

**STANDARD TERMS AND CONDITIONS OF SALE OF GKN AEROSPACE CHEM-TRONICS INC. ("GKN")
FOR AVIATION REPAIR SERVICES**

IMPORTANT: CONDITIONS 7, 13 AND 14 PROVIDE THAT CERTAIN RISKS ARE TO BE BORNE BY THE CUSTOMER AND MAY AFFECT THE CUSTOMER'S INSURANCE ARRANGEMENTS

1. **DEFINITIONS:** The "contract" means any agreement between GKN and the Customer for the supply of aviation repair services; the "Customer" means the purchaser of the services; the "services" means the services provided or to be provided by GKN; the "price" means the price of the services and any other payment to be made by the Customer to GKN hereunder; and the "Blade" means the blade or other component delivered by Customer to GKN for services. Types of services provided by GKN are defined in article 12 below.
2. **GENERAL:** The contract is entered into and all quotations are given subject to these terms and conditions which may only be varied or waived by written agreement between GKN and the Customer. No contract shall be made until GKN has accepted in writing an order placed by the Customer. If these terms and conditions differ from the terms of any offer made or order placed by the Customer, any subsequent communication by GKN constitutes a counter offer and not acceptance of such terms. Any quotation is given by GKN on the basis that no contract shall come into existence until GKN dispatches an acknowledgement of order to the Customer. The quotation may therefore be varied or withdrawn without notice.
3. **DESCRIPTIONS:** All photographs, drawings, descriptions and details in GKN catalogues, price lists and other documents are only indicative of a type of product and do not constitute warranties, conditions or representations. No report, representation, advice, communication or statement made by a representative of GKN shall be binding on GKN unless expressly contained herein. GKN reserves the right to incorporate improvements in the general development of its services and make and charge for mandatory modifications to the services.
4. **PRICE:**
 - 4.1 Unless otherwise agreed in writing, all prices quoted are as follows:
 - (i) **For shipping from Customer to GKN:** DDP (Delivered Duty Paid) at 1150 West Bradley Ave., El Cajon, CA 92020, USA (Incoterms 2010)
 - (ii) **For shipping from GKN to Customer:** EXW (Ex Works) at 1150 West Bradley Ave., El Cajon, CA 92020, USA (Incoterms 2010)
 - (iii) apply only in relation to the total quantities and dates and rates of delivery quoted
 - (iv) all prices are subject to the addition of all other duties and taxes (including where applicable sales or use tax or Value Added Tax at the rate ruling at the relevant tax point)
 - 4.2 GKN reserves the right, by giving written notice to the Customer at any time before delivery to adjust the price of the services to take account of increases in the cost to GKN which is due to any factor beyond the control of GKN such as costs of components or equipment not manufactured by GKN, raw materials, general commodities freight or insurance, rates of currency exchange, duties, taxes or surcharges or improvements or mandatory modifications made under Clause 3 above.
5. **PAYMENT:** Unless otherwise agreed in writing, all payments shall be made in full without deduction or withholding in cash in U.S. dollars within net thirty (30) days of date of invoice and free of setoff or counterclaim. If Customer is legally required to withhold, the price shall be adjusted or grossed up so that the net payment to GKN remains the same. Failure by the Customer to make payment in accordance with the terms agreed shall, without prejudice to any other remedies GKN may have, render the Customer liable to pay interest upon the total sums outstanding calculated at the rate of four percent (4%) above Citibank base rate from time to time in force calculated from the date of delivery, such interest accruing on a daily basis and being payable on demand. Time for payment is of the essence of the contract.
6. **DELIVERY:**
 - 6.1 Unless otherwise agreed in writing, all deliveries shall be made in accordance to Clause 4.1(i)-(ii), and shall be deemed to have been effected when GKN shall have notified the Customer the services are ready for collection. GKN shall use courier services selected by Customer.
 - 6.2 Any periods quoted for delivery or dispatch are estimates only and time for delivery shall not be made of the essence by notice. If GKN fails to deliver the services (or any instalment) for any reason other than any cause beyond GKN's reasonable control or the Customer's fault, and GKN is accordingly liable to the Customer, GKN's liability shall be limited to the price of those services not delivered (notwithstanding Clause 13.3(i)) and the Customer shall not be entitled to reject any consignment of the services or to treat the contract as repudiated in the event of any such failure.
 - 6.3 Delivery of the Blades to a carrier for transmission to the Customer or the delivery of the services to the place of delivery shall constitute delivery to the Customer and the risk therein shall upon such delivery pass to the Customer.
