

CONTRACT No. 02/17/94

State Joint Stock Company “Latvijas gaisa satiksme” (LGS), VAT. No. LV 40003038621, with the place of business in Airport “Riga”, Marupe Municipality, LV-1053, Latvia, hereinafter referred to as **the Customer**, represented by Chairman of the Board Mr. Dāvids Tauriņš and Member of the Board Mr. Elmārs Švēde acting on the ground of the statutes and Board’s authorization from one side, and

Company “Thales Air Systems S.A.” VAT. No. FR 15319159877 with the place of business in Parc Tertiaire Silic 3, avenue Charles Lindbergh, BP 20351 - 94628 Rungis Cedex, FRANCE, hereinafter referred to as **the Supplier**, represented by Vice President ATM Mr. Guillaume LEFEVRE from other side,

Contract is signed following the results of Tender for *DPC software update BDS overlay for the Thales radars (ID: LGS 2017/7)*.

The Customer and the Supplier hereinafter individually referred to as **Party** and collectively referred to as the **Parties**,

WHEREAS the Supplier undertakes to perform an upgrade of “Riga” STAR2000/RSM-970S DPC PC (here below as **Equipment**) applicative software (here below as **Software**) in order to fully comply with ICAO Annex 10 Volume IV Amendment 89 requirements (including BDS overlay capability) under the terms and conditions hereinafter set forth; and

WHEREAS the Supplier undertakes to provide on the job training to Customer technicians (Radar division engineers) so that Customer staff could upgrade of “Ergli” RSM970S radar and “Cirava” RSM-970S radar DPC PC applicative software in order to fully comply with ICAO Annex 10 Volume IV Amendment 89 requirements (including BDS overlay capability). Supplier shall provide remote assistance if requested by Customer.

WHEREAS the Supplier undertakes to deliver Goods specified in List of Supply according to Appendix 1.

NOW THEREFORE the Parties agree as follows:

1. SCOPE OF THE CONTRACT

- 1.1. Within the provisions and time schedule stipulated in the present Contract the Supplier undertakes to perform **Software** upgrade of **Equipment** in accordance within the Technical specification (Appendix No.1) and all other Appendixes mentioned in clause 1.3 of the present Contract.
- 1.2. The Customer undertakes to accept and pay the Supplier in accordance with the provisions of this Contract.
- 1.3. The Contract consists of the following documents:
 - 1) These terms and conditions of Contract;
 - 2) Appendices to these terms and conditions of Contract;

- Appendix 1: Technical Specification
- Appendix 2: Price Breakdown
- Appendix 3: Time Schedule
- Appendix 4: Model of Site Acceptance Certificate
- Appendix 5: Field Service Report
- Appendix 6: List of Supply

- 1.4. In the event of any inconsistency between any Contract Documents they shall be interpreted in the order of precedence as set out above.
- 1.5. The Supplier shall be deemed to comply with this contractual obligation hereunder in so far as it performs in accordance with this Contract.

2. RIGHTS AND OBLIGATIONS OF THE CONTRACTING PARTIES

- 2.1. Both the Supplier and the Customer undertakes to perform their tasks in accordance with all Appendixes mentioned in clause 1.3. of the present Contract.
- 2.2. The Customer shall provide of any authorization or permit which may be required for the performance of the activities by the Supplier.
- 2.3. After the completion of upgrade in compliance with this Contract, the corresponding Site Acceptance Certificate, as set forth in Appendix 4, and the corresponding Field Service Report, as set forth in Appendix 5, shall be issued by Supplier and signed by Customer.

3. LIABILITY

- 3.1. The Supplier shall be liable only for damage and losses directly caused through Supplier's own fault and his liability shall be limited in aggregate to the total Contract value. The Supplier shall in no event be liable for indirect or consequential losses or damages.
- 3.2. If the Customer fails to fulfil his obligations within the agreed payment schedule stated in Clause 5 starting from 20 days from the agreed day of payment the Customer shall pay the interest on late payment of 0,2 % of the delayed payment for each day of delay.

4. CONTRACT PRICE

- 4.1. The Contract Price is EUR one hundred thirty eight thousands (138 000 €).
- 4.2. The Contract Price is firm fixed prices in all respects.
- 4.3. If any payment by the Customer is subject to withholding tax, the Customer agrees to pay an additional amount, as is necessary to ensure that the Supplier receives the same amount it would have received if there had been no withholding.
- 4.4. Prices are CIP Airport "Riga", Marupe Municipality (Latvia), as per definition given by the International Chamber of Commerce in the document "ICC Incoterms 2010" ICC publication No. 715 EF.

5. TERMS OF PAYMENT

- 5.1. The Contract price shall be affected in 3 (three) payments according to the following schedule:
 - 5.1.1. The Customer makes first down-payment in amount of 30% from the Contract Price within 30 (thirty) calendar days after Contract signature by both parties and receipt of the appropriate invoice;
 - 5.1.2. The Customer second down-payment in amount of 30% from the Contract Price within 3 (three) months after Contract signature by both parties and receipt of the appropriate invoice;

5.1.3. The final payment in amount of 40 percent (%) of the Contract Price the Customer undertakes to transfer within 30 (thirty) calendar days after signing of Site Acceptance Certificate signing by both Parties.

