

GENERAL TERMS AND CONDITIONS OF SALE

These General Terms and Conditions for aircraft and engine components and parts (individually, a “**Part**”, and collectively, the “**Parts**”), shall constitute a legally binding agreement between Midnight Engineering LLC (the “**Seller**”) and any person or entity that is purchasing or receiving any Parts from Seller (the “**Customer**”). These General Terms and Conditions shall further be incorporated by reference and be an inseparable part of Seller’s documented invoice quotation for the terms of sale of such Parts (hereinafter – the “**Quotation**”) and Customer’s Purchase Order for such Parts and shall hereinafter collectively be referred to as the “**Agreement**”. No terms or conditions endorsed on, delivered with, or contained in the Customer’s Purchase Order, confirmation of order, specification or other document shall form part of the Agreement and be applicable simply as a result of such document being referred to by the Customer. Deviations from these General Terms and Conditions of Sale need to be agreed in writing. These General Terms and Conditions of Sale apply to all Parts sales provided by Midnight Engineering LLC.

Orders

Seller shall sell certain Parts to Customer subject to these Standard Terms and Conditions of Sale set forth herein. Upon Customer’s acceptance of the terms of the Quotation (and by reference, this Agreement), Customer shall prepare and deliver to Seller a purchase order for such Parts specified in the Quotation (the “**Purchase Order**”). Upon receipt and written acceptance of the Purchase Order, Seller shall proceed to arrange for Delivery of the Parts to Customer. Seller may at its sole discretion and for any reason accept or reject orders without incurring any liability. This Agreement supersedes any and all prior contemporaneous agreements, negotiations, representations, warranties, and communications. The Quotation (and by reference, this Agreement) prevails over any of Customer’s general terms and conditions of purchase, whether or not submitted with Customer’s Purchase Order and shall apply to the exclusion of any other terms that the Customer seeks to impose or incorporate, or which are implied by trade, custom, practice or course of dealing. Acceptance of Customer’s Purchase Order does not constitute acceptance of any of Customer’s terms and conditions and does not serve to modify or amend this Agreement. Any special conditions relating to the purchase of any Parts and agreed between the Seller and the Customer shall be in writing and such special conditions shall specifically amend, supplement or restate the Quotation.

Pricing and Payment

Payment of the purchase price for the Part(s) specified in the Quotation (the “**Purchase Price**”) shall be made in immediately available funds by wire transfer of United States Dollars, free and clear of any deductions, withholdings, taxes or offset of any kind, to such bank account as may be specified by Seller to Customer. Title to all goods listed in the Quotation shall remain with Seller until payment of the Purchase Price is received in full from Customer, at which point Seller shall transfer title to the Parts to Customer. Quoted prices are valid for thirty (30) days and, prior to sale subject to credit approval. All invoices and balances must be payable net sixty (60) days from date of issuance of the invoice or as otherwise provided for in the Quotation.

The Purchase Price is exclusive of all sales, use, excise, stamp, transfer, import/export, value-added or any other kind of taxes whatsoever (“**Taxes**”), which shall be paid promptly by the Customer. The Customer hereby undertakes to indemnify and hold harmless Seller on a full indemnity, after-tax basis from and against any Taxes (and all penalties, fines, additions to tax and interest thereon) in connection with the sale of the Parts as contemplated by this Agreement. Should the Seller be required to pay any such Taxes or duties on behalf of the Customer, the Customer shall reimburse the Seller forthwith upon demand. All past due amounts owed by Customer to Seller pursuant to this Agreement shall bear interest at a rate of 0.1 % per day or the maximum amount permitted by law commencing on the due date until the date the invoice amount is paid in full. Customer agrees to pay any and all costs of collection, including attorney’s fees, in the event it becomes necessary to enforce the payment of Seller’s invoices. Customer shall not have a right to set-off amounts due to Seller hereunder against any amount owed by Seller to Customer. Seller reserves a purchase money security interest pursuant to Article 9 of the Uniform Commercial Code (“**UCC**”) in all Parts sold pursuant to the Quotation and proceeds thereof until payment in full is made for all Parts provided in connection with the sale. Customer agrees to execute or consent to any UCC financing statement or other documentation requested by Seller to perfect its security interest in the goods. If Customer fails to take Delivery of the Parts on the date agreed, the Seller shall be entitled (without prejudice to any other rights or remedies which the Seller may have) to invoice the Customer for the Purchase Price thereof and payment shall be due as if Delivery of the Parts had been effected.

