



Standard Terms & Conditions of Repair

Rev. 1.1

I. REPAIR SERVICES

- a. MB Aerospace and/or its vendors, suppliers and/or subcontractors will perform repair services ("*Repair Services*") on Customer's parts in accordance with technical data and/or engine manuals approved or accepted by the U.S. Federal Aviation Administration ("*FAA*") or other airworthiness authority with relevant jurisdiction.
- b. MB Aerospace will perform Repair Services using MB Aerospace repair procedures and replacement parts.
- c. MB Aerospace shall not perform Repair Services using repair procedures, parts and vendors that have not been approved or accepted by the FAA or other airworthiness authority with relevant jurisdiction.
- d. MB Aerospace may refuse to perform Repair Services in its sole discretion.

II. WARRANTIES, REMEDIES AND LIMITATIONS

- a. MB Aerospace warrants to Customer the following:
 - i. Repair Services will be performed in a workmanlike manner; and,
 - ii. MB Aerospace parts used in the Repair Services will be free from defect in material and manufacture when furnished by MB Aerospace.
- b. This warranty terminates ninety (90) days after the Customer first operates the repaired part or one (1) year after MB Aerospace redelivers the repaired part to the Customer, whichever first occurs (the "*Warranty Period*").
- c. If MB Aerospace breaches the warranties set forth in Section II(a), MB Aerospace will provide to Customer the remedy set forth in Section II.c, provided that Customer has given written notice of any such breach to MB Aerospace within the Warranty Period.
- d. MB Aerospace's liability and Customer's remedy under the warranties set forth in Section II(a) are limited to MB Aerospace correcting such services and repairing or replacing, at MB Aerospace's election, parts returned to MB Aerospace's designated facility. MB Aerospace will bear transportation charges and the risk of loss for the return to MB Aerospace of such parts if Customer returns it in accordance with MB Aerospace's written shipping instructions.
- e. MB Aerospace warrants to Customer that MB Aerospace will convey good title to all parts sold or exchanged by MB Aerospace hereunder. MB Aerospace's liability and Customer's sole remedy under the warranty set forth in this Section II.e is limited to removing any title defect or, at the election of MB Aerospace, replacing any such parts that are defective in title.
- f. In the event any suit, claim or action is brought against Customer (or a person expressly indemnified by Customer) alleging that Customer's use or resale of a part that was repaired involving a process that was developed by MB Aerospace directly infringes any patents, MB Aerospace will, at its own expense, conduct the entire defense including any and all necessary court action, settlements and appeals. MB Aerospace will either settle such claim or pay all damages and costs awarded in a non-appealable judgment, excluding indirect, incidental, special, consequential and punitive damages. If the use or resale of such part(s) is finally restricted, MB Aerospace will, at its option: (a) procure for Customer the right to use or resell such parts; (b) replace such parts

with equivalent non-infringing parts; (c) modify such parts so they become non-infringing but equivalent; or (d) remove such part(s) and refund the purchase price (less a reasonable allowance for use, damage or obsolescence).

- g. The preceding provision is applicable only if the following conditions are met: (a) the part(s) or process involved in the suit, claim or action must have been provided during Repair Services in accordance with these terms and conditions; (b) the alleged infringement must be a direct infringement of any trade secrets or processes of the nation in which Customer's principal place of business is located; (c) Customer must provide MB Aerospace with timely notice of such suit, claim or action and the full opportunity to assume the entire defense thereof; and (d) Customer must provide MB Aerospace with all information available to Customer and other defendants pertaining to the alleged infringement.
- h. For the avoidance of doubt, this provision will not apply to (a) any alleged patent infringement in any nation other than as specified above; (b) any Customer-furnished specification or design or the performance of a process not recommended in writing by MB Aerospace; (c) any parts or components thereof manufactured according to a non-MB Aerospace specification; (d) the use or sale of parts delivered hereunder in combination with other parts not delivered to Customer by MB Aerospace; or (e) any instance not specified in the preceding paragraphs. In such instances, Customer will indemnify and hold MB Aerospace harmless.
- i. THE FOREGOING WARRANTIES ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF (A) ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; AND (B) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN STATUTE, CONTRACT, TORT OR STRICT LIABILITY AGAINST MB AEROSPACE OR ITS AFFILIATES, PARENT COMPANIES, AND RELATED ENTITIES WHETHER OR NOT ARISING FROM THE NEGLIGENCE, ACTUAL OR IMPUTED, OF MB AEROSPACE OR ITS AFFILIATES, STOCKHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, ASSIGNS AND AGENTS.

