



TERMS & CONDITIONS FOR REPAIR & OVERHAUL SERVICES

Approved by: Aksel Sidem

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1. SCOPE

The terms and conditions of sale contained in this document (the "Terms") shall exclusively apply to all sales made by S3 AeroDefense, LLC ("S3"), except otherwise agreed in writing by S3. S3 hereby excludes the Customer's general or specific terms and conditions.

Any additional or different terms and conditions in any form, delivered or otherwise proposed by Customer are deemed to be material alterations to the Terms and are hereby rejected.

The Terms contained herein shall apply to all Repair Orders accepted by S3. By accepting delivery of Products and/or Services described in S3's invoice or other S3 documentation, Customer agrees to be bound by these Terms unless S3 and Customer have signed a separate agreement specifically describing other terms and conditions, in which case the separate agreement will govern any conflicts between the documents.

These Terms may in some instances conflict with some of the terms and conditions affixed to the Customer's Repair Order or other procurement document issued by the Customer. In such case:

- (i) The Terms shall govern, and acceptance of Customer's Repair Order is conditioned upon Customer's acceptance of the Terms, irrespective of acceptance is in writing, by implication, or acceptance and payment of Products or Services ordered hereunder.
- (ii) Customer's acceptance of the Terms herein shall be conclusively presumed from failure to object at the time the Customer issues a Repair Order.
- (iii) S3's failure to object to provisions contained in any communication from Customer shall not be deemed a waiver of the provisions herein.

The Customer acknowledges that it has read and understands these Terms prior to placing any Repair Order.

Contracts or Repair Orders for the sale of Services are binding only after written acceptance by S3 is received by the Customer. Unless otherwise agreed in writing by a duly authorized officer of S3, the performance of the Services by S3 is subject exclusively to the Terms.

2. DEFINITIONS

The terms hereunder defined are read and understood as singular or plural as the case may be:

"BER" – shall refer to Beyond Economical Repair;

"Customer" - shall refer to any customer who purchases Products or Services from S3;

"IAW" – shall refer to in accordance with;

"OEM" – shall refer to the Original Equipment Manufacturer;

"Over & Above" - shall refer to any additional work being done on each Product that is over and above the standard overhaul workscope as defined in the Product Technical Data;

"Overhauled" – shall refer to the restoration of the full potential of a Product in compliance with the Product's Technical Data, any mandatory OEM documentation and the FAA regulations, the term "Overhaul" shall be construed accordingly;

"Products" – shall refer to any hydraulic, pneumatic, fuel, electro-mechanical, mechanical, electrical, or any other components and/or accessories on which the Customer requires S3 to perform Services pursuant to these Terms or a Repair Order;

"Repaired" – shall refer to the restoration of the Product to an airworthy condition IAW the Technical Data, any mandatory OEM documentation and the FAA regulations, the term "Repair" shall be construed accordingly;

"Repair Order" – shall refer to a written Repair Order for Services sent by the Customer to S3 together with the Product on which the Services are requested;

"Request for Estimate" – shall refer to the Product sent to S3 for an evaluation to Repair or Overhaul it. The Request for Estimate itself is non-binding and may or

may not be associated with a Contract or Repair Order between the Customer and S3;

"Removed Product" – shall refer to the Customer's Product which is to be repaired or overhauled;

"S3" – shall refer to S3 AeroDefense, LLC, a limited liability company with its headquarter located at: 2101 W. Camden Road, Milwaukee Wisconsin, 53209 USA;

"Services" – shall refer to any Product modification, functional test, Repair and/or Overhaul of the Product as requested by the Customer;

"Technical Data" – shall refer to component maintenance manual (CMM), technical order (TO), technical manual (TM), mandatory compliance data (i.e. Service Bulletins, Airworthiness Directives, etc.), or any other technical documentation that is applicable at the date of the performance of the Services on the Customer's Product;

"Terms" – shall refer to the General Terms and Conditions of Sale contained herein;

Customer and S3 are jointly referred to as the "Parties" and individually as a "Party".

3. GENERAL

The Customer agrees that S3 shall complete all necessary Services, including Over & Above if required, to fully restore the Product to a Repaired or Overhauled condition, at the Customer's sole expense.

A Repair Order or Request for Estimate by the Customer must be in writing and shall be deemed to be an offer for a contract for sale of Services (all verbal arrangements shall be confirmed in writing). A Repair Order is deemed to be accepted and a binding contract formed once S3 has started the Services or has submitted a written acceptance to the Customer. S3 shall not commence any work without a corresponding Repair Order or Request for Estimate and/or reference to a Contract.

The foregoing provisions apply to all modifications, supplements, revisions, etc. to the original Repair Order. All Products shall be Serviced and delivered to the Customer IAW the agreed Repair Order.

