

General Terms and Conditions for Supplies of Maintenance Services by RUAG companies with their place of business in Switzerland (GTC SMS)

1. Scope and validity

- 1.1 These GTC SMS govern the conclusion, content and performance of contracts for the supply of Hardware Maintenance including repair services and the supply of Parts (components, equipment and material) as well as Software Maintenance including Support and similar or related services by RUAG. Unless otherwise agreed, the General Terms and Conditions for the Sale of goods, the performance of work as well as for the supply of other deliverables by RUAG companies with their place of business in Switzerland (GTC) shall apply for work contracts, purchase of goods and similar contracts, the General Terms and Conditions for Services by RUAG companies with their place of business in Switzerland (GTC Services) shall apply for services.
- 1.2 These GTC SMS shall be considered accepted if the Customer orders from RUAG and reference is made to them in the offer or in the order confirmation. General Terms and Conditions of the Customer are explicitly excluded.

2. Offer and order

- 2.1 An offer submitted by RUAG is valid during the period mentioned in the offer. If there is no respective information, RUAG remains bound for 30 calendar days.
- 2.2 If the order of the Customer deviates from RUAG's offer or order confirmation, the offer, the order confirmation respectively, applies, unless the Customer raises an objection immediately after receipt.
- 2.3 Orders are only binding if they are placed in writing or subsequently confirmed in writing. Electronic orders and confirmations are considered equivalent.

3. Scope of Maintenance

- 3.1 The services to be rendered shall be agreed in the contract document and in the respective Service Level Agreement (SLA). Unless explicitly agreed otherwise, the Maintenance shall cover the following services
- Hardware Maintenance shall include preventive Maintenance (servicing to safeguard operational reliability) and corrective Maintenance (fixing defects so that normal operability is resumed) through repair or replacement of defective Parts or installation of technical upgrades;
 - Software Maintenance shall include the remedy of errors and the elimination of faults in the software for the purpose of preserving its usability. Subject to other agreement in writing case by case, the remuneration for Software Maintenance shall not include the integration of new functions and the corresponding user rights;
 - Support services shall include advice and assistance to the customer with respect to the use of the Hardware (including the operating software) or the Software or the system covered by the contract.
- 3.2 If requested, RUAG shall provide support to diagnose the cause of a fault resulting from the interaction of several systems or components. If the fault was not caused by Hardware or Software for which RUAG is responsible, the Customer shall be billed separately for this service.
- 3.3 At Customer's request the following services shall be rendered by RUAG for separate remuneration:
- The implementation of any necessary software adaptations for operational, database and carrier systems that are modified.
 - The remedy of errors that are caused by circumstances for which Customer or third parties are responsible.
- 3.4 RUAG shall be under no obligation to provide Maintenance services in any of the following events:
- If the Software is installed or operated on hardware or with software that is not approved by RUAG
 - If the Hardware or Software has been damaged or modified by Customer

- If problems arise due to Customer's negligence or use not in conformance with the documentation provided by RUAG;

4. Updating of documentation

RUAG updates the documentation in accordance with the Maintenance rendered to the extent necessary.

5. Enlisting of subcontractors

RUAG reserves the right to mandate subcontractors for the provision of Maintenance. In such a case RUAG remains responsible towards the Customer for the provision of Maintenance.

6. Information

At RUAG's request, Customer shall provide information in order to facilitate resolving technical issues. Further, Customer shall, to the best of its knowledge, notify RUAG of any defect, malfunctioning or programming error.

7. Remuneration and packing

- 7.1 The remuneration compensates for the Maintenance agreed upon in the contract. Unless expressly otherwise agreed, it is due net, excluding taxes and duties (value added tax, customs duties etc.), from RUAG premises, without packing and without deductions.
- 7.2 The parties shall agree upon the Maintenance to be performed on:
- a flat rate basis; and/or
 - a time and material basis.

Maintenance provided on a time and material basis shall be charged at the man-hour rate in force at RUAG's working place at the time upon conclusion of the contract.

