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**Derco Aerospace, Inc.**  
Standard Terms and Conditions of Sale

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## **I. PRODUCT DESCRIPTION; ACCEPTANCE**

The acceptance by Derco Aerospace, Inc. (“Seller” or “Derco”) of any order placed by Buyer (an “Order”) of goods and services, including, but not limited to Spare Parts, Repair and Overhaul Services, and Ground Support Equipment (“Products”), is expressly made conditional upon Buyer’s agreement to the terms and conditions contained herein. Any other terms and conditions, including those set forth in Buyer’s purchase order or other ordering documentation, are hereby rejected and deemed null and void.

## **II. PAYMENT**

**A. Payment** - Terms are net 30 days from date of invoice unless otherwise specified on the face of the invoice. All items quoted are in United States dollars and all amounts shall be paid in cash or in negotiable paper collectable at its face value in United States funds. Seller is not required to proceed with performance of Buyer’s Order while Buyer is in default of this or any other contract with Seller or upon the suspension of business, insolvency or liquidation of Buyer or the commencement of any proceeding under any bankruptcy law by or against the Buyer. Upon failure of the Buyer to pay the price as set forth herein, Buyer hereby grants the Seller the right to come onto the premises of the Buyer, or Buyer’s purchaser, and to reclaim all of the Products under this agreement. In the event that any amounts due Seller hereunder become delinquent, the entire balance shall become immediately due and bear interest from the date of the invoice at the maximum legal rate of interest per annum, determined on a pro rata daily basis.

**B. Letter of Credit** – If requested by Seller in writing, Buyer shall establish for the benefit of Seller an irrevocable Letter of Credit in form and substance acceptable to the Seller and opened by or confirmed by a U.S. Bank located in New York City, New York, U.S.A., which is acceptable to Seller, in the amount requested by Seller, for payment in accordance with this paragraph. Such Letter of Credit shall be established within thirty (30) days of Buyer’s execution of this Order and shall expire no earlier than six (6) months after the termination of this Order. All costs associated with opening and/or confirming such Letter of Credit outside the U.S.A. are the responsibility of Buyer.

## **III. DELIVERY/INSPECTION PROCEDURE**

**A. Products** - All products shall be delivered FCA (INCOTERMS 2020) Seller’s facility, unless otherwise indicated by Seller. Products delivered hereunder will be packed for shipment in accordance with Seller’s standard packing procedures for such Products. Buyer will furnish written shipping instructions for all Products as promptly as possible. In the absence of such instructions Seller may, at any time beginning ten (10) days after forwarding notice to Buyer by mail, email or otherwise that the Products are ready for shipment, do either of the following for the account of and at the expense and risk of Buyer: (i) arrange for shipment of the Products by a carrier of its own selection to Buyer’s place of business or other destination reasonably believed to be suitable or (ii) warehouse the Products. If, upon receipt of the Products by Buyer at destination, the Products appear not to conform to this Order, Buyer shall, within thirty (30) calendar days after receipt thereof, notify Seller of such condition and afford Seller a reasonable opportunity to inspect the Products and make any appropriate adjustment or replacement. The same remedies afforded Buyer under “Warranties” shall be exclusive for defective Products discovered upon inspection. Buyer shall not delay payment for the Products pending their inspection.

**B. Accelerated Delivery/Partial Shipment** - Seller is authorized to advance the delivery date, or complete performance of any Order, prior to the time set forth in such order, and Seller shall have the right to deliver the Products in partial shipments and invoice Buyer for that portion which was shipped.

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**C. Quality/Certifications** – Seller is and shall maintain certification to the ISO 9000:2015/AS9100/AS9110 standards or their equivalent. Seller will provide a Derco Certificate of Conformance (CoC) with all Products, signed by an authorized representative of Seller’s Quality Assurance department; manufacturer’s CoC or Original Equipment Manufacturer (OEM) can be provided upon request. If Buyer requires test reports, such shall be requested at time of quotation and Buyer may accrue an additional charge for the supply of such test reports.

**D. Returns/Cancellations** - Buyer shall not, for reasons other than Seller’s adjudicated default, terminate or cancel its Order for Products. Should Buyer nonetheless terminate or cancel its Order for Products for reasons other than Seller’s adjudicated default, Seller shall be entitled to recover from Buyer as a termination/cancellation and/or restocking fee, and not as a penalty, an amount equivalent to one hundred percent (100%) of Seller’s established price for such Product. In the event Buyer cancels or terminates its Order for Products categorized as “hazardous” or as containing “hazardous material” by the appropriate governmental authorities, in addition to the termination/cancellation and/or restocking fee, Buyer shall reimburse Seller for any and all costs or expenses associated with the disposal, storage, or other disposition of the Products. The rights and remedies afforded to Seller herein are non-exclusive and Seller shall have the right to pursue any other right or remedy available to it at law or in equity.

