



February 26, 2014

Mr. Larry Morrison  
JECE, Inc.  
103 Foulk Rd., Suite 202  
Wilmington DE 19803-3742

Dear Mr. Morrison:

The following is our proposal for a pricing and billing agreement between JECE, Inc., (CUSTOMER) and FJ Turbine Power, Inc. (FJTP) for the repair of JT8D-219, ESN's 726121 and 726122.

1. Perform work-scope as specified and quoted on Exhibits "A".
2. Labor over and above the work-scope quoted will be charged at a rate of USD \$43.00 per man- hour for each man-hour billed to CUSTOMER under this agreement.
3. Consumables and expendables for the purpose of this agreement do not include carbon seals, RD seal rings, igniter plugs, No. 3 seal rings, OCC bolts, special key washer, brackets, special hardware and any QEC related material.
4. Test cell charges as quoted in Exhibits "A". Any engine that fails test cell due to problems with parts or information supplied by CUSTOMER or due to any area, which FJTP did not repair, the re-test will be invoiced to CUSTOMER. Any problems that cause an engine to fail test cell and are attributable to an area repaired by FJTP, FJTP will incur the expense to repair and re-test the engine. Re-test shall be invoiced at US \$10,500 (including fuel and oil).
5. Outside services over and above the work scope quoted and freight will be billed to CUSTOMER at the actual cost billed to FJTP plus 8% handling fee, not to exceed USD \$1,500 per item or set.
6. All parts and materials not supplied by CUSTOMER will be supplied by FJTP as follows:
  - A. New items excluding LLP's, T-1 blades and items in limited supply will be billed at Manufacturer Price List (MPL) plus 9%, not to exceed USD \$3,000 per item or \$4,000 per set. FJTP will only issue new parts after all avenues have been exhausted to procure serviceable parts, or as directed by CUSTOMER in writing.
  - B. Serviceable / OHC non-LLP parts will be provided at FAIR MARKET PRICE at the time that the part is required and available.
  - C. OHC LLP's over and above the work scope quoted will be provided at 100% of MPL of pro-rated remaining cycles or 8% over cost which ever is highest. Actual cycles in excess of the LLP's quoted (base on availability) will be invoiced at 100% of MPL of pro-rated excess cycles or 8% over cost whichever is highest.
  - D. Exchange items will be billed at 4% of MPL plus repair cost.

7. Non-LLP customer furnished materials (in serviceable condition) will be charged a handling fee of 6% of MPL capped at \$1,500 per item or at \$2,000 per set or \$5,000 per assembled serviceable module, with a maximum cap of \$26,000 per engine visit. Materials received in non-serviceable condition will be charged an additional inspection fee of \$250 per item plus repair cost. FJTP reserves the right to refuse any item supplied by CUSTOMER after the deadline has passed (four weeks before scheduled delivery). All materials re-supplied for FJTP inventory will be subject to a re-stocking fee of 15% MPL.
8. Customer furnished LLP's will be charged a flat handling fee of \$500 per disk. Disks received in non-serviceable condition will be processed for overhaul and charged the prevailing market price for overhaul in addition to the handling fee.
9. Customer shall provide written disposition instructions for removed parts within 15 days of technical release, in the absence of written instructions; FJTP is hereby authorized to dispose of the parts at their discretion.
10. Payment terms – A deposit of 1/2 of the initial estimated price at induction, after detailed inspection a deposit of 1/2 of the revised estimate, and balance of final invoice upon completion. FJTP requires all invoice disputes to be submitted in writing within five working days from the date of the invoice. If discrepancies are handled in any other manner, FJTP reserves the right to refuse any credit for items requested. Invoices not paid within the specified terms are subject to interest charges in the amount of 1½ % per month for the unpaid balance, from the date of the invoice and FJTP reserves the right to charge starting fifteen days after completion of work, a daily storage fee of US \$100 per day and a monthly preservation fee of US \$300 per engine until payment is received in full in accordance with the terms of this agreement.
11. Wire transfer payments to FJ Turbine Power, Inc.:  
Eastern National Bank  
799 Brickell Plaza, Miami, FL 33131  
Contact: Hector Ramirez - Sr. VP (305) 347-1156  
ABA: 067002533  
Account #: [REDACTED]  
Swift: [REDACTED]
12. Standard warranty for work performed by FJTP is 18 month, 1,800 block hours or 1,800 cycles whichever comes first, per Exhibit "B", our Limited Standard Warranty.
13. This Pricing Agreement constitutes the only agreement between the parties, and same shall only be amendable by writing to that effect, signed by both parties.
14. This proposal is valid for 30 days, once signed this constitutes a binding agreement and not a proposal.

