

GENERAL TERMS AND CONDITIONS

GLOBAL AIRCRAFT PARTS AND SERVICES B.V.



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A. PREFACE

These General Terms and Conditions (“**GTC**”) shall govern the provision of services, sale of goods, and any other activities performed (collectively the “**Services**”) by Seller to Buyer.

Part B of these GTC contains general terms and conditions which are applicable to all Services.

Part C of these GTC contains general terms and conditions which are applicable to services relating to spare parts supply and component repair and overhaul.

Part D of these GTC contains general terms and conditions which are applicable to exchange transactions.

In case of inconsistency between the additional conditions for specific services of Part C and Part D and the GTC of Part B, the provisions of Part C and Part D shall prevail.

In case of inconsistency between this GTC and any provision of an agreement entered into with respect to the Services, the provisions of the perspective agreement shall prevail.

B. GENERAL TERMS AND CONDITIONS

1. Definitions

The following definitions shall apply (such definitions to be equally applicable to both singular and plural forms of the terms to be defined):

Aircraft:	an aircraft owned or operated by Buyer;
BER:	a component of which the repair/overhaul value exceeds the replacement cost of a unit in serviceable or overhauled conditions, as set forth in article 2.6 of part C;
Buyer:	the party to whom Seller provides Services;
Component:	any self-contained part, combination of parts, sub-assemblies or units, which perform a distinctive function necessary to the operation of a system;
Core Unit:	a part of an aircraft which must be replaced.
Data:	documents, drawings, manuals, computer programming information, software and all other forms of media storing, containing, conveying or embodying information, and regardless of whether the information is in hard copy, electronic, or any other form;
Exchange Transaction:	a transaction whereby Seller shall sell and deliver an Exchange Unit to Buyer and in consideration whereof Buyer shall submit a Core Unit to Seller and will make additional payments;
Exchange Unit:	the Seller Part which Seller shall send to Buyer in case of an Exchange Transaction;

Ex-works:	Ex-works as defined in the Incoterms 2011 or any subsequent edition thereof, issued by the International Chamber of Commerce, Paris, France;
GTC:	shall have the meaning as defined in the preface of these GTC;
Indemnities:	Seller and Seller's Assignees and their respective directors, shareholders, affiliates, officers, employees, agents, representatives and subcontractors;
Information:	all (technical) Data pertaining to Services, whether or not established by Seller and Buyer to be confidential, or copies of any of these supplied by Seller under the GTC;
Inspection Period:	the seven (7) calendar day period after receipt by Buyer of any Spare Parts ordered by Buyer;
Investigation Report:	a report, which mentions the possible cause of a malfunction and observed damage of a component and provides details of repair shop findings with regard to rectification of said malfunction or sampling requirements;
Order Acknowledgement:	acceptance by Seller of Buyer's (Purchase) Order(s) in writing;
Overhaul:	the restoration of the Component according to the agreement pertaining to this GTC, in accordance with the instructions defined in the relevant manual;
Purchase Order:	an order for Spare Parts placed by Buyer in writing (or by e-mail, facsimile or any other (written) instrument);
Repair:	the test and restoration, if applicable, of a defective Component and/or Aircraft, whichever is applicable according to the agreement pertaining to this GTC, to a serviceable condition only;
Seller:	Global Aircraft Parts and Services B.V., Hoorn 372, (2404 HL) Alphen aan den Rijn, the Netherlands registered with the trade register of the Dutch Chamber of Commerce under number 56510985;
Seller's Assignee:	any person(s) or company (companies) used or assigned by Seller, either as a subcontractor or supplier, to perform Services, under the GTC or supplying Seller Parts or information pertaining thereto to Seller for the performance of Services by Seller under the GTC;
Seller's Facility:	such plant or facility as may be designated by Seller, as set forth in article 4.1 of Part B;
Seller Parts:	Components, systems, accessories, equipment and parts, including ground support equipment and special tools for the Aircraft supplied in accordance to Buyer's specifications, delivered from Seller's own stock;

- Services:** shall have the meaning as defined in the preface of these GTC;
- Shop-Finding report:** a report which provides information on basic observations made during testing, repair and/or overhaul of the Component;
- Spare Parts:** such aircraft parts that may be requested to be delivered by Seller to Buyer;
- Vendor:** any manufacturer or supplier (other than Seller) of Vendor Parts;
- Vendor Parts:** mean aircraft components, systems, accessory, equipment and parts, including ground support equipment and special tools for the aircraft not covered by the definition of Seller Parts;

To all definitions not defined in this article 1, the definitions in the World Airlines Technical Operations Glossary, latest editions (WATOG) will apply.

