

GENERAL REPAIR CONDITIONS OF IHI CORPORATION (HEREINAFTER CALLED "IHI")

No. IHI/STCRS/002

These Standard Terms and Conditions of Sale of Component Repair Services (herein after "STCRS") defines the terms and conditions for Repair Services to Customer's components, parts or accessories ("Components") that IHI performs at IHI's designated facilities and Customer desire to have. STCRS and the repair order submitted by Customer and accepted and agreed by IHI shall apply exclusively.

ARTICLE 1. DEFINITIONS

- (a) "Components" means the aero engine parts and components listed in a repair order to be repaired or replaced by the IHI in accordance with the specifications or Work Instruction.
- (b) "Customer" means the party contracting with IHI for Repair Services to the Component and putting the repair order for such Repair Services.
- (c) "Delivery" means, in respect of any Component, the occurrence of the arrival of Component, together with all applicable records and required data defined in this STCRS, at the IHI's designated facility.
- (d) "Manual" means, in respect of any Components, OEM's engine manual and any amendments or revisions thereto or, where Components are not manufactured by engine OEM, any other relevant manufacturer's maintenance manual.
- (e) "N1" means the first stage of fan or low pressure compressor speed.
- (f) "N2" means the high pressure compressor speed.
- (g) "Operation Record" means documents, including but not limited to, documents and other records comprising engine data before or after the last shop visit including but not limited to on wing maintenance data, engine record and engine log, (EGT) data, and N1 and N2 rotation and vibration data and fault record, and other records required by IHI.
- (h) "Redelivery" means the occurrence of the return of the Component to Customer after Repair Service has been accomplished together with all applicable airworthiness tag.
- (i) "Repairable" means, in respect of any Component, capable of being made Serviceable.
- (j) "Repair Services" means those services contracted for and supplied by IHI under this STCRS and as may further be described in orders, statements of work, specifications, or other papers included in this STCRS.
- (k) "Serviceable" means, in respect of any Component, that those are in a serviceable, airworthy condition as required by the FAA in accordance with the Manual.
- (l) "Work Instruction" means, the requirements for the Repair Services to be performed by IHI, as issued by Customer in a repair order.

The following abbreviations shall have the following meanings:

AD: Airworthiness Directive
BER: Beyond Economical Repair
CID: Customer Induced Damage
CLP: Catalog List Price
DER: Designated Engineering Representative
EGT: Exhaust Gas Temperature
FAA: United States Federal Aviation Administration
FOD: Foreign Object Damage
LLP: Life Limited Part
OEM: Original Equipment Manufacturer
PMA: Parts Manufacturer Approval
SB: Service Bulletin

ARTICLE2- ACCPETANCE

(a) The shipment by Customer of any components sent IHI for Repair Services, the furnishing or commencement by IHI of any services called for hereunder, or any other conduct by Customer that recognizes the existence of a contract pertaining to the subject matter hereof shall be treated as an unqualified acceptance by Customer of this all terms and conditions in STCRS.

(b) Any terms and conditions included in Customer's repair order or other form of Customer that add to, vary from, or conflict with the terms in STCRS are hereby rejected. Any such terms shall be void and the terms and conditions in STCRS and as agreed to between Customer and IHI herein shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties and shall apply to each shipment or repair order received by IHI from Customer hereunder. In the event any such proposed terms would, if accepted by IHI, vary the liability or warranty aspects of these terms then such proposed terms will be null and void unless the acceptance by IHI is made in writing.

ARTICLE3- REPAIR SERVICES AND QUALITY ASSUARANCE

- (a) The Components specified in order will be inspected, repaired and/or overhauled in accordance with the Work Instruction submitted by the Customer and agreed in writing by IHI and such works shall be approved by the current regulations of the FAA or other applicable airworthiness authority as agreed to between the parties.
- (b) IHI shall be entitled to subcontract or assign any of its rights or obligations in relation to the contracts and/or orders.
- (c) IHI may refuse to perform Repair Services if it believes the component : (a) contains repairs unapproved by OEM or PMA parts; (b) is in a state of extreme deterioration or damage and over economical limit; (c) was superseded or obsolete; (d) was involved in an accident or subject to extreme environmental conditions or other abnormal operating conditions; or (e) was operated by military or governmental organization.

In such case, IHI will return the Components to Customer at Customer's risk and expense. Or IHI may locally scrap such Components provided Customer requests.

