

CONFIDENTIAL SETTLEMENT AGREEMENT

THIS CONFIDENTIAL SETTLEMENT AGREEMENT ("Agreement") is made and entered into by and between D-J Engineering, Inc. ("D-J") and 818 Aviation, Inc. ("818").

WITNESSETH:

WHEREAS, the D-J and 818 have been engaged in litigation, in a matter captioned *D-J Engineering, Inc. v. 818 Aviation, Inc.*, Case No. 14-1033-JAR and *818 Aviation, Inc. v. D-J Engineering, Inc.*, Case No. 14-1126-MLB, and

WHEREAS, the parties hereto wish to settle and resolve the disputes underlying the above-referenced litigation, except as specifically set forth herein.

NOW, THEREFORE, in consideration of the payments, mutual promises, covenants and agreements set forth herein, D-J and 818 do hereby agree as follows:

ARTICLE 1: DEFINITIONS

- 1.1 Set 1 – The term "Set 1," as utilized herein, is comprised of the following part numbers:
 - 1159L40004-101(R) Serial #T0434R
 - 1159L40001-4 (R) Serial #T0254
 - 1159L40001-301 (R) Serial #T0259

- 1.2 Set 2 – The term "Set 2," as utilized herein, is comprised of the following part numbers:
 - 1159L40001-3 (R) Serial #T0247
 - 1159L40001-4 (R) Serial #T0248
 - 1159L40004-9 (R) Serial #T0430R

- 1.3 Set 3 – The term "Set 3," as utilized herein, is comprised of the following part numbers:
 - 1159L40001-101(R) Serial #T0125
 - 1159L40001-201 (R) Serial #T0126
 - 1159L40004-301 (R) Serial #T0347

ARTICLE 2: D-J'S OBLIGATIONS

- 2.1 D-J has, prior to the execution of this Agreement, returned to 818 the Main Landing Gear Axle (Part No. 1159-ODL-40140-183). By the agreement of the parties, said part was returned in "as is" condition, with no certification, no further work being performed, and no charges by D-J. D-J hereby waives and releases any and all claims against 818 concerning this part.

- 2.2 D-J hereby waives and releases any and all claims against 818 arising out of the repairs to Set 1, for which D-J has been paid in full for the cost of said repairs.
- 2.3 With regard to Set 2, which is currently in the possession of 818, D-J shall pick up said parts for inspection at 3414 W. 29th Street, Wichita, Kansas by January 4, 2016. D-J shall then perform whatever work is necessary in order for it to certify to 818 that said parts have been overhauled, appropriately tested, and are suitable for sale by 818 to a third party purchaser for their intended use.
- 2.4 With regard to Set 3, which is currently in the possession of D-J, within ten weeks of the execution of this Agreement, D-J shall release said parts to 818, certifying with Federal Aviation Administration Form 8130/3, that said parts have been overhauled, appropriately tested, and are suitable for sale by 818 to a third-party purchaser for their intended use.
- 2.5 D-J shall continue to hold the two (2) Gulfstream IV nose inlets (left and right) which are currently in its possession, until 818 advises D-J that they (or either of them) have been sold. At that time, D-J shall release the inlet(s) upon receipt of payment of Five Thousand Dollars (\$5,000) per side.

ARTICLE 3: INSPECTION AND REINSPECTION PROCESS

- 3.1 The parties agree that Set 2 and Set 3 shall be inspected by an independent, third-party, qualified inspector prior to final release. By November 20, 2015, each party shall identify the third-party inspector it wishes to utilize. If the parties are unable to agree as to the selection of an inspector, then Dennis L. Gillen shall select one of the inspectors nominated by the parties.
- 3.2 Each party agrees to pay fifty percent of the cost of the third-party inspection. All inspections of Set 2 and Set 3 by the third-party inspectors shall take place at D-J's place of business located in Augusta, Kansas, upon reasonable advance notice. The third-party inspection shall submit the invoices for the inspection work within thirty (30) days following completion of the work.
- 3.3 In the event that the third-party inspector determines that Sets 2 and 3 do not meet accepted industry standards for such repairs or overhaul, the third-party shall set forth any deficiency and D-J shall correct the noted defect within eight (8) weeks (as to each set). After the corrective work is completed, the part(s) shall be reinspected by the third-party inspector.



- 3.4 If the parts fail the second inspection, then said set(s) shall be released to 818 at no additional cost. If Set 2 does not pass the second inspection, then the Seventy-Five Thousand Dollars (\$75,000) previously paid to D-J shall be refunded to 818 within five (5) business days.
- 3.5 If Set 3 passes the third-party inspection, either upon initial or reinspection, then 818 shall pay to D-J, within five (5) business days, the sum of Seventy-Five Thousand Dollars (\$75,000), less the cost of all parts purchased and delivered by 818 to D-J, which total Thirty-One Thousand, Four Hundred Sixty-Five Dollars (\$31,464).