2. General

- 2.1 **General.** Any of the services Seller agrees to provide to Buyer shall be subject to (i) this GTC and (ii) such additional terms and conditions as agreed upon by Seller and Buyer in writing. In addition, these GTC shall apply to all agreements, quotation(s) or order acknowledgment(s) (whether in writing or not) entered into by Seller with respect to Services to be rendered, unless otherwise expressly stated by Seller in relevant quotation or agreement. The applicability of any general terms and conditions which may be used by Buyer or to which Buyer may refer in any manner whatsoever is hereby specifically rejected.
- 2.2 **Notices.** Unless agreed upon otherwise in the GTC or any agreement pertaining thereto, all notices and requests in connection with the GTC shall be given in writing and may be given by (air)mail, facsimile, cable, e-mail or any other customary means of (written) communication addressed as follows:

To Seller:
Global Aircraft Parts and Services B.V.
Hoorn 372
2404 HL Alphen aan den Rijn
The Netherlands

E-mail: info@gaps.aero

The effective date of any notice or request given in connection with the GTC or any agreement pertaining thereto, shall be the date on which the notice or request is received by Seller and/or sent by Seller.

- 2.3 **English language.** The performance of Services and all communication between Seller and Buyer regarding the GTC or any agreement pertaining thereto shall be in the English language.

- 2.4 Compliance. Buyer shall comply, and is in compliance with, all applicable laws, rules and regulations and judgments and/or orders of competent courts of jurisdiction or relevant (governmental) authorities. The parties accept as a joint responsibility that the agreement pertaining to the GTC shall ensure consistency with all requirements and obligations in effect, pursuant to the aforesaid regulations, including required procedures and routines.
- 2.5 Validity. If any provision of this GTC (in whole or part) should be held to be invalid or otherwise unenforceable, the other provisions of this GTC shall remain in full force and effect. Seller and Buyer shall then use all reasonable endeavors to replace the invalid or otherwise unenforceable provision by a valid provision, of which the effect is as close as possible to the intended effect of the invalid or unenforceable provision.
- 2.6 Headings. The headings used herein are for ease of reference only and shall not affect the interpretation of this GTC or any of its provisions.

3. Ordering procedure

Upon Buyer's request, Seller shall make price and schedule quotations for Services which quotations shall be valid for a period of thirty (30) calendar days after the date of issue, unless otherwise stipulated in the relevant quotation. The Services shall only be rendered by Seller on the basis of (written) order issued by Buyer which is accepted by Seller in (writing), unless Buyer and Seller have agreed in writing to an alternative procedure.

4. Delivery

- 4.1 Delivery. All goods and Services furnished under the GTC shall be delivered Ex-works Seller's Facility, unless otherwise specified by Seller. Unless specifically stated otherwise, Seller's Facility shall be the following address:

Global Aircraft Parts and Services B.V.
Hoorn 372
2404 HL Alphen aan den Rijn
The Netherlands

E-mail: info@gaps.aero

- 4.2 Packing. All goods and Services furnished under the GTC shall be packed generally in accordance with ATA (Air Transport Association of America) Specification 300 Cat. II or III. If higher specifically is requested by Buyer, ATA Specification 300 Cat. I containers or equivalents, shall be used and the additional costs involved shall be for Buyer's account.
- 4.3 Shipment. All goods and/or Services furnished under the GTC shall be accompanied by packing documents indicating Buyer's Purchase Order number, quantity shipped, part number (where applicable), key word and total value. Seller shall inform Buyer, as soon as practicable, about shipping arrangements made.
- 4.4 Buyer's responsibility. Buyer shall be responsible to ensure the timely and continuous availability, validity, completeness, reliability and accuracy of any and all Data and goods, Buyer is reasonably required to provide for the due performance of the Services by the Seller. Inspection by Seller of Buyer furnished items shall not relieve Buyer from its responsibility hereunder.

4.5 Retention of title. All Seller Parts, Components, Spare Parts or any other goods delivered by Seller shall remain property of Seller until full payment thereof has been received by Seller from Buyer, and no payments are due by Buyer to Seller with respect to previous delivery of Seller Parts, Components, Spare Parts or any other goods.