Order Confirmation

All purchase orders from Customer must be made in writing and are subject to approval and confirmation upon receipt by Seller. No order is guaranteed. Cancellation of orders may not be made without the written consent of Seller and such orders are subject to a cancellation fee in the amount of 15% of the Purchase Price. The Customer shall be responsible for ensuring the accuracy of any order submitted to the Seller.

Delivery Terms

Delivery terms are ExWorks at Seller’s facility, or such other facility as Seller may designate, unless otherwise agreed to by the parties in writing. All Parts delivered shall be packaged in accordance with Seller’s standard packing procedures for such Parts. If the Customer fails to take delivery of the Parts tendered for delivery on the agreed date, payment for the Parts shall nevertheless be due and payable by the Customer as if the Parts in question had in fact been delivered to the Customer. The Customer is liable for and shall reimburse Seller for all costs and expenses Seller may incur by reason of such failure, including but not limited to costs for storage or disposal of the Parts or any related transportation costs.

Delay in Delivery

Seller will not be liable for any delay in performance due to causes beyond Seller’s control including, but not limited to, embargoes, blockages, delays or refusals to grant export or import licenses or the suspension or revocation thereof, or any other acts or omissions of government, fires, floods, severe weather, or any other acts of God, quarantines, labor strikes, riots, insurrection, pandemics/epidemics, acts of criminals or terrorists, war, material, shortages or delays in delivery by third parties. In the

event of such delay the Delivery date shall be extended for a period of time as may be reasonably necessary to compensate for such delay. Seller will not be liable for lost profits, loss of business or other incidental, consequential, special, exemplary, indirect or punitive damages of any kind or nature, including but not limited to lost profits, loss of revenue or opportunity, cost of capital, cost of down time, cost of substitute equipment. Customer agrees that, for any liability arising out of delay, Seller is not liable or responsible for any amount of damage above the aggregate Purchase Price paid by Customer for the purchase of the Parts under this Agreement.

Title and Risk of Loss

Seller represents that it shall have full legal and beneficial title to the Parts sold to Customer on the date of Delivery.

Risk of loss, damage or destruction of the Parts shall pass to the Customer upon Delivery. Notwithstanding the foregoing, title to the Parts shall remain with the Seller until the Purchase Price has been received in full for such Parts, together with any other monies due and owing from the Customer to the Seller on any account (whether in respect of the subject Parts or any other Parts delivered to Seller).

Any resale by the Customer of Parts in which title has not passed to the Customer shall be made by the Customer as agent for the Seller. The proceeds of any resale by the Customer shall be held in trust by the Customer for the benefit of the Seller and placed in a separate account until remitted to the Seller.

At any time before title to the Parts passes to the Customer (whether or not any payment to the Seller is then overdue or the Customer is otherwise in breach of any obligation to the Seller), the Seller may (without prejudice to any other of its rights): (a) retake possession of all or any portion of the Parts; (b) enter any premises for such purpose of repossession or recovery (or authorize others to do so) which the Customer hereby authorizes; or (c) require redelivery of such Parts by Customer to Seller. Any such actions taken pursuant to the foregoing sentence shall be at Customer's sole cost and expense and reimbursed to Seller upon demand therefor.

Warranty

Seller warrants that any Part it sells to the Customer will be free from defects in material and workmanship. This warranty is a Limited Warranty, subject to the following limitations set forth below:

Seller's Limited Warranty on the Parts and Customers sole and exclusive remedy hereunder shall be, at Seller's option, and sole discretion, to repair or replace any defective Part which fails during the applicable warranty period. Seller may provide repaired, rebuilt, modified, overhauled, in-service, or remanufactured parts for replacement as determined by Seller in its sole discretion.

