

Subject: Revised ICON Aircraft Purchase Agreement

Since the release of the ICON Aircraft Purchase Agreement back in March, we have received a lot of feedback from customers, other General Aviation (GA) manufacturers, associations, and the industry at large. On the negative side, we have heard that the agreement was onerous and overreaching. On the positive side, we have heard that the dialog created around GA's out-of-control product liability costs and the much needed safety partnership between pilot and manufacturer is a long-overdue conversation that needs to happen.

We've listened carefully to the feedback and have revised the Purchase Agreement. The spirit of the agreement has two primary objectives: (1) vigorously promote safety through responsible flight operations by the operator, and (2) confront the product liability crisis that has crippled GA for decades. We believe it's the right fight—one that can help all of GA. That said, we should have done a better job sharing our philosophy and soliciting your feedback in advance. We'll own it and have tried to remedy it with the revised version.

Below you'll find (1) an explanation of the five key concepts that remain at the core of ICON's long-term safety philosophy and two-way safety partnership with our owners, and (2) a list of contract revisions we have made based on your feedback. For the many customers who have already signed the original agreement, we appreciate your support and we'll upgrade you to the improved terms.

ICON's mission is to help bring personal flying to those who dream about it. It's an ambitious mission with enormous challenges. We invite you to make this a shared mission and work alongside us in partnership as we grow, learn, and aggressively take on GA's most challenging problems.

Please read below and don't hesitate to contact our Sales team with any questions.

I look forward to flying with you.



ICON Aircraft Revised Purchase and Operating Agreements

The Five Key Principles That Remain Fundamental to the Agreements:

1. Required ICON-Authorized Flight Training: While the A5 can go from airport to airport like other transportation-focused planes, it's really in its element when flown away from the airport environment, exploring remote locations and bodies of water at lower altitudes and away from the typical Air Traffic Control (ATC) infrastructure. This kind of flying is much more akin to what is commonly called "bush flying." Most GA pilots have little experience in this unique environment. ICON is committed to giving all customers the basic skills to safely operate in this type of rewarding flying environment. If you're already an experienced bush, backcountry, or seaplane pilot, then great—your checkout will likely be fast and you'll be on your way. For those with little or no light seaplane flying, it will take a bit longer, but we expect you will both enjoy the training and finish a confident, qualified A5 pilot.

For existing CFIs who want to instruct in an A5, they too will need to receive an ICON Instructor checkout to make sure they have the skills to teach in this kind of unique environment. ICON does not want to control all flight training revenue—just the opposite. We’ll encourage many diverse, independent training options out there for our customers. We’ll just require that every flight training program qualifies as “ICON-authorized” in order to teach in an A5. This will allow instructors to teach the A5’s unique capabilities and in its off-airport missions. In the end, we want our customers to have convenient access to high-quality training including local options. It will take a little time, but we are committed to building out an outstanding training network.

2. Required ICON-Authorized Maintenance: For all S-LSA aircraft, the FAA specifies that the maintenance requirements are determined solely by the manufacturer. The A5 is a new aircraft that has had every element carefully designed. For safety reasons, ICON needs to ensure the aircraft is both operated and maintained to the highest standards. As with training, ICON does not need to be the provider of that service; we just need to ensure the service is provided legally to our standards for safety. We’ll have programs to encourage other independent maintenance facilities to become “ICON-authorized” service providers. In addition, many maintenance tasks have been authorized for qualified personnel in the maintenance manual. Just like with flight training, we’re committed to building out a network of maintenance providers for the convenience of our customers. It won’t happen overnight, but it will happen.
3. Managing Pilot and Requirement to Transfer Operating Agreement to Buyers: The operation of each A5 is governed by an Operating Agreement (OA) that designates a Managing Pilot who is responsible for the safe operation of that aircraft. When the aircraft changes hands, the OA must be transferred as well. This is a novel concept in our industry. Its purpose is to help ensure the safe operation and maintenance of ICON aircraft in the field, even after being sold. This is a fundamental tenet of ICON’s ongoing safety philosophy. It creates a mutual expectation with our customers and operators that lives beyond the initial aircraft purchase. Why do this? The reason is, safety doesn’t end at the aircraft purchase; it’s just beginning. We’ve gone above and beyond to build one of the safest Light Sport Aircraft possible and provide exceptional training. In return, we ask that all operators, current and future, agree to operate the A5 safely. We believe creating a two-way safety partnership, where both sides agree to uphold their end of the safety equation, is a good idea for the entire industry.

Transfer of the OA also will be required for the new owner to access the ICON A5 Limited Warranty and ICON-authorized maintenance—so it is a fleet-wide requirement for supported aircraft. However, should the owner decide to sell the plane without transferring the required OA at the time of sale, there is a \$5,000 fee to offset ICON’s costs and expenses of obtaining the assignment from the new owner after the sale. If the seller properly transfers the Operating Agreement as agreed, then there is no fee. The \$5,000 fee is not something we ever hope to collect. Given the considerable liability exposure to ICON which is passed along whenever the aircraft is sold to the next owner, we want to do everything we can to encourage each owner to accept the same personal responsibility for safe operations that the original owner did.