Agreed and Accepted \_\_\_\_\_ Date: \_\_\_\_\_  
F.J. Turbine Power, Inc.

Agreed and Accepted \_\_\_\_\_ Date: \_\_\_\_\_  
JEGER, Inc.

**Exhibit "A"**

**JT8D-219– ESN's 726121 and 726122**  
**Work Scope**

- 1 Receiving inspection, borescope inspection and pre-induction test cell run (recommended).
- 2 Engine General  
Inspect external cases, tubing, control etc. per EM section 72-00-00, Check 01, Table 701.
- 3 Cold Section - Inlet, LPC, Intermediate Group and Gearbox  
Inspect as assembled modules in-situ to Check & Repair / Modification (formerly ESV-1) level of inspection.  
Overhaul No. 3 bearing.  
Overhaul No. carbon seal.  
Reseal bleed valves.
- 3 HPC  
Inspect to Check and Repair / Modification (Formerly ESV-1) level of inspection.  
Comply with AD 2003-16-05 per ASB 6435, on disks C-7 through C-12.  
Comply with AD 2005-17-16, verification that disk P/N and S/N installed are not affected.  
Comply with AD 2006-17-07 R1 per ASB 6430 R2, fretting inspection.  
Comply with AD 2011-04-04 on C-13 disk.  
Overhaul process HPC blades.  
Minimum 2,000 CR on disks.  
Assemble and balance
- 4 Diffuser  
Visually inspect diffuser group per EM section 72-37-00, Check 01, Table 701.  
Inspect to Check and Repair / Modification (Formerly ESV-1) level of inspection.  
Flow check fuel nozzles.  
Overhaul No. 4 carbon seal.  
Reseal bleed valves.
- 5 Hot Section  
Inspect to Check & Repair / Modification (formerly ESV-1) level of inspection.  
Visually inspect first stage NGVs in-situ.  
Visually inspect combustion chambers  
Visually inspect combustion chamber outlet duct assembly.  
Shop Inspect OCC.
- 6 High Pressure Turbine  
Inspect as an assembled module to Check & Repair / Modification (formerly ESV-1) level of inspection.  
Overhaul No. 5 carbon seal.  
Overhaul T-1 outer air seal.  
Balance HPT.
- 7 Low Pressure Turbine  
Visually inspect as an assembled module to Check & Repair / Modification (formerly ESV-1) level of inspection.  
Balance LPT.  
Comply with containment requirement of AD 2011-07-02 (ASB 6494).

**Exhibit "A" - Continued**  
**JT8D-219– ESN's 726121 and 726122**

**Work Scope**

- 8 Exhaust Case  
Inspect to Check & Repair / Modification (formerly ESV-1) level of inspection.  
Leak check Pt7 system and perform continuity check of EGT harness and thermocouples.
- 9 Perform Type 3 final test, preserve fuel & oil systems and gas path for 90 day plus.

**Accessories**

Fuel Pump – Bench Check  
PRBC - Bench Check  
P&D Valve - Bench check

**Exhibit "A" – Continued**  
**JT8D-219– ESN's 726121 and 726122**

Price for work scope detailed above:

This quote assumes that the engine is in bare Pratt & Whitney configuration. It includes labor, special processes, outside services, 100% KIT, consumables and expendable materials to accomplish the work scope stated above.

**\*This quote excludes all parts and components unless specifically quoted, additional work resulting from exposure to areas not quoted, repairs, outside services, outside services resulting from rejection of flow checks, bench checks, etc., missing components, customer request items, LLP's cycles remaining in excess of cycles quoted and QEC materials. Restoring EGT margin unless engine is pre-tested and repaired accordingly.**

Perform pre-induction test run to determine performance baseline.

Labor (disassembly, cleaning, inspection and assembly), 100% KIT,  
Consumables and expendables,

Specialized services to strip and coat HPC components and overhaul  
process HPC blades.

Overhaul T-1 outer air seal.

KIT to comply with containment requirements of AD 2011-07-02 (ASB 6494).

Final test cell run (includes fuel, oil and preservation).

No. 3, 4 and 5 carbon seals – OH / Exch.

Overhaul No. 3 bearing, flow check 2-3 oil nozzle.

Clean and flow check fuel nozzles.

