

Service Framework Contract

Client No./Type of Contract/YearMonthDay

By and between

PACE Aerospace Engineering and Information Technology GmbH
Rotherstr. 20
10245 Berlin

- hereinafter: PACE –

and

Client
street, house number
postal code, city, country

- hereinafter: Client -

Section 1 Validity

PACE shall provide Client all – including future – services exclusively according to the agreements and conditions stipulated herein. Client's general terms and conditions in whichever form shall not be binding even if PACE does not contest them.

Section 2 Offer of Services

Specific specifications of services shall form the basis of the concrete services PACE is to provide, and these specifications of services shall be created and agreed to based on this Contract. Previous offers invariably shall remain non-binding; concluded contracts and other agreements shall be binding only if the specification of services is signed by both Parties. If PACE employees or other third parties make verbal pronouncements or promises that exceed this Contract and the agreement in the specification of services, then these shall require written confirmation from PACE at all times.

Section 3 Purpose and Scope of Contract

- (1) PACE shall provide Client with services stipulated in a separate specification of services document. PACE and Client shall work out and agree to one or more specifications for each service to be provided, and these shall by and large be in the same form as **Annex A** attached to this Contract. Each specification of services must describe the project, scope and type of services to be provided by PACE as well as the activities, tasks, work and services to be supplied by Client. Moreover, the specifications of service must include payment, roles and responsibilities of the Parties and other conditions. Each specification of services must clearly reference this Contract and indicate that the particular specification is subject to the conditions of this Contract. If this Contract should conflict with or contradict the specification of services, then the conditions of this Contract shall take precedence unless the specification of services specifically stipulates otherwise.

Public statements by PACE or third parties shall not in principle represent amendments or modifications to the services in the specification. Documents such as images, figures, etc. shall not be binding unless they are part and parcel of the specifications of services or other terms have been agreed upon, even if they have been attached to an offer.

- (2) PACE shall provide all services in accordance with this Contract as stipulated in the specifications of service. Each specification of service shall describe all components that PACE must provide to the client, including, but not limited to, all deliverables, information, documentation, computer programs (including source and target codes), data, and all materials developed within the context of this Contract (described collectively as "services").
- (3) Expected work expenditures and timeframes are set in each specification of services. All information and agreements vis-a-vis timeframes are good faith estimates based on information available and circumstances in place at the time. Each specification of services requires an appropriate modification for every substantial change if circumstances change.
- (4) Each party may demand a change to the specification of services (a so-called "change order"). A change order signed and dated by both parties changes the specification of services. Change orders can have effects on compensation owed by Client and/or on the project timeframe. For this the Parties will come to a consensus when concluding the change order in which change to remuneration will be commensurate with each Party's responsibility for the change order.

Neither Party is bound by a change unless an appropriate change order or addendum to the specification of services concerned has been concluded and signed by both parties.

Section 4 Duration of Contract

This Contract expires on the last execution date of one of the Parties' specification of services.

Section 5 Remuneration

- (1) Client shall pay the amounts stipulated in the specification of services for the services set forth in said specification – in Germany plus statutory VAT– along with fees. Payments are due immediately with delivery of a given service. PACE shall submit [monthly] invoices to Client for remuneration owed and applicable fees, expenses, and other chargeable items due as stipulated in the specification of services [for the previous month]. Client shall be automatically in default with no statement required by PACE if remuneration and fees are not paid at the latest within 30 days after they are due and an invoice or other valid payment order has been delivered, and PACE, irrespective of any other claims, shall be entitled to charge late interest fees of 5 percent -- and to companies as much as 8 percent -- above the base lending rate. In case of defects, Client shall not be entitled to withhold payment unless the service was obviously defective. In such a case, Client shall only be entitled to withhold payment if the amount withheld is commensurate with the defects in service and the expected costs of supplementary performance, especially those associated with resolving defects.
- (2) Compensation for any counterclaims of Client disputed by PACE shall not be allowed. The right to withhold payments due to unrecognized or non-legally binding counterclaims shall not be permitted unless these claims are based on the same contractual relationship. A commercial client may only withhold payments if a defects claim is as-

serted and there is no doubt as to its being justified. Also, Client shall not be entitled to assert claims and rights concerning defects unless it has made due payments and the amount owed is commensurate with the value of the defective service.