III. LIABILITY LIMITATION

The price allocable hereunder to any parts or Repair Services alleged to be the cause of any loss or damage to Customer will be the total ceiling limit on the liability of MB Aerospace or its affiliates, whether founded in statute, contract, tort (including negligence), or strict liability, or any other theory, arising out of or resulting from (a) and purchase order to which these terms and conditions relate; or (b) the manufacture, delivery, sale, furnishing, replacement or use of any parts or Repair Services provided by MB Aerospace. In no event will MB Aerospace or its affiliates or its or their respective officers, directors, employees, agents, or representatives, have any liability for any indirect, incidental, special, consequential or punitive damages whatsoever.

IV. DELIVERY AND SHIPPING

Customer is responsible for the delivery of the parts to MB Aerospace at its designated facility. MB Aerospace will re-deliver all such parts to Customer, Ex works MB Aerospace's designated facility (Incoterms 2000).

Customer shall collect the parts within ten (10) days of being notified that the part is ready for shipment. If Customer does not do so, MB Aerospace may, at the sole expense and risk of Customer: (a) ship the parts by a carrier of MB Aerospace's selection to Customer's place of business or another destination that MB Aerospace believes to be suitable; or (b) warehouse the Parts, at Customer's cost.

V. CUSTOMER'S INSPECTION OF PARTS

Customer will inspect all parts within thirty (30) days of receipt from MB Aerospace and notify MB Aerospace in writing within ten (10) days thereafter of any defects in the Repair Services. Customer will not bring any claim relating to any defects which were or which could or should have been discovered during such inspection and about which Customer did not notify MB Aerospace within the prescribed time.

VI. EXCHANGE PARTS AND EXCHANGE UNITS

- a. MB Aerospace may supply and install compatible new or used serviceable parts ("*Exchange Parts*") in exchange for Customer's parts ("*Customer Exchange Parts*") if needed for the timely completion of the Repair Services. MB Aerospace reserves the right to charge Customer expedite fees for such Exchange Parts. Customer warrants that it will convey good title and such maintenance records as MB Aerospace may request for Customer Exchange Parts.
- b. Title-for-title exchanges with respect to such parts will take place. Customer will remain required to pay for the repairs performed by MB Aerospace on the Customer Exchange Parts.
- c. From time to time, Customer may request or MB Aerospace may offer an Exchange Unit be delivered in advance of the completion of the Repair Services of a Part already received. An "Exchange Unit" means a substitute Part, in overhaul condition, supplied by MB Aerospace to Customer in exchange for a Customer trade-in Part in repairable/serviceable condition. Such Part shall be of the same make, model and configuration as specified on Customer's purchase order or an alternate part number configuration agreed upon by both parties.
- d. MB Aerospace will, subject to availability, provide an Exchange Unit to Customer and (i) charge a ten percent (10%) exchange fee over and above the repair pricing set in Annex A and (ii) take title to the Customer's original Part.
- e. MB Aerospace reserves the right to charge any additional workshop costs of repair including, but not limited to, parts, material and labor, to the Customer if it is determined, after the Exchange Unit is provided, that the Customer's Part requires repair in excess of the scope initially identified upon induction.

VII. REPRESENTATIONS AND COVENANTS

- a. Customer represents that, to the best of its knowledge, any and all parts delivered for Repair Services is repairable based upon methods, techniques and practices acceptable to the FAA or other airworthiness authority with relevant jurisdiction. Customer further represents that, unless otherwise disclosed to MB Aerospace in writing, the parts: (a) is of proper configuration; (b) was produced in compliance with applicable aviation regulations; (c) has not been involved in an accident, extreme environmental conditions, or other abnormal operating conditions; and (d) does not contain any prior repairs or modifications not performed in full compliance with applicable regulatory requirements.