4. Flight Data Recorder: Accurate flight data about the condition of the aircraft, as well as accurate data for reconstruction of any accidents, remains a cornerstone of ICON’s safety philosophy. Flight Data Recorders are common on advanced aircraft and are the wave of the future for light aircraft. That said, ICON has now included an expanded Privacy Policy, available in the Owners Center, to give customers confidence that this data will be (1) treated confidentially and (2) available to them if requested.

5. Covenant Not to Sue if ICON Not Found at Fault by the NTSB: Another fundamental tenet of ICON's approach to safe flight operations, personal pilot responsibility, and product liability-cost reduction is the agreement not to sue ICON for accidents that are not determined to be our fault. Unfortunately, the overwhelming majority of product liability lawsuits are filed against manufacturers even when the manufacturer was not found to be at fault. We must address this. While there is no silver bullet for guaranteeing safety and eliminating all product liability costs, we are working hard to improve it. This is one of those steps. We invite our customers to help us set a new precedent in our industry and to improve this situation by releasing ICON from accidents deemed not to be our fault by the NTSB. Reducing product liability costs is important because it reduces the cost of aircraft and allows manufacturers to spend that money on product development instead of legal fees and lawsuit settlements.

Improvements Made to the Agreements:

1. Contract Length, Format, and Structure:
 - a. **Previous**: We sent an aircraft Purchase Agreement and an Operating Agreement which, together with cover pages and exhibits, totaled over 40 pages of legalese with no introduction and it was daunting to get through it all.
 - b. **Revised**: We've shortened, reformatted, and restructured the agreements to make them more reader-friendly and less overwhelming. We've also added an introductory letter to the Purchase Agreement summarizing the philosophy and thinking behind the agreements and explaining how the two agreements work together. The Purchase Agreement (9 pages plus exhibits) governs the six to nine months from signing to delivery. It needs to be signed to initiate your aircraft build. The Operating Agreement (10 pages plus annexes) governs the period you own the aircraft after delivery and needs to be signed just prior to Closing.
2. 30-Year Airframe-Life Limit:
 - a. **Previous**: Intended to ensure aging fleet was removed from circulation to increase safety.
 - b. **Revised**: Removed entirely. Airworthiness will be governed by the recurring 10-year overhaul and thorough inspections.
3. 10-Year Overhaul Cost:
 - a. **Previous**: Contract did not price overhauls since no data was yet available.
 - b. **Revised**: Maximum limit set for the first 10-year overhaul price of \$15K to include all normal disassembly, inspections, adjustments, repairs, and reassembly. Abnormal repairs and damages are not included, neither are manufacturer-mandated engine repairs or parachute service/repairs.
4. Responsible Flyer (ICON Community) Clause:
 - a. **Previous**: Asked operator to agree to responsible, professional behavior when flying an ICON A5.
 - b. **Revised**: Removed. The subjective nature of this clause gave it little real value. ICON training will emphasize responsible flying through outstanding airmanship, discipline, and decision-making skills appropriate for the kind of flying the A5 was built for (on-airport, off-airport, backcountry, and seaplane flying).
5. 10 Hours Solo Time After ICON Checkout Before Carrying Passengers:
 - a. **Previous**: Intended as good practice to get additional solo time before carrying passengers.
 - b. **Revised**: Removed as a requirement but still recommended by ICON.
6. Cockpit Audio and/or Voice Recorder:
 - a. **Previous**: The current A5 contains a Flight Data Recorder (FDR) ONLY. It does NOT currently contain a Cockpit Audio and/or Video Recorder (CAVR). However, the previous agreement alluded to a future CAVR. If created, that recorder would be encrypted, looping (i.e., only record the most recent period of flight), and only retained or retrieved in the event of an accident for reconstruction by the NTSB. Cockpit recordings are controlled by the NTSB and federal laws prevent unauthorized release.

- b. **Revised:** Removed. While ICON believes CAVR technology is important to the future health of GA, it is not yet available in the current model A5, and the details of such implementation require further exploration by ICON. Therefore, the language has been removed from this contract version until a final solution can be determined. Any such implementation under the current agreement would be at the owner's discretion.
7. \$2,000 Transfer Fee:
- a. **Previous:** Largely misunderstood. Never intended for revenue purposes. This only applied during the period between signing the contract and taking delivery of the aircraft. It was intended to cover the legal fees and paperwork of transferring an aircraft to another legal entity before delivery and to encourage customers to execute the Purchase Agreement in the correct entity up front.
 - b. **Revised:** Removed. One-time transfer now allowed at no charge for a transfer that occurs between signing the contract and taking delivery.
8. First Right of Refusal:
- a. **Previous:** Gave ICON the right to repurchase the aircraft if owner attempted to sell it during the first 12 months of ownership. Intended to discourage brokering of positions by those primarily interested in flipping their A5 for a profit versus flying it as a customer.
 - b. **Revised:** Removed. Largely misunderstood and not worth the consternation.