5.2. All payments shall be made in EURO via bank transfer, free of any charges, and in accordance with the payment terms to the Supplier Bank account stated below :

BANK : CREDIT AGRICOLE CIB

ADDRESS : 9, quai du Président Paul Doumer – 92920 Paris La Defense Cedex - FRANCE

IBAN : FR76 3148 9000 1000 1368 0230 147

Swift code : BSUIFRPP

6. DELIVERY / TRANSFER OF TITLE

6.1. Unless otherwise specified in the Contract, the Goods will be delivered CIP (as per INCOTERMS 2010) and all provisions of such INCOTERM shall be deemed included in the Contract. Title to the Equipment shall pass on to the Customer upon the transfer of risks as defined thereof.

7. WARRANTIES

7.1. Supplier shall for a period of twelve (12) months from the date of applicative software upgrade, correct or bypass, pursuant to its own standards, all reproducible malfunctions or anomalies in the software within a reasonable period of time depending on the severity of the problem. This warranty is strictly limited to Supplier proprietary software. The Customer shall provide an accurate description of the conditions under which the software defect occurred, including without limitation the conditions prevailing during the most recent operation of the software. This warranty does not extend to any modification on software which is undertaken by the Customer or a third party and which is not authorized by Supplier, any anomaly which appears because of modifications of the interface conditions or use of the software which is not contemplated in the Contract. For software supplier under license from third parties, the warranties are those which Supplier is authorized to provide to its customers.

7.2. Exclusive remedy

Fulfillment of the above obligations by Supplier shall be in full satisfaction of Supplier's liability with respect to any defects in the Equipment or Services ascertained after applicative software upgrade, and the Customer shall hold harmless and/or indemnify Supplier from any possible claims of third parties in respect of such defects.

8. LIQUIDATED DAMAGES FOR DELAY

8.1. If the Supplier fails to fulfil his obligations in proper way and within the agreed time schedule starting from the 30th day after the agreed day of Software installation and SAT completion (Appendix 3), the Supplier shall pay the penalty fee 0,2 % (zero point two percent) from the Contract price per each day of delay.

8.2. The aggregate amount of liquidated damages is limited to a maximum of ten percent (10%) of the total price of the Contract. Liquidated damages under the present clause shall be the Customer's sole remedy with respect to any Supplier's delays in the performance of the Contract, and are exclusive of any other remedies of whatsoever kind. Said liquidated damages shall be paid by bank transfer exclusively.

9. PROPRIETARY RIGHTS

- 9.1. All intellectual and/or industrial property rights relating to the Equipment and to the Services shall, subject to any rights of third parties, remain exclusively with Supplier.
- 9.2. Supplier shall grant the Customer a non-exclusive, non-transferable right to use the Software solely for the purpose of or in conjunction with the Equipment supplied by Supplier, provided that the Customer shall not, without the prior written authorization of Supplier:
 - 9.2.1. Make permanent copies, translations, adaptations or modifications of the software;
 - 9.2.2. De-compile the software;
 - 9.2.3. Sell or distribute the software.
- 9.3. Supplier shall indemnify the Customer against all damages and costs awarded against the Customer for infringement of any patent, copyright, registered design or registered trademarks granted or registered at the effective date of Contract in the country of destination of the Equipment or software, and resulting from the use of the Equipment or software. This indemnity shall not apply to any infringement which is due to the association or combination of the Equipment or software with any other article, apparatus or device, or to Equipment made with designs supplied by the Customer, or modification or reworking of the Equipment or software or Service without Supplier prior written consent or unauthorized use of the Equipment or the software. This indemnity is conditional upon giving to Supplier prompt written notice of any claim for infringement and permitting Supplier (at its expense) to conduct on the Customer's behalf any litigation or negotiations in respect thereof. The foregoing states Supplier entire liability for patent, copyright, design and trademarks infringement.

10. FORCE MAJEURE

- 10.1. The Supplier is relieved of the responsibility for failure to fulfill fully or partially his obligations in case of force majeure such as fire, flood, earthquake, strike, war, mobilization or unforeseen military call-up of comparable magnitude, requisition, confiscation, revolt or riot, general reductions in power supplies, sabotage, epidemics, quarantine restrictions, freight embargoes and any event beyond the Supplier's control.
- 10.2. In case of occurrence of any force majeure event, the Supplier must notify the Customer in written of the beginning of such circumstance. The Supplier shall notice to the Customer when the case of force majeure will end.
- 10.3. Such notice shall be given as soon as possible after the occurrence of the force majeure event.
- 10.4. The parties shall decide upon new time schedule which shall not be extended more than is due to the force majeure cause, also provided that the Supplier makes its best effort to minimize the delay and the effects of that delay.
- 10.5. The certificates issued by the Chamber of Commerce of the Supplier's or the Customer's country, respectively, must be regarded as a sufficient evidence of the presence of such circumstances and their duration.
- 10.6. Should a force majeure case delay the performance of the Agreement for more than three (3) months, either Party may terminate as of right and without demand the Contract, without incurring any liability whatsoever towards the other Party in this respect.