- (3) PACE is under no obligation to provide services if a payment owed by Client is outstanding after the payment date. Every delay in services by PACE as a result of a Client's being in default shall result in a shift forward in the due date for deliverables and other services in equal measure with the period of delay.
- (4) Client shall compensate PACE for all applicable travel costs, expenses and other costs arising from the services provided and which are paid or borne by PACE, in addition to other chargeable items stipulated in each specification of services.

Section 6 Default and inability to provide service

- (1) PACE shall be liable for defaults in service delivery and inability to provide service in cases of wilful or gross negligence in accordance with legal regulations. The same applies to a representative or proxy acting on PACE's behalf.

However, PACE's liability in cases of gross negligence is limited to predictable damages typical in such contracts if none of the exceptions presented in Clause 6 of these conditions apply. Otherwise, PACE's liability for damages due to delay in performance is limited to 10 % plus the service, and for damages instead of service delivery, to 10 % of the affected service. Further claims by Client – even after expiration of a deadline given to PACE for service delivery – shall not be permitted. The limitations on liability presented herein do not apply to liability for harm to life, body, or health.

- (2) If certain periods and dates lapse, then Client, under the aforementioned conditions, may withdraw from the Contract or demand compensation for damages for breach of contract only if Client previously had set an appropriate grace period for fulfillment of service delivery with the stipulation that Client shall reject said service delivery after expiry of said grace period. This shall not be applicable as long as PACE has made binding a period or date for service delivery expressly and in writing.
- (3) Partial performance shall be acceptable within reasonable limits.
- (4) The delivery date shall be extended as reasonably applicable due to force majeure – even within a delay or default – and all unforeseeable impediments arising after conclusion of the Contract for which PACE cannot be held accountable, as long as such impediments are proven to have considerable negative effects on performance. PACE shall notify Client as soon as possible of the beginning and end of any such circumstances. Client may demand a statement from PACE whether it intends to withdraw from Contract or deliver service within an appropriate period. Client may withdraw from Contract if PACE does not clarify immediately without delay.

Section 7 Cooperation duties of Client

- (1) In addition to each of the responsibilities set forth in the specification of services, Client is obliged to supply PACE and its employees the following for all services due:
 - (a) acceptable documentation and an appropriate and suitable work environment, including sufficient workspace and equipment to deliver the service
 - (b) temporary access to and use of Client's resources and its employees, data and information, including software, hardware, and documentation.

Client must provide PACE and its employees workplaces with PCs and maintain these in good working order; Client also must support PACE and its employees in eliminating hardware or software problems that hinder service performance in timely fashion.

- (2) Client shall ensure that all employees who may be required or may be suitable to deliver the service successfully shall, after giving due notice,
 - (a) be available to support PACE and its employees by answering all professional, technical, and operational questions, in addition to supplying any desired documents, guidelines, and instructions
 - (b) collaborate in service provision as stipulated in the specification of service
 - (c) participate in discussions about progress and other meetings that concern the services
 - (d) collaborate in software and systems tests, and
 - (e) be available to support PACE in other activities or tasks required to deliver the service, as stipulated in the specification of service.

Client shall be responsible for the performance of its employees and representatives as well as for the accuracy and integrity of all data and information supplied to PACE in accordance with this Contract.

- (3) Client acknowledges that PACE's performance depends upon, among other things, the timely and successful fulfillment of its obligations pursuant to this Contract and each applicable specification of service, in addition to its timely decisions and approvals. PACE is entitled to refer to all decisions and approvals of Client.

Section 8 Rights to deliverables

- (1) PACE shall grant Client, in exchange for the remuneration stipulated in each specification of service, non-exclusive usage and exploitation rights, including rights of processing, reproduction, and distribution as per the conditions stipulated in each applicable specification of service. This concession of rights only applies to services and results of services provided by PACE, and not the software development tools, expertise, procedures, methodologies, models, systems, algorithms, or software programs developed or in development by PACE or on its behalf (e.g. "PACE materials") and used under certain conditions to perform contractual services. These PACE materials were and are also applied with other clients. Irrespective of any further conditions in this contract, PACE reserves all rights, claims, and ownership of PACE materials and after receiving full remuneration for services performed shall grant Client non-transferrable, non-exclusive, and limited usage rights to all PACE materials embedded in the services, and the results thereof, for an unlimited period of time. These PACE materials may be used only for the services or results thereof and Client's internal business use and only to the extent that the PACE materials (if applicable) remain part of the services or results thereof and are not separated from them. Client agrees not to perform any technical deconstruction or reverse engineering of the PACE materials. The remuneration due by Client for the use of the PACE materials is set forth in each relevant specification of service.