A Repair Order or a Request for Estimate shall accompany the Product at the time of delivery to S3. Products being sent to S3 for Services shall be delivered to:

S3 AeroDefense, LLC
2101 W. Camden Road
Milwaukee, WI 53209

A Repair Order or Request for Estimate shall contain, at a minimum the following information:

- (i) the reference date of S3's proposal, if applicable;
- (ii) the removal date of the Product by the Customer;
- (iii) the reason for Product removal;
- (iv) the requested Services;
- (v) the final destination of the Product to be redelivered;
- (vi) the name of the Customer's forwarding agent or transport agent and applicable address;
- (vii) the requested Aviation Authority certification;
- (viii) the part numbers of the removed Product;
- (ix) the serial numbers of the removed Product;
- (x) Time Since New (TSN), Time Since Overhaul (TSO), Cycles Since New (CSN), and Cycles Since Overhaul (CSO) of the removed Product (if applicable);
- (xi) any mandatory modifications imposed by the Aviation Authority being outside of the scope of the Technical Data;
- (xii) any Customer required Service Bulletin published by the OEM being outside of the scope of the Technical Data;
- (xiii) the invoicing address of the Customer.

S3 shall, in writing, acknowledge receipt of a Product received from a Customer within ten (10) calendar days following receipt of the Product. Absence of an acknowledgment from S3 shall not infer acceptance of the Customer Repair Order or Request for Estimate.



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Following the receipt of a Request for Estimate by S3, Customer shall accept or reject the Request in writing within ninety (90) calendar days from date of issuance of the estimate.

(xiv) If the Customer consent or refusal is not obtained within said timeframe, S3 shall place the Product at Customer's disposal Free Carrier (FCA ICC Incoterms 2010) S3's premises and invoice the Customer for the Product evaluation costs and a stocking fee of two hundred fifty United States Dollars (250 USD) per Product, provided that S3 has first notified Customer.

(xv) In case the estimate is rejected, S3 shall place the Product at Customer's disposal Free Carrier (FCA ICC Incoterms 2010) S3's premises and invoice the Customer for the Product evaluation costs, if any. Such Product shall remain on S3's premises at Customer's risk and costs. If such Product is not recovered by Customer within twelve (12) months from date of issuance of the estimate, such Product shall become the property of S3 and Customer shall hold harmless and indemnify S3 against all actions, claims and costs in relation with the Product.

3.2. BER

In the event that the price, per the estimate, of the Services necessary to restore the Product to a Repaired or Overhauled condition is more than the Customer chooses to pay, than the Customer may elect to declare the Product BER.

In such an event, the Customer shall notify S3 in writing that it has determined the Product to be BER. Within thirty (30) days of its issuance of a BER notification, the Customer shall either:

- (i) request in writing that S3 return the BER Product "As Is"; in such case Customer shall provide S3 a written of acknowledgment of the delivery of the Product within ten (10) days of the Customer's receipt of the BER Product; or
- (ii) acknowledge such notification and agree to transfer such Product's title to S3 for "scrap on site" in a manner to be determined by S3 or as mutually agreed upon between Customer and S3.

Following sixty (60) days from issuance of such BER notification by the Customer and without written direction from the Customer as per paragraph 3.2 above, Customer shall be deemed to have consented to the transfer to the BER Product to S3.

4. ORDER CANCELLATION

A Repair Order may be cancelled upon written request by Customer and written approval by S3, unless specified otherwise within the Repair Order. Those Repair Orders which are in the "work-in-process" phase at the time of cancellation or rescheduling shall be paid for by Customer.

Customer shall also pay promptly to S3 all costs arising out of the termination of work, including without limitation liability to S3's subcontractors or vendors, and any accounting, legal, and clerical costs arising out of the cancellation. These charges may exceed the value of the Products cancelled, and will be determined by S3.

S3 Repair shall have the right to cancel any unfilled Repair Order without notice to Customer in the event that Customer becomes insolvent, is adjudicated bankrupt, petitions for or consents to any relief under any bankruptcy reorganization statute, or becomes unable to meet its financial obligations in the normal course of business.

5. PACKAGING; STORAGE

The Customer shall deliver, to S3, each Product with packing IAW OEM's specification. S3 is entitled to charge to the Customer all costs to repack the Product IAW OEM's specification and/or ATA300.

Any additional packing or packing crates (i.e. for sea transportation or long life packing) required by the Customer shall be additionally charged by S3 to Customer. The cost of any special packing or special handling caused by Customer's requirements or requests shall be added to the amount of the Repair Order (or Sales Invoice).

The Customer and/or the end user shall store the returned Product IAW OEM's instructions from the time of the redelivery. In the case of any change in such norms, S3 shall inform Customer. The Warranty covering the returned Product as set out in Article 13 shall be null and void if the storage conditions defined herein such norms are not fully complied with by the Customer and/or the end user.