#### **IV. WARRANTIES**

**A. Spare Parts and Ground Support Equipment** - Seller warrants to Buyer that, at the time of delivery, the spare parts and ground support equipment sold hereunder (the “Parts”) will be free from defects in material and manufacture. Seller’s sole liability and Buyer’s exclusive remedy under this warranty are limited to the repair or replacement, at Seller’s election, of Parts or components thereof which are shown to Seller’s reasonable satisfaction to have been defective; provided that written notice of the defect is given by Buyer to Seller no later than thirty (30) days after Buyer’s discovery of the defect within the warranty period. The warranty period shall extend for a period of one (1) year or one thousand (1,000) operating hours after delivery, whichever occurs first, for Factory New condition Parts, six (6) months or five hundred (500) operating hours, whichever occurs first, for Overhauled condition Parts, or three (3) months or two hundred fifty (250) operating hours, whichever occurs first, for New Surplus and Serviceable condition Parts. Repairable condition Parts are sold on an “as is” basis and are non-returnable. Replacement (newly manufactured or repaired) Parts are warranted for the remainder of the applicable original warranty period, which shall toll from Buyer’s initial notification to Seller to the return of repaired or replacement parts to Buyer. This warranty shall not apply to any Part which in Seller’s judgment (1) shall have been repaired or altered outside the facilities of Seller in any way so as to affect the safety, function, or reliability of the aircraft or Part, or (2) has been subject to misuse, negligence, accident, or other abuse.

**B. Overhaul/Repair Services** - Seller warrants to Buyer that overhaul or repair services performed by Seller (“Repair Services”) have been performed in a professional manner. Seller’s sole liability and Buyer’s exclusive remedy under this warranty are limited to the correction of such Repair Services at Seller’s selected location; provided that written notice of the defect is given by Buyer to Seller no later than thirty (30) days after Buyer’s discovery of the defect within the warranty period, and the Repair Service is shown to Seller’s reasonable satisfaction to have been defective. The warranty period shall extend for a period of one (1) year or one thousand (1000) operating hours, whichever occurs first, for overhaul services, or six (6) months or five hundred (500) operating hours, whichever occurs first, for repaired items. Corrected Repair Services are warranted for the remainder of the original warranty period, which shall toll from Buyer’s initial notification to Seller to the return of the corrected Repair Services to Buyer. Any parts provided in the performance of Repair Services hereunder and sold hereunder shall be subject to the warranty set forth in paragraph A above.

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**C. Return Material Authorization** – Seller will issue Buyer with a Return Material Authorization (RMA) for the return of defective Products. Buyer must initiate the return of defective Products to Seller in accordance with the instructions provided with the RMA within sixty (60) days of such issuance; in the event that the Products are not placed into transit within such time, the RMA will be voided and the tolling of the warranty period will cease. Transportation charges for the return of Product to Seller (excluding related import and export charges) and reshipment to Buyer, as well as risk of loss during such shipment, will be borne by Seller only if returned in accordance with Seller’s written shipping instructions accompanying the RMA and the warranty claim is verified as valid. Upon receipt of the Product, Seller will assess the reported non-conformance for warranty validity, and if verified, will proceed with the appropriate remedy. Seller may request further information from Buyer concerning the non-conforming Product, and Buyer shall respond to such requests in a reasonable time, but in all cases within sixty (60) days; if Buyer fails to respond, Seller shall have the discretion to refuse the warranty claim and return the Product to the Buyer at Buyer’s expense.

**D. Title** - Seller warrants to Buyer that it will convey good title to the Products sold hereunder. Seller’s liability and Buyer’s remedy under this warranty are limited to the removal of any title defect or at the election of Seller to the replacement of the Products which are defective in title.