11. ALTERATIONS AND ADDITIONS

- 11.1. All changes and additions affecting the technical and functional contents of the Contract, or affecting the contractual time schedule and defined costs, responsibilities and other assumptions and conditions will always be specified by written agreements between the Customer and the Supplier.

11.2. Both the Customer and the Supplier will have the right to request changes to the Contract and Contractual agreements and obligations. All such requests shall be in writing form.

12. COMING INTO FORCE AND EXPIRATION

- 12.1. This Contract is entering into effect (defined as “T0”) after it is signing by both Parties;
- 12.2. This Contract shall expire as both parties have fulfilled their obligations under the present Contract.
- 12.3. This cancels and supersedes all other agreements, oral or written, heretofore made with respect to the subject hereof and the transactions contemplated hereby, or any other quotations issued earlier, and contains the entire agreement of the parties with respect to the subject matter hereof.

13. GOVERNING LAW AND JURISDICTION

- 13.1. The Contract is governed and construed in accordance with the laws of the Republic of Latvia.
- 13.2. If within a period of operation hereof the regulatory enactments/legislative acts are amended and any provision hereof starts contravening with the regulatory enactments/legislative acts, this shall not affect the Contract operation in the aggregate. Contractual provisions or regulations which become null and void should be substituted by other provisions or regulations consistent with the objective and content of the Contract.
- 13.3. Disputes and discords whatsoever which arise or may arise in connection with the Contract shall be settled by way of mutual negotiations. If within a period pa 30 (thirty) days the Parties fail to agree on a dispute or discord settlement by way negotiations, then the Party or Parties shall refer the dispute or discord to arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce. The place of arbitration shall be Ria (Latvia) and the proceedings shall be in English language.

14. MODIFICATION

- 14.1. Any modification to this Contract must be agreed to in writing and duly signed by both Supplier and the Customer.

15. CONFIDENTIALITY

- 15.1. All drawings, designs, specifications and information within the framework of this Contract or the offer shall be treated as confidential information.
- 15.2. The Customer agrees to hold in the strictest confidence any confidential information given by Supplier in the performance of this Agreement. This Section shall survive termination of the Agreement.

16. TERMINATION

- 16.1. This Contract may be terminated by mutual agreement between Customer and Supplier, should the service no longer be needed, after proper compensation to Supplier for work already executed or engagements made by him in accordance with this Contract.
- 16.2. Either party may terminate this Contract upon written notice if the other party materially breaches any of its terms or provisions by serving a written notice to the other party with immediate effect, in case such other party is in material breach of its obligations under the Contract and does not remedy such breach within sixty (60) days from a first written notice to this end served by the claiming party. It is understood that a delay in the performance of the Contract by the Supplier shall not qualify as a material breach in the meaning of the present paragraph, unless and until it gives rise to the maximum

of liquidated damages in accordance with clause 8 above. Termination for breach shall be without prejudice to the terminating party's other rights and recourses.

17. CONTACT PERSON

- 17.1. For the purpose of this Contract, the Customer's contact for contractual matters and for signing all kinds of the acceptance certificates will be *Mr. Aleksejs Javorskis (e-mail: aleksejs.javorskis@lgs.lv, phone: +371 26551145, +371 67300721)*.
- 17.2. For the purpose of this Contract, the Supplier's contact for contractual matters and for signing all kinds of the acceptance certificates will be *Mr. Lilian DESPUJOS, e-mail: DESPUJOS lilian.despujos@thalesgroup.com, tel. +33 (0) 1 79 61 21 33.*

18. Appendixes

- 18.1. This Contract is produced as original copies in the English (2 original) language. Each party has one copy. Each contract consists of 7 (seven) pages.
- 18.2. The integral part of this Contract is following Appendixes:
- Appendix No.1 : Technical Specification
 - Appendix No.2 : Price Breakdown
 - Appendix No.3: Time Schedule
 - Appendix No.4: Model of Installation Acceptance Certificate
 - Appendix No.5: Field Service Report

ACCEPTED AND AGREED

SUPPLIER:

Signing for and behalf of

Company "Thales Air Systems S.A."

Parc Tertiaire Silic 3, avenue Charles

Lindbergh

BP 20351 – 94628 Rungis Cedex - France

Lilian DESPUJOS, Area Sales Manager

Date: 22,05, 2017

Place: Avenue Charles Lindbergh, Rungis,

France

CUSTOMER:

Signing for and behalf of

SJSC "Latvijas gaisa satiksme"

Riga International Airport, LV-1053,

Latvia

VAT No. LV 40003038621

Dāvids Tauriņš, Chairman of the Board

Date: 15 VI, 2017

Place: Marupe Municipality, Latvia

Elmārs Švēde, Member of the Board

Date: : 15 VI, 2017

Place: Marupe Municipality, Latvia