

**SAFE FLIGHT STANDARD TERMS AND CONDITIONS**

1. **Precedent.** The sale by Seller to Buyer of the goods specified on the face hereof (the “Goods”) shall be governed exclusively by the terms on the face hereof and these Terms and Conditions, which together shall constitute the entire agreement between Buyer and Seller with respect to the Goods (the “Contract”). The Contract specifically supersedes, takes precedence over, and fully replaces any terms and conditions which may be included in any purchase order received from Buyer for the Goods or in any other communication, oral or written, between Buyer and Seller. The Contract may be modified only by a written amendment executed by Buyer and Seller.
2. **Pricing and Payment.** Prices for the Goods shall be as specified on the face hereof. Seller shall submit to Buyer a separate invoice for each lot of the Goods delivered in accordance with the Contract. Buyer shall pay each invoice in U.S. Dollars within the net day terms specified on the face hereof.
3. **Breach and Remedies.** The time within which Buyer is to pay for the Goods shall be of the essence of the Contract. Payments not made in accordance with the net day terms specified on the face hereof shall be deemed to be past due on the first (1st) day after expiration of the net term ("past due"). Interest shall accrue at the rate of one and one-half percent (1.5%) per month, or at the highest rate allowed by law (whichever is less), on any payment which becomes past due and shall continue to accrue until the payment is paid in full, including any interest owed. Further, if any payment is past due, Seller reserves the right to stop all further shipments of the Goods and all goods under any other contracts with Buyer (“other contracts”) and seek any and all remedies permitted by law. Buyer’s breach of the Contract shall constitute a breach of any other contracts and, conversely, Buyer’s breach of any other contracts shall constitute a breach of the Contract. Buyer agrees to pay the reasonable collection charges and legal costs and fees, including attorney's fees, incurred by Seller in collecting any payments past due.
4. **Taxes, etc.** Buyer shall be responsible for:
  - (i) all taxes imposed in the United States by federal, state, municipal, or other governmental entities and all taxes imposed by any foreign governmental entity, including but not limited to sales, use and value-added taxes, except to the extent imposed by taxing authorities in the United States
    - (a) as a result of the dealings, presence or activities of Seller in or its connection to the jurisdiction imposing the tax or
    - (b) based on the income, profits, capital or worth of Seller, provided that taxes included in the foregoing exception (whether (a) or (b)) shall not relate to the sales transaction under the Contract or Buyer’s dealings, activities or presence in the taxing jurisdiction or the location, operation or transportation of the Goods in or into such jurisdiction.
  - (ii) all customs, export and import duties, and other charges applicable to the Goods after delivery at Seller’s factory.
5. **Delivery; Risk of Loss.** Delivery dates are approximate only. Buyer acknowledges and understands the dates provided are estimates and do not represent a firm delivery commitment. Delivery of the Goods shall be EXW (N.Y. UCC) Seller's factory, White Plains, New York, in the case of “domestic sales” (where Buyer’s headquarters and principal base of operations are located in the U.S.A. and the Goods are not for export), and EXW (Incoterms 2010) Seller’s factory, White Plains, New York, with Seller to bear risk and expense of loading, in the case of “international sales” (where Buyer’s headquarters or principal base of operations is located in a country other than the U.S.A. or the Goods are for export). All risk of loss of or damage to the Goods shall pass to Buyer as soon as the Goods are delivered to the carrier at Seller’s factory. The foregoing shipping terms shall have the meanings set forth in the New York Uniform Commercial Code for domestic sales (“UCC”) or in Incoterms 2010, as published by the International Chamber of Commerce, for international sales (“Incoterms”).