6. ASSIGNMENT; SUBCONTRACTING

S3 may at any time assign all or any portion of its rights under any Repair Order, in whole or in part, or to subcontract any part of the work or services to be provided under the Repair Order as it deems necessary or desirable. Customer acknowledges that all or part of the Services on the Product may have been or may be performed by other maintenance, repair and overhaul companies including but not limited to S3's approved third parties suppliers and consents to such subcontracting of works provided that it shall be performed IAW these Terms.

The Customer shall not transfer any rights or obligations under a Repair Order in whole or in part without having obtained the prior written agreement of S3.

6.1. SUBCONTRACTING

7. TRANSPORT; DELIVERY; SHIPMENT:

The Customer shall deliver the Product to S3 - FCA S3's premises (ICC - Incoterms 2010). Delivery shall be addressed to:

S3 AeroDefense, LLC
2101 W. Camden Road
Milwaukee, WI 53209

Unless otherwise agreed in writing, S3 shall re-deliver the Product to the Customer - Free Carrier (FCA ICC Incoterms 2010) S3's premises as identified above.

Delivery by S3 shall be deemed accepted by Customer at the time the Product is at Customer's disposal at the specified re-delivery point.

In the case of shipment of Product at the Customer's risks and costs, quantities received by Customer shall be deemed to be the quantities acknowledged by the shipper or carrier at the time of departure.

7.1. DELIVERY LEAD TIME

S3 will make a good faith effort to complete delivery of the Products as indicated by S3 in writing, but S3 assumes no responsibility or liability and will accept no back-charge for loss or damage due to delay or inability to deliver for any reason, whether or not such loss or damage was made known to S3, including, but not limited to, liability for S3's non-performance caused by acts of God, war, labor difficulties, accidents, inability to obtain materials, delays of carriers, contractors or suppliers or any other causes of any kind whatever beyond the control of S3. Such events shall not subject S3 to any liability to Customer.

7.2. SUPPLIER'S DELAY

If Customer causes or requests a shipment delay, or if S3 ships or delivers the Products erroneously as a result of inaccurate, incomplete or misleading information supplied by Customer or its agents or employees, storage and all other additional costs and risks shall be borne solely by Customer.

Delay in redelivery shall not enable the Customer to reject the returned Product or to fail to pay in strict accordance with the payment terms set out herein. S3 hereby excludes any liability to the Customer or any third party claiming against the Customer for any costs, damages or losses resulting from late redelivery of any Product howsoever caused.

Customer shall notify S3 of any damage to the returned Product and/or loss, non-delivery or deviation in quantity in any Product redelivered hereunder as compared with the Repair Order within forty-eight (48) hours of receipt of same.

Claims for the Products damaged or lost in transit must be made by Customer to the carrier.

In the case of delay in the redelivery, in no event shall S3 be liable for incidental or consequential losses or damages, or the loss of profit, loss of revenue, loss of market or commercial loss to the Purchaser or any third party.

8. EXPORT COMPLIANCE

Customer agrees to comply fully with all United States (US) laws and regulations concerning the purchase and sale of the Products and Services.

Customer acknowledges that the Products and/or technology subject to International Traffic in Arms Regulations (ITAR) cannot be exported without a license unless an exemption is available. Further, parts and/or technology subject



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to Export Administration Regulations (EAR) have strict export compliance regulations and a license may be required.

Account# 0003993284

OR

Upon Customer's written request, S3 will provide Customer with all information S3 has available that reasonably may be required by the Customer to assess any export and re-export restrictions that may affect the Product, associated Products and Documentation. All deliveries and grant of rights to be made by S3 shall be subject to the granting, if required, of the necessary valid license or export authorizations from the concerned authorities. S3 shall use its best efforts to maintain all such authorizations. In the event that any requisite governmental license, consent or permit or other authorization cannot be obtained in fulfillment of any Repair Order or contract, S3 shall not be liable to the Customer in respect of any bond or guarantee or for loss, damage or other resultant financial penalty.

(ii) by check in the currency invoiced sent to:
S3 AeroDefense, LLC
2101 W. Camden Road
Milwaukee, WI 53209, USA

S3 reserves the right to alter the terms of payment by written notice if the Customer fails to pay any amount owed to S3 or if, in S3's opinion, the Customer's financial condition requires such alteration. S3 may, at its discretion, suspend delivery or terminate the Services without liability to S3.

For all Repair Orders, the Customer shall provide information on the destination, end-user, and end use, as reasonably required by S3 in connection with obtaining required licenses according to the applicable regulations. The Customer undertakes not to sell, lend, deliver or otherwise transfer under any circumstances to any third party other than those approved under the applicable regulations, the deliveries and/or their Products, including Product and spares delivered in connection therewith and the know-how, the documentation and information in any way whatsoever, without a license to the extent required in the applicable regulations.

All payments due by the Customer shall not be subject to a right of deduction, or set-off by reason of any claim of the Customer arising out of a Repair Order or sale, or any other transaction with S3, or any duties or taxes.