 - 6.4 GKN shall be entitled to make partial deliveries or deliveries by instalments and these terms and conditions shall apply to each partial delivery.
 - 6.5 Where the services are ready but cannot be dispatched for any reason beyond the control of GKN or through the fault or delay of the Customer, GKN shall be entitled to make a reasonable charge in respect of storage of the Blades.
7. **TITLE AND RISK:**
 - 7.1 Risk of any theft, destruction or other loss of the Blades shall remain with Customer at all times, and Customer shall keep the Blades insured on the Customer's behalf.
 - 7.2 GKN shall have the right to maintain an action for the price notwithstanding that possession of the Blades may have passed to the Customer.
 - 7.3 On termination of the contract, however caused, GKN's rights contained in this Clause 7 shall remain in effect.
8. **TRANSIT:** Claims for damages to Blades occurring in transit will not be considered by GKN. Claims for shortage in delivery of Blades received from carriers will be considered only if the carriers and GKN received written notification of such shortage within seven (7) days of arrival or in the event of loss of services in transit within twenty-one (21) days of the date of consignment. Where delivery is taken of Blades without being checked they will be deemed to have been accepted by the Customer unless the carrier's delivery book is signed "Not Examined".
9. **INSPECTIONS:** Unless otherwise agreed in writing, GKN will carry out such tests and inspection as it deems necessary. Any additional tests or inspections required by the Customer will be to the Customer's account.
10. **INTELLECTUAL PROPERTY RIGHTS ("IPR"):** All IPR in the services (including without limitation any and all patent rights, design rights, copyrights and other IPR (whether registered or unregistered) in the specification(s) and design(s) of the services or manufacturing processes) shall, as between GKN and the Customer, be the property of GKN.
11. **INFORMATION:** All drawings, descriptions, specifications, designs, documents and other information (including without limitation features contained in any of the foregoing or in any objects or software), whether business or technical, (collectively referred to as "Information") supplied or otherwise disclosed by GKN, including those of its affiliates, are supplied or disclosed on the express understanding that such supply or disclosure shall not be construed as passing to the Customer any copyright (or any other rights whatsoever) in such Information. All rights including, without limitation, copyright and property in all such Information shall, as between GKN and the Customer, remain vested in GKN.
12. **GKN LIMITED WARRANTY AND SCOPE OF WORK:**
 - 12.1 Notwithstanding anything to the contrary, GKN's sole warranty is that its services shall be free from defects in workmanship and are performed in strict accordance with the following: GKN shall either overhaul, repair or inspect the Blade, as requested by the CUSTOMER and agreed by GKN. For Overhaul, GKN warrants that it shall disassemble the Blade as appropriate, clean the Blade, inspect it in accordance with the applicable OEM Manual, repair the Blade as necessary in accordance with the applicable OEM Manual, and reassemble it to the extent previously disassembled. For Repair, GKN warrants that it shall perform the requested repair in accordance with the applicable OEM Manual. For Inspection, GKN warrants that it shall inspect the Blade in accordance with the applicable OEM Manual. When action is to be taken in accordance with an applicable OEM Manual, such action may alternatively be performed in accordance with other methods, techniques, and practices acceptable to the Administrator of the Federal Aviation Administration. "OEM Manual" shall mean manual published by the manufacturer of the Blade.
 - 12.2 **Remedies:** As CUSTOMER's sole and exclusive remedy for GKN's failure to satisfy such limited warranty, GKN will at its option perform the work in accordance with this limited warranty or issue credit for the price to the Customer for any Blades found to be defective by sole reason of defect in GKN's materials or workmanship (fair wear and tear excluded) within one (1) year or within one thousand (1,000) flight hours of use (whichever shall first expire) after the date of certification by GKN, if:
 - (i) GKN is promptly notified in writing of the discovery of any such defects by the CUSTOMER and the defective Items are returned to GKN, in accordance to Article 12.3 (Return Material Authorization Procedure), transportation charges being prepaid by the CUSTOMER; and
 - (ii) examination by GKN of such Items shall establish to its satisfaction that such defects exist and have not been caused by misuse, neglect, improper installation or repair, alteration or accident, or inadequate storage.This warranty shall not extend to any products or parts thereof not manufactured, overhauled or repaired by GKN but solely to the service provided by GKN. GKN shall have no further liability for a breach of the limited warranty in Article 12.1