- b. If so requested by MB Aerospace, Customer agrees to provide MB Aerospace a written statement containing the representations set forth in this Section VI(a).
- c. Customer agrees to indemnify and hold harmless MB Aerospace, its subsidiaries, affiliates, stockholders, directors, officers, employees, assigns and agents, from and against any claims, suits, obligations, liabilities, damages, losses and judgments, injury, or expense (including attorneys' fees and expenses) resulting or arising from a breach of any of the representations or covenants set forth in this Article VI, for all liabilities arising from MB Aerospace's use of non-MB Aerospace repair procedures, parts and vendors, and for liabilities arising out of the breach of Customer's obligations set forth herein.

VIII. CHANGES

No modification of these Standard Terms & Conditions or the agreed upon workscope for the Repair Services will be binding unless agreed to in writing and signed by both Customer and MB Aerospace. Notwithstanding, MB Aerospace may perform all work necessary to perform Repair Services or to comply with applicable regulations. A workscope modification that increases the cost to MB Aerospace of performing Repair Services hereunder will entitle MB Aerospace to an equitable price adjustment.

IX. MATERIAL DISPOSITION

MB Aerospace may retain or dispose of Parts that it determines to be beyond economic repair or not currently repairable to a serviceable condition using methods, techniques and practices currently acceptable to the FAA or other airworthiness authority having relevant jurisdiction ("*Scrap*"). Title to such Scrap will pass to MB Aerospace and MB Aerospace will not be liable to compensate Customer for such Scrap.

X. INVOICES AND PAYMENT

- a. MB Aerospace will generate and issue an invoice when the part is serviced and is ready for shipment. If rendered, partial invoices will reflect actual charges for Repair Services already performed and estimated charges for residual work to be performed. MB Aerospace may convert residual charges to a firm price using the labor rate in effect when MB Aerospace received the Parts and manufacturers' prices in effect at the time that MB Aerospace allocates parts to the Parts.
- b. MB Aerospace may invoice charges for labor and materials invested in Parts that was ultimately determined to be beyond economic repair or not repairable to a serviceable condition or for which MB Aerospace determines that no repair currently exists. Customer will pay all invoiced amounts without any deduction or set-off whatsoever.
- c. If, before completion of performance by MB Aerospace of this Purchase Order, or at any time thereafter, (a) Customer becomes unable or refuses to make payment to MB Aerospace in accordance with any of Customer's obligations to MB Aerospace, (b) a receiver or trustee is appointed for any of Customer's property, or (c) Customer becomes insolvent or makes an assignment for the benefit of creditors, or takes or attempts to take the benefit of any insolvency act, or any execution is issued pursuant to a judgment rendered against Customer, MB Aerospace may, at its option in any of such events and without prejudice to any of its other remedies, retain possession of all Parts in the possession of MB Aerospace, file or assert a mechanic's lien/materialmens lien (and Customer is deemed to have expressly authorized such actions by issuing MB Aerospace a Purchase Order) until MB Aerospace receives all payments due from Customer and/or may terminate this Agreement by giving to Customer written notice of MB Aerospace's intention so to do. MB Aerospace will be relieved of any further

obligations to Customer and Customer will reimburse MB Aerospace for its termination costs and expenses and a reasonable allowance for overhead and profit.