Commodities, technology or software exported by S3 from the US are exported IAW US Government regulations. Diversion contrary to US law is prohibited.

S3 reserves the right to revoke any credit extended to the Customer if Customer fails to pay invoiced amount when due, or for any other reason based on S3's discretion.

Customer indemnifies and holds S3 harmless from and against any and all losses, damages and expenses (including, without limitation, reasonable attorneys' fees) resulting from or arising out of noncompliance with applicable laws, including import/export laws and regulations, relating to S3's sale and delivery of the Products and Services to Customer.

Customer is solely responsible for, and will indemnify and hold S3 harmless from, any applicable sales, use, transaction, excise or similar taxes (but not taxes imposed or measured by S3's net income), and from any federal, state or local fees or charges (including, but not limited to, environmental or similar fees), imposed on, in respect of, or otherwise associated with the Repair Order. Customer must claim any exemption from such taxes, fees or charges at the time of purchase and provide S3 with the necessary supporting documentation.

9. PRICES

The Customer, by sending Product for Services to S3, agrees to pay all evaluation costs incurred by S3 in order to provide the Customer with a Services estimate to Repair or Overhaul Customer's Product.

10.2. DELAY IN PAYMENT

In the event, the Customer has a good faith, substantiated, belief that an error has been made in any invoice sent by S3, Customer shall notify S3 in writing of the nature of the alleged error within fourteen (14) days of the date of invoice and shall arrange a meeting with S3 to conduct an investigation within forty five (45) days from receipt of the written notification by S3.

Following receipt of Product, S3 shall send to the Customer an estimate and/or a proposal including but not limited to the entire work scope required to return the Product to an airworthy condition together with the commercial and pricing conditions.

Customer may withhold payment but only of the amount in question, and the remainder of the invoice shall be paid pursuant to the Terms. If an invoice adjustment is warranted, S3 shall either correct the invoice or issue a credit invoice or reimburse Customer to cover the amount adjusted, if necessary. If the adjustment is not warranted, Customer shall pay the amounts that have been withheld within fifteen (15) days of receipt by Customer of S3's written notification of the outcome of such investigation.

Prices indicated in S3's estimate/proposal are in US Dollars and shall remain valid for the period stated in S3's estimate. Such prices are exclusive of any value added tax and customs duties. Should any additional tax be applicable, it shall be charged by S3 to the Customer. When performing the Services, S3 may invoice additional charges for the performance of Over & Above work scope to the Customer.

Without prejudice to the Article 10.5 "Retention of Title" S3 shall be entitled to charge, to the Customer, interest rate at one point five percent (1.5%) per month on the total amount of any unpaid invoice from the due date of such payment until payment is made in full.

10. PAYMENT

Unless otherwise agreed in writing, payment must be received by S3 on the earlier of the time period specified in the invoice or thirty (30) days from the date of the invoice. Unless otherwise agreed between S3 and Customer, all payments are to be in United States Dollars. At the time of payment, the Customer shall identify the invoice number to which such payment relates.

An additional amount of ten percent (10%) of the unpaid invoice amount will be automatically payable by the Customer to S3 in compensation for costs incurred in connection with such delay. S3 reserves the right to withhold delivery should any invoice or previous invoices remain unpaid.

Customer agrees to pay a finance charge of one and one half percent (1.5%) per month on the unpaid balance from the due date until paid in full. In the event that S3 is required to bring legal action to collect delinquent accounts, Customer agrees to pay reasonable attorneys fees and costs of suit.

10.3. DISCOUNT

No discount shall be granted to the Customer in case of payment made in advance of the payment due date.

Payment shall be made to S3 by:

- (i) wire transfer in the currency invoiced, wired in accordance with the following instructions:
Bank Name: BMO HARRIS BANK N.A.
770 N. WATER ST
MILWAUKEE, WI 53202
UNITED STATES
SWIFT ID: HATRUS44
ABA# 071000288
Beneficiary S3 AeroDefense, LLC

10.4. NEW CUSTOMER TERMS

S3 reserves the right to approve or deny any credit applications in its absolute discretion.

All new Customers wishing to place Orders with S3 must provide, at S3's request, either an irrevocable, confirmed letter of credit IAW S3's requirements or advance payment for the amount of the Repair Order.

Existing Customers wishing to revise their credit limits shall contact S3.

10.5. RETENTION OF TITLE

Customer hereby agrees that title to new parts incorporated by S3 during Services shall be retained by S3 and shall not pass from S3 to the Customer or to the



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relevant owner of the Product (as the case may be) until payment in full of all sums due and payable by Customer per these Terms.

Until such time, title to new Products and/or parts incorporated in the Product and provided by S3 shall pass from S3 to the Customer or the relevant owner (as the case may be).

