

TERMS AND CONDITIONS - PART SALES

1. Terms and Conditions: These Sales Terms and Conditions (“Terms”) govern all sales of parts (“the Parts”) by Aircraft Repair Overhaul, Inc., or any of its subsidiaries and affiliates, (“Seller”) to customer (“Buyer”) regardless of whether Buyer purchases the Parts through the medium of written purchase orders, telephonic orders, electronic orders, or other invoicing (collectively, “Purchase Orders”). Upon receipt by Seller of an express acceptance by Buyer or upon commencement of performance by Seller, these Terms and the face of the Purchase Order, as modified by Seller’s acceptance or order acknowledgment, become a binding contract between Buyer and Seller on the terms reflected in those documents. In the event of a conflict between these Terms and the face of the Purchase Order, these Terms prevail except where Seller has expressly agreed to the conflicting term(s) in the Purchase Order in Seller’s written acceptance or order acknowledgment. In all cases, any and all terms and conditions as may be contained in any request for quotations, request for bids, purchase orders and similar documents issued by Buyer are hereby expressly rejected in their entirety and shall have no force or effect. Seller is not responsible for typographical or clerical errors made in any quotations, orders or publications. All such errors are subject to correction.

2. Prices and Payment: All prices shown are in U.S. dollars for new and used Parts delivered from Seller’s facilities. Prices do not include federal, state or local taxes, excise tariffs or charges, customs duties, customs broker’s fees or other levies. Any and all such sales taxes, tariffs, charges, duties, fees or levies that may be due as a result of the undersigned buyer’s (the “Buyer’s”) acquisition of Parts shall be paid by Buyer, and Buyer agrees to indemnify Seller for, and hold Seller harmless from, any and all such taxes, tariffs, charges, duties, levies and fees. Buyer is solely responsible for all charges incurred in shipping Parts from Seller’s facility. A specific price actually quoted by Seller is only valid for thirty (30) days. Payment of all non-disputed invoices shall be made in full within thirty (30) days of invoice date for all Parts. All late payments will be subject to interest calculated from the date payment is due at a rate of 1.5% per month, up to the maximum rate allowed by applicable law. Seller reserves the right to suspend delivery of all Parts on order if Buyer fails to make payments in accordance with these terms, or those separately agreed to in writing by the parties.

3. Acceptance: ALL PART SALES ARE SUBJECT TO AND EXPRESSLY CONDITIONED UPON THE TERMS AND CONDITIONS CONTAINED HEREIN, AND UPON BUYER'S ASSENT THERETO. NO VARIATION OF THESE TERMS AND CONDITIONS WILL BE BINDING UPON SELLER UNLESS AGREED TO IN WRITING AND SIGNED BY AN OFFICER OR OTHER AUTHORIZED REPRESENTATIVE OF SELLER. IF AN ORDER IS CANCELLED AFTER IS HAS BEEN PROCESSED AND IS READY FOR PICK-UP, THERE WILL BE A 25% RESTOCKING FEE

4. Part identification: Buyer is solely responsible for ensuring that parts ordered from seller are the correct parts for the aircraft for which they are intended. Buyer shall be responsible for identifying and informing the Seller of any required documentation that must accompany the shipment, including but not limited to: import/export, environmental and airworthiness documentation.

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5. Shipment: The method of packing and shipment of the Parts sold hereunder shall be at the discretion of the Seller, unless otherwise agreed to by the parties. Transportation and insurance charges to destinations beyond Seller's facility shall be at Buyer's expense. Seller's obligation with respect to delivery ceases upon its tendering possession of the Parts to the first common carrier at Seller's facility. Thereafter, all risk of damage, loss or delay in transportation shall be borne of the Buyer. Buyer is responsible to notify the Seller of any damage that occurred during shipment and make any necessary reserves to the freighter. If a delivery is delayed as a result of any action or inaction of Buyer, Seller may invoice Buyer for the Parts as of the scheduled delivery date and may charge Buyer for warehousing and other expenses incurred because of the delay Seller is not responsible for damages incurred by Buyer as a result of delays during shipment. All avionics and electrical purchases are individually sealed and will be shipped by Seller in sealed static bags. Opening, removing or tampering with the seals on units will void any exchange or return of Parts enclosed therein.

6. Inspection: Immediately upon Buyer's receipt of any Parts shipped hereunder, Buyer shall inspect the same and shall notify Seller in writing of any claims for shortages, defects or damages and shall hold the Parts for Seller's written instructions concerning disposition. If Buyer shall fail to so notify Seller within five (5) calendar days after the Parts have been received by Buyer, such Parts shall conclusively be deemed to conform to the terms and conditions hereof and to have been irrevocably accepted.

7. Excusable Delay: Seller shall not be liable for any loss, damage or penalty as a result of any delay in or failure to deliver or otherwise perform hereunder due to any cause beyond Seller's reasonable control, including, without limitation, act of Buyer, embargo or other governmental act, regulation or request affecting the conduct of Seller's business, fire, explosion, accident, theft, vandalism, riots, insurrection or sabotage, floods, labor difficulties, lightning, windstorm, or other catastrophes or acts of God, unusually severe weather, accidents, epidemics or quarantine restrictions, acts of local, state or national governments, or public agencies, labor disputes or shortages, energy or material shortages, utility or communication failures or delays, threats or acts of terrorism, delays of a supplier of Seller, or causes beyond the reasonable control and without the fault or negligence of Seller. In the event of any such delay, the date of delivery shall be deferred for a period equal to the time lost by reason of the delay.