ARTICLE 4: 818'S OBLIGATIONS

- 4.1 818 hereby acknowledges receipt of the Main Landing Gear Axle (Part No. 1159-ODL-40140-183), as referenced in Section 1.1 above. 818 hereby waives and releases any and all claims against D-J concerning this part.
- 4.2 818 hereby waives and releases any and all claims against D-J concerning the repairs to Set 1, which was delivered on or about February 21, 2012.
- 4.3 With regard to Set 2, which is currently in the possession of 818 at 3414 W. 29th Street, Wichita, Kansas, 818 shall release said parts to representatives of D-J for inspection and repair. 818 represents and warrants that Set 2 has been properly stored by 818 while such parts were in its possession.
- 4.4 With regard to Set 3, upon said parts passing inspection by the third-party inspector, either on initial or reinspection, 818 shall pay to D-J Seventy-Five Thousand Dollars (\$75,000) within five (5) business days of notification by the third-party inspector, minus the cost of all parts purchased and delivered by 818 to D-J, which total Thirty-One Thousand, Four Hundred Sixty-Four Dollars (\$31,464).
- 4.5 With regard to the two (2) Gulfstream IV nose inlets (left and right) which are currently in D-J's possession, 818 agrees that D-J shall continue to hold those parts until such time as 818 advises D-J that the nose inlets (or either of them) have been sold. At that time, 818 shall pay D-J the sum of Five Thousand Dollars (\$5,000) per inlet.

ARTICLE 5: REPRESENTATIONS AND WARRANTIES

- 5.1 D-J and 818 acknowledge and agree that they specifically understand the relief and remedies available and provided for the respective parties under all federal, state and municipal laws and further acknowledge and agree



that the mutual acts and promises in this document are sufficient legal and enforceable consideration for this Agreement.

- 5.2 The parties hereto agree and understand that this Agreement and all terms and conditions made a part of this Agreement shall be held in strict confidence by all parties hereto, except as set forth in this paragraph. Each may advise its management level employees and its attorneys, and may make any necessary financial or governmental report.
- 5.3 This Agreement shall inure to the benefit of and constitute a binding obligation upon the contracting parties, their respective heirs, legal representatives, agents, successors and assigns.
- 5.4 Each of the parties represents and warrants that they are not subject to any agreement, either written or oral, which will limit or conflict with said party's performance under this Agreement or materially affect the value of the benefits of this Agreement to the other party.
- 5.5 Each of the parties represents and warrants that each provision of this Agreement is legal, valid, binding and enforceable as to said party, and that each has completed all necessary corporate and business formalities in order to enter into this Agreement. The party executing this Agreement represents and warrants to the other party that they have the requisite authority to bind their respective party hereto.
- 5.6 Each of the parties hereto warrants that they will not take any actions which will hinder or harm the operation of this Agreement.

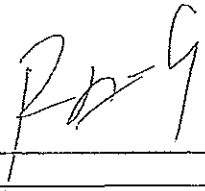
ARTICLE 6: MISCELLANEOUS

- 6.1 The parties agree that they shall jointly request that the Court stay future proceedings until the elements of the resolution set forth herein are achieved.
- 6.2 Upon satisfaction of the provisions set forth with regard to Sets 2 and 3, the parties shall enter into an appropriate partial release and journal entry of judgment.
- 6.3 818 shall preserve and retain its cause of action in the District Court for the District of Kansas (jurisdiction agreed to by this Agreement) for all claims for damages to those parts owned by 818, caused or occasioned by D-J, to wit: excessive pitting, axle nut thread damage, or improper overhaul. In exchange for the release of Sets 2 and 3, and the completed repairs, 818 hereby waives and settles its lost business profits claim.

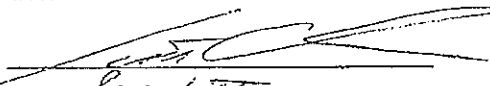
- 6.4 D-J preserves its claim for unpaid Invoice No. 1642, in the amount of \$4,025.
- 6.5 This Agreement shall be governed by the laws of the State of Kansas. Any dispute relating to this Agreement shall be subject to and resolved according to those statutory and common law principles.
- 6.6 In the event that either party brings a legal or administrative proceeding, whether at law or in equity, to enforce the terms and conditions of this Agreement, that party shall first provide thirty (30) days prior written notice to the other party of any claim under this Agreement.
- 6.7 This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 6.8 The descriptive headings of the provisions of this Agreement are formulated and used for convenience only and shall not be deemed to affect the meaning and construction of any such provision.

IN WITNESS THEREOF, D-J and 818 have caused this Agreement to be executed in duplicate originals by their duly authorized representatives as of the day first above written.

D-J Engineering, Inc.

By: 
 Title: CEO
 Date: 11/23/15

818 Aviation, Inc.

By: 
 Title: President
 Date: 11-20-2015