If a Part fails to conform with the Limited Warranty, the Customer shall notify the Seller in writing of any suspected defect or nonconformity, within no later than thirty (30) days of the discovery of such defect during the warranty period, with a written description of the concern. The Customer shall, upon request of Seller, promptly deliver the Parts, at Customers sole cost and expense, and satisfactory proof of purchase to Seller for Sellers inspection.

Upon receipt of such Parts, if it is not found to qualify for warranty service as described herein, the Customer shall be notified of such fact and instructions for the return of such Parts sought from the Customer. Customer shall assume reasonable costs and expenses incurred by Seller related to the inspection of the suspected defective Part.

If, based on Seller's determination, the Parts qualify under the Limited Warranty provided herein, Seller shall have the sole right to determine whether the returned Parts shall be repaired or replaced.

Any replacement part or component provided pursuant to this Limited Warranty shall be warranted only for the remainder of the warranty period applicable to the defective Part.

Seller shall not be responsible for any cost or expense related to the removal, reinstallation or transportation of the Parts.

Seller's responsibility under these Limited Warranties shall commence on the date of purchase by the Customer and, from such date, shall extend for (a) Three (3) months on Parts sold in inspected condition, (b) Six (6) months on Parts sold in repaired condition, and (c) Twelve (12) months on Parts sold in overhauled condition.

Any deviation from this standard warranty policy must have prior approval from Seller.

Unless otherwise agreed, and except as may be necessary to comply with these warranties, Seller reserves the right to make changes in its products without any obligation to incorporate such changes in any product manufactured, overhauled, or repaired prior to such change being implemented.

These warranties will not apply if the Parts thereof have been subjected to (1) any maintenance, overhaul, installation, storage, operation, or use, handling or environment which is improper or not in accordance with Seller's or the manufacturer's instructions; (2) any alteration, modification, or repair by anyone other than Seller or its authorized representative; or (3) any accident, misuse, neglect, incident, or negligence after delivery by Seller. The warranty shall not apply to any part to the extent that the defect or nonconformity is attributable to any part not supplied by or approved by Seller.

Seller's obligations under these warranties are conditioned on Customer's obligation to maintain records which will accurately reflect maintenance performed on Customer's equipment and establish the nature of any unsatisfactory condition of Customer's equipment. Seller, at its request, shall be given access to such records for sustaining warranty claims.

THIS WARRANTY IS A WARRANTY TO REPAIR OR REPLACE AND IS NOT A WARRANTY OF THE CONDITION OR FUTURE PERFORMANCE OF THE PARTS WHICH IT COVERS. THE PARTIES HEREBY EXPRESSLY ACKNOWLEDGE AND AGREE THAT THE OBLIGATIONS AND LIABILITY OF SELLER HEREUNDER ARE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, AND CUSTOMER HEREBY WAIVES AND RELEASES SELLER (AND ANY REPRESENTATIVES OF SELLER) FROM ANY AND ALL OTHER WARRANTIES, AGREEMENTS, GUARANTEES, CONDITIONS, OBLIGATIONS, DUTIES, REPRESENTATIONS, REMEDIES OR LIABILITIES OF ANY

KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PARTS, ARISING IN CONTRACT OR IN TORT, WHETHER UNDER THEORIES OF NEGLIGENCE, STRICT NEGLIGENCE, OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO: (1) ANY WARRANTY AS TO AIRWORTHINESS, VALUE, QUALITY, CONDITION, OPERATION, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR AS TO THE ABSENCE OF LATENT, INHERENT OR OTHER DEFECTS, (2) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE, (3) ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, COPYRIGHT, DESIGN OR OTHER PROPRIETARY RIGHTS, AND (4) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY, FOR LOSS OF USE OR DAMAGE TO ANY ENGINE OR AIRCRAFT OR ANY OTHER PROPERTY OR BODILY INJURY, FOR LOSS OF REVENUE OR PROFIT WITH RESPECT TO ANY SUCH PROPERTY, OR FOR LIABILITY OF CUSTOMER TO ANY THIRD PARTY OR FOR ANY OTHER DIRECT, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES WHATSOEVER WITH RESPECT TO ANY PART SOLD HEREUNDER. ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, ARE HEREBY EXCLUDED AND DISCLAIMED, AND HEREBY DISCLAIMED AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES, ANY AND ALL OBLIGATIONS AND LIABILITIES OF SELLER AND RIGHTS, CLAIMS AND REMEDIES OF CUSTOMER AGAINST SELLER, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY FAULT OR DEFECT IN SUCH PARTS OR ANY OTHER THING DELIVERED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO (A) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS, (B) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE, AND (C) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT WHETHER OR NOT ARISING FROM PAF'S NEGLIGENCE, ACTUAL OR IMPUTED.