12.3 Return Material Authorization (“RMA”) Procedure:

- (i) Prior to returning Item(s) to GKN for evaluation, Customer must request a RMA number from GKN’s customer service. Customer must provide the following information to GKN’s customer service: (a) Part Number(s); (b) Serial Number(s); (c) Original purchase order number(s); and (d) A detailed description of the failure or problem.
- (ii) Customer must reference the RMA number(s) on the return paperwork sent along with the part(s).

12.4 THE FOREGOING ARE THE SOLE AND EXCLUSIVE WARRANTIES AND REMEDIES, AND ALL OTHER CONDITIONS, WARRANTIES AND OTHER TERMS IMPLIED BY STATUTE, COMMON LAW, EQUITY OR OTHERWISE ARE, TO THE FULLEST EXTENT PERMITTED BY LAW, EXCLUDED FROM THE CONTRACT.

13. EXCLUSION OF LIABILITY:

13.1 Subject to Clause 12, the following provisions set out the entire financial liability of GKN (including any liability for the acts or omissions of its employees, agents and sub-contractors) to the Customer in respect of any matters relating to the contract including without limitation:

- (i) any breach of the contract;
- (ii) any use made or resale by the Customer of any of the services, or of any product incorporating any of the services; and
- (iii) any representation, statement or tortious act or omission (including negligence) arising under or in connection with the contract.

13.2 EXCEPT AS EXPRESSLY PROVIDED IN THESE TERMS AND CONDITIONS, ALL CONDITIONS, WARRANTIES AND OTHER TERMS IMPLIED BY STATUTE, COMMON LAW OR EQUITY, ARE, TO THE FULLEST EXTENT PERMITTED BY LAW, EXCLUDED FROM THE CONTRACT.

13.3 Subject to Clause 13.2:

- (i) GKN’s total liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the contract shall be limited to ten percent (10%) of the contract price (save where Clause 6.2 applies); and
- (ii) GKN shall not be liable to the Customer for any: (a) loss of profit; (b) loss of business; (c) depletion of goodwill and/or similar losses; (d) loss of anticipated savings; (e) loss of contract; (f) loss of use; (g) loss or corruption of data or information; or (h) any special, indirect, incidental, consequential or pure economic loss, costs, damages, charges or expenses whatsoever (howsoever caused) which arise out of or in connection with the contract.

14. FORCE MAJEURE:

14.1 GKN shall not be liable for delay in performance or for non-performance in whole or in part of its obligations under the contract direct or indirectly resulting from causes beyond control either of GKN or of GKN’s suppliers including, but not limited to reference to, acts of God, acts of the Customer or a third party, hostilities, embargoes, sabotage, civil disturbance, government regulations, strikes, lock-outs or other industrial action, illness, flood, fire, impact, explosion, adverse weather, delay in delivery to GKN or GKN’s suppliers or shortage of any services, products or materials.

14.2 In any such event GKN may without liability extend the time for performing the contract, cancel the contract or reduce the volume of the services ordered by the Customer. If the contract is frustrated or cancelled as a result of an event set out in Clause 14.1 GKN shall be entitled to such reasonable remuneration as it may specify.

15. BREACH AND FINANCIAL CONDITIONS:

15.1 If any of the Customer’s obligations to GKN under any contract are not fulfilled or if the Customer’s financial condition at any time does not in GKN’s unfettered judgement justify continuance of the contract on the terms of payment specified, GKN may, without prejudice to any other rights it may have, by notice in writing cancel any outstanding order or suspend any deliveries of or work on any of the services unless the Customer makes such payment for any of the services ordered as GKN may require.

15.2 In addition to any rights of lien to which GKN may by law be entitled, while any amount remains due to it from the Customer, GKN shall be entitled to a general lien for such amount on all property of the Customer in GKN’s possession (whether paid for by the Customer or not).