**\*Flat Rate for work scope above (for each engine) - US \$138,900**

**Not to Exceed Price for the level of work quoted above  
within the corresponding modules (for each engine) - US \$325,000**

**Exhibit "B"**

**LIMITED STANDARD WARRANTY**

**MODEL: JT8D-219 ESN: 726121 and 726122 DATE: xx/xx/xxxx**

1. FJ TURBINE POWER, INC, herein referred to as "FJTP", warrants solely to its customer that the services and repairs performed by FJTP hereunder conform to appropriate manufacturer's specifications and are in accordance with the applicable FAA requirements in effect at the time that the work was performed.
2. The duration of this Limited Warranty set forth in Paragraph 1 above is eighteen (18) months, eighteen hundred (1,800) cycles or eighteen hundred (1,800) block hours after technical release, whichever comes first. Any claim by the customer that the foregoing warranty was breached by FJTP will be irrevocably waived by the customer unless written notice of such claim, in reasonable detail, is given to FJTP that the foregoing warranty was breached.
3. Within reasonable time after receipt of written notification, FJTP will re-service and repair, without charge, any defective or non-conforming work originally performed in its initial scope of work on the customer's engine or part thereof, which has been returned to FJTP and which FJTP's inspection proves to be attributable to its initial work on such engine or part. THIS LIMITED WARRANTY SHALL NOT APPLY TO THE EXTENT THE DEFECT OR NON-CONFORMITY IS ATTRIBUTABLE TO ANY PART SUPPLIED OR FURNISHED BY FJTP, BUT NOT MANUFACTURED BY FJTP, WHICH WILL CARRY ONLY THOSE WARRANTIES OF THE MANUFACTURER OF SUCH PART.
4. The customer shall be responsible for all costs incurred in the removal, installation and shipping of the customer's engine for service and repairs. If FJTP is unable to re-service and repair the customer's engine or part in accordance with the original scope of work after a reasonable attempt, FJTP's liability hereunder shall be limited to a refund of the monies actually paid to FJTP for the initial work. THESE REMEDIES ARE THE CUSTOMER'S EXCLUSIVE REMEDIES FOR BREACH OF WARRANTY. THIS LIMITED WARRANTY DOES NOT COVER ANY DAMAGES TO THE CUSTOMER'S ENGINE OR PARTS OR ITS CONTENTS. FJTP's LIABILITY IS LIMITED TO RE-SERVICE AND REPAIR OF THE CUSTOMER'S ENGINE OR PART IN ACCORDANCE WITH ITS INITIAL SCOPE OF WORK. FJTP SHALL NOT BE LIABLE FOR ANY CONDITION CAUSED BY PARTS FURNISHED BY CUSTOMER OR THIRD PARTY. FJTP SHALL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES BASED UPON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT TORT, OR ANY OTHER LEGAL THEORY. SUCH DAMAGES INCLUDE BUT ARE NOT LIMITED TO LOSS OF PROFIT, LOSS OF SAVINGS OR REVENUE, LOSS OF USE OF THE ENGINE OR ANY ASSOCIATED EQUIPMENT, FACILITIES OR SERVICES, DOWN TIME, THE CLAIMS OF THIRD PARTIES, AND DAMAGES TO PROPERTY.

**Exhibit "B"**

**FJ Turbine Power, Inc. – Limited Standard Warranty.**

5. **DISCLAIMER OF WARRANTY.** THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND OR NATURE WHATSOEVER INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
6. FJTP's obligations under this Limited Warranty are conditioned upon the customer maintaining records that accurately reflect operating time and maintenance performed on affected equipment and establishes the nature of any unsatisfactory condition. FJTP, upon request, shall be given access to such records for substantiating warranty claims.
7. This Limited Warranty shall not apply to any products or parts thereof which have been subjected to (1) any improper maintenance, overhaul, installation, storage operation, use, handling or environment; (2) any alteration, modification or repair by anyone other than FJTP; or (3) any accident, misuse, neglect or negligence after delivery by FJTP.
8. This Limited Warranty has been negotiated on an arm's length basis by FJTP and its customer and, as such, is understood that FJTP and its customer to be the complete and exclusive agreement between FJTP and you. NO OTHER WARRANTY, ORAL OR WRITTEN, APPLIES. No employee, agent, dealer, or other person is authorized to give any warranties on behalf of FJTP in addition to those made in this Limited Warranty. Any statements relating to the service performed by FJTP made prior to acceptance of the work order by FJTP are not warranties, except to the extent that the contrary is expressly set forth herein. It is understood that any such statements were not intended to, and did not, form a part of this Limited Warranty; they were merely made in the course of negotiations of the parties.
9. This Limited Warranty allocates the risk of product failure between FJTP and the customer. This allocation is recognized by both parties and is reflected in the price of the service and repair. It is acknowledged that the customer has read this Limited Warranty, understands it and is bound by its terms. This Limited Warranty is nontransferable, unless specifically authorized in writing by FJTP.

FJ TURBINE POWER, INC.