



TURBINE TECHNICS, INC.
STANDARD TERMS AND CONDITIONS OF SALE:

SALE OF GOODS AND REPAIR OR OVERHAUL SERVICES

Except as otherwise agreed, these standard terms and conditions of sale of **Turbine Technics, Inc.**, a Florida, U.S.A. corporation (**herein called "TTI"**), together with any special conditions of sale set forth in TTI's proposal, shall be the only terms and conditions applicable to the sale of goods and the repair or overhaul of Customer furnished items. As used herein, the term "Repair or Overhaul" is defined to include all labor and materials used by TTI to restore Customer furnished items to serviceable condition and all other work which TTI has agreed to supply. The methods, procedures, and sequencing described in the specified repair process are intended as a guide. Methods better suited to the particular repair or overhaul facility can be accepted, providing the procedures do not detract from the efficiency, quality, and operation of the end item as evaluated and approved by TTI. Moreover, mandatory process steps, specified values, or limits, such as those required by applicable drawings or approvals, shall be strictly observed.

These terms and conditions shall be in lieu of all terms and conditions appearing on the face or reverse side of any purchase order submitted by Customer, except that the work scope, price, quantity, redelivery dates and shipping instructions shall be as set forth in any purchase order accepted by TTI. The acknowledgment of any Customer purchase order by TTI, or commencement of any performance by TTI pursuant to such order, shall constitute Customer's acceptance of TTI's terms and conditions and the prices set forth in TTI's catalog, which are expressly conditioned upon the applicability of seller's terms and conditions exclusively. No terms or conditions stated by Customer shall be binding on TTI unless TTI expressly accepts such terms or conditions in writing by TTI. The failure of TTI to specifically object to any or all terms and conditions suggested by Customer shall not be deemed an acceptance of such terms and conditions. Further, upon receipt of these Terms and Conditions of Sale from TTI (via catalog or otherwise) or upon TTI's commencement of performance hereunder, shall be deemed to have withdrawn Customer's terms and conditions and shall further be deemed to have accepted TTI's terms and conditions hereunder whether or not Customer submits any terms and conditions subsequent to receipt of the terms and conditions herein.

ARTICLE I - PRICE

- A. All prices are in United States Dollars, shall be as quoted by TTI to Customer or shall be as published in TTI's then current Price Lists or Catalogs, and include TTI's usual factory testing, inspection, and packaging, in accordance with good commercial practice. Any additional factory testing, inspection and packaging requirements of Customer shall be paid for by Customer.
- B. To the extent specified in the proposal or accepted purchase order, the prices shall be subject to adjustment as described therein.

ARTICLE II - DELIVERY, TITLE AND RISK OF LOSS

- A. TTI shall deliver all goods sold hereunder ("Products") to Customer, Ex Works, TTI's place of manufacture, pursuant to International Chamber of Commerce "Incoterms" (2000 Edition) ("Delivery"). Title and risk of loss or damage to such new Products shall pass to Customer upon Delivery.

Items to be Repaired or Overhauled shall be Delivered Duties Paid ("DDP") to TTI's designated repair facility pursuant to International Chamber of Commerce "Incoterms" (2000 Edition) ("Repair Delivery"). TTI shall Redeliver the Repaired or Overhauled items to Customer, Ex Works, TTI's designated repair facility, pursuant to International Chamber of Commerce "Incoterms" (2000 Edition) ("Redelivery"). Title to TTI furnished parts, material and associated labor shall pass to Customer upon assignment to Customer's Equipment.

Risk of loss or damage to TTI furnished parts and material shall pass to Customer at time and place of Redelivery.

- B. If Delivery or Repair of Customer's equipment to be serviced ("Equipment") is delayed, or Repair of Equipment is interrupted due to Customer's failure to provide transportation, workscope and/or repair information, authorizations, instructions, historical information or Parts specified Turn Time for such Equipment shall not commence until such deficiencies are corrected by Customer and shall be extended by the period of delay. Redelivery dates for Repaired or Overhauled items are approximate and are based on prompt receipt by TTI of all information necessary to permit TTI to proceed with work promptly and without interruption, and Customer's compliance with these terms and conditions, including payment terms.
- C. TTI may deliver all or any part of an order of new Products or Repaired or Overhauled items in advance of the new Product Delivery or Equipment Redelivery schedule.

