

From: Darren Indyke <[REDACTED]>

To: Jeffrey Epstein <jeevacation@gmail.com>, Larry <[REDACTED]>

Subject: Fwd: BBJ SN 30884 [CC-MERO.FID1500434]

Date: Wed, 14 Dec 2016 12:36:50 +0000

Attachments: Aircraft_Specs.DOC

Embedded: mime-attachment

Inline-Images: image001.png; image002.png

Sent from my iPhone

Begin forwarded message:

From: "Nelson, Michael" <[REDACTED]>
Date: December 14, 2016 at 3:18:47 AM EST
To: Darren Indyke <[REDACTED]>
Cc: Larry <[REDACTED]>, Rob DiCatri <[REDACTED]>, "Ashok Kumar" <[REDACTED]>, Claire Brugirard <[REDACTED]>, Husham Osman <[REDACTED]>, "Krishnan N. V." <[REDACTED]>, "Bisset,Mark" <[REDACTED]>, "Marrinan, Joseph" <[REDACTED]>, "Mehta, Natasha" <[REDACTED]>
Subject: RE: BBJ SN 30884 [CC-MERO.FID1500434]

Dear Darren,

Thank you for your email, that's noted.

In the meantime and for completeness, please find attached the updated aircraft specs (with the details for the 3rd engine now inserted) and the inspection scope.

Kind regards,

Mike

Michael Nelson
Senior Associate | Clyde & Co
Direct Dial: +971 4 384 4347 | Mobile: [REDACTED]



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EFTA00663825

From: Darren Indyke [mailto: [REDACTED]]
Sent: 13 December 2016 01:02
To: Nelson, Michael
Cc: Larry; Rob DiCastrì; Ashok Kumar; Claire Brugirard; Husham Osman; Krishnan N. V.; Bisset,Mark; Marrinan, Joseph; Mehta, Natasha
Subject: Re: BBJ SN 30884 [CC-MERO.FID1500434]

Mike:

Thank you for your email. There is to be a board meeting next Tuesday, so I do not anticipate having an answer until after the Christmas holiday. Unfortunately, I don't believe we will be able to have a signed contract before the December 18 commencement date. We will have to address this after the holiday.

Regards,

DARREN K. INDYKE
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On Dec 12, 2016, at 10:59 AM, Nelson, Michael [REDACTED] > wrote:

Dear Darren,

Further to the emails below, can you please confirm whether the Aircraft Purchase Agreement is now agreed (subject to the insertion of the aircraft specs and the inspection scope)?

For reference, please find attached the aircraft specs provided by Royal Jet (note that information on times and cycles still needs to be provided in relation to the 3rd engine). The inspection scope will follow.

In order that we don't lose the spot with Etihad, is the Purchaser able to confirm to Etihad that the Purchaser will be proceeding with the inspection on 18 December?

Looking forward to finalising the Aircraft Purchase Agreement and proceeding to signing and inspection.

Kind regards,

Mike

Michael Nelson
Senior Associate | Clyde & Co
Direct Dial: +971 4 384 4347 | Mobile: + [REDACTED]

[<image001.png>](#)

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[<image002.png>](#) Follow us on twitter [@AviationClydeCo](https://twitter.com/AviationClydeCo)

Airline Economics Law Firm of the Year (2016)

Who's Who Legal Aviation Firm of the Year 2005 - 2016

From: Nelson, Michael [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: 07 December 2016 16:31
To: 'Darren Indyke'
Cc: 'Larry'; 'Rob DiCastrì'; 'Ashok Kumar'; 'Claire Brugirard'; 'Husham Osman'; 'Krishnan N. V.'; Bisset,Mark; Marrinan, Joseph; Mehta, Natasha
Subject: RE: BBJ SN 30884 [CC-MERO.FID1500434]

Dear Darren,

Further to the emails below, we have now discussed the points raised with Royal Jet.

To keep matters moving forward, please find attached a revised draft of the Aircraft Purchase Agreement (in clean and red-line against the last draft) (which remains subject to the further review of Royal Jet).