(d) Customer shall inspect all Components within twenty (20) days of receipt from IHI and shall notify IHI within ten (10) days thereafter of any defects in the Repair Services. Customer shall be barred from bringing any claim relating to any defects which were or which should have been discovered during such inspection and about which Customer did not notify IHI within the prescribed time.

ARTICLE4 – DELIVERY AND REDELIVERY

- (a) All Components shall be suitably packaged and prepared for shipment to withstand normal transportations by each party.
- (b) Customer shall issue repair order with Work Instruction covering each Components. Such repair orders and/or Work Instruction must contain the following data or records.
 - 1) Part nomenclature
 - 2) ATA number
 - 3) Part number
 - 4) The purpose of repair or removal reason
 - 5) SB and AD status and requirement
 - 6) Airworthiness tags required
 - 7) Operating hours and cycles since new and last shop visit
 - 8) Engine serial number and operator the Component was removed from

(c) Customer shall deliver any Components to the location specified on the delivery instructions for such Components issued by IHI on DDP delivery terms (as such term is defined in Incoterms 2010 promulgated by the International Chamber of Commerce).

(d) The Components are quoted and shall be delivered ExWorks IHI premises (EXW, INCOTERMS 2010). Risk of loss shall pass to Customer when IHI makes Components available to Customer at IHI's Mizuho facility. Risk of loss also shall be transferred to Customer upon refusal of shipment or collection due to Customer's act or omission.

(e) If Customer does not pick up or collect the Components within ten (10) days after the delivery of IHI's notification for Components availability, IHI may take either of the following options at its sole discretion: (a) ship the Components by a carrier of IHI's selection to Customer's place of business or another destination that IHI believes to be suitable at Customer's expense; or (b) warehouse the Components at IHI and charge the storage fee to Customer at IHI's calculated amount.

ARTICLE5 - EXPORT CONTROL

- (a) The export and re-export of Components to and from Japan and related technical information under this STCRS are subject to the export laws of Japan. Customer shall be responsible for applying for, obtaining and maintaining all required export licenses and approvals and complying with all applicable export reporting requirements. IHI does not guarantee the issuance of such licenses or their continuation in effect once issued. It shall be a condition precedent to IHI's obligation hereunder that all necessary and desirable export licenses and approvals shall be timely granted and continue in effect during the term of this STCRS.
- (b) Customer agrees that it will not, directly or indirectly, export or re-export any Components or technical information received from IHI to any destination if such export or re-export would violate the laws of Japan. Customer agrees to indemnify and hold IHI harmless against any liability arising from any breach of Customer's obligation under this STCRS.

ARTICLE6 – WARRANTIES

- (a) IHI warrants to Customer that all work provided by IHI will, at the time of Redelivery, be free from defects in workmanship under proper and normal use, and will otherwise conform to standards of good workmanship. IHI's liabilities and Customer's remedy under this warranty are limited to the scope of what IHI performed under the repair order and/or Work Instruction. The warranty period of the work shall be three (3) months from the date of redelivery to Customer, one (1) month from the date of the first installation to the engine or the first one thousand (1,000) hours or the first one thousand (1,000) cycles of engine operation, whichever expires earlier. Within the warranty period, Customer shall provide IHI with written notice of a claimed defect within ten (10) days after the defect becomes apparent to Customer and return the Components to IHI, otherwise the warranty claim shall not be valid. Such claim shall contain the proof that the claimed defect is covered IHI's warranty and is subject to confirmation and verification by IHI. Customer also shall transfer the complete copies of the Operation Record documents to IHI promptly upon IHI's request.
- (b) When making a warranty claim, Customer shall ship the Components to IHI's facility pursuant to the IHI's instruction to transport with the freight prepaid. In the case that a defect in workmanship is confirmed by IHI, IHI shall bear the reasonable transportation cost of the Components to and from IHI and reimburse the reasonable transportation costs Customer has already paid. Except the above case, Customer shall bear the transportation costs of the Components to and from IHI.
- (c) IHI, at its sole option, shall repair, replace or paying to Customer a sum not exceeding the manufacturer's CLP such Components at its expense.
- (d) This warranty is valid only to Customer and is not transferable to any other third party.
- (e) IHI shall not be liable for any Components which has become defective or BER as a result of the following (unless attributable to the sole and direct gross negligence of IHI): improper installation, maintenance or repair contrary to any technical manuals or other instructions issued by IHI or the aircraft or engine manufacturer or OEM, FOD, CID, fitment of non-OEM parts (includes parts manufacture authority) to the Components, any identification or serial number on the Components thereon has been altered, defaced or removed, where the Components has been subjected to any unusual physical or electrical stress, misuse, unauthorized repair, replacement, modification, contamination or alteration or where additional non-mandatory modifications or special investigations are requested by the Customer.
- (f) IHI shall in no event be liable in contract, tort or otherwise for special, indirect, incidental or consequential damages of any kind of nature. IHI does not warrant parts supplied and not manufactured by IHI for Repair Service, therefore only the warranty of manufacture of such parts shall apply to such parts.
- (g) Customer shall bear the costs of access for IHI's remedial warranty efforts (including removal and replacement of systems, structures or other parts at Customer's facility), de-installation, decontamination, re-installation and transportation of defective Components to IHI and back to Customer.
- (h) Warranty repair, replacement or re-performance by IHI shall not extend or renew the applicable warranty period.
- (i) In the event that the Customer asserts a warranty claim pursuant to this Article 6 herein and as a result of the investigation it is established that IHI is not liable for the defects claimed, the cost of investigation as well as any other cost and expenses connected with such claim shall be borne by Customer and be due and payable upon its receipt of the respective invoice.
- (j) 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).

