

Appendix A to Exhibit 13 – Leonardo C27J Proposal  
QA Review

<b>NOTE: This review only pertains to items that are related to Quality</b>			
<b>Page</b>	<b>Section</b>	<b>Note</b>	<b>Comments</b>
1-2	Performance Assessment	QC comment	See KPIs as it relates to this customer.
3	Packing	Ops comment	Note packing requirements.
3	Documentation	QC comment	Please note documentation requirements to accompany parts.
4	Quality Requirements	Comment	Refer to the review for IAY-G-05 for further information. In the even the customer updates this document, this must be sent to AAR and a new review will be performed before AAR will agree to the new document.
4	Procurement Requirements	Comment	Quality will review applicable quality- related procurement requirements. Refer to the applicable review.



Turin, 16/02/2018

CRANE HYDRO-AIRE INC.  
 3000 Winona Av, P.O. Box 7722  
 Burbank, CA 91510-7722  
 United States

Attn.: Mr. Anthony Noriega

Our Protocol: MRO/LT/0051/160218-FR

Subject: C27J Through Life Support - Request For Proposal

Dear Mr. Noriega,

As you are probably aware of, Leonardo S.p.A. has been requested to support the C27J fleet of Royal Australian Air Force (RAAF) in the next ten years.

As the A/C equipment/systems configuration requested by the Customer includes class of products which are manufactured and supported by your Company, Crane Hydro-Aire Inc. is kindly invited to submit a commercial proposal for the Maintenance Service activities for the following equipment:

P/N	DESCRIPTION	Arising Estimation (10 years)	Initial provisioning (1 MOB + FAK)
140-171	ANTISKID SPEED TRANSDUCER	5	3
142-107	ANTISKID CONTROLLER	10	3
39-755-1	ANTISKID CTL VALVE	5	2

Table 1

#### LOGISTIC REQUIREMENTS

The proposal shall be compliant with the requirements listed here in below:

- Fleet: Q.ty 10 A/Cs
- Flight Hours: 7.995 FH per year
- Service start: 01.01.2018
- Service duration: 10 years

The Commercial Proposal shall reflect the following requirements/conditions:

#### REPAIR SERVICE

The proposal shall include provision for Maintenance Support with fixed price and TAT.  
 The Maintenance Support shall be managed by dedicated Purchase Order (PO) for each repair.  
 Repair Price and TAT for each item shall be listed in Table 1

#### PERFORMANCE ASSESSMENT

Performances of the Supplier related to the repairs will be monitored and calculated according to the effective TATs compared to the TATs specified in the Table 1 (On Time Delivery).

The formula for calculating this KPI is as follows:

$$SKPI\ 01 = \left( \left( \frac{\text{Total Number of Successful NMCI Demands}}{\text{Total Number of NMCI Demands Required to be satisfied}} \right) \times 100 \right) \%$$

where:

- "SKPI-01 Demand Performance – Non Mission Critical Items (DP-NMCI)" measures the Supplier's performance in the delivery of Non Mission Critical Items (MCIs), being those Repairable Items listed in Table 1. The aim of this SKPI is to ensure the Supplier delivers NMCI's within the timeframes set out in the agreed priority system;
- "Successful NMCI Demand" means when the Supplier meets the requirement of the TAT listed in Table 1

Performances will be evaluated every 4 (four) months accordingly to the following table and applicable penalties:

If the Achieved Performance for SKPI-01 (x) for the Review Period is...	the Performance Band is...	the Adjusted Performance Score (APS) (%) is ...
$x \geq 95\%$	Band A	APS = 100%
$90\% \leq x < 95\%$	Band B	APS = $0.90 + (0.04 * x) - 2.6$ (expressed as a %)
$85\% \leq x < 90\%$	Band C	APS = $0.85 + (0.16 * x) - 12.8$ (expressed as a %)
$x < 85\%$	Band D	APS = 0%

#### SPARE

The proposal shall include price for initial provisioning, additional spare (on batch) and relevant lead times.

Based on Customer's priority/criticality and on item availability, the Supplier is required to confirm the capability to reach the following requirements about spare delivery:

Priority Designator	Respond Time	Required Time
(a)	(b)	Available ( c)
AOG / WORK STOPPAGE	1 working day	Shipment within 1 working days
CRITICAL	2 working days	Shipment within 4 working days
ROUTINE	2 working days	Shipment within 10 working days

#### PRICE

Prices shall be firm and fixed for PO issued within 2018 and fixed yearly escalation or formula escalation shall be provided.

