

To: [REDACTED]
Cc: Germon, Howard H SIK[REDACTED]
From: Poland, Marc B SIK
Sent: Fri 4/23/2010 8:48:52 PM
Subject: Shmitka Air, Deposit & Pricing Clarifications

Title: Shmitka Air, Deposit & Pricing Clarifications

Dear Larry,

To summarize the conversations over the last few days, I offer the following. Please feel free to share with Mr. Epstein.

1. S-76D Pricing

As we discussed in FL, the price of \$12,120k was, and remains, an introductory offer that was extended to a very few existing customers for the standard deluxe VIP configuration. Mr. Epstein was one of those customers and that offer still stands as an alternate to the proposed price and config in the Deposit Agreement. The configuration we proposed, and the associated non-config obligations, are summarized below in a trace from the \$12,120k introductory offer to the current \$12,400k in the Deposit Agreement.

Initial introductory offer	\$12,120k
Plus SOW additions;	
Warranty	\$87.5k
Training (3 rd pilot)	\$73.8k
Training (3 rd mech)	\$13k
Plus Thales Upgrade	\$98.5k (WAAS GPS w/LPV)
Plus other config additions	\$507.2k (interior, ICS and cabin lighting)
<u>Less negotiated discounts</u>	<u>(\$500k)</u>
DEPOSIT AGMT PRICE	\$12,400k

As you can see, while there were many additions, the discounting effectively gave almost everything away with the exception of the additional few items delineated above. From the above, I understand a possible willingness to remove the training elements. These may be deleted, and the price reduced accordingly. I further understand that there is an interest to add the XM Weather feature which was not previously included. The resulting price derivation is;

Deposit Agmt. Price	\$12,400k
Less Pilot Training	(\$73.8k)
Less Mech. Training	(\$13k)

Plus XM Weather \$27.5k

Final Adjusted Price **\$12,340.7k**

2. S-76C++ Marketing

In addition to current activity among the brokers who are marketing a/c 750 for direct sale, Sikorsky has other potential customers that we have extended demonstration offers to. Sikorsky also truly appreciates Shmitka Air's offer of assistance to use serial number 760750 to perform these potential demonstrations. While our primary objective for these demonstrations is to generate new and additional S-76 sales, the strong possibility exists that one or more of these customers will be interested to purchase this ship immediately. If this circumstance develops, it is our intent to turn those discussions over to the brokers, and not to interfere or preclude such a direct sale. The customers we're working with are Fortune 100 companies that have both fixed-wing and helicopter flight departments. Some of the organizations have S-76 experienced pilots. If the demonstrations come together, Sikorsky will be spending upwards of \$50,000 to fund these demo flights because we believe they will lead to new S-76C++ sales. In the event that 750 sells, it will be as displacement of a prospective new customer, though the cascading effect of your purchase of a new S-76C++ (as contemplated in the Deposit Agreement) is the obvious offset.

3. Deposit Agreement

The Deposit Agreement affords certain rights (options for pricing) which were heavily negotiated due to business pressures at the time. The end result of those negotiations is that Mr. Epstein enjoys the ability to purchase either an S-76C++ and/or an S-76D at extremely attractive prices. In order to maintain those rights, it seems prudent to extend the Deposit Agreement through such time as the above-mentioned marketing activity can be concluded. This preserves the ability (without any obligation) to sell 750 and turn that into a new helicopter.

Based on the above, my recommendation is that we extend the term of the Deposit Agreement (and the deadline for executing any Sales Agreements) for an additional 30 days. Sikorsky would be willing to do so on the exact same terms as are presently included – merely extending the two April 30, 2010 deadlines currently in paragraph 4 to May 30, 2010.

Extending the Deposit Agreement deadline is in everyone's best interest but there is no reason to extend the S-76D other than it's association in the current Deposit Agreement, consequently Sikorsky requests your best efforts to make progress to execute the S-76D Sales Agreement prior to the May 30th extension deadline.

Marc B. Poland
Commercial Director

Sikorsky Global Helicopters
