



## **LETTER OF INTENT**

THIS LETTER OF INTENT (“LOI”) is made on this 3<sup>rd</sup> day of February 2020, by  
**AVATAR AIRLINES, INC.** with offices located at  
20283 State Road 7, Suite 400, Boca Raton, FL 33498

(“Avatar”),

and respectfully submitted to:

### **THE BOEING COMPANY**

**Att: David L. Calhoun, Pres. And CEO**

with offices located at  
100 North Riverside  
Chicago, Illinois 60606

(“Boeing”),

### **PROPOSED TRANSACTION:**

Avatar would like to negotiate for the purchase of 30 new passenger-version 747-8s to be delivered within 3-5 years. The Company intends to release its IPO during this time which would primarily be dedicated for this specific purpose.

### **BACKGROUND:**

On November 19, 2019, Avatar Airlines filed its application for a Certificate of Public Convenience and Necessity with the U.S. Department of Transportation and contemporaneously filed its Preliminary Statement of Intent with the Federal Aviation Administration.

Avatar’s plan is to operate ultra-low fare, non-stop flights to and from high density markets within the continental U.S., *initially* utilizing Boeing 747-400 aircraft configured with 581 passenger seats. Its plan is a radical departure from current “low cost” competitors that derive their profits entirely by passengers by using smaller, less comfortable aircraft and by charging passengers premiums for various amenities that used to be included in the cost of their tickets (i.e., seat selection, baggage, etc.).

Avatar’s use of the Boeing 747 will enable it to offer “all inclusive” regular fares such as \$49 from New York to Miami and \$79 from California to New York, increasing markets for those that fly infrequently and creating new markets for those that don’t fly at all. Avatar’s exclusive use of the Boeing 747 will earn additional significant income by e.g., wholesaling commercial cargo, an operation not available to Avatar’s competing counterparts due to the physical dimensions of their

fleet. Several other profit centers are similarly designed for Avatar to earn additional revenue from strategic partners, rather than relying solely on passenger revenue; advertising both inside and outside the cabin is one such profit center.

Avatar is currently looking to acquire 14 used 747-400s to begin initial service but considers the 747-8 to be the ideal aircraft to replace the older 400s at the proper time. Management also believes the -8 will provide an increase in passenger/freight load capacity along with significantly lower operating costs, especially fuel.

**NON-BINDING NATURE OF LETTER:**

This LOI does not create a binding agreement between the parties and is offered to Boeing for consideration without prejudice or consequence. The LOI remains subject to execution of a formalized purchase/sale agreement that will embody all pertinent terms and conditions, if the parties can agree.

Given Avatar's present stage, the circumstances and lead time surrounding the production of the -8, the *purpose* of this LOI is to express Avatar's interest in making the above acquisitions, to gauge any mutual interest on the part of Boeing, and if so interested, to commence a meaning dialogue and path to consummating the above described transaction(s).



**By: Michael E. Zapin**  
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cc: **BY CERTIFIED MAIL RR REQUESTED**

David L. Calhoun, Pres. And CEO  
Stanley A. Deal, EVP and Pres, Boeing Commercial Airplanes  
Randy Tinseth, VP Marketing Boeing Commercial Airplane  
Kevin Schemm, VP & CFO Boeing Commercial Airplane  
Tim Myers, President Boeing Capital  
Nick Nolder, Commercial Sales  
Thomas Hansen, VP Asset Management Boeing Capital  
Richard Hammond, VP & CFO Boeing Capital  
Scott Nicholson, Used aircraft Asset Manager at Boeing Capital