- (i) S3 shall have absolute authority to retake, sell or otherwise deal or dispose of all, any or part of the new Products and/or parts incorporated in the Product in which title remains vested in S3;
- (ii) For the purpose specified in (i) above, S3 or any of its agents or authorized representatives shall be entitled at any time and without notice to enter upon any premises in which the new Products and/or parts, or any aircraft on which the new Products and/or parts is installed, is stored, kept or used, or is reasonably believed so to be;

S3 shall be entitled to seek a court injunction to the Customer or the relevant owner (as the case may be) from selling, transferring or otherwise disposing of the new Products and/or parts.

Customer shall ensure compliance with S3's rights and interests under this Article 10.5 in all circumstances, by any means and at its own expenses and not do or knowingly permit to be done any act or thing which might reasonably be expected to jeopardize S3's rights and interests under this Article 10.5. If Customer fails to carry out its obligations in respect of this Article, Customer shall indemnify S3 against all cost, expenses and damages which S3 may incur or suffer due to this failure.

11. NOTICES

Any notice or communication to be given shall be in writing and shall either be hand delivered, sent by overnight delivery services, faxed or sent via electronic mail to the party to receive the same. Any notice shall not be effective unless and until it has verifiably been received by the party to whom it has been sent.

12. CONFIDENTIALITY

Customer shall treat all information and documents (e.g. offers, work, Repair Orders, contracts, prices, technical concepts, personal data) as confidential and shall not disclose such information and documents to third parties unless S3's prior written approval is obtained. The obligation to maintain secrecy of the confidential information shall survive termination of any contractual relationship between the Parties.

The Customer shall keep confidential and protect against any release to third parties, the documents, information and data identified as confidential, received from S3 in relation to the Repair Order and/or the Request for Estimate (the "Confidential Information").

- (i) The Customer shall:
- (ii) hold in strict confidence the Confidential Information, and
- (iii) not disclose or place at the disposal of third parties the Confidential Information without prior written agreement of S3, and
- (iv) ensure that its personnel comply with all such obligations contained in this Clause 12.

The Customer shall not reproduce or have reproduced the Confidential Information without the prior written agreement of S3. Upon S3's request, the Customer shall promptly return the Confidential information and not retain any copies thereof or take the necessary measures as indicated by S3.

The confidentiality obligations contained herein shall continue during a ten (10) year period following the delivery of the last Repair Order to the Customer.

13. WARRANTY

S3 warrants that the Services performed by S3 on the Product redelivered to the Customer conform to the Warranty clause attached at Appendix 1.

The warranty at Appendix 1 (the "Warranty") constitutes the full extent of S3's warranties, obligations, and liabilities, express and implied, in fact and in law, with respect to any breach of warranty, any representation or warranty in respect to fitness for a particular purpose or merchantability and any implied warranties other than the foregoing.

All warranties and liabilities other than contained in this Warranty are hereby excluded and in no event shall S3 have any responsibility to the Customer arising from a breach of Warranty or otherwise.

For out of warranty Product or for Product for which the warranty claim is rejected by S3, S3 and the Customer shall agree on measures to be taken on these Products (i.e. repair, cost of transportation).

14. REMEDIES TO S3

Customer agrees that any of the following shall constitute an event of default which shall enable S3, at its option, to cancel any unexecuted portion of the Repair Order and/or to exercise any right or remedy which it may have by law:

- (i) the failure of Customer to perform any term or condition contained herein;
- (ii) any failure of Customer to give any required notice herein;
- (iii) the insolvency of Customer or its failure to pay debts as they mature, the filing of any petition to adjudicate Customer bankrupt;
- (iv) the death, incompetence, dissolution or termination of the legal existence of Customer;

Upon default by Customer, Customer agrees to reimburse S3 all attorney fees and court costs incurred by S3 in connection therewith.

In the event it becomes necessary to incur any expense for collection of any overdue account, reasonable collection charges, including reasonable attorneys' fees, will be added to the balance due and Customer shall pay all such charges.

15. LIABILITY; RISK; INSURANCE

TO THE MAXIMUM EXTENT PERMITTED BY LAW, S3 SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOSS OF BUSINESS PROFIT, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, OR ANY OTHER PECUNIARY LOSS) ARISING OUT OF THE USE OF, OR INABILITY TO USE, THE PRODUCTS/SERVICES SOLD HEREUNDER, EVEN IF S3 HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

The liability of S3 to the Customer arising out of or connected with or resulting from the Services whether in contract, tort or negligence or otherwise shall not in any event exceed seventy five percent (75%) of the prices of the Services giving rise to Customer's claim. In no event shall S3 be liable for incidental or consequential losses or damages, or the loss of profit, loss of revenue, loss of market or commercial loss. Beyond the amount of liability here above mentioned, Customer and its insurers hereby agree to waive any rights of recourse and shall indemnify S3, its directors, officers, agents, employees and its insurers (collectively "indemnitees") and hold harmless S3 against all proceedings, costs, expenses, liabilities, loss or damage which S3 incurs or suffers in respect of any claims made by any third party and related to any of the obligations to be performed by S3 pursuant to these Terms (collectively "Losses") unless and to the extent that such Losses are due to S3's gross negligence or willful misconduct.