6. **Shipping.** Transportation from Seller's factory shall be at Buyer's sole cost and expense. Buyer shall be responsible for arranging transportation, but upon Buyer's written request, Seller shall make transportation arrangements on Buyer's behalf, in which event methods and route of shipment shall be at the discretion of Seller. If Buyer requests an alternate shipping method or route, then any additional expense of such method or route also shall be borne by Buyer. Seller shall quote prices for insurance and/or freight upon request. Though Seller shall offer coordination and assistance, Buyer shall in all events remain responsible for export arrangements. All export shipments shall be subject to compliance with the U.S. Export Administration Act, as amended, the regulations thereunder, and all other U.S. laws and regulations concerning exports. Without limiting the foregoing, Buyer:
- (i) undertakes to determine any export license requirements, to obtain any export license or other official authorization, and to carry out any customs formalities for the export of the Goods.
  - (ii) agrees to comply with all laws and regulations concerning the use, disposition, re-export and re-sale of the Goods.
7. **Proprietary Interests.** Notwithstanding any provision of these Terms and Conditions, the UCC or Incoterms to the contrary, title to the Goods, and all accessions to or products of the Goods, shall remain with Seller until payment in full of the purchase price of the Goods and any other amounts owing by Buyer in connection with its purchase thereof. To the extent legal title to the Goods shall be deemed by law to pass to Buyer at the time of delivery and prior to performance of all of Buyer's obligations with respect to its purchase of the Goods, equitable title shall remain in Seller until payment in full of such obligations, and Buyer shall grant, and by acceptance of the Goods shall be deemed to have granted, to Seller a first security interest and charge in the Goods to secure payment of such obligations. Seller shall have the right to file in all appropriate jurisdictions a UCC-1 financing statement and/or such other documentation as may be necessary or useful in Seller's judgment to give notice of or perfect its security interest in the Goods.
8. **Inspection & Acceptance.** Buyer shall have ten (10) days after delivery of the Goods to inspect and either accept or reject them. If the Goods are rejected, Buyer shall give written notice to Seller so that it will arrive no later than fifteen (15) days after delivery of the Goods. Such written notice of rejection shall fully specify all claimed defects and nonconformities, and Buyer may not claim any unstated defect or nonconformity. Buyer's failure to give the requisite notice within the foregoing period shall constitute acceptance. Seller's only obligation shall be either to correct any claimed defect in the Goods or, in its sole discretion, substitute other goods. Buyer shall not, under any circumstances, be entitled to reject the Goods if they conform in all respects to the Contract.
9. **Excusable Delays.** Seller shall be excused for delays in deliveries arising from causes outside its control, including, but not limited to:
- (i) acts of God, acts (including delay or failure to act) of any governmental authority, wars (declared or undeclared), acts of terrorism, riots, priorities, hijackings, fires, strikes, labor stoppages, sabotage, epidemics, and interruptions of essential services and supplies such as electricity, natural gas, fuels, and water, unforeseeable circumstances, or revocation of any government license, approvals or permits.
  - (ii) inability to timely obtain from vendors or subcontractors necessary and proper labor, materials, components, facilities or transportation, when the vendor or subcontractor has experienced an excusable delay as described above in this paragraph and such items cannot reasonably be obtained from another source.
10. **Cancellation.** The Contract may be canceled by Buyer only in the event that Seller is in material default thereunder and fails to cure the default within fifteen (15) days following the receipt by Seller of written notice thereof from Buyer.

**11. Limited Warranty.** Seller warrants the Goods to be free from defects in material and workmanship under normal use and service for a period of twelve (12) months after the date of delivery to Buyer's customer or eighteen (18) months after delivery to Buyer, whichever occurs first. Buyer's exclusive remedy and Seller's sole obligation under this limited warranty is limited to repairing or replacing, whichever Seller may deem proper, at Seller's factory any of the Goods which prove to be defective in material and workmanship. Buyer shall initiate, or cause to be initiated, any claim under this limited, confirmed, warranty by returning the affected Goods, prepaid, to Seller's factory, White Plains, New York for domestic shipments. International returned shipments shall be DDP (Incoterms 2010) to Seller's factory, White Plains, New York. Following inspection and repair or replacement as appropriate, Seller shall redeliver affected Goods EXW Seller's address for domestic shipments. International redelivered shipments shall be DDU (Incoterms 2010) Seller's address. **The foregoing Warranty is exclusive and in lieu of all other warranties, whether express or implied, including, without limitation, warranties of merchantability and fitness for a purpose.** Seller shall be relieved of all liability under this limited warranty if the Goods are misused, or not installed, used, serviced, and maintained in accordance with the written instructions of the airframe manufacturer, Seller, and the FAA or such other civil aviation authority as may have regulatory authority over use of the Goods, or the Goods shall have been repaired by Buyer or its customers or by someone other than Seller.

- (a) **Repair Warranty.** For Repaired Products: Twelve (12) months for the Repaired item. For Overhauled Products: Twelve (12) months for the entire Product following delivery for the Overhauled Product to the Buyer. The Price of Repairs and Overhauled Products will be based on a flat rate unless otherwise agreed. The report provided shall contain Reason for Return, Findings, and Actions Taken.

**12. Limitation of Liability.** To the extent that either party is subject to liability for any breach under the Contract, the liability of such party shall be limited to the actual and direct monetary damages caused by the breach. In no event shall Seller be liable for more than the purchase price of any of the Goods in dispute. Additionally, in no event shall either party be liable for indirect, special, consequential, multiple or punitive damages, or any damage deemed to be of an indirect or consequential nature arising out of or related to its performance under the Contract or any other related agreement, whether based upon breach of contract, warranty, negligence, loss of use or loss of profits, and whether grounded in tort, contract, civil law, or other theories of liability, including strict liability.