5. Payment

- 5.1 Payment terms. Unless otherwise agreed upon by Seller in writing, or otherwise provided in the relevant chapters of the GTC, prices for ordered Services to be rendered shall be due and payable within thirty (30) calendar days of the date on the invoice sent by Seller to Buyer.
- 5.2 Additional costs. If Seller incurs any costs in connection with additional services and/or activities (to be) rendered to Buyer upon Buyer's request, which cost were not mentioned in Seller's agreements, quotation(s) or order acknowledgment(s), Seller shall invoice Buyer for such costs of such Services and Buyer shall pay the costs within thirty (30) calendar days after the date of Seller's relevant invoice. The same payment conditions as mentioned in this article 5 shall apply for any unpaid balance.
- 5.3 Currency. All payments to Seller shall be made in net convertible currency as specified on the invoice for credit of Seller's account with a bank to be nominated by Seller, unless agreed upon otherwise in writing.
- 5.4 Default of payment. If Buyer fails to remit full payment within the periods set forth above in article 5.1 and 5.2, Buyer is in default of payment by operation of law. Buyer shall be liable for the payment of interest on the amount due by Buyer, and any and all expenses (including, but not limited to, reasonably attorney's fees) incurred by Seller in connection therewith. The interest shall be calculated as of the moment that Buyer is in default of its payment and at a rate of three (3) months London Interbank Offered Rate ("**LIBOR**") for Euro's, to be fixed at the rate valid and established on the first business day of each calendar month, plus three percent (3%), calculated on the basis of a 360-day year and actual number of days elapsed. Claiming or refraining from claiming costs and expenses and/or compensation from Buyer shall in no case prejudice any rights of Seller under the GTC or any agreement pertaining thereto.
- 5.5 Security. Seller shall have the right to require a payment or security acceptable to Seller for all sums due, to the extent not covered by the amounts received pursuant to article 5.1 or 5.2.
- 5.6 Dispute. If Buyer disputes Seller's invoice, Buyer shall notify Seller of this dispute in writing within fourteen (14) calendar days upon the date of Seller's relevant invoice. In such event, Buyer shall only be entitled to suspend payment of the disputed part of the invoice for a maximum of fourteen (14) calendar days. As soon as possible parties will discuss the disputed part of the invoice and make every reasonable effort in order to promptly settle the dispute. In the event parties agree that the dispute is justified, Seller will adapt the invoice and Buyer will subsequently pay outstanding amounts, if any, within fourteen (14) calendar days after the date of the corrected invoice. In the event that Seller determines that the dispute is not justified and/or that parties are not able to settle the dispute, Buyer shall be obliged to immediately pay to Seller the disputed part plus an interest charge in accordance with article 5.4. In no event shall Buyer claim a right of set off or a security interest.

6. Cancellation of orders

In the event Buyer cancels a Purchase Order for any goods and/or Services, after transmission by Seller of such goods and/or Services to Buyer, Buyer shall pay to Seller a restocking charge in the amount of 20% of the amount due under the cancelled Purchase Order, with a minimum of USD 250.00. The restocking charge will be immediately due and payable with analogous application of the provision(s) of article 5 of this GTC.

7. Taxes, duties, licenses and special documents

- 7.1 Dutch taxes, duties and other charges. Any taxes, duties and other charges of any kind levied by any Dutch authority in the Netherlands on Services to be rendered by Seller to Buyer and/or on payments to be made by Buyer to Seller shall be for the account of Seller.
- 7.2 Taxes, duties and other charges. Any taxes, duties and other charges of any kind levied on the Services to be rendered to Buyer, which are not covered under article 7.1 above, shall be for the account of Buyer. If under the provisions of any applicable law or regulation such taxes, duties and other charges are to be paid by Seller, Buyer shall reimburse Seller therefore. If a claim for any such charges against Seller is received by Seller, Seller shall at Buyer's expense take such action as Buyer may reasonably request to recover any amount paid by Seller, and shall, if requested by Buyer, permit Buyer to file a claim or prosecute an action to recover such payment in Seller's name.
- 7.3 Dutch licenses or special documents. Seller shall obtain and pay for any licenses or special documents required by the Dutch authorities for the performance of the Services.
- 7.4 Licenses or special documents. Buyer shall obtain all licenses or special documents required, other than the licenses or special documents as set forth in article 7.3 above, and shall pay for all costs relating thereto.
- 7.5 Import requirements. In the event that Seller is requested to comply with a requirement of the importing country to deliver any certificate or license, Seller shall endeavor to comply with such request. The costs, if any, to obtain such certificates or licenses shall be for Buyer's account and Buyer shall promptly reimburse Seller for any such costs.

8. Assignments

The agreements pertaining to the GTC are for the benefit of and binding upon each of the parties hereto and their respective successors and assignees. Neither Seller nor Buyer may assign any of its rights, obligations or claims under the agreements pertaining to the GTC, without the prior written consent of the other party, which shall not be withheld on unreasonable grounds.

9. Non-disclosure

- 9.1 Non-disclosure. Except as required pursuant to mandatory law, neither Buyer nor Seller may disclose to third parties the contents of this GTC and any agreements, quotation(s) or order acknowledgment(s) relating to the Services, or any information provided by a party to another party under circumstances which reasonably indicate that the information is confidential, without the prior written consent of the other party.