- D. If any new Product or Repaired or Overhauled item cannot be delivered when ready due to any cause referred to in Article VIII, Excusable Delays, TTI may deliver such item into storage (which may be at TTI's facility or at the place of manufacture). In such event, TTI shall notify Customer of the new Product Delivery or Equipment Redelivery into storage, TTI's new Product Delivery or Equipment Redelivery obligations shall be deemed fulfilled, and all risk of loss or damage shall thereupon pass to Customer. Any amounts otherwise payable to TTI upon new Product Delivery or Equipment Redelivery shall be payable upon presentation of TTI's invoices therefore. Promptly upon submission of TTI's invoices, Customer shall reimburse TTI for all expenses incurred by TTI, such as, but not limited to, preparation for and placement into storage, handling, inspections, preservation and insurance. Upon payment of all amounts due hereunder, TTI shall assist and cooperate with Customer in the removal of any item which has been placed in storage.
- E. If special tooling is required for performance of Customer specific requirements, title and possession to all tools shall remain with TTI. However, the tooling shall only be used for Customer's requirements unless otherwise agreed by the parties.

ARTICLE III - PAYMENT

- A. Payment shall be made in United States Dollars at a U.S.A. bank acceptable to TTI. Terms of payment shall be as stated in the proposal or accepted purchase order and may provide for advance or partial payments with the balance payable upon new Product Delivery, Equipment Repair Delivery, or Equipment Redelivery or readiness for Redelivery. If terms of payment are not stated in the proposal or accepted purchase order, terms of payment shall be net thirty (30) days after date of TTI's invoice, or thirty (30) days after date of new Product Delivery or Equipment Redelivery, whichever occurs first.
- B. When payment is to be made through the medium of a letter of credit, such letter of credit shall: be established at Customer's expense; be in favor of and acceptable to TTI; be consistent with the terms of this document, the proposal or accepted purchase order; be maintained in sufficient amounts and for the period necessary to meet all payment obligations hereunder; be irrevocable; be issued by or confirmed by a prime U.S.A. bank acceptable to TTI within fifteen (15) days after acceptance of the purchase order; permit partial deliveries; provide for pro rata payments upon presentation of TTI's invoices therefore and either TTI's certificate of new Product Delivery or Equipment Redelivery

Ex Works, TTI's facility or place of manufacture or new Product Delivery or Equipment Redelivery into storage; and, provide for



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the payment of any charges for storage, export shipment, price adjustments, and cancellation or termination.

- C. If Customer fails to make timely payments, or if the financial condition of the Customer at any time does not, in the judgment of TTI, justify continuance of the performance of an accepted purchase order by TTI on the terms of payment as agreed upon, or upon commencement of any bankruptcy or reorganization proceedings or the potential insolvency of the Customer, TTI may require full or partial payment in advance or shall be entitled to cancel any purchase order then outstanding and shall receive reimbursement for its reasonable and proper cancellation charges (including charges for work already performed).
- D. In order to secure the full and punctual payment of the amounts due TTI in accordance with the terms hereof, and to secure its performance of a purchase order issued hereunder, Customer hereby pledges, assigns and grants to TTI a continuing lien and security interest in and to all of the new Products delivered to Customer, the Equipment owned by Customer, and TTI spare Product parts ("Parts") used in connection with these items.

ARTICLE IV - INSPECTION AND TEST

The quality control exercised in the distribution of new Products or Repair and Overhaul of Equipment shall be in accordance with TTI's normal commercial quality control policies, procedures, and practices. TTI is authorized to deliver such items with evidence of inspection by TTI's quality control representative. Any Certificate of Inspection signed by TTI's quality control representative, shall be conclusive regarding inspection and tests.

ARTICLE V - PACKING AND MARKING

New Products and Repaired and Overhauled Equipment shall be prepared and packed in accordance with TTI's normal commercial practice unless otherwise provided in the purchase order. TTI agrees to comply with all reasonable written instructions of Customer as to markings to be placed on invoices, bills of lading, packing lists, correspondence and on the exterior of shipping containers.

ARTICLE VI - EXCUSABLE DELAYS

- A. TTI shall be excused from and shall not be liable for any delays in its performance or failure to perform hereunder, and shall not be deemed to be in default for any failure of performance hereunder, due to causes beyond its reasonable control. Such causes shall be conclusively deemed to include, but shall not be limited to, acts of God, acts (or failure to act) of civil or military authority, acts (including failure to act) of any government, government agent or official, government priorities, fires, strikes, labor disputes, work stoppage, floods, epidemics, war (declared or undeclared), riot, delays in transportation or inability to obtain on a timely basis necessary labor, materials, fuels or components.
- B. In the event of any such delay or failure to perform, the date of new Product Delivery or Equipment Redelivery shall be extended for a period equal to the time lost by reason of the delay. The foregoing shall apply even though such cause may occur after TTI's performance of its obligations has been delayed for other causes. This provision shall not, however, relieve TTI from using its commercially reasonable efforts to avoid or remove such causes and continue performance with reasonable dispatch whenever such causes are removed. TTI shall promptly notify Customer when such delay or failure excused by this Article occurs, or impending delays are likely to occur, and shall continue to advise Customer of new Product Delivery or Equipment Redelivery schedules and changes thereto.
- C. If delay resulting from any of the foregoing causes extends for more than six (6) months and the parties have not agreed upon a revised basis for continuing the work at the end of the delay, including any adjustment of the price, then either party, upon thirty

(30) days written notice, may terminate the performance in respect to the work delayed, in which case Customer agrees to pay TTI for all work completed or in process at the time the excusable delay commenced, including all actual and reasonable expenses of TTI related thereto.