- (2) Client pledges to comply fully with all intellectual property and protection rights such as copyright laws and other legal reservations and to make copies with no modifications.
- (3) Client's rights and responsibilities with regard to third party software and other materials included in the services provided and results thereof are set forth in agreements and guidelines of said parties or stipulated in the applicable specifications of service.
- (4) Irrespective of any further conditions in this Contract, Client agrees that PACE, its employees, and any parties authorized by PACE [may] apply their general qualifications, ideas, concepts, expertise, methods, techniques, or qualifications which they will have acquired within the context of the contractual services. Client is aware and approves that under certain circumstances PACE shall offer similar services to other parties and use the same employees therefor who within the scope of this particular Contract are providing services to Client, subject to PACE's obligation to observe confidentiality regarding Client's information.
- (5) Unless explicitly stated in this Contract or a specification of service, both Parties shall assume that neither Party has granted patent licenses, company secrets, trademarks, or property rights.

Section 9 Nonenticement

This present Contract entails that Client will be collaborating closely with PACE employees. Client hereby commits to not employ any PACE employees in any way during the course of this Contract and for an additional period of one year thereafter. Persons considered as PACE employees include anyone who at time of signing of the Contract was working for Client in whichever function.

If Client breaches this commitment, then Client shall pay PACE a fine for breach of contract for each PACE employee working for Client in the amount of one full year's salary of the employee that said employee received from PACE.

Section 10 Guarantee

- (1) A commercial client may assert a defect claim of only if it has met investigative requirements and its obligation to give notice as per Section 377 HGB [German Commercial Code]. Also, clients must notify PACE of any obvious defects within 14 days after delivery of service, or else the clients' right to claim defects shall be no longer valid. Client must document any complaints or defect claims in the most understandable fashion possible and notify PACE in writing and immediately. If Client breaches its obligation to notify, then the defect claims described below, which could have been ascertained in a customary initial investigative procedure, shall no longer be valid.
- (2) The guarantee does not cover defects arising from deviations from the conditions of use set forth for the service and stipulated in each applicable specification of service. PACE shall no longer be obligated to uphold its guarantee if any changes have been made to the services or results thereof without express written consent from PACE, unless Client demonstrates that the defect is not attributable to the change and the error analysis and elimination of defects are also not impaired by it. .
- (3) PACE's guarantees shall also not be applicable if Client implements the service or the result thereof in a manner and setting other than that prescribed in each relevant specification of services, unless Client demonstrates that the defect is not attributable to the changed situation and the error analysis and elimination of defects are also not impaired by it.

- (4) PACE shall be given the opportunity to verify the defect *in situ*. PACE must conduct its verification without delay, if PACE manifests its interest in remedying the defect immediately.
- (5) Defect claims may not be made for insignificant deviations from agreed characteristics or insignificantly impaired usefulness of the service or results thereof.
- (6) If there is a defect in service or result thereof for which PACE is liable, then PACE shall be entitled to choose to either remedy the defect or provide supplementary performance. Under no circumstances shall PACE be obligated within the scope of a supplementary performance to provide a repeat of its services. If the supplementary performance fails (see Para. 9 below), then Client shall have the right to request a price reduction or to withdraw from the Contract if so desired. If the Contract is rescinded, Client shall be charged for benefits derived. These charges shall be based on a customary period of use of four years. For its part, Client may deduct any reduction in use due to the defect that has caused the dispute.
- (7) If Client unjustly asserts against PACE a defect for reasons PACE is not accountable for, then PACE shall be entitled to charge Client for expenses incurred to remedy and/or verify the defect.
- (8) The period of limitation for claims and rights regarding defects, for whatever legal reason, is one year. This period of limitation also shall apply to other damages claims made against PACE, irrespective of their legal basis. It shall be applicable also if claims are not associated with a defect. Furthermore, it shall apply to consequential damage, unless the claim may be made for tortious acts. In any case, the aforementioned period of limitation shall apply in accordance with the following:
 - The period of limitation in general shall not apply in case of intent.
 - The period of limitation also shall not apply if PACE has fraudulently covered up the defect, or alternatively has guaranteed the quality of the service or results thereof. In such cases, in place of the one-year period of limitation, a two year period shall apply with the corresponding exclusion of a shortened period due to fraud as per Section 438 Para. 3 BGB [German Civil Code].
 - The one-year period of limitation further shall not apply to defect claims regarding harm to life, body, health, or personal freedom; to claims pursuant to the Product Liability Act, and in the case of grossly negligent breach of duties or culpable breach of substantial contractual obligations.
 - For all damages claims the period of limitations shall start with the conclusion of service provision and delivery of the service result.
- (9) Before Client can assert other claims or rights (e.g. withdrawal from contract, price reduction, damage claim or reimbursement of expenses), PACE shall have the opportunity to supplementary performance within an acceptable period of time as long as PACE has not made any other guarantees. If despite at least two attempts the supplementary performance fails, or PACE refuses supplementary performance, or it is not possible to provide the supplementary performance or it is not suitable to Client, then Client may withdraw from Contract or reduce the reimbursement due (i.e. price reduction). Section 11 of this Contract applies for asserting compensation for damages and expenses.
- (10) For claims regarding defects of title, the following additionally applies:
 - Unless otherwise agreed, PACE is required to provide its services only in the country of the delivery address, unencumbered by rights.