9.2 Disclosure required by law. If disclosure is required by law, the disclosing party shall use its best efforts to limit such disclosure, and shall request the third party for confidential treatment or implementing other means reasonably requested by the non-disclosing party. No license under any patent, copyright or any other intellectual or industrial property right is granted or implied by Seller exchanging, conveying and/or applying whatever Data or Information pursuant to and/or in connection with the Services.

9.3 Penalty. In the event Buyer does not comply with the obligation set out in this article 9, Buyer shall incur an immediate penalty of USD 1,000.00 and for each day it remains in default thereafter of USD 500.00 per day, without prejudice to the rights of Seller to take all other remedies and actions available by law.

10. Excusable delay

Seller shall not be responsible for, nor be in default under the GTC on account for any delay in performance due to an excusable delay. Excusable delays are defined as delays due to causes not within Seller's control including, but not be limited to, acts of God, strikes, labor troubles causing cessation or dislocation of work, inability after due and timely diligence to obtain material or part not of Seller's own stocks. Seller will make every reasonable effort to minimize the consequences of an excusable delay to Buyer.

11. Suspension and termination

11.1 Termination. In the event of a material breach of an agreement pertaining to the GTC by Buyer, Seller may terminate at any time such agreement without prior written notice of termination, provided that Buyer has received a written notice of such breach from Seller and has been granted at least a ten (10) calendar day period to cure such breach. Prior notice of any breach shall not be required, if Buyer is insolvent or if a proceeding is commenced by or against Buyer seeking relief under the laws relating to bankruptcy or insolvency.

11.2 Suspension. Seller reserves the right to suspend delivery and/or the performance of any Services or obligation or to cancel any of Buyer's outstanding orders in the event any amount due hereunder has not been paid when due, without any liability whatsoever vis-a-vis Buyer for any consequential delay. Any costs incurred by Seller as a result of such suspension or cancellation shall be paid by Buyer. If after payment of all amounts due and receipt of adequate assurance of future performance by Buyer, Seller may – at its sole discretion – decide to continue and/or resume the delivery and/or performance of Services.

12. Non-waiver

The failure of Seller to enforce any of its remedies or to require strict performance of any obligations of Buyer under the GTC and/or any agreement pertaining thereto, shall not constitute a present or future waiver of such remedy or obligation.

13. Applicable law and arbitration

13.1 Applicable law. The GTC, agreements, quotation(s) or order acknowledgment(s) shall be governed by and construed and interpreted in accordance with the laws of the Netherlands. The applicability of the (11 April 1980) Vienna Sales Convention is hereby specifically rejected.

13.2 Dispute settlement. With respect to any disputes arising out of or in connection with the GTC or any agreement pertaining thereto, whether based on contract law, negligence or tort, the parties hereby consent to the exclusive jurisdiction of an arbitration procedure in accordance with the Rules of the Arbitration Institute of the Netherlands (in Dutch: *'arbitrage reglement van het Nederlands Arbitrage Instituut'*). The arbitration procedure will take place in Amsterdam, the Netherlands, and be conducted in the English language, unless the parties agree upon another language in writing. The arbitral tribunal shall be composed of one arbitrator, selected in accordance with the Rules of the Arbitration Institute of the Netherlands. The arbitral tribunal shall decide the matter in accordance with the rules of law and not as an “amicable compositor”.

13.3 Legal action. In addition to the above, Seller shall have the right to bring legal action relating to this GTC or any agreement pertaining thereto in any court in any country (whether arbitral or regular court), including, without any limitation, the territory, in which any property of Buyer is then situated or in any other competent court.

14. Indemnity

Buyer indemnifies, defend and shall hold Seller, each Seller's Assignees, all Indemnitees, and Seller's representatives harmless from and against any and all claims, demands, suits, losses, damages and liabilities, including without limitation interest and reasonable attorney's fees, arising out of, relating to, or resulting from their performance of the obligations pursuant to this agreement, except to the extent such claims, demands, suits, losses, damages and liabilities have been caused by Seller's gross negligence or willful misconduct.

15. Immunity waiver

To the extent that Seller and/or Buyer may in any jurisdiction claim for themselves or their assets (including the Aircraft) immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or from other legal process and to the extent that in any such jurisdiction there may be attributed to themselves or their assets (including the Aircraft), Seller and Buyer hereby irrevocably agree not to claim such immunity and hereby irrevocably waive any immunity (whether or not claimed) to the fullest extent permitted by the laws of such jurisdiction [with the intent, inter alia, that the foregoing waiver shall have effect for the purposes of the Foreign Sovereign Immunities Act of 1976 of the United States of America (if applicable)].

