

Settlement with Piedmont Aviation Component Services Announced by First Aviation

WESTPORT, CT, July 5, 2011 – First Aviation Services Inc. (FAVS.PK) (“FAvS”) today announced that it reached a Settlement Agreement and Release (“Settlement”) signed June 30, 2011 with Piedmont Aviation Component Services, LLC (“Piedmont”), the former owner of FAVS’ subsidiary Piedmont Propulsion Systems, LLC (“PPS”), concluding all disputes between the Company and Piedmont, including a dispute related to a PPS power-by-the-hour contract with a major airline (previously described in the Company’s public documents). In connection with those disputes the Company in its 2010 financial statements recognized a \$3,480 thousand accrued loss on the power-by-the-hour contract and decreased previously reported goodwill by \$3,715 thousand. Pursuant to the Settlement, each party fully released the other party and acknowledged that the settlement was a compromise of disputed claims. Piedmont paid \$1.4 million to FAVS in total as part of the Settlement, a portion of which had been transferred at an earlier date.

Simultaneously with the execution of the Settlement, Mr. Aaron Hollander, C.E.O. and controlling stockholder of FAVS, purchased 3,322,259 shares of Class A Common Stock for \$3 million, or \$.903 per share. Piedmont also agreed to extend through June 30, 2013 its guarantee of FAVS’ bank debt which was used to purchase FAVS’ subsidiary Aerospace Turbine Rotables, Inc. The amortization schedule for such debt was revised so that no amortization will occur until June 30, 2012, and after that date the debt will amortize \$200,000 monthly.

The 2009 Rights Agreement between Piedmont and FAVS was amended limiting Piedmont’s right to approve certain material corporate actions by FAVS. The 2009 Stockholders Agreement between Piedmont and Mr. Hollander was also amended to delete the reciprocal drag along



rights and to provide that Piedmont may designate a single member to the FAvS Board of Directors.

First Aviation Services Inc. ("FAvS") located in Westport, Connecticut, through its principal operating subsidiaries Aerospace Products International, Inc. ("API"), based in Memphis, TN, Aerospace Turbine Rotables, Inc. ("AeTR") in Wichita, KS, and Piedmont Propulsion Systems, LLC ("PPS") in Winston-Salem, NC, is a leading provider of services to the aviation industry worldwide. With locations in the U.S., Canada, Asia Pacific and China plus partners throughout the world, FAvS is a leading provider of aviation products, supply chain management services, repair and overhaul, and technology solutions to the industry.

More information about FAvS and its subsidiaries may be found on the company's website, www.firstaviation.com. Please see our forward looking statements at www.firstaviation.com/forward.

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