No agreement extending this warranty shall be binding upon Seller unless in writing and signed by Seller's duly authorized officer or representative.

Limitation of Liability

Seller's liability on any claim of any kind including negligence, for any loss (including death) or damage arising out of or connected with, or resulting from this Agreement or the Quotation, for breach of statutory obligation or otherwise for any loss of profits (direct or indirect), business interruption, loss of sales, loss of use, loss of opportunity, loss of goodwill and loss of turnover and whether arising directly or indirectly out of or in consequence of any act, default or omission of the Seller, and the Seller shall not in any circumstances be liable for any Claims (whether direct, indirect or consequential), and any other remedy which would otherwise be available in law to the Customer is hereby excluded except to the extent that such exclusion is prohibited by law (in which event such Claim shall not exceed the Purchase Price received by Seller for such Part).

Customer's Insurance

Quotations do not include insurance coverage for any Parts delivered pursuant to this Agreement. Customer shall, at its sole cost and expense, carry and maintain (or cause to be carried and maintained)

insurances in respect of aircraft hull (or spares) coverage and aviation general legal liability insurance (including contractual liability) in respect of the Parts. Such insurances shall be in full force and effect at the time of Delivery and in types and amounts as would be carried by other companies engaged in the Customer's industry. Such policies of insurance shall be primary with respect to the indemnities of Customer set forth herein and shall contain waivers of subrogation of the insurers in favor of the Seller Indemnitees. Customer shall provide to Seller certificates of insurance on or prior to the date of Delivery of any Parts pursuant to this Agreement in such amounts and on such terms as may be specified by Seller in the Quotation.

Indemnity

Customer hereby agrees to release, Indemnify, defend and hold Seller, its subsidiaries, affiliates and shareholders, and all of their respective officers, directors, members, managers, employees, agents, successors and assigns (collectively referred to as the "**Seller Indemnitees**") harmless against any and all losses, liabilities, damages, costs, expenses, judgments, actions, proceedings, claims, damages, compensation, penalties or other liabilities (including reasonable attorneys' fees) ("**Claims**") resulting or arising (directly or indirectly) from: (a) property damage or injury to or death of any person and any other direct, indirect, incidental, consequential, economic, or statutory civil damages any of which arise out of or are in any way related to the provision of services or the sale of any Parts by the Seller Indemnitees, and/or (b) the use, operation, repair, maintenance, or disposition of Parts provided under any Purchase Order, whether or not arising from breach of contract, strict liability, or tort (including negligence), and/or (c) as a result of the breach by Customer of any of its obligations, representations, warranties or covenants made in connection with the transactions contemplated by this Agreement; provided however, Customer shall not be required to indemnify the Seller Indemnitees for claims or liabilities arising from the gross negligence or willful misconduct of any Seller Indemnitee. This indemnity shall survive and continue in full notwithstanding the termination of this Agreement.

Governing Law

(I) If Customer is an entity formed within the United States of America, this Agreement shall be governed and construed according to the laws of the State of Florida, and (II) if Customer is an entity formed outside of the United States of America, this Agreement shall be governed and construed according to the laws of the State of New York, in each case without reference to conflict of laws principles. Any disputes or claims shall be referred to and finally settled by the exclusive jurisdiction of the federal and state courts of the State of Florida or the State of New York, respectively, or as otherwise agreed to in writing by the Parties. Customer agrees to pay all costs and expenses, including reasonable attorney's fees incurred by Seller in any action to enforce its rights hereunder. Customer hereby waives; (a) the right to jury trial in any and all proceedings; (b) any and all objections to venue and inconvenient forum in the state and federal courts, referred to in this section and (c) any and all objections to service of process by certified mail, return receipt requested.