16. Export control

Services as provided by Seller to Buyer under the Agreement may be subject to export controls of the European Community, United States of America and/or export controls in other countries. Buyer is responsible to ensure that usage and/or transfer of Services and/or information as purchased by Buyer from Seller under the Agreement complies with all relevant export control regulations, including the United States International Traffic in Arms Regulations (ITAR) and/or the Export Administration Regulations (EAR), if applicable. If requested by Seller, Buyer will immediately provide Seller with a so-called end-user statement in regard to the ultimate use and / or destination of Services ordered by Buyer. Seller reserves the right to reject delivery of Services to Buyer if such delivery would be conflicting with export controls as described herein and/or Seller's (export) compliance policies.

C. CONDITIONS FOR SPARE PARTS SUPPLY AND COMPONENT REPAIR AND OVERHAUL

1. Spare Parts

- 1.1 Purchase Order. Orders for Spare Parts shall be placed by Buyer in writing (or by e-mail, facsimile or any other (written) instrument), unless parties have agreed in writing to an alternative ordering procedure. Each Purchase Order shall include an order number or specific contract number, part number(s), nomenclature, quantity, material condition and required delivery schedule, as well as detailed forwarding instructions, such as forwarding address, accounting address and the marking required to be put on the packing if such instructions have not been agreed upon or differ from those agreed upon.
- 1.2 Order Acknowledgement. Acceptance by Seller of Buyer's Purchase Order(s) shall be in a written Order Acknowledgment within (5) days after receipt of Buyer's written Order(s). Seller's Order Acknowledgement shall include Buyer's order number or specific contract number and, for each Component the part number, serial number and applicable unit price, extended value and the scheduled delivery date(s). A Purchase Order is not binding upon receipt of Seller's Order Acknowledgement, in accordance with this article 1.2. a copy of the GTC will be sent together with the order acknowledgement.
- 1.3 Purchase Order fulfillment. In fulfilling Purchase Orders for Spare Parts, Seller reserves the right to make any necessary corrections or changes in part number and nomenclature, or to substitute parts, provided that interchangeability between the Spare Parts is not affected. Seller shall give Buyer prompt written notice of such correction, change or substitution and any effect on price resulting there from. Buyer shall advise Seller in the same prompt manner whether such change of price is acceptable.
- 1.4 Cancellation of orders. Buyer may cancel a Purchase Order for any Spare Part prior to delivery thereof. Seller may recover any actual damage arising from such cancellation, up to the amount of the purchase price of the Spare Parts set forth in the canceled Purchase Order. The cancellation charge shall be based upon the costs made by Seller fulfilling the specific Purchase Order before cancellation of the Purchase Order by Buyer as well as third party claims in connection with such cancellation. Upon Buyer's request, Seller shall substantiate such costs.
- 1.5 Delivery. For delivery of Spare Parts to Buyer the terms as set forth in article 4.1 of this Part B of this GTC will apply. All Spare Parts shall be accompanied by an Authorized Release Certificate or similar document issued by a duly authorized person, unless otherwise indicated prior to purchase or as agreed upon between Seller and Buyer prior to delivery.

Risk of, loss of, or damage to the Spare Parts supplied by Seller to Buyer shall pass from Seller to Buyer at delivery of the Spare Parts to Buyer in accordance with article 4.1 of Part B of this GTC.

Upon request of Seller and at Buyer's expense, Buyer shall cooperate by creating a security right valid under applicable law on Spare Parts supplied or to be supplied by Seller to Buyer to secure Seller's rights with respect to Spare Parts for which Seller has not yet received full payment.

- 1.6 Pricing and Price Revision Seller Parts. Seller reserves the right to revise the prices for Spare Parts from the date of quotation, and if no quotation has been issued from the date of Buyer's Purchase Order(s), until delivery to Buyer in the following cases:
- (i) If a significant revision in the price is charged to Seller by Vendor, such revisions shall be effective immediately after notifying Buyer of such price revisions;
 - (ii) If a significant error in estimation or expression of any price, which will be effective immediately after notification of Buyer.
- 1.7 General. Any services ancillary to the sale of Spare Parts that are requested by Buyer shall be charged in accordance with Seller's sales prices prevailing on the date on which such ancillary services are rendered to Buyer.
- 1.8 Acceptance and Return. Within thirty (30) calendar days after receipt by Buyer of any ordered Spare Part, Buyer shall notify Seller in writing of any alleged nonconformity of the Spare Part with Buyer's Purchase Order. Such notice shall state the grounds for Buyer's conclusion of nonconformity. For the purpose of this paragraph the day of shipment to Buyer shall be deemed the day of delivery by Seller, unless Buyer proves otherwise.

Upon receipt of such notice, Seller shall without undue delay notify Buyer whether Seller agrees that such nonconformity exists and of any corrective procedure which Seller will apply. Upon Seller's request, Buyer shall return the nonconforming Spare Part to Seller's Facility in accordance with article 3.7 of Part C of this GTC.