Please note the following:

- Section 1.2:** Royal Jet have agreed that all 3 engines may undergo the boroscopic examinations at the same time prior to the main pre-purchase inspection. Royal Jet will require that, at the least, those examinations follow the inspection process for the aircraft itself in that the engines should be accepted if they are in the Delivery Condition (rather than there being a wider discretion). Note that Royal Jet are incurring costs in grounding two aircraft to complete these examinations and potential swaps and that the inspection process is already in the Purchaser's favour given it is rare there is no discrepancy requiring rectification.
- Section 3(c):** Royal Jet accepts that the Purchaser will not have complete control over Etihad, so we have made the requirement to commence the inspection by 18 December subject to the availability of Etihad. As a general point, it is important that we finalise the Aircraft Purchase Agreement and confirm this slot quickly so we do not lose it.
- Section 3(d):** Boroscopic examinations of the engines are now excluded from the main pre-purchase inspection given they will already have been carried out.
- Section 3(e):** Royal Jet will permit further flight tests to be carried out, but if they are not necessary as per manufacturer's maintenance manual for release to service then the Purchaser should pay for them.
- Section 3(f):** Royal Jet has agreed to remove the time limit on provision of the inspection report (so it will simply be provided "*as soon as is reasonably practicable*").
- Section 14(a):** Given we have not made any progress in inserting an actual amount for the combined single limit, in order to move this forward, we have simply made reference to a market standard amount.
- Section 15(f):** We have corrected the typos referenced below.

We will forward the aircraft specs and inspection scope to you once received from Royal Jet. Once those are inserted, we should be able to put the Aircraft Purchase Agreement into execution form and proceed with signing.

We look forward to hearing from you.

Kind regards,

Mike

EFTA00663827

Michael Nelson
Senior Associate | Clyde & Co
Direct Dial: +971 4 384 4347 | Mobile: [REDACTED]

<image001.png>

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From: Nelson, Michael [REDACTED]
Sent: 06 December 2016 23:39
To: 'Darren Indyke'
Cc: Larry; Rob DiCastrì; Ashok Kumar; Claire Brugirard; Husham Osman; Krishnan N. V.; Bisset,Mark; Marrinan, Joseph; Mehta, Natasha
Subject: RE: BBJ SN 30884 [CC-MERO.FID1500434]

Dear Darren,

Thank you for your email.

We'll discuss with Royal Jet and revert to you as soon as possible.

For good order, we have noted that there is a typo in Section 15(f) (*notices*) with Royal Jet being referred to as the Purchaser and Plan D being referred to as the Seller, which will need to be corrected.

Kind regards,

Mike

Michael Nelson
Senior Associate | Clyde & Co
Direct Dial: +971 4 384 4347 | Mobile: [REDACTED]

<image001.png>

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From: Darren Indyke [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: 06 December 2016 03:18
To: Nelson, Michael
Cc: Larry; Rob DiCastrì; Ashok Kumar; Claire Brugirard; Husham Osman; Krishnan N. V.; Bisset,Mark; Marrinan, Joseph; Mehta, Natasha
Subject: Re: BBJ SN 30884 [CC-MERO.FID1500434]

Mike:

Please note the following comments in response to your email below and your attached revisions:

1. Engine Selection. If I understand it correctly, your revised draft provides for conducting boroscopic examinations of the two engines, E1A and E1B, prior to the pre-purchase inspection, but not to have the boroscopic examination of Engine 2 until the pre-purchase inspection. In addition, your draft requires the results of the inspections to be used to decide between the engines E1A and E1B but not to serve as a basis to reject or require correction of any discrepancies noted with respect to the selected engine. In response, we believe it makes good sense to conduct the boroscopic examination of all three engines at the same time, prior to the pre-purchase inspection. Moreover, while we agree that the results of the inspection should aid Plan D in its selection between the two Engines, E1A or E1B, 1 that may be included with the purchase, the results of the inspections of all three engines should also serve as a basis to reject the entire transaction or to require the correction of discrepancies. With regard to the rejection of the transaction based on the results of the boroscopic examination, this is the one area in which Plan D requires discretion to determine whether or not to

proceed with the transaction, regardless of whether the results are deemed to create an actual airworthiness issue. This decision will be made following the engine boroscopic examination, prior to the pre-purchase inspection, so there would be no prejudice to Royal Jet in Plan D having such discretion.

2. Follow-Up Flight Tests in Section 3(e). In addition to any follow up flights that may be required in accordance with the provisions of your revised Section 3(e), whether or not required by the maintenance manual, Plan D requires a final follow-up flight of not more than 1 hour in duration after work is done to ensure that no issues have arisen from the completed work, including for example noise or vibration issues, etc.

3. Sections 3(c) and 3(f) - the timing requirements of these two provisions are not within the total control of Plan D. Plan D will take reasonable efforts to ensure a Dec 18 start date, and the delivery of an inspection report within 5 business days after the completion of the pre-purchase inspection, but it cannot contractually guarantee it, as it does not control Etihad.

4. I am asking that both the Spec sheet for the Aircraft and the Scope of the C1 inspection be independently submitted to me and be attached to the contract so that i may confirm a meeting of the minds between the Seller and Purchaser as to content of both.

