



VALLAIR INDUSTRY TERMS & CONDITIONS OF SERVICES FOR TEARDOWN

These specific provisions shall apply between Vallair Industry ("VAI") and the Customer each time VAI will provide the teardown ("Teardown") of an aircraft ("Aircraft"), in accordance with its Terms & Conditions of Service. In case of discrepancy between the general Terms & Conditions and these specific Terms & Conditions, the latter shall prevail.

1. Purpose - VAI will provide adequate trained personnel, tooling, manuals, management, equipment, facilities and staging area to perform the Teardown of the Aircraft and all related services herein in accordance with industry standards and procedures.

Teardown shall mean the study and proposal by VAI of a process for creating the manifest list, preservation services, engines tests, dismantling, cleaning, labelling, preparing parts for safe storage and/or transportation, quarantine and scrapping of unsalvageable parts.

2. Delivery & acceptance - The Parties shall establish a manifest listing the spare parts which shall be recovered and shipped back to the Customer before the delivery of the Aircraft at VAI's premises. The manifest list cannot be modified without the agreement of both Parties, which could cause a possible readjustment of the Price.

Upon delivery of the Aircraft with its documentations and title of ownership, VAI will provide to the Customer an executed delivery & acceptance certificate.

3. Storage - VAI will provide free of charge secure and proper storage for the Parts removed there from, for a period of 15 business days following the day of delivery in which the Customer provides VAI with the teardown manifest. VAI will provide a separate and distinctive storage area prominently identifying the Aircraft and Parts as the property of the Customer.

All parts with the exception of consumable hardware with a value less than US500\$ shall be tagged with an identification/removal tag bearing Customer's name and address and contain at a minimum:

- Part number
- Description
- Serial number (if applicable)
- Quantity
- Condition status ("As removed" or "Scrap")
- Life limited parts must have the PTT & PTC listed on the tag;
- The Customer' repair order number and Aircraft/Engine serial number.

Each removal/identification tag shall be signed and dated by an authorized representative of VAI/

Any and all items with identifiable OEM part numbers will be retained and tagged.

VAI can offer long term onsite storage and drop shipment service for Parts removed.

4. Material packing & shipment - The Customer and VAI will hold a post disassembly reconciliation meeting whereas both parties will agree and sign off on what material was removed from the airframe/engine, and the disposition of all remaining material.

Following Teardown completion, the fuselage shall remain The Customer' property, VAI coordinating with the appropriate companies the recycling services for the airframe after Teardown.

Whatever condition they are in, all the parts listed in the manifest list shall be shipped to the Customer or any other party designated by the Customer. VAI shall notify in writing to the Customer if one or several spare parts listed in the manifest list are missing.

For each shipment of material to be redelivered to the Customer, VAI shall generate a packing slip to be affixed to the outside of each box, describing the exact contents of the box to which it is attached to include if applicable OEM Part number, Part description, Serial number, condition, quantity, ATA Chapter.

The Customer shall notify in writing to VAI if spare parts listed in the manifest have not been shipped and shall be entitled to request a financial indemnity. Such indemnity could not be above the medium market price of the missing spare part in used condition and shall request the establishment of VAI's liability in the loss of the missing part.

5. Invoicing & Payment - The Customer will be responsible for payment of all costs incurred related to delivery and recycling. The costs of shipping Parts (including packaging), unless otherwise stated in this Agreement, shall be at Customer' sole cost and expense.

Payment of the services by the Customer to VAI shall be made as follows:

- 40% of the Price when the slot for the Aircraft is booked;
- 40% when the Aircraft has been delivered and The Contractor starts the Teardown of the Aircraft;
- 20% when Teardown is over.

6. Miscellaneous - VAI is accredited by the Aircraft Fleet Recycling Association. The Teardown of the Aircraft shall be done accordingly to this regulation except for the certification of the spare parts

The works performed on the Aircraft will be performed in accordance with all French regulations concerning health and environment.

Any handling, storage or disposal of material defined as hazardous or dangerous goods in accordance with any law or government regulation will be the responsibility of VAI.