- d. If MB Aerospace determines, since the date of execution of this Agreement, that there has been any material adverse change in the financial condition, business operation, or condition of the Customer which has a material adverse effect on the ability of Customer to perform its obligations pursuant to this Agreement, MB Aerospace may terminate or modify this Agreement in its sole discretion.
- e. Invoices are due and payable, in immediately transferable cash, on the date specified on the relevant invoice ("*Due Date*"). No interest will accrue to the extent Customer makes payment within a thirty (30) day of the Due Date. If MB Aerospace does not receive payment of any amount owed by Customer within this period, MB Aerospace may charge interest on the overdue amount at the rate of one and one-half percent (1.5%) for each thirty (30) day period or portion thereof or the maximum rate of interest allowed by applicable law), whichever is greater, from the Due Date until the date on which MB Aerospace receives payment in full. Customer agrees that if it fails to pay when due any amount owed to MB Aerospace, Customer will also reimburse MB Aerospace for all costs that MB Aerospace incurs to collect such unpaid amount. MB Aerospace will have the right to specify alternative payment terms which will supersede the payment terms specified in this Agreement if MB Aerospace determines, in its sole discretion, that Customer's financial condition has materially changed, or if Customer fails to pay to MB Aerospace when due any amount owed.
- f. MB Aerospace may set off any amount that Customer owes MB Aerospace against any credits, deposits or other amount that MB Aerospace or any of its affiliates owes Customer.

XI. TAXES AND OTHER CHARGES

- a. In addition to the agreed purchase prices set forth in this Agreement, Customer will pay to MB Aerospace, upon MB Aerospace's demand, any and all taxes, customs and duty fees and similar charges (but not including any income or excess profit taxes) that any foreign or domestic taxing authority may impose arising from the sale, delivery or use of the Repair Services or any parts sold or exchanged hereunder and for which MB Aerospace may be held responsible for collection or payment either on its own behalf or that of Customer. Customer will be responsible for any and all interest and penalties relating to the non-payment or late payment of such taxes in any jurisdiction.
- b. MB Aerospace reserves the rights to, and Customer waives any interest in, drawback of any duty and/or refunds of any fees paid by MB Aerospace, and Customer will assist MB Aerospace in obtaining same. Customer has not and will not assign the right to claim drawback on the particular exportation to any other party.

XII. EXCUSABLE DELAYS

- a. MB Aerospace shall not be liable to Customer for delay or non-delivery due to delays of Customer, suppliers, force majeure or the public enemy, compliance in good faith with any applicable foreign or domestic governmental regulation or order, whether or not it proves to be invalid, fires, riots, strikes or other labor disputes, litigation, court order or other legal action, unusually severe weather, suppliers (provided the supplier

delay or non-delivery is beyond the reasonable control of MB Aerospace) or any other cause beyond the reasonable control of MB Aerospace.

- b. MB Aerospace shall not be responsible for any misses to any Turn-Around Time ("TAT") commitments that may have been extended to the Customer due to following reasons:
 - i. Impossible or impractical Part exchanges caused by the need for specific repair on Parts such as cases or frames, configuration problems, resulting in an extension of the contractual TAT to allow the repair on applicable Part, or any other solution chosen by Customer; or
 - ii. Additional workscope requested by Customer. (The requested work will not be initiated until confirmed written approval is received by MB Aerospace and the previously agreed TAT will be frozen during the corresponding period of waiting time); or
 - iii. Any required Customer approval/rejection received later than two (2) Business Days after the request is made; or
 - iv. Parts supplied by Customer (if any) that are not consistent with the approved workscope; or
 - v. Parts supplied by Customer (if any) that are not accompanied by the required documentation, information and records as defined in this Agreement; or
 - vi. Parts supplied by Customer (if any) that are not received by MB Aerospace by the date mutually agreed by the Parties; or
 - vii. Any delays arisen from the use of part repair or serviceable part suppliers as directed by Customer; or
 - viii. Any delays caused by Part repair subcontractors, suppliers or vendors that are beyond MB Aerospace's control, inclusive of situations where Customer does not approve a 1:1 exchange by the subcontractor or alternatively by MB Aerospace for the subcontracted work; or
 - ix. Any delays caused by the late delivery of Parts (excluding bench stock) purchased by MB Aerospace that are beyond MB Aerospace's control, including, but not limited to, the inability of the OEM or supplier to deliver, forwarding agency mishandling and custom clearances; or
 - x. Any delay or rejection arisen from a CDR/DR/OTC request/receipt by either MB Aerospace or Customer, the applicable OEM or the Customer's local aviation authority; or
 - xi. Test rejections which are not the result of non-compliance with a mutually agreed and approved workscope or MB Aerospace's workmanship, but Customer-supplied defective Parts; or
 - xii. Workstops caused by Customer in accordance with this Agreement.
- c. Any delay shall only be deemed to be excusable if MB Aerospace proves that redelivery was delayed as a direct result of the Excusable Delay. In the event of an Excusable

Delay, TAT period shall be extended by a period equal to the period of the Excusable Delay. MB Aerospace will inform Customer immediately and officially in writing of the eventual TAT impact.