15.1. RISK

Unless otherwise stated above, Risk on Product shall pass to the Customer upon redelivery of the Product as per Article 7 of these Terms.

15.2. INSURANCE

The Customer shall obtain and maintain for the duration of the Services and/or contract between the Parties the following insurances:

- (i) a comprehensive general liability insurance and
- (ii) an aircraft products liability insurance, from the date of transfer of risks on the Product as set out under these Terms.

In addition, Customer shall ensure that for the duration of the Services and/or contract between the Parties and for two (2) years after its termination S3 is named as an additional insured under Customer and/or its customers' all risks insurance and aircraft products liability. The payment of the indemnity under the all risks insurance policies shall be paid directly to S3.

This insurance shall be sufficient to cover at all times the replacement value of the Product until full payment for the Services.

The Customer shall provide S3 on demand with the corresponding certificate issued by the insurance company and shall identify the type of insurance policy, the amount of the coverage and the termination date.

16. FORCE MAJEURE



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S3 shall not be liable for any damage or penalty for delay in delivery or for failure to give notice of delay when such delay is due to the elements, acts of God, acts of the Customer, act of civil or military authority, war, warlike operations, terrorism, insurrections, riots, governmental priorities, sabotage, fires, explosions, labor strikes, concerted labor action, shortages of materials, failure of a subcontractor or the OEM to furnish materials, accessories, or parts due to the above mentioned causes, or for any other causes beyond the reasonable control of S3. The anticipated delivery date shall be deemed extended for a period of time equal to the time lost due to any delay excusable under this provision.

17. INTERPRETATION AND LAW

Both Parties agree to use all reasonable efforts to resolve any and all disputes arising out of or in connection with a Repair Order with a cooperative attitude and by amicable arrangement.

These Terms and any Services, Repair Orders, or Contracts taken under these Terms and any dispute arising in relation to them shall be governed by and construed in all respects IAW the laws of the State of Wisconsin, without regard to conflicts of laws rules.

Any dispute arising out of or in connection with a Repair Order, Contract, or any transaction that could not be settled amicably by the Parties within three (3) months of the notice by a Party to the other of the reason of the dispute shall be resolved fully and finally by binding arbitration in Milwaukee, Wisconsin, by a single arbitrator of the American Arbitration Association, who shall be agreed upon by S3 and Customer.

- (i) If the parties cannot agree on an arbitrator, the American Arbitration Association shall appoint the arbitrator.
- (ii) Such arbitration shall be conducted IAW the Commercial Arbitration Rules of the American Arbitration Association.
- (iii) The substantive laws of Wisconsin shall apply in the arbitration.
- (iv) The parties shall split the arbitrator's fees and other direct costs of the arbitration but each party shall pay its own attorneys' fees and the other costs of presenting their case.
- (v) Any decision provided by the arbitrator IAW this provision shall be final and binding on the parties and judgment upon award by the arbitrator may be entered in any court having jurisdiction.
- (vi) The arbitration shall take place in the English language

With regard to any matter which cannot be determined by arbitration, the parties hereto consent to jurisdiction in the Wisconsin courts to hear any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement.

The parties further agree that venue for any such suit, action or proceeding shall be proper in Milwaukee County, Wisconsin with regard to a suit, action or proceeding brought in a state court and the United States District Court for the Eastern District of Wisconsin with regard to a suit, action or proceeding brought in a federal court.

If any provisions herein are determined to be invalid under applicable law, these will not apply; but the remaining Terms shall remain in effect.

18. LANGUAGE

Unless otherwise agreed between S3 and the Customer, all correspondence and documentation shall be written in the English language.

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APPENDIX 1
S3 STANDARD COMMERCIAL WARRANTY

1. GENERAL

In the event of failure, malfunction or other defective condition occurring before the expiration of the Warranty Period, and being due to Defective Parts or Defects in Workmanship performed by S3, the remedies specified in this Warranty and Disclaimer Statement will apply.

Subject to the Terms of this Warranty and Disclaimer, S3 warrants that:

- (i) the components and accessories overhauled, repaired, or exchanged by S3 (hereinafter referred to as the "Product") shall comply with the applicable regulations of the applicable Airworthiness Aviation authorities (FAA and/or EASA), with approved OEM maintenance documentation, and/or applicable Technical Data;
- (ii) the Product overhauled, repaired, or exchanged by S3 or by its approved subcontractor shall be free from Defective Parts or Defects in Workmanship.
 - ii.a. Defects in Workmanship shall mean failure to conform to the documented overhaul or repair procedures, prescribed by the manufacturer of the Product or associated Technical Data, module or accessory, or to other generally accepted industry maintenance practices.
 - ii.b. Defective Part shall mean any part, component or accessory, which is determined by S3, to exhibit or have been subject to a Defect in Workmanship.
 - ii.c. Overhauled components supplied on an exchange or outright sale basis and embodied by S3 during repair or overhaul will be subject to this same warranty.
- (iii) New spare parts and materials embodied by S3 during repair or overhaul will carry the manufacturer's new part warranty. S3 will pursue warranty claims with the manufacturer on the Customer's behalf, and will credit all amounts received under such claims to the Customer's account.
- (iv) Current and relevant inspection criteria is used for the Customer's components and parts that have been inspected per the respective Technical Data and assessed as "fit for re-use", and subsequently re-embodied by S3 during the Services of the Product.
 - iv.a. Due to unknown part history, no absolute life expectancy of these parts can be given.

The obligation of S3 under its warranty shall be limited to:

- (i) restoration of the Defective Workmanship and/or Defective Part(s) of the Product in full accordance with the appropriate repair or overhaul instructions without charge to the Customer for such restoration, or
- (ii) the replacement of the Defective Part(s), at S3 discretion, without charge to the Customer for such replacement, or
- (iii) the replacement of the defective Product with equivalent Product, at S3's expense.

The decision to repair or replace the defective unit is solely at the discretion of S3.

Any such repair or replacement by S3 shall also be accomplished diligently and the period of this Warranty shall:

- (i) be extended for a period equal to the period of time it took S3 to correct the defect and return the Product to the Customer, or
- (ii) have the benefit of the unexpired portion of the original Product's warranty in case of replacement.

Unless otherwise agreed between the Parties:

- (i) the removal and reinstallation of the Product on the Aircraft, are borne by the Customer.
- (ii) if the Customer's requests field services then charges for travel and stay of S3 personnel will be borne by the Customer.

The rights and obligations of the parties under this Warranty shall be construed, interpreted and applied under the laws of the state of Wisconsin (USA).

This Warranty shall not be extended, altered or varied except by a written instrument executed by S3.

1.1. WARRANTY DURATION

S3 warrants the services performed against all defects in materials and workmanship for a period of:

- (i) Overhauled Product – shall be twelve (12) months, or eight hundred (800) flying hours, or five hundred (500) cycles, whichever comes first from the date of shipment to Customer.
- (ii) Repaired Product – shall be six (6) months, or four hundred (400) flying hours, or two hundred fifty (250) cycles, whichever comes first from the date of shipment to Customer.

1.2. WARRANTY VALIDITY

The warranty offered by S3 shall apply only to the extent that the Products are:

- (i) The same P/N and Serial Number (S/N) previously serviced by S3 under the Terms of the original Repair Order.
- (ii) Installed, operated, maintained, and/or stored IAW the instructions provided by the aircraft manufacturer or the Product OEM.

1.3. NOTIFICATION

Defects shall be reported to S3 within forty five (45) days from the discovery by Customer or any third party of the alleged defect. Customer shall make a warranty claim with full details of the alleged defect including:

- (i) Part Number of the defective part;
- (ii) Serial Number of the defective part;
- (iii) S3's original Repair Order number and/or Contract Number if applicable;
- (iv) Date of receipt of the Repaired Product to the Customer;
- (v) Aircraft Tail Number;
- (vi) Date of installation onto the aircraft;
- (vii) Date of defect discovery;
- (viii) Detailed description of the "reason for removal";
- (ix) Specific information relating to the nature of the defect and the manner in which the defect is covered by this Warranty;
- (x) Date of removal of the Repaired Product from the aircraft;
- (xi) Time/Cycles of the Product "on wing" - TSN/TSO - CSN/CSO

If the Customer fails to provide its written statement or the defective part to S3, the warranty claim shall be deemed suspended until the Customer completes these obligations within forty five (45) additional days, after which the warranty claim shall be deemed rejected.

Additionally, upon S3's request, the Customer shall also provide such additional documentation as may reasonably be required by S3 to make warranty claim adjudication.

