



Continental Motors, Inc.

NEW ENGINE WARRANTY

Each new aircraft engine shipped from the Continental Motors Inc. (CMI) plant on or after April 2, 2010 is warranted as follows:

1. (a) For a period of twenty-four (24) months or until the expiration of CMI's recommended Time Between Overhaul (TBO), whichever occurs first, after the warranty activation date CMI will, except as excluded below, at its option repair or replace on an exchange basis any engine, component or part manufactured or supplied by it which within the applicable twenty-four (24) month or TBO period is returned to a CMI representative authorized to handle the engine covered by this warranty and which upon examination is found to the satisfaction of CMI to be defective in material or workmanship. The warranty activation date is the date the engine is first operated for any use or the 180th day after CMI's invoice date, whichever occurs first. After the expiration of the first twelve (12) months of the applicable twenty-four (24) month period described above, CMI will not assume any responsibility for the repair or replacement of engine accessories, i.e. parts which have been purchased by CMI from a manufacturer as a complete and finished unit and included in the assembly of an engine without altering the unit, including, but not limited to, carburetors, starters, alternators, turbochargers and fuel controls. After the expiration of the initial twelve (12) month period, accessories will be subject to such warranty coverage as may be provided by their manufacturer.

(b) CMI will pay for reasonable labor costs associated with repairs or replacements under paragraph 1(a) of this warranty and for "troubleshooting" costs associated with identifying the need for such repairs or replacements, when coordinated through an authorized CMI representative. The amount of repair and replacement labor costs allowed will be in accordance with the latest revision of the warranty labor allowance schedule, form X30552, published by CMI. The amount of "troubleshooting" costs allowed will be the reasonable costs under the circumstances of identifying the need for such repairs or replacements, but in no event will the "troubleshooting" costs allowed exceed fifteen percent (15%) of the labor costs associated with such repairs or replacements allowed by CMI. No "troubleshooting" cost allowance will be made where the need for repairs or replacements is identified in the course of overhaul, routine maintenance or on the basis of an obvious defect.

(c) CMI will pay transportation costs in connection with the repair or replacement of any engine, component or part found to the satisfaction of CMI to be defective in material or workmanship under paragraph 1(a) of this warranty. The engine, component or part must be shipped prepaid to the repair facility designated by CMI. Transportation cost reimbursement for engines will be the actual surface freight charge or \$500.00, whichever is less. Engines must be described on the bill of lading as follows: "Internal combustion engine, other than Radial Cyl RVNX \$5.00". Transportation cost reimbursement for components or parts will be the actual surface freight charge for shipment of the component or part or the currently published UPS surface rate schedule, whichever is less.

2. CMI reserves the right at its option to replace any defective engine or part with either a new or rebuilt engine or part.

3. Repair or replacement of any engine or part under this warranty will not extend the period of warranty coverage set forth above.

4. This warranty applies only to engines in which parts manufactured or supplied by CMI or parts manufactured pursuant to an FAA Parts Manufacturer Approval have been used and nothing contained herein should be construed as a warranty by CMI of any engine or part not manufactured or supplied by CMI. CMI accepts no responsibility for the failure of any engine or part which it does not manufacture or supply or damage resulting from such failure.

5. This warranty applies only to engines which have been installed, inspected and maintained in accordance with the instructions for continued airworthiness, including compliance with all applicable service bulletins issued by CMI, the aircraft manufacturer or any accessory or component manufacturer. Performance of recommended inspections and maintenance must be documented by appropriate logbook entries and the logbook must accompany any engine being returned for warranty consideration.

6. This warranty does not apply to any engine, component or part manufactured or supplied by CMI which (1) has been subject to misuse, neglect or accident; (2) has been installed, repaired, maintained or altered in any way that in the judgment of CMI has adversely affected the condition of the engine; (3) has been operated inconsistent with CMI and aircraft manufacturer recommendations and limitations (such as, but not limited to engine RPM, temperature, manifold pressure, fuel flow and proper system adjustment) or (4) has been changed from its original FAA certificated configuration.

7. CMI will not be responsible for repair or replacement of any engine, component or part damaged or worn as a result of corrosion, pre-ignition/detonation, operation with non-calibrated engine gauges, improper fuel system adjustment, non-CMI approved fuel and oil grades or additives or installation of parts, components or accessories that alter the engine's original type design.

8. The provisions of this warranty do not apply to normal maintenance service (such as engine tune-ups, adjustments, inspections, engine or component overhaul resulting from time between overhaul (TBO) recommendations, etc.) or to the replacement of normal service items (such as spark plugs, filters, hoses, belts, etc.).

9. CMI reserves the right to change any engine or part specifications or prices without incurring any responsibility with regard to engines or parts previously sold or replaced.

10. THIS WARRANTY IS A WARRANTY TO REPAIR OR REPLACE AND NOT A WARRANTY OF THE CONDITION OR FUTURE PERFORMANCE OF THE PRODUCTS WHICH IT COVERS. THERE ARE NO OTHER WARRANTIES, EXPRESSED OR IMPLIED, SPECIFICALLY, BUT WITHOUT LIMITATION, THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL CMI BE RESPONSIBLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY DEFECT IN ANY ENGINE OR PART, ARISING OUT OF THE FAILURE OF ANY ENGINE OR PART TO OPERATE PROPERLY, OR ARISING OUT OF ANY BREACH OF THE WARRANTY MADE HEREIN. NO PERSON IS AUTHORIZED TO GIVE ANY OTHER WARRANTY OR TO ASSUME ANY ADDITIONAL OBLIGATION OR LIABILITY ON BEHALF OF CMI.