Export Compliance; Sanctions

The export and re-export of goods and related technical information under this Agreement may be

subject, as applicable, to the provisions of the United States, the United Kingdom, the European Union and other foreign export laws, re-export controls or other restrictions. Customer shall be responsible for applying for, obtaining and maintaining all required export licenses and approvals and complying with all applicable export requirements. Seller does not guarantee the issuance of such licenses or their continuation in effect once issued.

Customer covenants that it will not, directly or indirectly, export or re-export any goods or technical information received from Seller to any destination or entity if such export or re-export would violate the applicable laws of the United States of America, the United Kingdom, the European Union or any applicable laws of the country of manufacture, or the country of supplier or recipient.

Further, Customer covenants that it will comply in all respects with all applicable laws, ordinances, rules, regulations and orders of all governmental authorities relating to the use, ownership, installation, operation, movement, marketing and maintenance of the Parts. To this effect, Customer acknowledges that the Parts are subject to U.S. Trade Control Laws and Customer shall not sell, transfer or lease the Parts to any person that is (and represents and warrants that Customer itself is not): (i) a target of U.S., European Union, United Kingdom, or other economic, financial or trade sanctions in force from time to time; (ii) named, identified or described on any blocked persons list, specially designated nationals list, prohibited persons list, or other official list of restricted persons with whom U.S., European Union or United Kingdom persons, or persons otherwise subject to the jurisdiction of the U.S., the European Union or the United Kingdom may not conduct business, including, but not limited to, restricted party lists published or maintained by (A) OFAC, (B) the U.S. Department of Commerce, (C) the U.S. Department of State, (D) the European Union or (E) Her Majesty's Treasury of the United Kingdom; or (iii) owned or controlled by, or an actor on behalf of, any person described in clauses (i) or (ii).

It shall be a *condition precedent* to Seller's obligations under this Agreement that: (a) all necessary export licenses and approvals required in respect of Customer's business or the Delivery of any Parts hereunder shall be timely granted and continue in effect during the term of this Agreement; and (b) Customer shall upon request execute and deliver to Seller a copy of the form titled "Export Compliance / End Use / End User Certification / Statement"; and (c) Customer shall upon request execute and deliver to Seller a copy of the form titled "Know Your Client Questionnaire". Seller reserves the right to withhold Delivery of any Parts pursuant to this Agreement until such conditions have been satisfied to Seller's satisfaction.

Customer agrees to indemnify and hold Seller harmless against any liability arising from any breach of Customer's obligations under this Section.

Entire Agreement

This Agreement constitutes the entire agreement between the Seller and Customer and, taken together with the Quotation, supersedes all previous oral and written agreements and commitments. Seller rejects any of Customer's inconsistent conditions in purchase orders or however stated and such shall not be

part of this Agreement, unless specific and explicit references to changes to this Agreement are made in writing by an authorized representative of Seller.

Confidentiality

Customer acknowledges that it will obtain confidential information provided as a result of this Agreement, including, without limitation, all provisions of this Agreement, the Quotation, drawings, specifications, schematics, formulae and any other information (whether oral, written or otherwise) delivered by Seller to Customer during the course of performance of this Agreement (the “**Confidential Information**”). Confidential Information will not include information which is already in the public domain or which is already in Customer’s possession and not otherwise confidential or which was received from third parties having a right to disclose such information. Customer agrees to keep the Confidential Information strictly confidential and will not disclose nor permit the disclosure of nor use the Confidential Information for any purpose whatsoever, except as provided herein. Customer may disclose the Confidential Information to such of its officers, directors, attorneys, accountants, lenders, members, joint venture partners, or employees who are required to know the Confidential Information in the course of performance of this Agreement or their professional services (“**Disclosees**”). All Disclosees will be informed of the confidential nature of the Confidential Information and will, prior to obtaining access thereto, agree to keep this Confidential Information confidential in accordance with the terms of this Agreement. If so required, Customer may also disclose the Confidential Information in connection with the enforcement of this Agreement or pursuant to any valid court order, regulation or other lawful order or process compelling such disclosure but only after notifying Seller of such disclosure prior to its occurrence and limiting the required disclosure of Confidential Information to the maximum extent possible.