I look forward to your reply.

Best,

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On Dec 5, 2016, at 4:14 AM, Nelson, Michael [REDACTED] wrote:

Dear Darren,

Further to the emails below and to move matters forward, please find attached a revised draft of the Aircraft Purchase Agreement (in clean and red-line).

Please note the following points:

- **Engine Selection:** We have included wording in Section 1.2 on the boroscopic examinations and the selection of either engine MSN 876170 or engine MSN 888148.
- **Purchase Price Reduction:** At the end of Section 5, we have included the US\$100,000 discount should closing occur on or prior to 31 December 2016. Note that the closing may still occur after this date, but without the purchase price reduction.
- **Insurance:** In Section 14, please check with your insurers / operator and let us know the level of the combined single limit that the aircraft will be insured for (we expect that will be sufficient for Royal Jet).

We look forward to hearing from you as soon as possible in order that we may finalise the Aircraft Purchase Agreement.

Kind regards,

Mike

Michael Nelson
Senior Associate | Clyde & Co
Direct Dial: +971 4 384 4347 | Mobile: [REDACTED]

<image001.png>

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From: Nelson, Michael [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: 27 November 2016 18:44
To: 'Darren Indyke'
Cc: Rob DiCastrì; Claire Brugirard; Husham Osman; Ashok Kumar; Bisset, Mark; Marrinan, Joseph; Mehta, Natasha
Subject: RE: BBJ SN 30884 [CC-MERO.FID1500434]

Dear Darren,

Thank you for your email.

Noted in relation to the inspection location, we are taking our client's instructions on that and I understand our respective clients will speak direct on the point.

In relation to the other points which you think the Purchaser can "work through", can you please let us have your response in relation to each of the specific points raised so Royal Jet is clear on the Purchaser's position? In particular, what is the Purchaser's position on proceeding to delivery and closing by the end of the year?

As an additional point, it would also be helpful to understand what the Purchaser's position now is in relation to the engine change. If that is to be done, it would need to be done in Abu Dhabi (given one of Royal Jet's other aircraft needs to be grounded to accomplish that).

We look forward to hearing from you.

Kind regards,

Mike

Michael Nelson
Senior Associate | Clyde & Co
Direct Dial: [REDACTED] | Mobile: [REDACTED]

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From: Darren Indyke [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: 24 November 2016 19:26
To: Marrinan, Joseph

Cc: Nelson, Michael; Rob DiCastri; Claire Brugirard; Husham Osman; Ashok Kumar; Bisset, Mark; Mehta, Natasha
Subject: Re: BBJ SN 30884 [CC-MERO.FID1500434]

Thank you for your email. We should be able to work through all of your requirements except that the location of the pre-buy at Jet Aviation in Basel remains a requirement by Purchaser. As indicated in my draft we will pay for repositioning and will be happy to discuss any other concerns you may have regarding the pre-buy's location. I look forward to hearing from you and moving forward.

Best,

Darren Indyke.

Sent from my iPhone

On Nov 23, 2016, at 2:31 PM, Marrinan, Joseph [REDACTED] wrote:

Dear Darren,

I work with Mike and I am following up on this matter. Royal Jet have discussed the matter internally and have the following comments (which numerically correspond to the points raised in the "additional comments" list of your email of 17 November):

1- The Purchase Price was agreed at US \$17,500,000.00 on the understanding and agreement that the Pre-Purchase Inspection take place at Etihad Airways Engineering, Abu Dhabi, International Airport, United Arab Emirates (or such other facility that is located in the United Arab Emirates). This remains Royal Jet's position.

2- It was agreed that Royal Jet would deliver the two auxiliary fuel tanks as part of the Agreement. It was not agreed that Royal Jet would also deliver all parts, components and materials necessary to install the fuel tanks on the Aircraft. This remains the position.

3- Royal Jet agreed to deliver the Aircraft, albeit under no obligation to do so, configured and equipped as required by, and otherwise in full compliance with the requirements of, FAA STC ST9766SC-D. Royal Jet did not commit to delivering a 19 seat configuration STC. Again this remains the position.

Notwithstanding the above, and in effort to progress this matter, Royal Jet would be willing to discount the Purchase Price by US \$100,000.00 on the understanding that the following conditions are met / agreed by your client:

- a) the Aircraft Sale and Purchase Agreement is signed by 28 November;
- b) the Pre-Purchase Inspection takes place as previously agreed (i.e. it takes place in the UAE);
- c) the fuel tanks are delivered in an "as is, where is" basis (Royal Jet will have no obligation to deliver any equipment or parts necessary to install the fuel tanks on the Aircraft);
- d) Escrow Agent fees are for the account of your client; and
- e) the transaction completes by 31 December (whether the Pre-Purchase Inspection / rectifications are completed or not).

