the continued growth of the company, API needed to make a number of strategic moves to position itself for the next decade. By the end of 2005, API decided to tackle a massive computer system upgrade to the SAP enterprise system, the German software giant that has become the de-facto standard in the aerospace industry. At the same time, API launched a new service called ESPTM, a web-based inventory tracking software that operates from a handheld device. Then at the beginning of 2007, API consolidated its Memphis warehouses into a new, state-of-the-art 172,500 sq. ft. distribution center. During that same time, another international API subsidiary was launched in Shanghai, China.

It was a big agenda. Josh Krotec, API VP Business Development, remarks, "The strategy was dead-on. However, we were implementing all of these new systems and opening international centers in lieu of focusing on our core business: our customers. We were known for the best service in the industry; and it suffered. Fortunately, we have loyal customers and vendors who could see the long term benefits and stayed with us until we recovered."

As the company regained its footing, API needed new direction. In June 2007, Mr. Hollander recruited Dr. Ahmed Metwalli to API as President and COO. Dr. Metwalli is an industry veteran with over twenty years at Lockheed, and he was part of the team that turned around Kellstrom Industries. "What I saw was an innovative company with the best infrastructure in the industry. API has great people and an excellent strategy. It has everything needed for success." Dr.

Metwalli guided the effort to return API to its roots of providing outstanding service, cutting-edge technology, and creative solutions to our customers.

A Flurry of New Business

Since Dr. Metwalli's arrival, API has been relying on the company's worldwide presence and best-in-sector technology to get the company back on track. API's back-to-the-basics focus worked. Over the last 24 months, API announced a number of new programs. Dassault Falcon Jet chose API as its 3PL provider in China. JetBlue Airways and Air New Zealand selected API to handle their chemicals management programs. Lufthansa's Aircraft Training Center - Arizona (ATCA) chose API to provide turn-key inventory management and logistics services at the ATCA facility in Goodyear, AZ. Additionally, API has expanded its long-term contracts with Honeywell to include supply chain management via ESP™ at Honeywell's Tucson, AZ, MRO center. Furthermore, Honeywell and Rolls Royce selected API as the exclusive worldwide logistics partner for the LHTEC T800 turboshaft engine.

Today, API celebrates 20 years in the aviation parts distribution and supply chain management industry. API is the largest independent and the number two (after Boeing's AvaiII subsidiary) distributor of consumables in North America. The company recently announced its best quarterly numbers in over two years. In summation, Dr. Metwalli reflects, "We are well-positioned for the future. We have the people, the technology, the systems."

About Aerospace Products International

API offers worldwide customer service 24 hours per day, 7 days per week, 365 days per year (+1.888.API.24X7 or +1.888.274.2497) through strategically located distribution centers and partnerships in the USA, Canada, China, Philippines and Europe.

Aerospace Products International, Inc., headquartered in Memphis, Tenn., is a wholly-owned subsidiary of First Aviation Services, Inc. and a leading supplier of innovative distribution and supply chain services for the aviation industry. API distributes aircraft parts and related products and components to manufacturers, maintenance providers, and operators of some of the most widely used commercial, corporate and general aviation aircraft. In addition to its product supply services, API offers the aviation industry extensive supply chain management and third-party logistics services and solutions, including forecasting and procurement services, inventory management, rotables management, and product sales. API also offers overhaul and repair services for brakes and starters/generators, and builds custom hose assemblies. More information is available at <http://www.apiworldwide.com>.

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