- 7.3 RUAG may increase the remuneration for the Maintenance to take effect at the beginning of the following calendar year, as long as:
- it reasonably justifies the increase upon one month prior notice to Customer, and
 - Customer does not refuse the increase within 10 calendar days from receipt of the notice.
- 7.4 In case Maintenance has to be provided outside the agreed working place, prices do not include related expenses of RUAG.

8. Terms of payment

- 8.1 Unless otherwise agreed, the payments are due at once, payable to RUAG within 30 calendar days from the invoice date without any deduction.
- 8.2 RUAG may demand a reasonable advance payment upon placement of an order.
- 8.3 Customer's objections against an invoice of RUAG must be raised in writing within two weeks after its receipt, otherwise the invoice shall be deemed fully approved by Customer.
- 8.4 The payment dates have to be complied with, even if the Maintenance is delayed for reasons, for which RUAG is not responsible, or if insignificant Parts are missing or slight corrections are necessary.

9. Transfer and retention of title

- 9.1 The property and title in Parts supplied by RUAG remain with RUAG until all payments and claims owed to RUAG by Customer from the contractual relationship have been fully paid.
- 9.2 The ownership of any replaced part shall, unless otherwise agreed, be acquired by RUAG upon its removal.

10. Delivery times and default of delivery

10.1 Delivery times are considered kept if, until their expiry, the Maintenance agreed upon has been provided by RUAG.

10.2 If RUAG cannot comply with a delivery time for reasons, for which it is not responsible (e.g. due to unfulfilled obligation to co-operate of the Customer or the fault of third parties), it is extended appropriately.

10.3 If the parties have agreed upon an exact deadline for Maintenance, and in case RUAG does not meet the deadlines so fixed, RUAG comes into default without further ado; in any other cases after a written reminder by the Customer granting a reasonable respite. If RUAG comes into default through its own fault, the Customer is entitled to claim a contractual penalty. For each full week of delay, the contractual penalty amounts to a maximum of 0,5%, but not more than a total of 5%, calculated on the contractually agreed remuneration for the delayed (partial) Maintenance. For the first week from the beginning of default there is no claim for a contractual penalty. The contractual penalty is credited against a possible compensation for damages to be paid. Personal negligence of the Customer or Force Majeure remain reserved.

11. Force Majeure

11.1 RUAG shall not be held responsible for failure to perform or delay in performing any of its contractual obligations if such failure or delay is due to unforeseeable events beyond their reasonable control, whether arising from natural causes or human agency ("Force Majeure"), including but not limited to acts of God, war, insurrection, epidemics, sabotage, labour disputes, strikes, lock-outs, shortages of labour, interruption or delays in transportation, fire, explosion, equipment or machinery breakdown, failure or delays of RUAG's source of supply, shortage in material or energy, acts, orders or priorities of any aviation authority or government (e.g. non-issuance of an export license or non-approval of service deliveries as well as the withdrawal of such an export authorization), and embargo.

11.2 RUAG shall notify in writing Customer within two weeks following the occurrence of any event of Force Majeure citing this clause in said notice and shall supply all relevant information about its effects on the performance of its contractual obligations.

11.3 Unless mutually agreed to in writing, if RUAG is unable to perform because of Force Majeure, RUAG is temporarily excused from performance while the incident of Force Majeure is occurring and obligated to perform once the incident ends. RUAG shall not be subject to damage claims.

11.4 In case the duration of Force Majeure exceeds six months, the parties will have the right to terminate this contractual relationship immediately. Contractual obligations performed shall be remunerated. If the purchase price has been paid by the Customer in full, RUAG will refund the purchase price less the accrued cost and expenses of the contractual obligations.

12. Place of performance

12.1 Unless otherwise agreed, the premises of RUAG are the place of performance.

12.2 With the delivery at the place of performance risk is transferred to the Customer.

13. Inspection and acceptance

13.1 Customer may not refuse to declare acceptance for defects by which the operability of the deliverables in question is not affected or in-significantly affected. If during the acceptance inspection major defects are detected, acceptance is postponed. RUAG remedies detected defects and notifies the Customer of a new acceptance date.

13.2 Acceptance shall be deemed to have been declared without reservation in any case when Customer puts into operation, without reservation, the deliverable.