ARTICLE 7 – LIABILITY LIMITATIONS

- (a) IHI, its officers, directors, employees, authorized agents and subcontractors (collectively hereinafter as "the indemnified parties") shall not be liable for any damage or loss of any aircraft, engine or other properties owned or operated by the Customer or any third party or injury or death or any other damage bourn by the Customer, its personnel or third parties due to or in connection with or in consequence of the performance or non-performance of Repair Services under this STCRS, unless caused by willful misconduct or gross negligence of an indemnified parties.
- (b) In cases of gross negligence, any liability of the indemnified parties shall be limited to only claims which might arise under or out of the Repair Services performed under or in connection with this STCRS and the claims shall be limited to the price paid by Customer for the Repair Services performed by IHI under the applicable contracts and/or repair orders. Customer also shall transfer the complete copies of the Operation Record documents to IHI promptly upon IHI's request.
- (c) The liability and indemnification set forth in Article7 (a) is valid only to Customer and is not transferable to any other third party.
- (d) THE FOREGOING LIABILITIES IS EXCLUSIVE AND IN LIEU OF ALL OTHER LIABILITIES, WHETHER WRITTEN, ORAL, EXPRESSED, IMPLIED OR STATUTORY.

ARTICLE 8 – INVOICES AND PAYMENT

- (a) IHI will issue an invoice for Repair Services when the Component is serviced and is ready for shipment. The invoice will reflect the total charges owed by Customer and generally be final for such Repair Services. If rendered, partial invoice will reflect actual charges for Repair Services already performed and estimated charges for residual work to be performed.
- (b) If Components are considered beyond technical and/or economical repair, Customer agrees to be charged the inspection or evaluation fee.

(c) Customer shall make the payment against IHI's invoice in full in US dollars by telegraphic transfer remittance within thirty (30) calendar days after the receipt of IHI's invoice to the bank account specified below;

Mizuho Bank Ltd.

Uchisaiwaicho Corporate Banking Division
1-5-5, Otemachi, Chiyoda-ku, Tokyo, 100-8176 Japan
Account No. 1167888

Account Name IHI Corporation

SWIFT Code MHCBJPJT

Any fees charged by a bank in connection with the transfer of funds from Customer to IHI shall be paid by Customer.

(d) If IHI does not receive payment of any amount owed by Customer by due date, IHI may charge interest on the overdue amount at the rate of one percent (1.0%) for each thirty (30) day period or portion thereof (but not more than the maximum rate of interest allowed by applicable law), from the date of the invoice until the date on which IHI receives payment in full. Customer agrees that if it fails to pay when due any amount owed to IHI, Customer will also reimburse IHI for all costs that IHI incurs to collect such unpaid amount and TAT shall be extended for the period such failure of payment lasts. If IHI determines that Customer's financial condition has materially changed, or if Customer fails to pay to IHI when due any amount owed, IHI shall have the right to specify alternative payment terms which shall supersede the payment terms herein

(e) IHI may set off any amount that Customer owes IHI against any credits, deposits or other amount that IHI owes Customer.