**13. Severability.** If any provision of the Contract shall be deemed illegal or otherwise unenforceable, in whole or in part, that provision shall be enforced only to the extent legally permitted, and the remainder of the provision and the Contract shall remain in full force and effect.

**14. Applicable Law.** The parties hereby agree that the validity, interpretation, performance, and enforcement of the Contract and any dispute arising thereunder shall be governed by the laws of the State of New York. Any civil action brought pursuant to the Contract or arising out of any matter or business conducted under the Contract shall be brought exclusively in the Supreme Court of the State of New York, Westchester County, New York, or the United States District Court for the Southern District of New York, located at White Plains, New York, and both parties hereby consent to the jurisdiction of such courts. **THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL NOT BE GOVERNED BY THE PROVISIONS OF THE 1980 U.N. CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS.**

**15. U.S. Government FAR/DFAR Requirements.** Applicable FAR clauses. The parties agree that this is a commercial item. The following FAR paragraphs are the only applicable clauses.

52.244-6 Subcontracts for Commercial Items and Commercial Components.

As prescribed in 44.403, insert the following clause:

SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (APR. 2003)

- (a) Definitions. As used in this clause-Commercial item has the meaning contained in Federal Acquisition Regulation 2.101, Definitions. Subcontract includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.
- (b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or non-developmental items as components of items to be supplied under this contract.
- (c) The Contractor shall insert the following clauses in subcontracts for commercial items:
  - (i) 52.203-13, Contractor Code of Business Ethics and Conduct (Apr 2010) (Pub. L. 110-252, Title VI, Chapter 1 ([41 U.S.C. 251](#) note)), if the subcontract exceeds \$ 5,000,000 and has a performance period of more than 120 days. In altering this clause to identify the appropriate parties, all disclosures of violation of the civil False Claims Act or of Federal criminal law shall be directed to the agency Office of the Inspector General, with a copy to the Contracting Officer.
  - (ii) 52.203-15, Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009 (JUN 2010) (Section 1553 of Pub. L. 111-5), if the subcontract is funded under the Recovery Act.
  - (iii) 52.219-8, Utilization of Small Business Concerns (Jul 2013) ([15 U.S.C. 637](#)(d) (2) and (3)), if the subcontract offers further subcontracting opportunities. If the subcontract (except subcontracts to small business concerns) exceeds \$ 650,000 (\$ 1.5 million for construction of any public facility), the subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.
  - (iv) 52.222-26, Equal Opportunity (MAR 2007) (E.O. 11246).
  - (v) 52.222-35, Equal Opportunity for Veterans (SEP 2010) ([38 U.S.C. 4212](#)(a));
  - (vi) 52.222-36, Affirmative Action for Workers with Disabilities (Oct 2010) ([29 U.S.C. 793](#)).
  - (vii) 52.222-40, Notification of Employee Rights Under the National Labor Relations Act (DEC 2010) (E.O. 13496), if flow down is required in accordance with paragraph (f) of FAR clause 52.222-40.
  - (viii) 52.222-50, Combating Trafficking in Persons (FEB 2009) ([22 U.S.C. 7104](#)(g)).
  - (ix) 52.225-26, Contractors Performing Private Security Functions Outside the United States (Jul 2013) (Section 862, as amended, of the National Defense Authorization Act for Fiscal Year 2008; [10 U.S.C. 2302](#) Note).

- (x) 52.232-40, Providing Accelerated Payments to Small Business Subcontractors (Dec 2013), if flow down is required in accordance with paragraph (c) of FAR clause 52.232-40.
- (xi) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006) ([46 U.S.C. App. 1241](#) and [10 U.S.C. 2631](#)), if flow down is required in accordance with paragraph (d) of FAR clause 52.247-64.

While not required, the Contractor may flow down to subcontracts for commercial items a minimal number of additional clauses necessary to satisfy its contractual obligations.