- In the case of an infringement of property rights of third parties for which PACE is accountable, PACE may choose either at its own expense to demand or transfer to Client sufficient usage rights for the agreed or expected usage, or to change the service or results thereof in such a way that the property right is not infringed or to exchange the service or results thereof, to the extent that the agreed or expected usage of the service or results thereof are not impaired. If this is not possible for PACE or if PACE denies or fails to provide adequate supplementary performance, then Client shall be entitled to the legal claims and rights. Section 11 of this Contract applies for compensation for damages and expenses.

Section 11 Damages

- (1) PACE shall be liable in case of wilful or gross negligence by PACE or any of its representatives or vicarious agents in accordance with legal provisions. Also, PACE shall be liable only pursuant to the Product Liability Act and for harm to life, body, health, or culpable infringement of significant contractual obligations. However, damages claims for infringement of significant contractual obligations shall be limited to foreseeable damages typical in this type of contract. PACE's liability for gross negligence shall also be limited to foreseeable damages typical in this type of contract as long as none of the exceptions presented in Clause 2 of this Paragraph apply.

However, PACE shall not be held liable for damages caused by the service to Client's legal interests, e.g. damage to other things. This shall not apply in case of wilful or gross negligence or of harm to life, body, or health.

- (a) The provisions in both paragraphs above also extend to damage compensation in addition to service provision and compensation instead of service provision, for whatever legal reason, especially for defects, breach of duties or tortious action. They also shall apply to the claim for reimbursement of wasted expenditures. However, liability for default and inability to provide service shall be governed by Section 6 of this Contract.
- (b) To the extent that PACE's liability is limited or excluded, these rules shall apply to personal liability of PACE's associates, workers, employees, representatives, and vicarious agents.
- (c) Limitation of claims between PACE and Client shall be based on Section 10 Para. 8 of this Contract, unless claims based on producer's liability as per Section 823 f. BGB [German Civil code] are concerned. This limitation applies in addition especially to consequential damage.
- (d) Should PACE take on the contractual obligation to inspect its service or results thereof for specific attributes and quality, then PACE shall be liable for each fault only if the damage is attributable to the fact that it had not complied with Client's inspection rules.
- (e) PACE shall not be responsible for material defects in a shipment that it has received from third parties and transferred unchanged to Client; responsibility in cases of wilful or gross negligence shall not be affected, in accordance with the provisions above.
- (f) PACE shall assume liability for loss and subsequent restoration of data and programs only in the scope of Section 11 and only insofar as this loss could not have been avoided through adequate precautionary measures, particularly by making backup copies of all data and programs on a daily basis.

- (g) Liability for lack of a promised feature or for fraudulent action shall not be affected.

Section 12 Withdrawal from Contract

Client only may withdraw from the Contract under statutory conditions if PACE is responsible for the breach of obligations; however, in case of defects, statutory conditions apply. In case of breaches of duty, Client must declare within an acceptable period of time upon PACE's request, whether it intends to withdraw from the Contract due to the breach of duty or insists on delivery.