ARTICLE VII - WARRANTY

- A. TTI warrants to Customer that new Products will at the time of Delivery be free from defects in material, workmanship and title. Further, TTI warrants to Customer that Repair and Overhaul work performed will at the time of Redelivery be free from defects in workmanship. Unless otherwise agreed in writing, if within one (1) year from date of new Product Delivery or Equipment Redelivery (as applicable), or within six (6) months of installation or, within one thousand (1,000) hours of operation, whichever shall first occur, TTI determines, upon Customer's written notice thereof, prior to the expiration of thirty (30) days following discovery of the defect, that the Product, Repair or Overhaul does not meet the warranty specified above, TTI shall thereupon correct the defect by (at its option) either re-performing the Repair or Overhaul, making available at TTI's facility a repaired or replacement Product, or refunding the Repair or Overhaul price allocable to the defective work. The warranty period on any such repaired or replaced item shall be the unexpired portion of the warranty on the initially repaired item. If requested by TTI, Customer shall ship such defective item to such location as specified by TTI. TTI shall use reasonable efforts to repair Customer's item hereunder; however, TTI does not guarantee the repair yield.
- B. **THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESSED, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE).** This warranty is applicable only if the new Product or repaired or overhauled Equipment is stored, installed, operated, handled, maintained and repaired in accordance with the then current recommendations of the manufacturer as stated in its manuals, bulletin or other written instructions.

ARTICLE VIII - TERMINATION

Customer, upon thirty (30) days prior written notification, may terminate a purchase order and in such event shall pay TTI its termination charges determined in accordance with TTI's standard accounting practices upon submission of TTI's invoices therefor. Termination of an order shall not relieve either party of any obligation arising out of work performed prior to termination.

ARTICLE IX - BUYER QUALIFICATIONS

- A. For any repairs under the jurisdiction of the Federal Aviation Administration, the Customer has the responsibility to submit to TTI a "Material Certification" with each part submitted for repair which includes as a minimum the following information: Part Number; Serial Number; Description

The Certification must state the following:

The material is repairable; the original manufacturer of the hardware is the OEM or an authorized licensee; the material was not obtained by any US Government or Military source; and that the hardware was not subject to severe stress or heat as in the case of a major engine failure, accident or fire. This certification must be signed by a duly authorized officer / inspector of the company.

- B. Upon TTI's request, Customer shall furnish written evidence that it meets the qualifications of paragraph A. of this Article XV.



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ARTICLE X - NON-STANDARD WORK (Repair Only)

- A. When Customer's Repair and Overhaul requirements necessitate operations or processes in the nature of "salvaging" parts, the work is accepted on a "best efforts" basis and TTI shall not be liable for Repair yield.
- B. Customer shall be responsible for the Repair price when unsatisfactory metal finishing occurs due to metal imperfections, changes in grade or composition of materials, manufacturing and/or fabrication imperfections, usages for which the finishing operation was not reasonably designed and similar variables beyond TTI's reasonable control.

ARTICLE XI - MISCELLANEOUS

- A. The English language shall be used in the interpretation and performance of these Terms and Conditions and any purchase order accepted by TTI.
- B. Any failure by TTI to enforce any of the provisions hereof or not to require at any time performance by Customer of any of the provisions hereof, shall in no way affect the validity of these Terms and Conditions or any part thereof, or the right of TTI thereafter to enforce each and every such provision, nor shall TTI's actual performance, whether or not pursuant to the provisions herein, be deemed in any way indicative of the obligations of TTI hereunder.
- C. *Exchange Hardware (Repair Only):* Part returned to the customer after maintenance may have been originally received from another customer, who is willing to accept repaired parts from a "pool" of other customer owned hardware. The customer must include the statement "Exchange" (or similar) on their repair purchase order accompanying the hardware.

Non-Exchange Hardware: Part returned to the customer after maintenance is the same part originally submitted to TTI for repair from that customer. The customer must include the statement "Non-Exchange" (or similar) on their repair purchase order accompanying the hardware.