1.4. WARRANTY PROCESS

- (i) Upon notification by the Customer S3 shall issue the Customer a Return Material Authorization (RMA) claim number for return of the Product to be evaluated by S3.
- (ii) The Customer shall return, together with its warranty claim and S3's RMA, any Product (along with all attached or related items, including the Product records, needed to determine the cause(s) of malfunction) alleged to be defective and under warranty. The Defective Product shall be properly identified, properly packed and returned prepaid to S3, or as otherwise agreed between the Customer and S3.
- (iii) The Product shall be delivered to S3 within thirty (30) days from the date of submission of the completed warranty claim form to S3.
- (iv) Upon receipt of the Product for which Warranty is claimed; S3 shall promptly conduct and document an investigation to determine the validity of such claim IAW the Terms of this Warranty and Disclaimer statement. S3 shall be the sole decision maker about whether there is a defect in workmanship under normal use and service.
 - iv.a. Following the date of the Product receipt at S3's Facilities, a warranty claim shall be deemed to have been accepted by S3 if it has not been accepted or rejected forty five (45) days from the date of receipt at S3's facility.
- (v) If Defective Workmanship and/or Defective Part(s) are proven to be the cause of the stated defect, such repair and/or replacement shall be made by S3, as per the Terms of this Warranty, without charge, and S3 will also reimburse the Customer of shipping charges and pay all subsequent related packing and transportation costs.
 - v.a. Any defective Product replaced under S3 Warranty shall automatically become the property of S3.
- (vi) In the case a warranty claim is rejected, S3 shall give due evidence of its refusal and inform the Customer of the viability of a repair, the cost of the repair including all shipping charges to the Customer's facility.
 - vi.a. If the Customer agrees to perform the repair, the Customer shall provide, in writing, to S3 its approval to proceed with the repair, which will be undertaken pursuant to the Terms of this agreement.
 - vi.b. If the Customer elects to not proceed with the repair then the Customer is still responsible for all associated shipping charges, testing, and evaluation costs.

S3 will accept or reject the Customer's warranty claim after technical investigation based on the relevant Technical Data and sound aviation industry practice.

S3 shall advise Customer of its finding within thirty (30) days from the date of the Product receipt by S3.

1.5. EXCLUSIONS; LIMITATIONS

This Warranty applies only to the actual work carried out by S3 and those sections of the Products disturbed in the process of overhaul or repair during which the Defect in Workmanship occurred. Subsequent repairs, inspections or modifications in the same section of the Product (other than that required to confirm the defect) by any agency other than S3 will void this warranty, unless prior written consent of S3 is obtained.

This Warranty applies to work carried out on behalf of Customer and is made for the benefit of Customer. It may only be transferred with the prior written consent of S3.

The Warranty excludes:

- (i) any Product whose manufacturer's identification tag or serial number have been removed or obliterated or altered or cannot otherwise be identified;

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S3 STANDARD COMMERCIAL WARRANTY

- (ii) any defects due to normal wear and tear or if the Product was not handled IAW the manufacturer's recommendations, or other applicable documents, or other handling causes for which S3 is not responsible;
- (iii) any Product which has been damaged or otherwise become defective due to the failure or malfunction of another component or unit which have not been maintained by S3 (i.e. consequential or resultant damage), or due to aircraft operation and/or maintenance not performed IAW OEM and/or Aviation Authorities instructions;
- (iv) any failures, malfunctions, or non-conformities of the Product attributable in whole or in part to improper storage, improper handling, improper preservation resulting in corrosion and/or erosion, incorrect installation, misuse, improper operation, or failure to maintain or service the Product(s) IAW applicable and published maintenance practices mandated or recommended by the Product and/or Aircraft OEM, and sound aviation industry practices;
- (v) failures, malfunctions, or non-conformities of the Product attributable in whole or in part to acts of God, combat damage, or obvious neglect;
- (vi) failures, malfunctions, or non-conformities caused by parts, or components not installed by S3, or alterations of a Product which is not IAW published OEM procedures;
- (vii) any Product used in service after being involved in an accident unless the Customer proves that the alleged defect is not the result of the accident;
- (viii) any foreign object damage (FOD) sustained in operation, transit or in storage;
- (ix) any Product which has been improperly unpacked or repacked other than IAW ATA 300, OEM recommendations, or S3's instructions;
- (x) any parts which are replaced as a result of the Customer's elected maintenance or as a result of the Customer's decision to transfer spare subassemblies between Products, or any parts thereof;
- (xi) any surcharges, import taxes duties, handling fees or other fees that may be levied in transporting the Product to S3 for repair.

In no event shall the liability of S3 or S3's suppliers arising under this Agreement exceed the price of the overhaul or repair services or materials that gives rise to the claim.

In no event, whether as a result of breach of contract or warranty, alleged negligence, or otherwise, shall S3 be subject to liability for incidental, consequential, indirect, special or punitive damages of any kind, including without limitation to damage to the engine, airframe or other property, commercial losses, lost profits, loss of use, grounding of engines or aircrafts, costs or expenses of operation, removal, transportation or reinstallation of engines, inconvenience, loss of time, cost of capital, cost of substitute equipment or facilities or services, downtime, claims of customers, or changes in retirement lives and overhaul periods.

This Limited Warranty, the obligations of S3 and the rights and remedies of the Customer set forth in this Limited Warranty are exclusive and are expressly in lieu of all other warranties, express or implied, including any implied warranties of merchantability or fitness for particular purpose. The Customer hereby waives and releases all other obligations, representations or liabilities, express or implied, arising by law in contract, tort (including negligence or strict liability) or otherwise, including but not limited to any claims arising out of, connected with or resulting from the performance of this Limited Warranty or from the design, manufacture, sale, repair, lease or use of the Product, any component thereof and services delivered or rendered hereunder or otherwise.