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Commercial Proposal for AerSafe™ Supplemental Type Certificate (STC) and Installation on One (1) Boeing 737- 700, MSN 32774

Prepared For:

Joseph Figler

By:

AerSale, Inc.

121 Alhambra Plaza, Suite 1700

Coral Gables, FL 33134

United States

Date:

October 10, 2018

AerSale, Inc. (AerSale) is an industry leading commercial aviation corporation that offers many services in the aviation industry, including the supply of mid-life large transport category aircraft, aftermarket part sales, asset management, maintenance, repair, and overhaul (MRO) services, and aircraft modifications.

AerSale provides high quality 14 CFR Part 145 Federal Aviation Administration (FAA) certified Maintenance, Repair, and Overhaul (MRO) services to a broad range of commercial and governmental organizations. Our customers include world-class passenger and cargo airlines, aircraft and engine lessors, government organizations, MROs, and Original Equipment Manufacturers (OEMs).

AerSale owns and operates three (3) 14 CFR Part 145 FAA/EASA approved MRO Facilities located throughout the Southwest region of the United States.

AerSale's Goodyear, AZ (GYR) Repair Station (#A8ZR580Y) and Roswell, NM (ROW) Repair Station (#4AER685B) provide comprehensive transport category maintenance and modification services. The GYR facility features a full paint bay, storage for up to 150 aircraft, and is an FAA Class 4 maintenance facility, allowing unlimited maintenance and overhaul on large transport category aircraft. Our ROW facility has sufficient outdoor space capable of storing over 650 large transport category aircraft.

AerSale's Rio Rancho Repair Station (#087R142Y), AerSale Component Solutions, Inc. (formerly AMI) is a component level facility, specializing in thrust reversers, flight control component overhaul and recertification of various aircraft type requiring composite material repair, NDT, welding, and repair.

1. Proposal

AerSale is pleased to submit the following commercial proposal for the installation of the AerSafe System in compliance with FAA Fuel Tank Flammability Reduction (FTFR) Rule on One (1) Boeing 737-700, MSN 32774, Reg. P4-SRN (the "Customer's" aircraft).

AerSafe is one of the few FAA approved ignition mitigation means currently available that complies with the FTFR rule. The FTFR rule requires reduction to ignition sources and flammability exposure in fuel tanks that are most at risk.

2. Modification Services

AerSale will provide all material and installation labor to accomplish installation of AerSafe on one (1) Boeing 737-700 aircraft in accordance with STC ST02980NY (STC).

2.1. Deviations to STC

The presence of a PAX AUX fuel tank system materially affects the AerSafe system as designed. AerSale will therefore be required to develop an FAA approved major alteration to the STC in order to accommodate the PAX AUX fuel tank system. The Customer will be responsible for reimbursing AerSale for developing a major alteration to the STC for this installation.

Certification Plan for Deviation:

- a. Perform a test fit of the AerSafe kit
- b. Establish and record necessary deviations to the kit to accommodate previously installed modification(s)
- c. Refabricate and ship altered parts
- d. AerSafe parts and or installation requiring alteration will be approved via FAA 8110-3. FAA DER/Engineer

Anticipated [REDACTED]:

- a. Installer hourly rate for test fit and modifications

- b. Travel arrangements for FAA DER/Engineer
- c. Refabricating and shipment altered parts
- d. Engineering/Certification

Statement Regarding Compatibility with PATS AUX Tank:

AerSale will provide and install the FAA STC ST02980NY AerSafe Kit with an FAA Approved major alteration. AerSale will have a FAA DER/Engineer present during the test fit of the system; AerSafe parts and or installation requiring alteration will be approved via FAA 8110-3.

FAA STC ST02980NY does not change any configuration with the PATS AUX tank installation. PATS AUX tank components that are installed in the Center Wing Tank will not be affected by the installation of the system.

2.2. Location

An AerSale's FAA Approved Repair Station, located in Roswell, NM or Goodyear, AZ, depending on availability and Customer preference.

If Customer chooses to provide alternate hangar space and related facilities, Customer will be responsible for all associated costs, including the cost of shipping the AerSafe kit, as well as travel expenses for AerSale's installation team and other personnel as required.

2.3. Schedule

Modification services complete within five (5) days of commencement of work.

2.4. Assumptions

- The current aircraft is Boeing approved via FAA Type Certificate or Supplemental Type Certificate
- Full aircraft fueling and defueling capabilities are available at modification location
- Work performed by AerSale to evaluate our STC's compatibility with any previously installed modification that affects the center fuel tank billed as [REDACTED]

3. Pricing

The current list price is **\$195,000.00** per modification. All pricing is in USD and prices are exclusive of any applicable sales taxes and duties.

Pricing includes:

- STC Rights to Use issued to aircraft operator, effective to aircraft MSN
- AerSafe Kit
- AerSafe Installation Labor

Pricing does **not** include:

- Labor or expenses related to deviations to the STC to accommodate previously installed modification(s), billed at the conclusion of the installation in accordance with [REDACTED] rates

3.1. Payment Terms

A non-refundable deposit of **\$97,500.00** will be due upon execution of Service Agreement. Payments will be due in accordance with the following schedule:

- Payment of **\$48,750** will be due prior commencing modification services or prior to shipment of AerSafe Kit if modification services performed at Customer facility; and

- Payment of **\$48,750**, plus any due expenses and over and above charges, due concurrent with the completion of the aircraft modification

3.2. Warranty

AerSale will provide a four (4) year warranty on parts and installation from the date of AerSafe installation.

3.3. Validity

This proposal is valid for 30 days.

3.4. Out of Scope Work

Support, work, or certification effort required to complete the installation on Customer aircraft, but not foreseen in this proposal must be specifically authorized by Customer prior to commencement by AerSale. Detailed accounting of hours and task completion percentage will be provided separately to Customer on a mutually agreed upon periodic basis.

Out of scope work performed by AerSale will be billed on a [REDACTED] basis at a rate of:

Rate Category	Rate
Mechanic and Sheetmetal	USD \$85/hr.
Avionics	USD \$100/hr.
Fuel Access	USD \$95/hr.
Engineering Services	USD \$150/hr. + Expenses
Certification Services	USD \$180/hr. + Expenses
Travel Per Diem (Meals, Incidentals, Ground Transportation)	USD \$150/day

3.5. Travel

If AerSale is required to send an engineer to gather the technical data, the daily travel cost is USD \$1,000 per day – door to door, plus expenses and per diem.

Travel expenses (Business Class Flight, Hotel Accommodations, etc.) shall be billed to Customer at cost plus 15%.

Should there be any questions, please contact me via phone at 305-764-3227 or via email at [REDACTED].

[Signature page to follow]

Agreed and entered into on this _____ day of _____ 2018.

AerSale, Inc.

Customer:_____

By:_____

By:_____

Name: _____

Name: _____

Title: _____

Title: _____