14. Warranty

14.1 RUAG warrants that Maintenance provided:

- a) is performed and conform to industry standards relevant to authorized providers of such services,
- b) is free of defects in material and workmanship, and
- c) conforms to all contractual requirements.

14.2 For Maintenance and Support services as well as Parts of RUAG, claims due to defects and faults shall be subject to a limitation period of 180 calendar days following the completion. However, for Parts and services supplied by third parties the remaining supplier warranty shall be passed on to the Customer.

14.3 Defects and faults shall be reported to RUAG in writing promptly after Customer becomes aware of them, at the latest within 10 calendar days after discovery.

14.4 RUAG assumes no liability of whatever nature to the Customer relating to defects in Parts procured from third parties which have been installed by RUAG. However, RUAG will use its best endeavours to obtain from its suppliers of Parts any warranties and shall assign, if possible, such warranties to the Customer.

14.5 Above warranties are exclusive and Customer waives all other claims for warranties (express or implied) of RUAG to the Customer arising by law or otherwise with respect to or relating to Maintenance performed by RUAG under the order.

15. Liability

RUAG is only liable for violations of contract caused through gross negligence or intentionally. Liability for auxiliary personnel is excluded.

16. Licenses and export regulations

16.1 If the Customer provides goods for the performance by RUAG, he keeps informed at all times about national and international export regulations (e.g. ITAR) and notifies RUAG immediately in writing, if the goods provided are subject to these provisions in whole or in part. He complies with all applicable export regulations and discloses to RUAG all relevant information for this purpose.

16.2 Unless expressly otherwise agreed in writing, the Customer takes all measures required to obtain the official license needed for the provision of Maintenance. RUAG provides the Customer with appropriate support.

17. Emerging intellectual property rights

17.1 Intellectual property rights (Copyrights, patent rights etc.) created during the performance of the contract, particularly on works, concepts, hardware and individual software including source code, program description in written or machine-readable form specially developed by RUAG belong to RUAG.

17.2 The Customer has a non-transferable and non-exclusive right to use the emerging intellectual property rights within the purpose of the contract. In case of software this right includes the use on the hardware as agreed and their successor systems. For a changed operating system or higher performance class the modification and extension of the right of use requires the approval of RUAG.

17.3 Both parties are entitled to use and dispose of ideas, procedures and methods which are not protected by law, but without being under the obligation to disclose them.

18. Pre-Existing intellectual property rights

18.1 Pre-Existing intellectual property rights (Copyrights, patent rights etc.) remain with RUAG or third parties.

18.2 The Customer obtains a non-exclusive and non-transferable right to use the pre-existing intellectual property rights for the agreed purpose.

19. Infringement of intellectual property rights

19.1 RUAG shall contest at its own cost and risk any third party claims arising from infringement of intellectual property rights. The Customer informs RUAG immediately in writing about claims of third parties due to infringement of intellectual property rights. He lets RUAG conduct a possible trial and take care of the measures and instructions for a settlement in court or out of court. In case of a trial the Customer shall consult RUAG immediately. If necessary, he takes first damage-reducing measures.

19.2 Under these conditions RUAG assumes the costs accruing to and damages paid by the Customer. In case of a settlement out of court RUAG makes the agreed payment to third parties only if it has approved it beforehand.

20. Confidentiality

20.1 Both parties shall treat in strict confidence all information which is neither generally known nor generally accessible, and shall use it only for the purpose of fulfilling the concluded contract. Moreover, the parties shall ensure the confidential treatment by their personnel and consulted specialists. In case of doubt, all information is to be treated confidentially.

20.2 Confidential information of a party does not include information which:

- was already known to the other party, before it was made accessible by the disclosing party;
- is or becomes generally known without the other party's responsibility;
- was disclosed to the other party by a third party without any transfer restriction;
- was developed by the other party itself without using or referring to the confidential information of the protected party;
- has to be disclosed based on a legally binding decision of a law court, administrative or other authority. In this case the party under the obligation to disclose has to inform the other party immediately about the decision and support protective measures the other party may want to take.