Severability

If any term, clause or provision contained herein is declared or held invalid or enforceable by any court of competent jurisdiction, such declaration shall not affect the validity or enforceability of any of the term, clause or provision hereof.

Survivability

If this Agreement expires, is completed, or is terminated, Customer shall not be relieved of those obligations contained herein. All the provisions will survive the termination.

Assignment

This Agreement (or any Quotation) may not be assigned by either Seller or Customer without the prior written consent of the other party.

Brokers

Customer represents that it has not engaged any agent or broker entitled to any compensation as a result of the transactions contemplated by this Agreement, and Customer agrees to indemnify the Seller

Indemnites from and against all Claims which arise or are attributable with respect to agents or brokers.

Expenses

Except as otherwise provided herein or in a Quotation, each of Seller and Customer shall be responsible for the costs and expenses incurred by it in connection with the negotiating of the Quotation and the consummation of the transactions contemplated hereby, including attorneys' fees and technical and/or appraisal costs.

Waivers.

The waiver of performance of any term of this Agreement in a particular instance shall not constitute a waiver of any subsequent breach or preclude either party from thereafter demanding performance thereof according to the provisions hereof.

Unenforceability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

GENERAL TERMS AND CONDITIONS OF EXCHANGE

These General Terms and Conditions of Exchange form an integral part of the General Terms and Conditions of Sale and altogether shall govern all offers and deliveries on Parts Exchange to the Customer. In the event of any conflict between the provisions of these General Terms and Conditions of Exchange and the provisions of any other agreement entered into by Seller and the Customer in respect of any particular exchange transaction, the more specific provisions of the mutual agreement shall prevail over the more general provisions listed herein. In the event of any conflict between the provisions of these General Terms and Conditions of Exchange and provisions of the General Terms and Conditions of Sale, the more specific provisions of these General Terms and Conditions of Exchange for shall prevail. Capitalized terms used but not defined in these General Terms and Conditions of Exchange shall have the meaning given to such terms in the General Terms and Conditions of Sale.

Exchange Process

Seller will, for an agreed exchange fee (the "**Exchange Fee**"), exchange Customer's Part in need of repair (the "**Core Unit**") for a serviceable Part (the "**Exchange Unit**"), pursuant to the terms and conditions described herein (the "**Exchange**").

In order to initiate an Exchange, the Customer shall prepare and deliver to Seller a written exchange order with specific part information, including but not limited to the batch number, manufacturer's serial number, quantity, and the nature of the failure of such part.

The specific terms of the Exchange shall be provided by the Seller to the Customer in the Quotation.

Upon confirmation of acceptance of the Exchange terms by the Parties, Seller shall deliver the Exchange

Unit to the Customer with applicable transportation documentation, invoice, packaging list and EASA Form 1 or FAA Form 8130-3 certificates as applicable to such Exchange Unit.

The Customer shall perform incoming inspection of all delivered Exchange Units. Defect claims must be raised in writing within seven (7) calendar days of receipt of the Exchange Unit prior to returning a failed and / or warranty Exchange Unit, otherwise the returned Exchange Unit will be processed as a normal Core Unit and the Customer will be liable for any and all re-certification, modification and / or overhaul costs. If the Exchange Unit is under warranty coverage, delivery of such failed Exchange Unit shall be processed in accordance with Seller's Limited Warranty for Parts.

The Exchange Fee shall remain payable even if the Exchange Unit is returned unused. If Customer returns Exchange Unit unused, Seller must receive all original documentation and written confirmation that the unit has not been damaged, used, or installed upon an aircraft. Seller reserves the right to send parts returned unused for test & recertification at the Customer's cost and expense.

The Customer, at its expense, must deliver a Core Unit acceptable to the Seller within thirty (30) calendar days from the date of the shipment of the Exchange Unit (the "**Return Date**"). Core Unit returned to the Seller must be acceptable to Seller, repairable and of the same part number, dash number, and modification level as the Exchange Unit. Any deviation must be approved in writing by the Seller prior to delivery of the Core Unit to the Seller by the Customer.

Core Units are not considered received and accepted by Seller until all requirements of the Exchange are fully completed and accepted by Seller.