**E. Exclusive Warranties and Remedies** - THE FOREGOING WARRANTIES ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF (i) ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WHICH ARE HEREBY DISCLAIMED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; AND (ii) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN CONTRACT OR TORT, WHETHER ARISING FROM SELLER’S OR ANY OF SELLER’S AFFILIATES’ NEGLIGENCE, ACTUAL OR IMPUTED, STRICT TORT LIABILITY, OR BREACH OF WARRANTY. THE REMEDIES OF BUYER SHALL BE LIMITED TO THOSE PROVIDED HEREIN TO THE EXCLUSION OF ANY OTHER REMEDIES INCLUDING, WITHOUT LIMITATION, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, STATUTORY, OR INDIRECT DAMAGES, LOSS OF PROFITS OR LOSS OF REVENUES, EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. NO AGREEMENT VARYING OR EXTENDING THE FOREGOING WARRANTIES, REMEDIES, OR THIS LIMITATION WILL BE BINDING UPON SELLER OR ANY OF ITS AFFILIATES UNLESS IN WRITING, SIGNED BY A DULY AUTHORIZED OFFICER OF SELLER OR SUCH AFFILIATE.

**V. STANDARD CONTRACT TERMS AND CONDITIONS**

**A. Title** - Title to and risk of loss of all Products shall pass to Buyer upon delivery.

**B. Excusable Delays and Force Majeure** - Buyer acknowledges that the delivery dates are based on the assumption that there will be no delay due to causes beyond the reasonable control of Seller. Seller shall not be charged with any liability for delay or non-delivery when due to reasons beyond its control or Force Majeure, including delays of common carriers, suppliers, acts of God, actions/inaction of any governmental authorities, terrorists or the public enemy, war, compliance in good faith with any applicable foreign or domestic governmental regulation or order whether or not it proves to be invalid, fires, riots, labor disputes, unusually severe weather, pandemics or epidemics, or any other cause beyond the reasonable control of Seller. The provisions of this clause shall also apply in the event that Buyer is not in ‘good credit standing’

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with Seller as measured by outstanding unpaid invoices and other items that may constitute breach of contract by Buyer. Therefore, Seller's excusable delay shall be interpreted to include outstanding unpaid invoices by Buyer. To the extent that such causes actually retard deliveries on the part of Seller, the time for the performance shall be extended for as many days beyond the date therefore as is required to obtain removal of such causes. This provision shall not, however, relieve Seller from using reasonable efforts to avoid or remove such causes and continue performance with reasonable dispatch whenever such causes are removed.

**C. Liability Limitation** - With respect to any Product purchased under this Order and alleged to be the direct or indirect cause of any loss or damage to Buyer, the sum equal to the invoiced price of such Product (or if not separately priced, Seller's established selling price for such item) shall be the ceiling limit on Seller's or any of Seller's affiliate's liability, whether founded in contract or tort (including negligence, patent infringement, strict tort liability, or breach of warranty), arising out of or resulting from (i) this Order or the performance or breach thereof or (ii) the design, manufacture, delivery, sale, repair, replacement, use or furnishing of any such Product. In no event shall Seller or any of its affiliates have any liability for any indirect, incidental, consequential, or special damages.

**D. Inability or Refusal to Pay** - If Buyer is unable or refuses to make payment to Seller in accordance with any of its obligations to Seller, Seller may, at its option, terminate this Order by giving to Buyer a written notice of its intention to terminate. In addition, for Buyers other than foreign governments, if a receiver or trustee is appointed to any of Buyer's property, or Buyer is adjudicated bankrupt, or application for reorganization under the Bankruptcy Act is filed by or against Buyer which shall not be dismissed within thirty (30) days, or if Buyer becomes insolvent or makes an assignment for the benefit of creditors, or takes, or attempts to take, the benefit of any insolvency acts, or an execution be issued pursuant to a judgment rendered against Buyer, Seller may also, at its option, terminate this Order by giving to Buyer a written notice of its intention to terminate. Upon any such termination, Seller shall be relieved of any further obligations to Buyer and Buyer shall reimburse Seller for its termination costs and expenses and a reasonable allowance for profit. All sums paid to Seller from whatever sources may be retained by Seller and applied toward any amount owed to Seller. In addition, Seller shall have the right to reduce and set-off against any amounts payable by Seller to Buyer or against Buyer's property in Seller's possession any indebtedness or other claim which Seller may have against Buyer. The excess, if any, of such sums over the total termination amount shall be returned to Buyer by Seller.