Section 13 General limitations of liability

PACE's liability shall be limited exclusively to the standards stipulated in these general terms and conditions. Thus, claims for compensation of damage are excluded unless they are based on wilful or gross culpability on the part of PACE or its vicarious agents, or if they are based on harm to life, body, or health. The liability exclusion applies especially to all Client's damages claims for culpability at conclusion of Contract, breach of ancillary contractual obligations, and tortious action. Liability with regard to the Product Liability Act shall remain unaffected.

Section 14 Extraordinary cancellation

PACE may cancel this contract without a period of notice if bankruptcy proceedings are initiated against Client's property or Client does not meet its essential contractual obligations despite a warning notice with a sufficient period. Cooperation duties of Client as per Section 7 of this Contract shall be considered essential contractual obligations, as shall be the contractual usage of service or results thereof.

In case of an extraordinary cancellation of Contract due to a breach of contractual obligations, Client must compensate PACE for damages incurred from the early cancellation of Contract.

Section 15 Contract termination

If the Contract for whichever reason is terminated early, then Client shall compensate PACE, regardless of any damages claims, for the services delivered up to the early termination of Contract, including services not completed by this time.

Section 16 Confidentiality

- (1) Each Contracting Party shall handle all information and documents coming into its possession or becoming known from or through the other Contracting Party with the utmost confidentiality, at least with the same level of care they afford to their own information of a similar type. Materials shall be stored and guarded so that knowledge and misuse thereof are excluded. These obligations apply especially to software and data. They shall remain in force in perpetuity.
- (2) Information and documents may be used only for the purposes of carrying out this Contract. They may only be entrusted to employees, subcontractors and experts who need them in order to carry out this Contract. By request of one of the Contracting Parties, employees, subcontractors and experts are obliged to observe confidentiality for the benefit of said Contracting Party in accordance with these rules.

- (3) The obligation of confidentiality shall not apply to information and documents that are or will be publicly known, unless such is caused by a breach of Contract by the Contracting Party or if the receiving Contracting Party has obtained this information from a third party authorized to disclose it publicly. Whosoever invokes this exception shall bear the burden of proof.
- (4) PACE and its subcontractors are entitled to name Client as a reference following written approval. Client shall not deny approval without due reason.

Section 17 Final clauses

- (1) Changes and amendments to this Contract require written consent to be valid. They shall only become valid once they have been set forth in a supplementary contract signed by both Contracting Parties.
- (2) The ineffectiveness of one or more conditions in this Contract shall not affect the effectiveness of the Contract as a whole. The Contracting Parties commit to replace the ineffective condition with one that is effective and the commercial purpose of which is as close as possible to that of the ineffective condition.

Until such a condition is set forth, in place of the ineffective condition a condition shall apply for which the commercial purpose and meaning is closest to that of the ineffective condition. The same applies in case of a loophole in the Contract requiring regulation.

- (3) Transferral of rights and obligations from this Contract to a third party shall require approval from PACE.
- (4) Place of performance shall be PACE's place of business.
- (5) Exclusive place of jurisdiction for all legal disputes arising from this Contract shall be PACE's place of business.
- (6) This Contract is subject to German law, especially the BGB and HGB. Use of the United Nations Convention on Contracts for the International Sale of Goods and the Hague Conference on the Unification of Sales Law is excluded.

Place, date:

Place, date:

.....
PACE

.....
Client

ANNEX A

SPECIFICATION OF SERVICE

This is a specification of service as per the Service Framework Contract between PACE Aerospace Engineering and Information Technology GmbH and [insert client name] on [insert date].

1. Extensive description/specification of the services to be provided (including scope/time and effort, risk, suppositions and dependencies upon which the services to be provided are based, in particular work that goes beyond said services, which are to be invoiced as additional services), technical realization, interfaces to Client's IT environment, software tools to be used (e.g. Pacelab Suite), etc.
2. Project plan and phases, timetable and milestones for services and execution of the project (including change procedures), project management
3. Payment terms (for example, billing by time and effort or based on attaining milestones for complex tasks (fixed price), amounts, payment targets, other)
4. Place where performance is to be provided
5. List of deliverables and acceptance procedure and criteria for the deliverables.
6. Overview of those involved in the project on behalf of both Parties, including their respective responsibilities

[Other provisions and/or conditions, e.g. costs for premature termination and additional services]

Place, date:

Place, date:

.....
PACE

.....
Client