If the deadline of 31 December is not met for whatever reason, the reduction of the Purchase Price by US \$100,000.00 would cease to be available but the transaction could still complete. However in such an instance the transaction would still be subject to the conditions set out at a) – d) above.

If this proposition is agreeable to your client, we can circulate a revised draft of the Aircraft Sale and Purchase Agreement accordingly.

Kind regards

Joe

Sent from my BlackBerry 10 smartphone.

From: Nelson, Michael

Sent: Wednesday, 23 November 2016 18:40

To: Darren Indyke

Cc: Rob DiCastrì; Claire Brugirard; Husham Osman; Ashok Kumar; Bisset, Mark; Marrinan, Joseph; Mehta, Natasha

Subject: Re: BBJ SN 30884 [CC-MERO.FID1500434]

Dear Darren,

Thank you for your email below.

Royal Jet discussed this matter yesterday at board level and we will respond shortly with their position. We were not able to respond immediately given there have been some changes in the Purchaser's commercial proposal since the last draft of the Aircraft Purchase Agreement which required consideration and discussion.

Royal Jet remains committed to proceed quickly with this transaction.

Kind regards,

Mike

Michael Nelson

Clyde & Co

Dubai, UAE

Mob: [REDACTED]

From: Darren Indyke

Sent: Wednesday, November 23, 2016 1:11 PM

To: Nelson, Michael

Subject: Re: BBJ SN 30884 [CC-MERO.FID1500434]

Mike,

Please update me regarding comments. The Thanksgiving holiday begins tomorrow and office will be closed. Let's move this forward. Thanks.

Sent from my iPhone

On Nov 21, 2016, at 11:49 AM, Nelson, Michael [REDACTED] wrote:

Dear Darren,

Email received, thank you.

Royal Jet are discussing internally (and have a board meeting tomorrow to consider the points raised).

Kind regards,

Mike

Michael Nelson

Clyde & Co

Dubai, UAE

Mob: [REDACTED]

From: Darren Indyke
Sent: Monday, November 21, 2016 4:46 PM
To: Nelson, Michael
Cc: Larry; Rob DiCastrì; Claire Brugirard; Ashok Kumar; Husham Osman; Bisset,Mark; Marrinan, Joseph; Mehta, Natasha
Subject: Re: BBJ SN 30884 [CC-MERO.FID1500434]

Mike,

I wanted to make certain that you received my email below. Can you please confirm receipt. Also, do you have a sense of when you will be able to discuss this with your team and get back to me with a response? Please let me know. Thank you.

Best,

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On Nov 17, 2016, at 3:34 PM, Darren Indyke <[REDACTED]> wrote:

Please see a revised draft of the purchase agreement attached, along with a redlined pdf of the same.

Please note the following incorporated in the draft:

1. Plan D accepts a June 30, 2017 compliance date for the ADs and SBs in Section 2(a)(v)
2. Please see the proposed compromise language for the Delivery condition in Section 2(a)(viii) relating to material damage history and corrosion.
3. We appreciate your acceptance of the language in former Section 2(a)(xi), now 2(a)(xiii)
4. I have incorporated language in Section 3(d) based on your latest comments.
5. We appreciate your acceptance of 3 hours in Section 3(e). I have again deleted the language about limiting any subsequent flight tests to what may be necessary in the maintenance manual. Under many circumstances this would be acceptable, but Purchaser still requires some flexibility for unforeseen issues. As long as the request for a follow up test flight is reasonably necessary to ensure correction of the Discrepancy, you will be able to argue if Purchaser is being unreasonable. The likelihood is that the parties will work together to do what's right, so the flexible concept of reasonableness would seem to be a logical approach.
6. We accept your comments on Sections 3(g) and (h).
7. We accept you comments on Section 3(i)
8. I have have included the "bona fide" language in Section 5(e)(i).
9. We appreciate your acceptance of the best knowledge rep and warranty and I have incorporated this into Section 8(a).
10. We accept your comments and the language of Section 14. We need to finalize the dollar limits of the policy.