(f) IHI may, at its option, immediately cancel all or any portion of this STCRS if Customer fails to make any of the required payments when due, unless cured within ten (10) days of such payment due date, or if Customer becomes insolvent, enter into liquidation or receivership, or file for bankruptcy. If such cancellation should occur, Customer will not be relieved of Customer's payment obligation for Repair Service herein.

ARTICLE 9 - TAXES

IHI shall pay all sales, use, consumption or similar taxes, duties and fees levied, assessed or imposed on either party by authorities in Japan. Any taxes, duties, customs fees or like charges levied, assessed or imposed by any authorities outside Japan on either party shall be borne by Customer.

ARTICLE 10 – GOVERNING LAW

(a) The formation, validity and interpretation of this STCRS and any part hereof shall be governed by and construed and enforced in accordance with the substantive laws of Japan.

(b) In no event shall the "United Nations Convention on Contracts for the International Sales of Goods" apply to this STCRS.

ARTICLE 11 – DISPUTE RESOLUTION

(a) All disputes arising out of or in connection with this STCRS including any question regarding its existence, validity or termination, shall be settled by an amicable effort of the parties. An attempt to arrive at settlement shall be deemed to have failed as soon as one of the parties so notifies the other party in writing. If an attempt for settlement has failed, the dispute shall- to the extent permitted by statute – be exclusively and finally settled by arbitration to be conducted by the International Chamber of Commerce (ICC) in accordance with its Rules of Arbitration. Unless the parties agree to one arbitrator, there shall be three arbitrators, one selected by each party and the third selected by the two arbitrators chosen by the both parties. The place of arbitration shall be Tokyo, Japan. Language of the arbitration shall be English, and judgment on the award rendered may be entered in any court having competent jurisdiction.

ARTICLE 12 – PROPRIETARY INFORMATION

(a) Unless the parties otherwise agree in writing, all information ("Confidential Information") obtained by one party, its employees, officers, directors, agents or subcontractors who have a need to know Confidential Information (the "Receiving Party") in the course or conduct of this STCRS concerning the business affairs, practices or methods of operation of the other party (the "Disclosing Party") shall be held in confidence and shall be treated by the Receiving Party with the same degree of care to avoid disclosure of Confidential Information to any third party as Receiving Party employs with respect to its own confidential material of like importance, and Receiving Party will not disclose Confidential Information to any third party without the prior written consent of the Disclosing Party, provided however that IHI may disclose the same to its affiliates, subsidiaries, joint venture participants, engineering service provider, or consultants as needed to perform the Repair Services provided under this STCRS. Confidential Information disclosed under this STCRS (1) in tangible form shall be clearly identified at the time of disclosure as being Confidential Information by an appropriate and conspicuous marking and (2) in intangible form shall be identified as being Confidential Information at the time of disclosure, and shall be confirmed as such in writing to the Receiving Party within thirty (30) days after such disclosure, except for Confidential Information which:

- (1) is or becomes the general public knowledge or literature otherwise than as a result of breach of any confidentiality obligation to IHI;
- (2) was, as shown by written records, known to the Receiving Party prior to receipt from the Disclosing Party;
- (3) was received from third parties having the right to disclose Confidential Information; or
- (4) is independently developed by the Receiving Party without using Confidential Information provided by the Disclosing Party.

In the event that the Receiving Party is required by applicable law or regulation to disclose Confidential Information, the Receiving Party shall provide the Disclosing Party with prompt notice thereof and a reasonable opportunity to comment on such disclosure prior to such disclosure. The Receiving Party may disclose only the information that, based on the advice of counsel, is required by such law or regulation to be disclosed, without liability under this STCRS. The Receiving Party agrees to exercise reasonable efforts to ensure that confidential treatment will be accorded any Confidential Information so furnished and shall limit such disclosure to the strictly necessary.

(b) Nothing contained in this STCRS will convey to Customer the right to use the information, data and/or know-how of IHI, or convey or grant to Customer any license under any patent, repair procedure and/or know-how owned or controlled by IHI.

(c) The performance of the Works by IHI shall not constitute in any way for Customer a transfer or any right of use, of all or part of the intellectual property rights owned by IHI or licensed to IHI by any third party. IHI shall remain the exclusive owner of any intellectual property rights related to the works such as, but not limited to, job card, shop layout, repair process or industrial process.