If Seller is not notified by Buyer of any nonconformity within the Inspection Period, Buyer shall be deemed to have accepted the Spare Parts and to have waived all its claims and remedies in respect thereto, except for the contractual warranty provisions.

2. Component repair and overhaul

- 2.1 Ordering procedures. For each component sent to Seller for Repair or Overhaul under these conditions Buyer shall place an Order in writing ('Order'), or by e-mail facsimile or any other (written) instrument, confirmed by an Order, unless parties have agreed in writing to an alternative procedure. Each Order shall include an order number or specific contract number, part number(s), quantity, nomenclature, serial number, number of landings and number of hours consumed since factory-new or last Repair or Overhaul, modifications carried out on the Component, nature of complaint or reason for removal and requested treatment. Buyer shall also indicate in the Order which non-mandatory modifications it wishes Seller to incorporate in the Component at the time of Repair and Overhaul.
- 2.2 Order Acknowledgement. Acceptance by Seller of Buyer's Order(s) shall be a written order acknowledgment ('Order Acknowledgment') within five (5) calendar days upon receipt of Buyer's written Order(s). Seller's Order Acknowledgment shall include Buyer's order number or specific contract number and for each Component the part number, serial number and anticipated date of return to Buyer. A Repair Order is not binding upon Seller unless accepted by Seller in accordance with this section 2.1.

- 2.3 Order fulfillment. Seller shall not commence with Repair or Overhaul on any Component unless the relevant Order has been received by Seller. In case no Order is received by Seller upon receipt of the Component concerned, Seller shall notify Buyer immediately and Buyer shall provide Seller with the required Order within five (5) calendar days after the date of Seller's notice. Seller reserves the right to return the Component to Buyer at Buyer's expense, in the event Seller does not receive the required Order within the time stipulated.
- 2.4 Subcontract. Seller reserves the right to subcontract all or part of the Services to be rendered.
- 2.5 Modification standard. Seller shall incorporate all mandatory modifications as indicated by the relevant airworthiness authority due the time of Repair and Overhaul and Buyer will pay for the costs of these mandatory modifications, if applicable. Seller shall inform Buyer of all such modifications incorporated during the Repair and/or Overhaul process.
- 2.6 Beyond Economical Repair (BER). Components of which Seller estimates that the costs of Repair or Overhaul will exceed eighty per cent (80%) of Seller's current sales price for Seller parts or Vendor parts of an identical Component shall be considered BER. Seller shall advise Buyer promptly that a Component is BER and Buyer shall provide Seller within seven (7) calendar days after receipt of Seller's notice with one of the following instructions:
- (i) Repair and/or Overhaul at Buyers expense; or
 - (ii) Component to be destroyed by Seller at Buyers expense; or
 - (iii) Component to be returned to Buyer at Buyer's expense without Repair; or
 - (iv) Deliver replacement Unit against current Seller's sales prices
- In the event a Component is determined by Seller as BER, and Buyer notifies Seller with instructions (ii) or (iii), the costs of the work already performed shall be borne by Buyer.
- 2.7 Shop-Finding Report. After the Repair or Overhaul has taken place, a Shop-Finding Report shall be provided by Seller at no additional charge for the specific Components sent to Seller for Repair or Overhaul. This Shop-Finding Report will accompany the Component upon return to Buyer.
- 2.8 Investigation Report Seller is prepared, at Buyer's request, to issue. An Investigation Report of specific Components sent to Seller for Repair or Overhaul or sampling, shall be provided by Seller upon a written request thereto from Buyer. Seller shall charge Buyer for the costs of making this Investigation Report, taking into account the extent of investigation details required by Buyer.
- 2.9 Delivery.
- 2.9.1 Delivery to Seller: All Components shall be delivered to Seller Delivered Ex-works at Seller's Facility. Consequently Buyer shall bear all costs in the transportation to Seller's facility. All Components sent to Seller's Facility shall be properly packed and labeled and freight shall be prepaid by Buyer.
 - 2.9.2 Delivery to Buyer: For delivery of repaired and/or overhauled Components, the terms as set forth in article 4 of Part B will apply.
 - 2.9.3 Certification: Repaired and/or overhauled Components shall be accompanied by an Authorized Release Certificate or similar document issued by a duly authorized person.
 - 2.9.4 Risk of repaired and/or overhauled Components: The risk of loss of the Components sent to Seller shall at all times remain with Buyer.

3. Warranty conditions for Spare Parts and repaired and/or overhauled Components

The following warranty conditions will apply to both Spare Parts and repaired and/or overhauled Components, unless explicitly stated otherwise in the repair or purchase order.

3.1 Warranties. Subject to the exceptions set forth in article 3.2 of Part C, Seller warrants that:

- (i) All Seller Parts supplied hereunder shall at the time of delivery by Seller be free of: defects in material and workmanship, unless previously agreed upon by both parties concerned; and
- (ii) Each Component repaired or overhauled shall at the time of delivery by Seller be free of: defects in material and defects in workmanship in the Repair or Overhaul.