Additional comments:

1. The team has concluded that the Pre-Purchase Inspection should take place at Jet Aviation in Basel, Switzerland on December 16, 2016 I have made changes to Section 3(a) to address this. The DAR correctly pointed out that Purchaser can have no control over the Inspection Facility's commencement of the inspection, but we are making arrangements to schedule the Pre-Purchase Inspection for December 16, 2016. I modified Section 3(c) to provide that Purchaser shall take all reasonable steps to cause the inspection facility to commence the inspection by that date.
2. The DAR has advised that the Purchase Agreement should ensure that included with the aux fuel tanks are all the materials, parts and components needed to install the same on the Aircraft. The Purchase Agreement should also require that the tanks were removed and have been stored in accordance with the manufacturer's maintenance manual requirements, that they are in airworthy condition and will be delivered with all parts, components and materials needed to install the tanks and return the Aircraft to service with the tanks installed. For your consideration, I have changed the definition of aircraft and added a delivery condition 2(a)(x) to address this comment from the DAR.

3. The DAR has advised that in order to be issued a US C of A, the aircraft would have to comply with the original FAA STC and not the subsequent EASA STC. For your consideration, I added Delivery Condition 2(a)(ix)

4. Section 3(f), Purchaser cannot control the timing of the inspection facility's delivery of the inspection report. I have changed Section 3(f) to provide that purchaser shall take all reasonable steps to procure that the Inspection Facility provides a written inspection report in relation to the Pre-Purchase Inspection to Purchaser and Seller as soon as is reasonably practicable after the completion of the Pre-Purchase Inspection.

5. I spoke with AIC Title about the fee which you suggested might be too high and may include the cost of FAA registration for which Royal Jet should not be responsible. AIC Title informs me that the fee it would charge for only document handling and title search (i.e., escrowing and disbursing documents, title searches at the FAA and IR, and filing any docs with the FAA and IR) would be a total of \$400. The bulk of the Escrow Fee is attributable to the handling of the money. The portion of the \$15K attributable to filing a FAA registration would be negligible.

6. I corrected the section number references in Section 11(c)

7. I inserted reciprocal carve-outs for gross negligence and willful misconduct in the indemnity provisions of Sections 14(b) and (c).

8. I changed the dates of the documents from October to November.

9. I made changes to the definition of "Aircraft" to incorporate the materials, parts and components of the aux fuel tanks to be consistent with the change to the definition of "Aircraft" made in the whereas clause of the Purchase Agreement.

10. To ensure that all parties are in complete agreement, I would appreciate it if you would send me a current Exhibit A and a current Exhibit B.

Thank you for your patience. I look forward to your reply.

Best,

DARREN K. INDYKE
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New York, New York 10022
Telephone: (212) 971-1314
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Mobile: [REDACTED]
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On Nov 7, 2016, at 8:48 AM, Nelson, Michael [REDACTED] wrote:

Dear Darren,

Thank you for your email.

Please see below Royal Jet's position in green and upper case.

We look forward to receiving your comments and the updated draft of the Aircraft Purchase Agreement.

We will send an updated Schedule A to you once received from Royal Jet.

Kind regards,

Mike

Michael Nelson
Senior Associate | Clyde & Co
Direct Dial: +971 4 384 4347 | Mobile: [REDACTED]

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From: Darren Indyke [mailto:[REDACTED]]
Sent: 05 November 2016 17:54
To: Nelson, Michael
Cc: Larry; Rob DiCastrri; Claire Brugirard; Ashok Kumar; Husham Osman; Bisset,Mark; Marrinan, Joseph; Mehta, Natasha
Subject: Re: BBJ SN 30884 [CC-MERO.FID1500434]

Mike,

I have marked my responses in red next to each of your comments below. Once we resolve the issues, I will make any finer revisions to the purchase agreement. Also, although I understand that Larry has received a Schedule A previously, so that I am clear that we are all working from the same document, would you please forward an updated Schedule A to me. I apologize for the delays caused by my own schedule, but I very much hope that we can now move this forward as quickly as possible. In addition, as I have only today finished with my litigation issues, I have not had time to discuss the matters fully with my client. Consequently, your draft is subject to further review and comment from Plan D, LLC.

I will look forward to hearing from you when you return early next week.

Best,

DARREN K. INDYKE
DARREN K. INDYKE, PLLC

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On Oct 20, 2016, at 2:42 PM, Nelson, Michael [REDACTED] wrote:

Dear Darren,

Thank you for your email below.

Please find attached a revised draft of the Aircraft Purchase Agreement (in clean and red-line).