**E. Export Licenses** - Buyer will, on Seller's request, assist Seller in Seller's efforts to obtain any United States Government export license or similar authorization which may be required now or hereafter for Seller's export of the Products. Seller and Buyer specifically acknowledge that this Order is conditioned upon the ability of Seller and Buyer to conform to the laws and regulations of the U. S. Government and its various cognizant departments regarding the sale of the Products to Buyer. Buyer shall comply with all applicable U.S. export control laws and economic sanctions laws and regulations, specifically including but not limited to the International Traffic in Arms Regulations (ITAR), 22 C.F.R. 120 et seq.; the Export Control Reform Act of 2018; the Export Administration Regulations, 15 C.F.R. 730-744; and the Foreign Assets Control Regulations, 31 C.F.R. 500-598 (collectively, Trade Control Laws). Buyer shall not re-export, transfer, disclose, or otherwise provide or make accessible Products controlled by Trade Control Laws to any persons or entities not authorized to receive or have access to the Products. Buyer hereby represents that neither Buyer nor any parent, subsidiary, affiliate, employee, or sublicensee is (i) located within an ITAR §126.1 listed country nor (ii) included on any of the restricted party lists maintained by the U.S. Government, including the Specially Designated National List administered by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), the Denied Parties List, Unverified List, or Entity List maintained by the U.S. Commerce Department's Bureau of Industry and Security (BIS), the List of

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Statutorily Debarred Parties maintained by the U.S. State Department's Directorate of Defense Trade Controls, or the consolidated list of asset freeze targets designated by the United Nations, European Union, and United Kingdom (collectively, Restricted Party Lists). Buyer further represents that it shall immediately notify the Seller if Buyer's status changes with respect to any of the foregoing. In the event of an anticipated change in control of Buyer involving a non-U.S. person or entity, Buyer shall provide Seller with notice at least ninety (90) days prior to the effectiveness of such change in control consistent with applicable law and confidentiality restrictions.

*For all domestic sales:* If Buyer is engaged in the business of exporting, manufacturing (whether exporting or not), or brokering defense articles or furnishing defense services as defined under the ITAR, Buyer represents that it is and will continue to be registered with the Director of Defense Trade Controls, as required by the ITAR, and will maintain an effective export/import compliance program in accordance the ITAR.

The obligations in this Section will remain binding on the Buyer after the completion or termination of this Order.

**F. Import Licenses** - With respect to any import laws and other regulations of the country of destination and its various cognizant departments regarding the import of the Products hereunder, Buyer shall be solely responsible for obtaining and complying with any and all import licenses or other authorizations which may be required for importing the Products.

**G. Modifications Prior to Delivery** - Seller shall have the right to incorporate, at any time and without Buyer's consent, changes in any Product to be furnished to Buyer hereunder where such changes are meant to improve the manufacturing or maintenance conditions of the Product; provided such changes do not materially prejudice the performance of the Product or the delivery schedule therefore. Seller shall also have the right, at any time and without Buyer's consent, to incorporate such changes in any Product as are specified by the U. S. Government for this type of Product.

**H. Taxes and Other Charges** - The price includes all applicable taxes, duties, fees, levies, etc. which might be imposed upon the Seller, its subcontractors, and/or employees to the extent specified and as a consequence of this Order by the United States Government and/or any political subdivisions thereof, in effect as of the date of this Order. The price specifically excludes sales tax; if the transaction requires payment of a sales tax or other similar consumption tax, the Buyer will need to self-assess and remit such tax payment.

The price is exclusive of import duties, value added taxes, withholding taxes, GST, or other fees which may be imposed by the Buyer's Government or any political subdivision thereof, and which, if any shall be borne by, and if necessary, be directly paid or remitted by Buyer to the proper taxing authority. If the Seller is required to remit any such taxes, duties, or other levies imposed by the Buyer's Government or any political sub-division thereof during or after completion of this Order, including by virtue of having an obligation to invoice for taxes (e.g., VAT or GST) during the course of the Order, said taxes, duties, or other levies shall be added to the total price of this Order and shall immediately be paid by the Buyer upon the Seller's request in writing.

**I. Notices** - All notices or communications of any kind under and with respect to this Order and the Products shall be in the English language. All legal notices required hereunder shall be given by hand delivery or registered mail. The effective date of each such notice shall be the date upon which it is received.

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**J. Construction/Jurisdiction** – This Order shall be interpreted in accordance with the plain English meaning of its terms, and the construction thereof shall be governed by the laws of the State of Wisconsin, U.S.A., without regard to its conflict of laws principles. The parties expressly disclaim the applicability of the United Nations Convention for the International Sale of Goods.