- (d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

#### **16. Optional Arbitration for International Sales.**

- (a) If Buyer's headquarters or principal base of operations is located in a country other than the U.S.A. or the Goods are for export, then at the election of either party, which shall be deemed waived if not exercised within seven days after service of process on such party in any court action arising under the Contract, any dispute, controversy or claim arising out of or relating to the Contract or the breach thereof shall be settled in accordance with the International Arbitration Rules (the "Rules") of the American Arbitration Association as then in force by one arbitrator. The International Centre for Dispute Resolution ("ICDR") shall administer the arbitration. Where there is conflict between the Rules and this arbitration paragraph, the provisions of this paragraph shall govern. If either party elects to have any matter settled under this paragraph, then resolution of such matter shall be conducted expeditiously, so that final settlement shall be accomplished in 120 days or less following receipt by a party of the electing party's notice of arbitration (the "Notice Date").
- (b) Within a period of ten (10) days following the Notice Date, the parties shall appoint one arbitrator from a list of five attorneys selected on the basis of their experience in and knowledge about aviation and commercial transactions, which list shall be supplied by ICDR. If the parties fail to agree on the appointment of an arbitrator within the period provided for above, ICDR shall appoint an arbitrator from its panel of arbitrators at the request of either party. The arbitrator shall be responsible for management of the settlement process and shall cause timely scheduling of all events to assure settlement within the 120-day period required in subpart (a); provided, the arbitrator may extend the settlement period in the interests of justice, and failure to complete settlement within the scheduled period shall not constitute a basis for challenging the award. The arbitrator shall be jointly compensated by the parties at a rate determined by ICDR, and the parties shall share other costs of the proceedings equally, subject to the arbitrator's award of costs provided for in subpart (d). The arbitrator shall be neutral, independent and impartial and shall abide by the Canons of Ethics of the American Bar Association for neutral, independent arbitrators. The arbitrator shall be subject to disqualification if a party, before the appointment, asks for the views of the arbitrator or makes an ex parte disclosure of significant facts or themes of the dispute.
- (c) The arbitration, including the rendering of the award, shall take place in New York City, U.S.A., and the language to be used in the arbitral proceedings shall be English. The Contract and all disputes arising out of or related to the Contract, or the performance, enforcement, breach or termination of the Contract and any remedies relating thereto, shall be construed and determined in accordance with the laws of the State of New York.

- (d) The award of the arbitrator may be, alternatively or cumulatively, for monetary damages, an order requiring the performance of non-monetary obligations (including specific performance) or any other appropriate order or remedy, except that the arbitrator shall have no power to award punitive, non-compensatory or exemplary damages. Any award made in pursuance of this paragraph may include costs, including, but not limited to, the cost of the arbitrator and a reasonable allowance for attorneys' fees, and prejudgment interest at whatever rate the arbitrator may deem appropriate. Interest shall run on any award at such rate from the date of the award until payment in full. The arbitrator may issue interim awards and order any provisional measures which should be taken to preserve the respective rights of either party. The arbitrator shall not be required to supply the reasons on which the award was based.
- (e) Any award rendered by the arbitrator shall be payable in U.S. Dollars and, subject to either party's right to challenge the award as provided herein, shall be the final disposition on the merits. Judgment upon the award rendered may be entered by any court of competent jurisdiction, or application may be made to any such court for a judicial acceptance of the award and an order of enforcement, as the case may be. The parties shall have the right to challenge any interim or final award of the arbitrator solely (i) on the grounds that the arbitration was not conducted in accordance with this paragraph and/or the Rules or (ii) upon any of the grounds provided under Article V of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards or under Article 5 of the Inter-American Convention on International Commercial Arbitration, as applicable. The parties otherwise waive their rights of appeal.
- (f) Without prejudice to the authority of the arbitrator hereunder, should either party seek a temporary restraining order, replevin, prejudgment attachment or preliminary injunctive or other extraordinary relief, the court shall retain jurisdiction to act.
- (g) The arbitrator shall have the power to determine the existence, validity or scope of the Contract and this arbitration paragraph itself. For the purposes of challenge to the arbitrator's jurisdiction, this arbitration paragraph shall be considered as separable from the Contract.
- (h) If either party fails to appear following notice of a hearing, the other party may proceed with an ex parte hearing.

**17. Notices.** All notices and other communications under, or in connection with, the Contract shall, unless otherwise stated, be given in writing by hand delivery, mail, overnight courier service, facsimile or email. The address, facsimile and email details for notices to each party are as set forth on the face hereof. Any such notice or other communication shall be deemed effectively given when received by the recipient (or if receipt is refused by the intended recipient, when so refused).

**18. Confidentiality.** Each of Seller and Buyer agrees that it will not, without the prior written consent of the other, disclose or permit to be disclosed the terms of sale of the Goods to any person or entity, except its counsel, financial advisors and auditors; provided, however, disclosure may be made as required by applicable law or governmental regulation, including pursuant to an order of any court or governmental agency having jurisdiction.

**19. Entire Contract.** These Terms and Conditions and the order, or accepted quotation, constitute the entire Contract which may not be changed other than by another writing agreed to and signed by both the Seller and the Buyer. It is further agreed that there are no understandings, agreements, or representations, express or implied, not specified herein respecting this Contract and Terms mentioned, and this instrument contains the entire agreement between the parties, and is binding on both parties.