Please note the following comments:

1. Section 2(a)(v): Royal Jet can't agree to rectify prior to delivery ADs and SBs with a compliance date far in the future. As a compromise, they can agree to rectify prior to delivery those ADs and SBs with a compliance date on or before 31 December 2016. If an AD or an SB is issued, it affects the value of the aircraft, regardless of when it is repaired. There is a limit of \$500K, so you have adequate protection against payment of amounts greater than a threshold beyond which you have discretion as to whether or not to proceed without impunity. So, I believe it is unfair to limit a time frame. That being said, Purchaser will agree that the Delivery Condition will require addressing all ADs and SBs issued prior to closing with compliance deadlines on or before December 31, 2017. So, if an AD or SB is issued prior to closing and its compliance date is any time on or before December 31, 2017, it is a discrepancy and requires correction, subject to the \$500K threshold. ROYAL JET WILL ACCEPT MANDATORY ADS AND MANDATORY SBS WITH A COMPLIANCE DATE ON OR BEFORE 30 JUNE 2017, WHICH IS AS MUCH AS A SELLER IS LIKELY TO ACCEPT (GENERALLY, 3 RATHER THAN 6 MONTHS WOULD BE MORE COMMON). REQUIRING COMPLIANCE OVER ONE YEAR IN THE FUTURE IS NOT ACCEPTABLE.
2. Section 2(a)(viii): Royal Jet proposes "major damage history outside manufacturer's tolerances". This also does not work for me. Because the implication from this language is that there is non-major damage history outside of manufacturer's tolerances. Anything outside of manufacturer's tolerances is unacceptable. Why can we not just leave it as no material damage history? Frankly, if some material damage history is found during document inspection that we were unaware of, I need the purchaser to have a little flexibility. ROYAL JET CAN AGREE TO "NO MATERIAL DAMAGE HISTORY". FOR CLARITY, WE COULD INCLUDE SOME LANGUAGE ALONG THE LINES OF THE FOLLOWING TO STATE THAT THE FOLLOWING SHOULD BE EXCLUDED: "SCRATCHES, DENTS, REPAIRS CARRIED OUT AS PER MANUFACTURER'S APPROVED DOCUMENTATION AND ANY DAMAGE WITHIN MANUFACTURER'S TOLERANCES".
3. Section 2(a)(xi): The determination by the DAR of the aircraft being able to obtain a US certificate of airworthiness is still under consideration by Royal Jet. Notwithstanding the US\$500,000 threshold on

rectifications, Royal Jet is not keen to proceed where the extent of those rectifications will be subject to a DAR whose guidelines are unknown to Royal Jet. I understand that Claire from Royal Jet has been liaising with Larry on seeing the aircraft when it is in New York on 26 October. Would it be possible for a DAR to see the aircraft then to narrow the issues on this point? It may be helpful for the DAR to do this in order that the parties know if there is, in fact, any issue here and can then proceed accordingly. I understand that your team, Larry and the DAR are working this. ROYAL JET WILL ACCEPT THIS LANGUAGE.