Prices must be all-inclusive of every burden and cost. It is pointed out that in no case and for any reason will be recognized other costs. In the definition of prices the following assumption will be covered:

- Any repair work will be required with specific purchase order;
- Price guarantee: The supplier must declare that prices will be lower prices offered for the same repair and service any other of their customer.
- The parts used for the repair of the equipment must be new co-construction, conducted by approved manufacturers and asbestos in accordance with existing national legislation.

#### TAT & CAPABILITY

TAT & monthly rate repair capability for each item shall be provided (Table 1).

The supplier is requested to provide also a proposal to perform the repair with the following max TAT:

- 30 days
- 60 days

In any case maximum TAT for repair shall not exceed 90 days.

The supplier shall define and purchase spare parts stock in sufficient quantity to ensure the above required TAT.

It is understood that Leonardo S.p.A. shall have no obligation to purchase spare parts which may result in excess.

#### WARRANTY

12 months after acceptance by the Customer

#### OBSOLESCENCE

Obsolescence status for each item shall be provided to identify actual and potential obsolescence issues, including but not limited to obsolescence of Item(s), assemblies, sub-assemblies, components, piece parts, and material.

Life Time Buy (LTB) proposal to guarantee the repairs for all the service duration shall be provided (if any).

During the service period the Supplier shall be responsible for all action necessary to avoid disruptions to Customer operations during the service period by:

- encouraging Supplier's vendor to continue production;
- issuing timely alerts, in writing, concerning known or impending obsolescence risks/issues, not to lose market opportunities or "last chances" (e.g. for LTBs);
- finding an alternative source not affecting Fit, Form and Function;
- redesigning and re-qualifying equipment.

The replacement/redesign cannot involve any deterioration of the Item performance (including useful Life, operational availability, airworthiness and safety, weight, maintainability, reliability and testability) and contractual Lead Time;

Supplier shall assure Buyer of the availability of the obsolete Supplies until a replacement is available.

All costs necessary and associated with remedying obsolescence shall be negotiated and agreed upon by the Parties.

#### PACKING

At Supplier expense. It is noted that the equipment will be delivered in individual packaging which must be sized so as to provide adequate protection from damage due to handling and storage.

#### DOCUMENTATION

Repaired equipment, even under warranty, must be returned with the following documentation:

- Certificate of conformity
- Test report
- Work Report
- Log Card (if necessary)

In the event that repair the equipment proves BER (Beyond Economical Repair) as a result of the determination, the supplier must submit appropriate supporting documentation.

#### SHIPPING CONDITIONS

Ex Works your plant as per Incoterms 2010.



The Supplier shall be responsible for obtaining all export licenses, in accordance with National and ITAR regulations, in order that their Item(s) can be shipped and received to/from Customers (drop shipment) and/or Buyer

#### QUALITY REQUIREMENTS

The quality requirements contained in doc.no. IAY-G-05 last version, shall apply.

#### PROCUREMENT REQUIREMENTS

The requirements contained in doc. "General Condition of Purchase" (in attachment), shall apply or dedicated Product Support Agreement (PSA) will be defined.

In any case, Customer requirements, KPI and relevant penalty shall flow down to the Supplier. Performance measurement shall be on quarterly basis

#### VALIDITY

Your offer shall remain open for acceptance at least until December 31<sup>st</sup>, 2018.

It is understood that all the costs that you will support to the preparation of the offer, are totally and exclusively at your expense, and no compensation will be paid by us.

The Supplier, with the transmission of the offer, confirms to be in possession of financial capacity, technical, industrial organization and technical knowledge of the equipment to perform the required tasks.

Should you require any clarification, please contact or send a written request by e-mail to:

Federico Roffino  
Tel.: +39 011 756 3914  
e-mail: federico.roffino@leonardocompany.com

Your proposal shall be provided by and not later than **March 02<sup>nd</sup>, 2018.**

Looking forward to receiving your reply, we remain with.

Best Regards,

A handwritten signature in blue ink, appearing to read "Federico Roffino".

F. Roffino