16. HEALTH AND SAFETY: The Customer hereby agrees that it is responsible for taking all necessary steps to ensure that the services are safe and without risks to health when properly used including:

- (i) regular and properly testing, inspecting and maintaining, properly installing, storing and housing the services,
- (ii) disseminating adequate detailed information regarding their sale and proper use to the persons using the services, and ensuring that the services are adequately manned, and the Customer’s order for the services shall be deemed to be its written undertaking therefore.

17. CUSTOMER’S PROPERTY: Any property of the Customer received by GKN whether for incorporation in services of GKN or for repair or otherwise will be held by GKN at the Customer’s risk as regards loss or damage whatsoever arising (whether due to GKN’s negligence or otherwise). The Customer shall also accept liability in cases where quantity, quality or delay in delivery of free issue items prejudices GKN’s performance of the contract.

18. CUSTOMER REPRESENTATION: Customer agrees that it has:

- (i) advised GKN if the Blade was previously inspected and determined not repairable or rejected; and
- (ii) included with the Blade any prior documentation that the Blade was determined not repairable or rejected.

19. GOVERNING LAW AND JURISDICTION: The contract shall be governed by and construed in accordance with the law of California, without reference to its choice or conflict of laws principles, and the courts of competent jurisdiction located in such state shall have non-exclusive jurisdiction to hear all disputes arising in connection with the contract. The contract excludes the application of the 1980 United Nations Convention for the International Sale of Goods.

20. CONFIDENTIALITY: Any information or data given in confidence, including Information (as defined in Clause 11), or any confidential drawings or other general commercial intelligence which may be received by the Customer or any representatives of the Customer (insofar as it is not demonstrably public knowledge) shall not be divulged to any third party and may be used by the Customer on a need to know basis only in connection with the services supplied hereunder and not in any other connection whatsoever, provided that such persons are contractually obligated to protect confidential Information with terms no less restrictive than the terms herein and shall exercise no less than reasonable care. In the event that the Customer or any such representative so divulges any such data, drawings, information or intelligence to the detriment of GKN, the Customer shall indemnify GKN in full against all costs, expenses, damage or loss directly or indirectly occasioned thereby.

21. EXPORTS: In the case of export contracts the following additional conditions shall apply:

21.1 Customer and GKN shall comply with the laws and regulations of the United States of America (USA) relating to exports and foreign transactions, including, but not limited to, the International Traffic in Arms Regulations (ITAR) (22 C.F.R. Parts 120-130), the Arms Export Control Act (22 U.S.C. 2778), the Export Administration Regulation (EAR) (15 C.F.R. Parts 730-774) and the Export Administration Act of 1979, as amended (50 U.S.C. 2401 et. Seq.). In particular, the Parties shall not disclose any technical data, nor deliver, export, re-export or re-transfer any Product out of the USA, or to foreign persons or entities within or outside the USA, without the proper written authorization and/or license from the U.S. Government. Customer hereby indemnifies and agrees to hold GKN harmless from any costs, damages, penalties, attorney’s fees and similar expenses of GKN due to Customer’s breach (or threatened breach) of such obligation. Any governmental license, approval or notification required for export shall be the responsibility of the Customer. The Parties shall reasonably cooperate with each other in obtaining all required export and import licenses, approvals and/or notifications pursuant to such U.S. laws.

21.2 GKN shall not be taken as indemnifying the Customer or as being liable for IPR infringement where the services are sold or used outside US or their usual function.

21.3 Any order that conflicts with such export control laws and any revisions thereto shall in no event be binding upon GKN.

22. SEVERANCE: If any provision of the contract is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable it shall to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness be deemed severable and the remaining provisions of the contract and the remainder of such provision shall continue in full force and effect.

23. WAIVER: Failure or delay by GKN in enforcing or partially enforcing any provision of the contract shall not be construed as a waiver of any of its rights under the contract. Any waiver by GKN of any breach of, or any default under, any provision of the contract by the Customer shall not be deemed a waiver of any subsequent breach or default and shall in no way affect the other terms of the contract.

24. THIRD PARTIES: The parties to the contract do not intend that any terms of the contract shall be enforceable by any third party that is not a party to the contract.

25. ASSIGNMENT: GKN may assign the contract or any part of it to any person, firm or company. The Customer shall not be entitled to assign the contract or any part of it without the prior written consent of GKN.