4. Section 3(d): Royal Jet are unable to permit the Purchaser's representatives to "participate in" and "assist with" the pre-purchase inspection (but they are, of course, welcome to "observe"). This would not be appropriate for third parties to do, but there are also legal certification issues to consider. The issue is what it means to participate. If I better understood your concerns, I might be able to suggest something. My problem is that we will now be dealing with a facility that we do not know. If the Purchaser's representatives or the DAR need something done in connection with the inspection, I am not suggesting that the representatives have to physically do the work, but I am insisting that they have input on what and how the particular inspection item be carried out, particularly where it may relate to a US Airworthiness issue. ROYAL JET CONFIRMS THAT IT IS HAPPY FOR PARTICIPATION TO OCCUR PROVIDED THAT DOES NOT AMOUNT TO PHYSICAL WORKING ON THE AIRCRAFT. ROYAL JET IS HAPPY FOR INPUT TO BE PROVIDED ON HOW THE INSPECTION PROCEEDS SUBJECT TO MUTUAL AGREEMENT WITH THE ROYAL JET ENGINEERS.
5. Section 3(e): We propose that we compromise on a flight test duration of 2 hours. In addition, further flight tests should only be undertaken to check the rectification of discrepancies if that is necessary to evidence such rectification pursuant to the manufacturer's maintenance manual. I am informed by the DAR that the flight test is to be the Boeing Next Generation Flight Check Profile, which takes approximately 3 hours to complete. So, 3 hours is necessary. Moreover, I do not think the purchaser should be required to get into a dispute as to whether a follow up test is required. If it is something the purchaser reasonable requires under the circumstances, it should be allowed. ROYAL JET ARE NOT AWARE OF THE REQUIREMENT FOR THE 3 HOUR TEST FLIGHT TO WHICH YOU REFER, BUT WILL, NONETHELESS, ACCEPT 3 HOURS.
6. Section 3(g) and (h): We have followed the acceptance process set out in the LOI. The Purchaser should not have discretion to accept the aircraft regardless of its compliance with the Delivery Condition. Further, if the Purchase fails to participate in the acceptance process, it should be deemed to have technically accepted the aircraft (subject to rectification of discrepancies). Let's get back to this discretionary issue after we resolve the others. As to the non-response equals acceptance point, I cannot accept that. I cannot sanction a provision that creates the possibility of the inadvertent technical acceptance of a \$17.5 MM aircraft. The whole purpose of certificates of acceptance and rejection is for the parties to make their intentions very deliberate and clear. ROYAL JET'S CONCERN IS THAT THE PURCHASER IS NOT TIED TO THIS DEAL. IF THE AIRCRAFT IS IN THE DELIVERY CONDITION OR, FURTHER, IF THE AIRCRAFT IS NOT IN THE DELIVERY CONDITION BUT ROYAL JET IS CAPABLE OF RECTIFYING DISCREPANCIES IN FULL AND PUTTING THE AIRCRAFT IN THE DELIVERY CONDITION, IT WOULD LIKE THE PURCHASER TO BE OBLIGATED TO PURCHASE THE AIRCRAFT (OTHERWISE, ONE OF THE MAIN POINTS OF HAVING THE DELIVERY CONDITION REALLY DROPS AWAY). ON THE NON-RESPONSE EQUALS ACCEPTANCE (SUBJECT TO RECTIFICATION OF ANY DISCREPANCIES POINT), ROYAL JET SHOULD BE ABLE TO DROP THAT PROVIDED SUCH NON-RESPONSE MEANS THE DEPOSIT IS THEN PAYABLE TO ROYAL JET (GIVEN THAT WOULD BE A BREACH OF THE PURCHASER'S OBLIGATIONS).
7. Section 3(i): Royal Jet can't agree to its failure "to agree to" a discrepancy being grounds for termination. Classification of discrepancies should be objective. I agree with you that it should be objective. However, if Seller won't agree to a discrepancy which is in fact a discrepancy, the Purchaser should not have to wait until some time in the future for Seller to fail to correct it. If the Seller won't correct, the Seller should make the refusal clear and at that point, if the item is a discrepancy that refusal to agree to correct, and not just a failure to correct by the correction deadline, should trigger Purchaser's rights. ROYAL JET CAN'T AGREE WITH THIS. DISCREPANCIES SHOULD BE OBJECTIVE. IF THE PURCHASER STATES SOMETHING IS A DISCREPANCY (AND ITS NOT) THEN ROYAL JET SHOULD NOT BE IN BREACH BY NOT AGREEING TO SOMETHING BEING A DISCREPANCY REGARDLESS OF THE MERIT OF THE PURCHASER'S POSITION.
8. Section 5(e)(i): The provision in relation to the Escrow Agent receiving "notice of any lien, claim or encumbrance asserted by any third party" as preventing closing is not acceptable. Liens, claims or encumbrances registered with the International Registry is different, but if the Escrow Agent receives an unsubstantiated claim from an unknown third party, that should not delay closing and it is unusual to include a provision like this. The Purchaser is, of course, receiving warranties as to title free from liens claims and encumbrances from Royal Jet pursuant to the Warranty Bill of Sale. I am sorry to disagree with you about this, but this is a provision that I have included in every one of my purchase agreements and has been imposed on me by every purchaser with whom I have transacted business. If someone disputes title, there should be

no requirement to close until that is resolved. Purchaser should not have to take subject to some cloud on title. WE ARE SURPRISED THAT THIS HAS BEEN IN EVERY AIRCRAFT PURCHASE AGREEMENT WITH WHICH YOU'VE BEEN INVOLVED, IT'S THE FIRST TIME WE HAVE SEEN SUCH A WIDE RANGING PROVISION BE INCLUDED THAT MEANS ANY MERITLESS CLAIM BY AN UNKNOWN THIRD PARTY COULD PREVENT CLOSING PROCEEDING. AT THE VERY LEAST, THIS WOULD NEED TO BE QUALIFIED TO BE A "BONA FIDE" CLAIM.