**K. Dispute Resolution** – The parties shall attempt to amicably and in good faith resolve any dispute arising under or related to this Order or concerning an alleged breach of this Order within thirty (30) days of notice by one party to the other that a dispute exists, or such other time as they may mutually agree. In the event the dispute is not resolved as provided above, the dispute shall be escalated for resolution to senior management within the respective parties' organization. Any dispute between the parties that has not been resolved as set forth above shall be settled by the provisions below.

*For all domestic sales:* The exclusive forum for any disputes, claims, differences, actions or lawsuits arising out of or under this Order will be the state or federal courts of Wisconsin. The parties agree to submit to the jurisdiction of the state and federal courts of Wisconsin with respect to any such dispute, claim, difference, action or lawsuit.

*For international sales:* All disputes, claims and differences between the parties arising out of or under this Order shall be settled and finally determined by arbitration in accordance with the applicable rules of the International Chamber of Commerce ("ICC"). All decisions shall be in accordance with the substantive laws of the State of Wisconsin, without regard to its conflict of laws principles, and the arbitration shall be conducted in the State of Wisconsin. The arbitration court shall be composed of three (3) arbitrators, one of whom will be named by each party. The third arbitrator, who shall act as chairman, shall be determined in accordance with the rules of the ICC. The arbitrators shall meet and decide at a place determined by them by majority vote. The arbitrators shall decide each issue presented to them by a majority vote, and their decisions shall be in writing and shall be final and conclusive. The amount of the costs of any such arbitration and by whom they shall be paid will be determined as part of the arbitration. This Order shall be enforceable and judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction.

**L. Assignment/Merger** - This Order shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto, but it may not be voluntarily assigned, wholly or in part, by either party hereto. However, Seller may assign this Order to an affiliate of Seller without Buyer's prior consent. The terms and conditions herein contained constitute the entire agreement between the parties hereto and shall supersede all previous communications, representations, or agreements, either oral or written, between the parties hereto with respect to the subject matter hereof, and no agreement or understanding varying or extending the same will be binding upon either party hereto unless in writing, signed by a duly authorized officer or representative thereof. If any term of this Order is determined to be invalid or unenforceable under applicable law, such term shall not apply; but the remaining terms of this Order shall remain in full force and effect.

**M. Waiver** – Any failure by either party to exercise any right granted by the terms and conditions of this Order shall not be construed as a waiver of such right or any other rights under this Order, and shall in no way affect the subsequent exercise of such right or of any other rights under this Order by such party.

## **VI. ADDITIONAL PROVISIONS RELATED TO OVERHAUL AND/OR REPAIR SERVICES**

**A. Scrap Materials** - Goods and parts thereof received from Buyer which, in the opinion of Seller, have no value other than as scrap, will be disposed of by Seller and no accounting or liability therefore will be

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imposed on Seller by Buyer. However, Seller agrees to comply with instructions set forth on the face of Buyer's Order providing for immediate disposition of any such scrap at Buyer's expense.

**B. Shipment** - Buyer shall ship such item to be overhauled or repaired to Seller's designated facility within sixty (60) days of Seller's receipt of Buyer's Order, if not already in the possession of Seller. When shipping an item to Seller from a location outside the United States, Buyer shall (i) provide Seller a prealert of such shipment, via an email sent to [derco\\_licensing\\_mailbox.gr-sik@lmco.com](mailto:derco_licensing_mailbox.gr-sik@lmco.com), which shall include the end user and end use of the item; (ii) utilize Seller's recommended freight forwarders and carriers; (iii) make reasonable efforts to utilize Chicago, Illinois, USA as the airport of destination for import clearance; (iv) utilize only Seller-designated import brokers and turn over all necessary paperwork to such brokers for clearance; and (v) include a commercial invoice that contains all required elements for United States Customs clearance (including, but not limited to, part number, country of origin, and foreign shipper's declaration).

THESE TERMS AND CONDITIONS CONSTITUTE THE STANDARD TERMS AND CONDITIONS OF SALE FOR DERCO AEROSPACE, INC. AND ARE INCORPORATED IN THEIR UNMODIFIED ENTIRETY BY REFERENCE INTO ALL SALES MADE BY DERCO UNLESS OTHERWISE SPECIFIED. ANY MODIFICATION OF THESE TERMS AND CONDITIONS SHALL REQUIRE THE SIGNATURE OF AN AUTHORIZED REPRESENTATIVE OF EACH PARTY.

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