20.3 This obligation of confidentiality already exists prior to the conclusion of the contract and remains valid for a period of 3 years after termination of the contractual relationship.

20.4 Without the approval of the other party the disclosure of information to third parties is not permitted. The companies of the RUAG Group, particularly the RUAG Holding AG as well as its subsidiaries and enlisted specialists (lawyers, auditors, experts) are not third parties in terms of this agreement. If the approval is given, the obligations of confidentiality are to be transferred to the receiving third party.

20.5 Advertising and publications about specific services in connection with the contractual relationship require the written approval of the other party. Without the written approval of RUAG the Customer may not advertise the fact that a cooperation between the parties exists or existed, and may not give RUAG as a reference.

20.6 If a party violates the above-mentioned obligations of confidentiality, it owes, unless otherwise agreed, a payment to the other party, unless it can prove that it was not at fault. For each case the payment amounts to 10% of the total compensation or 10% of an annual remuneration in case of a recurring remuneration, but no more than CHF 50'000.00 per case. This payment does not relieve the party from the obligation of confidentiality; but it is credited against the damages to be paid. Possible penal consequences remain reserved.

21. Data protection

21.1 The parties commit themselves to adequate data protection, corresponding with Swiss legislation. In particular they undertake to take economically, technically and organisationally reasonable measures to protect the data affected by contract performance effectively against unauthorised knowledge by third parties.

21.2 Personal data may only be processed for the purpose and to the extent required for the fulfillment of the contract and for safeguarding a high service and security standard. To this extent and for this purpose personal data may also be passed on to another Customer of the RUAG Group and to domestic and foreign business partners, as far as legally admissible.

21.3 The parties transfer these commitments to their subcontractors, subsuppliers and other third parties enlisted for the fulfillment of the contract.

22. Compliance

22.1 The parties shall comply with applicable legal standards, particularly with the competition- and antitrust laws, industrial safety and child protection provisions and with the core conventions of the International Labor Organisation, as well with the provision against counterfeits or for the protection of the environment and of health.

22.2 The parties commit themselves not to accept financial or other favours, if in return the giving party expects an unjustified advantage or is rewarded. They also

commit themselves to observe the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions concluded within the OECD on 17 December 1997 also in private business transactions.

22.3 The parties shall commit their personnel, subcontractors, subsuppliers and other third parties enlisted for the fulfillment of the contract contractually to compliance with this article.

22.4 If one of the parties violates the above-mentioned compliance commitments, it shall owe a contractual penalty, unless it can prove that it was not at fault. For each case of violation this penalty amounts to 10% of the total remuneration or 10% of an annual remuneration in case of a recurring remuneration, but no more than CHF 50'000.00. This payment does not relieve the respective party from its contractual obligations.

23. Duration of contract

23.1 Unless otherwise agreed in the contractual document, the contract enters into effect with the signature of both parties. The contract is concluded either for a definite or for an indefinite time period.

23.2 If a contract is concluded for an indefinite time period, it may be terminated in writing by either party as of the end of a calendar month. Unless otherwise agreed in the contractual document, three months' notice shall apply.

23.3 The contract may be terminated without notice if the other party is in severe breach of contract. This shall be the sole remedy of the Customer.

23.4 In the contract, the parties shall specify which resources, data and documents made available within the framework of the contractual relationship must be returned to the other party or destroyed upon termination of the contractual relationship and within what time period.

24. Assignment and pledging

24.1 The contractual relationship or rights and duties therefrom can only be assigned or pledged after previous written approval of the other party. Apart from that RUAG may assign rights and duties from the contractual relationship to another company from the RUAG Group at any time.

24.2 The claims arising to the Customer from the contractual relationship may be neither assigned or pledged without the previous written approval of RUAG.

25. Set-off

The Customer shall not be entitled to set-off.

26. Applicable law and jurisdiction

26.1 The contractual relationship between the parties shall be governed by Swiss Law, excluding its rules on conflicts of legal systems (in particular Federal Law on International Private Law of 18.12.1987). The United Nations Convention on Contracts for the International Sale of Goods shall be expressly excluded.

26.2 Place of jurisdiction shall be the domicile of RUAG.