XIII. FORCE MAJEURE

- a. Neither Party shall be liable for failure to perform its obligations under this Agreement, if such failure is caused by an act of God, acts of public enemy, fire, flood, explosion, earthquake, serious accidents, epidemics or quarantine, any act or omission by any government entity that has an adverse effect on the performance of the MB Aerospace, strike, labor dispute causing cessation or slow-down or interruption of work, general hindrance in transportation, late deliveries of replacement Parts, inability to procure material after due and timely diligence, riot, insurrection, war, any regulation affecting directly or indirectly the repair of parts or any other cause beyond the reasonable control of either party, verified by an appropriate government entity, whether or not similar to the causes specifically mentioned in this Article.
- b. During such Force Majeure, Customer can obtain any of affected services which should be performed by MB Aerospace under this Agreement from third party, without any obligation towards MB Aerospace.
- c. In the case that such Force Majeure continues for more than three (3) consecutive months, the non-affected Party shall have the right to terminate this Agreement. Any such termination shall be with immediate effect and without any obligation towards the other Party, except any rights or liabilities of the Parties previously accrued.

XIV. CONFIDENTIALITY

Each of MB Aerospace and Customer agrees that the terms of this Agreement are confidential unless otherwise agreed in writing. MB Aerospace and Customer each agree to limit disclosures of such confidential information only to persons who have a need to know within their own organizations, outside auditors or advisors, government agencies and third parties that are suppliers, vendors or subcontractors of MB Aerospace or participate with MB Aerospace in the manufacture, sale and support of MB Aerospace. Should either MB Aerospace or the Customer be subject to a legal action or proceeding or a requirement under applicable government regulations to disclose such confidential information, such party shall forthwith notify the other, and upon the request of the other, shall cooperate with the other in contesting such disclosure.

XV. EXPORT

- a. The export and re-export of parts and related technical information under this Agreement are subject to the export laws of the United States of America. Customer will be responsible for applying for, obtaining and maintaining all required export licenses and approvals and complying with all applicable export reporting requirements, at Customer's sole cost.
- b. MB Aerospace does not guarantee the issuance of such licenses or their continuation in effect once issued. It will be a condition precedent to MB Aerospace's obligations hereunder that all necessary and desirable export licenses and approvals will be timely granted and continue in effect during the term of this Agreement.
- c. Customer agrees that it will not, directly or indirectly, export or re-export any parts or technical information received from MB Aerospace to any destination if such export or re-export would violate the laws of the United States of America. Customer agrees to

indemnify and hold MB Aerospace harmless against any liability arising from any breach of Customer's obligations under this Section 12.2.

- d. Customer agrees, upon MB Aerospace's written request, to complete MB Aerospace's End Use Certificate and agrees to provide MB Aerospace with timely updates to the statements made in such Certificates.

XVI. ASSIGNMENT

Neither Party may assign its rights or delegate its obligations under this Agreement, in whole or in part, without the prior written consent of the other, except that MB Aerospace may, assign its rights and/or delegate its obligations under this Agreement to any of its affiliates or in connection with the merger, consolidation, reorganization or voluntary sale or transfer of its assets. Any assignment or delegation made in contravention of this provision will be invalid. For the avoidance of doubt, this provision does not prohibit or prevent MB Aerospace from subcontracting any of the Repair Services to its vendors, subcontractors or service providers.