3.2 Exceptions. Seller shall be relieved from its warranty obligations under this article 3 with respect to a defect, if such defect results from Buyer's failure to operate and maintain the Seller Part/repaired or overhauled Component or the Aircraft, in which the subject Seller Part/repaired or overhauled Component was installed, in accordance with applicable Buyer's maintenance and operating programs approved by the aviation authorities having jurisdiction and applicable Seller's written instructions.

The seller shall also be relieved from its warranty obligations under this article 3 with respect to its warranty seals; if any of the green "GAPS Aero" warranty seals is broken without written consent.

3.3 Validity of Warranties. With respect to all Seller Parts and/or repaired or overhauled Components the Warranties set forth in article 3.1 of Part C shall be subject to fulfillment of the conditions and the limitations set forth in article 3.4 through article 3.10 of this Part C of this GTC.

3.4 Notice and Warranty periods.

3.4.1 Buyer's remedies and Seller's obligations and liabilities under this article 3, with respect to each defect, are conditioned upon (i) the defect having become apparent to Buyer within the applicable warranty period, and (ii) Seller's warranty administrator at Seller's Facility, received a written notice of the defect from Buyer promptly but not later than thirty (30) calendar days after the defect becomes apparent to Buyer.

3.4.2 The warranty periods as mentioned in article 3.4.1 of this Part C are:

- (i) Based on OEM warranty conditions for Seller's Supplied Factory New Parts and Components (manufactured no less than 1 year before delivery by OEM) as to defect in material and workmanship;
- (ii) For Seller's supplied overhauled, repaired, serviceable, new and or new surplus Parts and Components, six (6) months or five hundred (500) flight hours, whichever expired first, and will be calculated pro-rata, based on consumed warranty life;
- (iii) For Seller's supplied Serviceable Removed Parts and Components, fail on fit is applied;
- (iiii) For repaired or overhauled Components as to defect in replaced/reworked material or workmanship, based on MRO warranty conditions.

- 3.5 Return and notification. Buyer's remedies and Seller's obligations and liabilities under this article 3, with respect to each defect, are also conditioned upon:
- (i) the submission by Buyer to Seller of a complete warranty claim report;
 - (ii) reasonable proof that the claimed defect is due to a matter embraced within the warranty set forth in article 3.1 and that such defect did not result from any act or omission of Buyer including but not limited to those stated in article 3.2 of Part C of this GTC;
 - (iii) the return by Buyer as soon as practicable if so requested by Seller, to Seller's Facility of the Seller Part/Component claimed to be defective, except when Seller elects to have the non-repairable defective Seller Parts scrapped at Buyer's facility in accordance with article 3.8 of Part C of this GTC;
- Seller shall notify Buyer of the disposition of each such claim.
- 3.6 Remedies. Buyer's remedies and Seller's obligations and liabilities under this article 3, with respect to a defect, are limited:
- (A) for Seller Parts, as to a defect in material or workmanship,
 - (i) to the repair of such defect in the Seller Part(s) in which the defect appears, or, at Seller's option, to the replacement of such Seller Part(s), with a similar Seller Part(s) free from defect; and
 - (ii) as to any Seller Part(s) repaired under the responsibility of Seller or furnished as a replacement by Seller pursuant to part(s), to the repair or replacement of such Seller Part(s) for any further defect in material or workmanship, provided that:
 - (1) such further defect becomes apparent to Buyer within any unexpired remainder of the warranty period specified in article 3.4.2 of Part C of this GTC; and
 - (2) Seller's warranty administrator at Seller's Facility receives written notice of such further defect from Buyer within thirty (30) calendar days after it became apparent to Buyer.
 - (B) for repaired or overhauled Components, to the repair or correction of such defect is the repaired or overhauled part.
- 3.7 Returned items.
All repairs, replacements and corrections as described in article 3.6 of Part C of this GTC, shall be performed by Seller at Seller's Facility, or such other place as may be mutually agreeable, and with reasonable care and dispatch in order that the Seller Part/Component involved, will not be kept out of service longer than necessary. Title to and risk of loss of any Seller Part/Component returned by Buyer to Seller, shall at all times remain with Buyer. Buyer shall have the responsibility of providing adequate insurance coverage thereof.
- 3.8 Non repairable Seller Part. Buyer may scrap any defective non-repairable Seller Part at Buyer's facility, provided that Seller has confirmed that such Seller Part is non-repairable and is not required for investigation by Seller.
- 3.9 Wear and Tear. Normal wear and tear and the need for regular maintenance and overhaul shall not constitute a defect under this warranty. The warranty periods set forth in article 3.4 of Part C of this GTC shall not apply to items such as rubber parts, filters, shelf life limited parts or similar items, which Seller demonstrates, are unable to meet such standards because of their ultimate life or function (determined by the state-of-the-art at the time of Seller's Design). The warranty set forth in this article 3 shall furthermore not extent to parts delivered by Seller and subsequently modified, overhauled or repaired on Buyer's behalf without Seller's written consent.