Upon acceptance, the Seller shall forward the Core Unit requiring test / repair to a repair organization of Seller's sole choosing and discretion for inspection. Seller shall notify Customer in writing of the estimated costs, handling, administrative fees, and expenses associated with the repair of the Core Unit. The Customer agrees to respond to such repair quotation provided by the Seller within three (3) calendar days of the date of issuance. If the Customer fails to respond to the repair quotation within such period, the Customer agrees that the quotation is deemed accepted.

Payment Terms

The Exchange Fee quoted by the Seller and the Quotation shall remain valid for acceptance by the Customer for seven (7) calendar days. If the Customer has not accepted the Quotation within seven (7) calendar days, the Seller reserves the right to revise the quote. All prices quoted shall be exclusive of any Taxes.

The Customer agrees to pay the Exchange Fee, and cover all transportation (including freight, customs fees and charges for the Exchange Unit, the Core Unit, and the freight incurred sending the Core Unit to a repair organization and back to Seller), inspection, recertification, and / or modification, and / or overhaul and / or test costs, any applicable export-import license fees, customs fees, packaging, insurance, storage and any and all applicable Taxes incurred and reimburse the relevant costs borne by Seller, including Seller's handling and administrative fees as invoiced by the Seller. All listed costs in this clause as all transportation (including freight, customs fees and charges for the Exchange Unit, the Core Unit, and the freight incurred sending the Core Unit to a repair organization and back to Seller), inspection, recertification, and / or modification, and / or overhaul and / or test costs, any applicable export-import license fees, customs fees, packaging, insurance, storage and any and all applicable Taxes incurred and

reimburse the relevant costs borne by Seller will be reissued to the Customer with a surcharge of 15%. The cost of repair, overhaul, testing, modification and recertification of the Core Unit shall be specified by Seller in each particular case and shall be separately invoiced to the Customer. Unless otherwise agreed upon in writing by the Parties, Invoice payments are subject to the General Terms and Conditions of Sale.

Core Unit Return and Late Charges

Core Units are to be returned to Seller (or to Seller's designated location) by the Return Date. It is the Customer's responsibility to return a Core Unit on time. Seller is not responsible for outgoing or incoming transit delays for any reason, customs clearance delays, or failure of the Customer to timely provide all required documentation for the Core Unit.

If Seller has not received an acceptable Core Unit including its Documentation within the Return Date, then the Customer will be charged an additional amount equal to the Exchange Fee and the terms of these General Terms and Conditions of Exchange will continue to apply. If an acceptable Core Unit has not been received by Seller within sixty (60) calendar days from the date of the shipment of the Exchange Unit, the Exchange Unit will be considered to have been sold to the Customer at its outright value, plus the Exchange Fee and any additional amounts, administrative, handling fees and surcharges already charged to the Customer. Alternatively, Seller may elect to invoice additional Exchange Fees every thirty (30) calendar days until an acceptable Core Unit is received. The Customer is responsible for managing all due dates and returns, regardless of any notification or lack of notification provided by the Seller.

If the outright value is invoiced, for any reason, the original Exchange Fee, administrative and handling fee, late charge(s) accrued and or invoiced to date, and any and all other charges shall remain due and payable.

Core Units are not considered received and accepted by Seller until all requirements of the Exchange are fully completed and accepted by Seller. Until then, the Exchange remains open, subject to all charges.

The Parties acknowledge and agree that late charges and fees set forth herein constitute reasonable charges from Seller to Customer, which are standard and customary within the industry.

Core Unit Return Requirements and Documentation

The Core Unit returned to Seller will not be accepted by Seller unless it is accompanied by the following documentation (the "**Documentation**"):

- (i) unserviceable tags, containing reason for removal information, in the condition removed from the aircraft with no repairs or alterations, properly packaged and shipped to Seller's designated location at the Customer's sole expense ("As Removed"). Seller is under no obligation to accept a Core Unit to close the Exchange;
- (ii) non-incident statement from the Customer in a form or substance previously approved by Seller from an approved regulated source, and the airline from which part is removed, including that the Core Unit has not been damaged or subject to any unusual stress or extreme temperature, and that it has not been obtained from a government or military source, with data plate and certification or a signed statement from the operator indicating part number and serial number;