XVII. GOVERNING LAW AND DISPUTE RESOLUTION

- a. This Agreement (including any dispute relating to its existence, validity or termination) is governed by and construed and enforced in accordance with the substantive laws of the State of New York, United States of America, without regard to principles of conflicts of law. The United Nations Convention of Contracts for the International Sale of Parts shall not apply.
- b. In the event of any dispute, the Parties shall attempt to amicably resolve any controversy, dispute, claim, difference or matter arising out of this Agreement. If those efforts are unsuccessful, then the Parties agree to participate in two (2) phases of dispute resolution. Phase one (1) shall be high level management meetings for a period of ninety (90) days after written request by either Party. Phase two (2) shall be binding arbitration that takes place in New York using the International Chamber of Commerce Rules. Both phases shall be in English and the binding arbitration shall be with three (3) arbitrators. Each Party shall pick one (1) arbitrator and the Parties shall mutually agree on the third (3rd) arbitrator. If the Parties are not able to reach mutual agreement on the third (3rd) arbitrator, then the two (2) chosen arbitrators shall agree on the third (3rd). Arbitrators shall be attorneys who are in the practice of arbitration specializing in either general commercial litigation or general corporate or commercial matters.
- c. Notwithstanding the foregoing, nothing shall prohibit either Party from bringing an action to enforce an arbitral award or seek injunctive or equitable relief. For the purposes of this provision, the Parties hereby consent to the exclusive jurisdiction of the state and federal courts of general jurisdiction of the State of Connecticut. THE PARTIES WAIVE THE RIGHT OF JURY TRIAL, IF APPLICABLE.
- d. Each Party shall comply with all applicable U.S. laws and regulations and all obligations of both Parties are subject to compliance with such laws and regulations.
- e. The Parties agree all controversies, disputes, claims, differences or matters that arise from this Agreement and any arbitration that arise thereof are subject to the confidentiality provisions set forth in Article 13 of these terms and conditions.
- f. THE PARTIES WAIVE ANY RIGHT THAT IT MAY HAVE TO ASSERT THE DEFENSE OF FORUM NON-CONVENIENS IN ANY SUCH SUIT IN SUPPORT OF ARBITRATION.

XVIII. SURVIVABILITY

- a. Notwithstanding anything in this Agreement to the contrary, the following provisions shall survive the expiration or early termination of this Agreement: Section II (Warranties, Remedies, and Limitations); Section III (Liability Limitation); Section VII (Representations and Covenants); Section XI (Taxes and Other Charges); Section X (Invoices and Payment); Section XV (Export); Section XIV (Confidentiality); Section XVII (Governing Law and Dispute Resolution); and this Section XVIII (Survivability).
- b. The termination or expiration of this Agreement shall not relieve either Party hereto of any obligation or liability accruing prior to the effective date of such termination. All other rights and obligations of the Parties, unless expressly provided otherwise, will cease upon termination or expiration of this Agreement.

XIX. DEFINITIONS

"Agreement" or *"Purchase Order"* means the agreement or order to which these Standard Terms & Conditions are attached or in which they are incorporated by reference, including the terms and conditions contained herein.

"Parts" means parts and components upon which MB Aerospace agrees to perform Repair Services, as applicable, and when the context so dictates, such Parts upon which MB Aerospace has performed Repair Services hereunder, in which case, such term will include any replacement parts or Exchange Parts incorporated therein.

XX. MISCELLANEOUS PROVISIONS

- a. Headers used in this Agreement are for convenience of reference only and will not be interpreted as in any way limiting or extending the meaning of the provisions to which such captions may refer.
- b. If any provision of this Agreement is for any reason held invalid, such invalidity will not affect the validity of the remainder of the terms of this Agreement.
- c. No Party will be deemed to have waived any of its rights under this Agreement except by a written waiver signed by such Party's authorized representative.
- d. Failure to complain of any action or inaction by the other Party or to declare the other Party in default under this Agreement, regardless of the duration of such failure, will not constitute a waiver of any of the rights of the non-defaulting Party. This Agreement constitutes the full agreement of the Parties.
- e. These Standard Terms & Conditions may be amended or modified from time to time. Terms and conditions on Customer's purchase orders will have no effect whatsoever. MB Aerospace rejects any and all terms in any confirmation, approval or other document of Customers which are in addition to, different from, or inconsistent with this Agreement.