3.10 Applicability of Seller's Warranty.

3.10.1 It is Seller's intention that replacement, repair or correction of Seller Parts and/or Components claimed by Buyer to be defective, shall be implemented with the least possible delay and to this end any action taken by Seller, prior to completion of its review of Buyer's warranty claim, shall not prejudice Seller's right thereafter to dispute the applicability of Seller's warranty to any item and/or Component so replaced, repaired or corrected, and to recover its reasonable costs and expenses in connection therewith in the event that Seller's warranty is determined not to apply.

3.10.2 The warranty set forth in this article 3.3 is personal to Buyer and shall not be assigned or transferred in whole or in part, except with the prior written consent of Seller.

3.10.3 In the event any part of the provisions of this article 3 is held ineffective or unenforceable, Seller shall advise Buyer of the implications thereof and the effect on the terms and conditions of this article 3.

3.11 Disclaimer and release.

The warranties, obligations and liabilities of Seller and the remedies of Buyer set forth in this article 3 are exclusive and in substitution for, and Buyer hereby waives, releases and renounces all other warranties, obligations and liabilities of Seller, Seller's assignees and each indemnitee thereof, and rights, claims and remedies of Buyer against Seller, Seller's assignees, or any or their indemnitees, express or implied, arising by law or otherwise, with respect to any nonconformity, defect in or delay in delivery of any Spare Part, other thing or service delivered or performed, including but not limited to:

- (i) any implied warranty or merchantability or fitness;
- (ii) any implied warranty arising from course or performance, course of dealing or usage of trade;
- (iii) any obligation, liability, right, claim or remedy in tort, whether or not actual or imputed; and
- (iv) any obligation, liability, right, claim or remedy for loss of or damage to any aircraft, Spare Part or other thing, for loss of use, revenue or profit with respect to any aircraft, Spare Part or other thing or for any other direct, incidental or consequential damages.

D. CONDITIONS FOR EXCHANGE TRANSACTIONS

1. Fees

All the transport and custom fees involved with an Exchange Transaction, for both the shipment of the Core Unit and the Exchange Unit, will be borne by Buyer. Ex-works Inco terms 2011.

2. Return of Core Unit

Buyer shall ensure that the Core Unit shall be received by Seller within the date mentioned in the exchange agreement in case of an Exchange Transaction. Buyer shall ship the Core Unit to Seller freight and all other custom charges prepaid and accompanied by all applicable completed documents (including but not limited the log card).

3. Penalty Fee

In the event Seller has not received the Core Unit accompanied by all applicable completed documents (including but not limited the log card) within the time-period as mentioned under article 2 of Part D of this GTC, Buyer will incur a penalty fee of 1.5% from the Core Value mentioned in this agreement per day with a minimum of USD 50.00 per day.

4. Missing Parts

In the event any parts found to be missing from the Core Unit, Seller shall invoice Buyer for the value of such missing parts. Buyer herewith agrees to such additional invoicing and beforehand accepts that this will be automatic and without any prior notice from Seller. Once the additional invoice has been processed by Seller, no credit will be granted to Buyer, irrespective of whether the missing parts will be send to Seller at a later date.

5. (Additional) Payment conditions

5.1 Teardown and inspection. After teardown and inspection of the received Core Unit by Seller, Seller shall send an invoice to Buyer, accompanied by a copy of the teardown & inspection report. The invoice shall be payable with due observance of the payment terms and conditions of article 5 of Part B of this GTC.

5.2 Returned Core Unit. In the event the returned Core Unit is: (i) in a different mod standard than the originally delivered unit; (ii) has suffered from abnormal use, mechanical damage, excessive wear, tear and/or corrosion or; (iii) has been involved in an accident or incident, Seller shall invoice Buyer for the additional costs.

5.3 BER Core Unit. In the event the Core Unit is declared BER, Seller shall invoice Buyer for the difference between the agreed exchange fee and the Core Value as stated on the exchange agreement, written as "Core Value", the investigation charges and freight costs. Such invoice shall be payable with due observance of the payment terms and conditions of article 5 of Part B of this GTC.

6. Default interest

Failing to comply with any of the above sections or other applicable provisions of this GTC might result in extra (interest) charges and eventually confiscating of the originally supplied exchange unit(s).



7. Additional security

Seller reserves the right to ask for additional and/or financial securities prior to release of the Exchange Unit(s).