- (iii) records for life-limited parts, all time-controlled, life limited parts and inflatables must be returned with the same Date of Manufacture (“DOM”), Time Since New (“TSN”), Cycles Since New (“CSN”), year of last Overhaul (as defined in FAA Advisory Circular 20-62E), as the Exchange Unit supplied or fresher (this includes the lead part number as well as any sub-assemblies attached to the lead part number). If the Core Unit is returned with a DOM older than that of the Exchange Unit, a differential charge equal to 1/15th (one fifteenth) of the outright value per year will be charged to the Customer (the “**Differential Charge**”). All time-controlled and life limited parts must be returned with full back to birth information including but not limited to TSN, CSN and date of last Overhaul. Seller reserves the right to reject Core Units for time-controlled and life limited items that are too old or for any item deemed by the repair organization of Seller’s choice to be non-repairable to the equivalent state of the outgoing Exchange Unit. In such event, the Customer’s Core Unit will be rejected and considered unacceptable;
- (iv) cargo customs declaration (the component must be released to free circulation) for Seller’s review shall be supplied in advance;
- (v) previous EASA/FAA certificates as applicable;
- (vi) Full trace, packing slip and ATA specification 106 form from the last operator to the Seller.

The Core Unit will not be considered received until all of the required Documentation has been provided to and accepted by the Seller.

Core Unit Repair Terms

In the event (i) the Core Unit is unacceptable for Seller; or (ii) the repair cost of the Core Unit exceeds eighty five percent (85%) of the agreed outright value of the Exchange Unit, i.e. the Core Unit is deemed Beyond Economical Repair by the repair organization of Seller’s choice, then the Customer shall be invoiced the aforementioned outright value as well as the original Exchange Fee, transportation, handling, administrative and assessment fees of the Core Unit by Seller. All listed costs in this clause, as transportation, handling, administrative and assessment fees of the Core Unit will be reissued to the Customer with a surcharge of 15%.

Upon the Customer's written request, Seller will either return, with complete shop report, or scrap such Core Unit (the “**Shop Report**”) on Customer’s expense with an additional two percent (2%) of the outright value of the Exchange Unit charged as an additional surcharge for such return or scrap services (the “**Surcharge**”). The Customer must request in writing from Seller the return/scrap of the Core Unit with an acceptance of the Surcharge, within three (3) calendar days of receiving the repair quotation from Seller, otherwise the Core Unit is retained by Seller as Seller’s property at no cost to Seller in addition to all invoiced amounts being due and payable to Seller.

In the event the Core Unit is deemed beyond economical repair, Seller has the right to refuse to repair the Core Unit.

In the event the Core Unit is unacceptable, the Customer may only elect to supply a replacement Core Unit one time, in which case the Exchange reverts to open from the original Return Date as if the original Core Unit was not received, subject to all applicable charges including late charges, handling,

administrative costs and other charges. The Customer is responsible at its sole expense for all evaluation/freight/packing charges related to the original Core Unit. The original Core Unit shall not be returned to the Customer until the replacement Core Unit is returned, evaluated and accepted by Seller. In the event that unmodified Parts are removed from the aircraft due to unserviceability or by FAR / JAR / EASA or OEM directive and Seller has supplied modified Parts, the Customer agrees to incur the costs arising from the modification of the Core Unit, to modify the Parts to the appropriate standard.

Risk of Loss/Title

The Customer agrees and warrants, that title to and ownership of the Exchange Unit shall remain with and be vested in Seller without encumbrances, until the Customer returns a Core Unit acceptable to Seller as described above and until payment in full by the Seller is received from the Customer. Simultaneously, title to and ownership of the Core Unit will vest with the Seller upon receipt of such Core Unit, free and clear of any and all liens, claims or encumbrances of any nature whatsoever. Customer expressly agrees and warrants to perfect and deliver such title, ownership, and Core Unit to Seller as required by the terms of the Exchange.

Risk of loss, damage or destruction of the Parts shall pass to the Customer upon Delivery, ExWorks at Seller's facility, or such other facility as Seller may designate.