ARTICLE 13 – FORCE MAJEURE AND EXCUSABLE DELAY

(a) A "Force Majeure Event" as referred to herein shall mean an occurrence beyond the control and without the fault or negligence of the Party affected, including, but not limited to, acts of God or the public enemy, expropriation and confiscation, war, rebellion, riots, floods that could not reasonably have been anticipated, fires, earthquakes, explosions, catastrophes and epidemics.

(b) Neither party shall be liable for any delay or failure in performing its obligations under the STCRS when and to the extent such delay or failure is caused by a Force Majeure Event, provided that the affected party:

- (1) informs the other party in writing of such Force Majeure Event as soon as possible, but in any case no later than ten (10) days from the occurrence thereof;
- (2) provides the other party with evidence of such Force Majeure Event as soon as possible, but in any case no later than twenty (20) days from the occurrence thereof;
- (3) makes reasonable efforts to perform its obligations under the STCRS;
- (4) makes reasonable efforts to mitigate the losses which may arise due to the Force Majeure Event as long as the Force Majeure Event continues; and
- (5) resumes performance of its obligations under the STCRS promptly after the Force Majeure Event ceases.

(c) If the affected party complies with the obligations of Article 13 (b) such failure or delay shall be deemed an excusable delay and the time for performance by such party shall be extended accordingly. Additionally, the obligations of the non-affected party shall be suspended, and its time for performance extended, to the same extent as those of the affected party.

ARTICLE 14 – ENTIRE AGREEMENT

The STCRS contains the entire agreement between the parties with respect to the subject matter contained therein and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

ARTICLE 15 – TOTAL LIABILITY

The total liability of IHI (including its subcontractors and suppliers) on any claim, whether in contract, tort (including negligence of any degree) or otherwise, arising out of, connected with, or resulting from this STCRS, shall not exceed the contract price allocable to the Repair Services of the part thereof which gives rise to the claim.

ARTICLE 16 – CONSEQUENTIAL LOSS

In no event, whether as a result of breach of contract, warranty, tort, product liability, or otherwise, shall IHI, or its subcontractors or suppliers, be liable for any special, consequential, incidental, indirect, punitive or exemplary damages, loss of profit or revenues, loss of use of Components and aircraft, cost of capital, cost of substitute goods, facilities, services or replacement power, downtime costs or claims of Customer's customers for such damages.

ARTICLE 17 – SOLE REMEDY

The parties' liability under this STCRS shall be their sole and exclusive liability under or in relation to this STCRS and shall replace or supersede any other warranties, guarantees or conditions which might otherwise be imposed or implied by laws, customarily or otherwise. The remedies available to the party in respect of the other party's liability under this STCRS shall be sole and exclusive remedies available to the party under or in relation to this STCRS.

ARTICLE 18 – HEADINGS

Captions, as used in these terms and conditions, are for convenience of reference only and shall not be deemed or construed as in any way limiting or extending the language of the provisions to which such captions may refer.

ARTICLE 19 – SURVIVAL

The provision of Article 7 (LIABILITY LIMITATIONS), 10 (GOVERNING LAW), 11 (DISPUTE RESOLUTION), 12 (PROPRIETARY INFORMATION), 14 (ENTIRE AGREEMENT), 17 (SOLE REMEDY) and any other rights and obligations which by their nature would continue beyond the termination or expiration of this STCRS shall survive termination or expiration of this STCRS.

ARTICLE 20 – ANTI-CORRUPTION

Each party to this STCRS represents, warrants and agrees to the other party that: (1) it is fully aware of the US Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act 2010 and other applicable bribery, fraud, kickback, or other similar anti-corruption laws or regulations in jurisdictions in which it or any of its affiliates conducts business (collectively the "Anti-Corruption Laws"); (2) it shall comply with any Anti-Corruption Laws; (3) it has and shall at all times implement adequate procedures designed to prevent it, its employees or any person who performs services for or on behalf of it in any capacity from engaging in any activity which would constitute an offence under any Anti-Corruption Laws; and (4) breach of any of the provisions under this Article or any Anti-Corruption Laws entitles the other party to terminate this STCRS immediately.

Notwithstanding any other Article in this STCRS, if a party fails to comply with any of the provisions in this Article, such party shall indemnify and hold harmless the other party from and against any and all suits, actions or administrative proceedings, claims, demands, losses, penalties, damages and costs and expenses of any nature, without prejudice to any other rights or remedies of the other party available at law.