8. Warranty: Seller only warrants the Parts sold to Buyer hereunder to the extent specifically set forth in Seller's Exclusive Limited Parts Warranty. THE EXCLUSIVE LIMITED PARTS WARRANTY IS BUYER'S SOLE AND EXCLUSIVE REMEDY AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESCRIPTION, QUALITY, OR PRODUCTIVENESS.

9. Returns and Claims: Upon discovery of an alleged defect in a Part, the Buyer shall, within thirty (30) days of such discovery, notify the Seller in writing of the full details of the alleged defect and provide proof of purchase of the Part from the Seller. Any defects which are not

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reported to the Seller within thirty (30) days from the day of their discovery shall not qualify for any claims under this Warranty. Written authorization must be obtained from Seller prior to the return of any Parts. Upon Seller's verification of defect, Seller retains the option to repair, replace or issue credit, at Seller's option, for any defective Part. Seller shall have the right, prior to return, to inspect at Buyer's plant, any Parts claimed to be defective or nonconforming. Risk of loss or damage to any Parts returned to Seller for adjustment shall remain with Buyer until they are received by Seller. Shipping charges for returned Parts will be paid by Seller only for Parts repaired or replaced pursuant to warranty. Otherwise, such charge will be Buyer's responsibility. Claims for non-receipt of shipment must be made in writing within five (5) days after receipt of invoice.

10. Limitation of Liability: Seller's liability for defective or nonconforming Parts, whether based on breach of warranty, negligent manufacture or product liability, is exclusively limited to repair or replacement, at Seller's election, of such Parts. Seller assumes no risk and shall NOT be subject to ANY liability for any damages or loss resulting from the specific use or application made of the Parts. Seller's liability for any other claim, whether based on breach of contract, negligence or product liability, relating to the Parts shall not exceed the price paid by Buyer for such Parts. In no event shall Seller be liable for any special, incidental, consequential or other damages, including, but not limited to, loss of profits, delay claims, and claims of third parties, howsoever caused, whether by the negligence of Seller or otherwise.

11. Waiver: The rights and remedies of Seller as set forth in this Agreement shall be in addition to any other rights and remedies provided in law or equity and the failure or delay by Buyer to exercise any rights or remedies hereunder shall not operate as a general waiver thereof.

12. Assignment: Buyer shall not assign any of its rights or obligations under these terms and conditions or the warranty terms without the prior written consent of Seller.

13. Notices: Any notices and other communications required or permitted to be given hereunder shall be in writing and shall be effective when delivered personally, electronically transmitted (later confirmed in writing) or air mailed, postage prepaid.

14. Severability: In the event that one or more provisions hereof should be held to be unenforceable in any respect, this document shall be construed as if such unenforceable provision(s) had not been contained herein.

15. Entire Agreement: These Terms constitute the final written expression of all the terms of the transactions contemplated hereby and is the complete and exclusive statement of those terms. No modification or amendment made to the printed terms of these Terms or the Exclusive Limited Warranty shall be effective until both parties shall have signified their acceptance thereto by separately initialing each modification or amendment. Any modification, amendment, or waiver, of or to these Terms and Exclusive Limited Warranty must be in writing and signed by both Buyer and Seller. Any Buyer-supplied documents related to the

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contemplated Parts purchase(s), such as purchase orders, invoices, and any other documents containing any terms, conditions or other matter, shall be null and void, and inapplicable.

16. Indemnification: Buyer hereby releases and agrees to defend , indemnify and hold Seller; it directors, officers, employees and agents harmless and against any and all liabilities, claims, demands, suits, damages and losses (including without limitation all attorney's fees costs and expenses in connection therewith or incident hereto) for deaths of or injuries to any persons whatsoever (including, without limitation, Buyer's employees) and for loss of, therewith or incident thereto and for loss of, damage to destruction of, or delay in the delivery of any property whatsoever (including, without limitation, aircraft of Buyer) in any manner arising out of or in connection with the Parts subsequent to their delivery by Seller hereunder regardless of the negligence, active or passive, of Seller its directors, officers, employees or agents. Buyer will, at the request of Seller negotiate any claim or defend any action or suit brought against Seller or in which Seller is joined as a party defendant based upon any matters for which Buyer has released and indemnified Seller hereunder.

17. Governing Law: Buyer's purchase of Parts hereunder shall in all respects by governed by the laws of the State of California without regard to the principles of conflict of laws, and the parties agree the jurisdiction shall be subject to the jurisdiction of the state and federal courts in Orange County, California. ARO Service also reserves the right, at its sole discretion, to bring any action in the jurisdiction and courts of the state where the repair services were performed.

18. Attorney's Fees: In the event of litigation, arbitration or any other action or proceeding between the parties to interpret or enforce this Agreement or any part thereof or otherwise arising out of or relating to this Agreement, the prevailing party shall be entitled to recover its costs related to any such action or proceeding and its reasonable attorney's fees and costs incurred by such party in connection with any such action or proceeding, including all pre-trial, trial, and appellate levels.