9. Section 8(a) (now deleted): The Purchaser will have an opportunity to inspect the records during the pre-purchase inspection. Any issues and discrepancies can be raised then, but Royal Jet can't give warranties as to condition which survive closing (generally, the only warranties that survive closing in relation to the aircraft should relate to title). This is a best of knowledge representation and warranty and not an absolute one. It is about whether the records that Seller is presenting to Purchaser for review are accurate and complete. If Seller has knowledge that its records are incomplete or inaccurate, Seller is obligated to come forward with that information. This is entirely within Seller's control and Purchaser has no ability to detect whether or not Seller knowingly failed to disclose a defect in the records. ROYAL JET WILL AGREE TO THIS.
10. Section 14: We have now included a mirroring indemnity from Royal Jet to Purchaser for issues prior to delivery to coincide with the indemnity from the Purchaser to Royal Jet for issues after delivery. That is not unusual. In relation to the post-delivery insurances, we'd request that you check with your insurance broker that they can comply with this (normally, there is no issue adding another party as an additional insured at no cost). From Royal Jet's perspective, it is not uncommon in the aviation industry for a purchaser to arrange for a seller to be named as an additional insured as, from a seller's perspective, whilst they usually have the benefit of an indemnity, the strength of that indemnity may be limited and, as liabilities arising from aircraft accidents to passengers and persons on the ground may be extremely high, a seller will invariably insist on insurance protection. A period of two years is the industry norm (the underlying theory being that during this period the aircraft will undergo a major overhaul and the possibility of a third party being able to sustain a claim against a seller for a post-sale accident is considerably reduced). Were Purchaser purchasing Seller's aircraft for purposes of commercial usage, such as third party charters, I would understand. However, this is an aircraft for private use by a single owner. That being said, we will check with the Purchaser's insurers and if the insurance can be obtained without additional cost to Purchaser, then the contract can be modified to include an insurance obligation, but not an indemnity obligation. THIS REMAINS A REQUIREMENT FOR ROYAL JET AND WE LOOK FORWARD TO HEARING FROM YOU.

Please note that the revised draft remains subject to the further review and comment of Royal Jet.

We look forward to hearing from you (particularly in relation to point 3 above as this may help progress in relation to the DAR / US certificate of airworthiness issue).

Kind regards,

Mike

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From: Darren Indyke [mailto:[REDACTED]]
Sent: 19 October 2016 02:27
To: Nelson, Michael
Cc: Larry; Rob DiCastrì; Claire Brugirard
Subject: Re: BBJ SN 30884 [CC-MERO.FID1500434]

Mike,

Please see below my comments to the last draft of the Purchase Agreement. Please note that in the interest of saving time, I am sending the draft to my client (with whom I have not discussed it) at the same time that I am sending it to you. The attached revision is therefore subject to further comment and revision after I have had an opportunity to discuss it with my client.

1. Would you please send me directly the most recent version of Exhibit A, which includes a reference to the two Auxiliary Fuel Tanks.
2. I have made certain changes to your revisions imposing limits on the Pre-Purchase Inspection based on my consultation with the DAR. They are noted on the attached document.
3. I have made delivery condition changes as marked on the attached document based on my consultation with the DAR as well.
4. Although I can understand why you would wish to exclude the administrative aspects of FAA registration from the purchase agreement, I cannot agree that an FAA Registration qualified aircraft need not be delivered. Items which would cause the Aircraft not to qualify are to be considered Discrepancies. Ultimately if the cost to achieve that compliance is more than \$500K you have the option of walking away without reimbursing me. Since you agreed to that Threshold, I believe this requirement is reasonable.
5. I agree that discrepancies should not be based on aesthetic issues, like the wood. However, my client's discretion to accept (with or without Discrepancies to be corrected) or reject, should not be tied to whether its reasons qualify as Discrepancies, particularly in light of the unanticipated issues (that were not strictly Airworthiness items) already discovered. The incentive not to walk away is already built in because my client will be paying for the costs and expenses of the Pre-Purchase Inspection.
6. In the same way that the Purchaser is required to accept (with or without correction of Discrepancies) or reject the aircraft with a notice, the Seller should be required to give notice of its intentions to proceed or not after receipt of a technical acceptance certificate. The same two business days notice should apply to the Seller after it gets a Certificate of Technical Acceptance.
7. The imbalance of no warranties other than title and generally no post closing obligations for the Seller but a requirement of a continuing indemnity and insurance obligation for the Purchaser is unacceptable. I have never agreed to such post closing obligations.
8. I also noted that you did not wish for Seller to provide any representation as to the truth, accuracy and completeness of the Aircraft records. Is there a reason for this?
9. I will have to discuss your insistence on England and Wales as the governing law. Neither party is a citizen of England or Wales and most of the financial risk until closing is on the Purchaser. I have typically insisted on Purchaser's jurisdiction for governing law, but will ask about England and Wales.

I look forward to hearing from you regarding the foregoing and the attached revision.

Best,

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<Aircraft Specs.DOC>