



KEYSTONE TURBINE SERVICES LLC
STANDARD TERMS AND CONDITIONS

These terms and conditions apply to all sales, services, rentals and exchanges of an engine, module, part and/or accessory (“Unit”) Keystone Turbine Services LLC, (“KTS”).

885 Fox Chase, Suite 111 Coatesville, PA 19320; Phone 610.268.6200 • Fax 484.786.8680

1. CUSTOMER SERVICES.

A. Purchase Orders and Proposals. KTS will commence work for a Customer only after it receives a valid Purchase Order from the Customer approving and accepting KTS’s Final Proposal for the products or services it will provide. Upon acceptance of a Purchase Order KTS agrees to perform in accordance with the Purchase Order and these Terms and Conditions. Any changes desired by either party to a Purchase Order are hereby rejected and deemed null and void, unless mutually agreed to by both parties in writing. Any oral understandings are expressly excluded. KTS is not obligated to commence services on a Unit until it receives all required materials and records containing up-to-date Unit time, cycle or other required life-limiting Airworthiness information. KTS may retain all replaced or rejected parts unless other arrangements are made with the Customer.

B. Customer Furnished Material. Customer may supply parts agreed to by KTS. Such parts will require reinspection by KTS IAW the applicable Overhaul Manual criteria. Any part requiring reinspection will be noted as a separate line item on the final quote. KTS disclaims all liability for such parts and Customer will indemnify KTS from and against any and all claims, losses, costs and expenses for the performance of such parts. If Customer’s delay in providing parts delays KTS’s performance, KTS can supply the parts at Customer’s expense.

C. Delay in Services. When a shipping schedule and/or a target turn-around-time are agreed to in writing, Customer acknowledges that the delivery and performance dates are based on the assumption that there will be no delay, non-delivery, or nonperformance due to customer delays or to causes beyond the reasonable control of KTS, including, but not limited to material shortages or delays in deliveries to KTS by third parties, acts of God, terrorism, fire and compliance with governmental regulations. To the extent that such causes delay performance, the schedule shall be extended for as many days beyond the date set as is required to obtain removal of such causes, so long as KTS has used reasonable efforts to avoid or remove such causes. If the excusable delay circumstances extend for six (6) months, either party may, at its option, terminate the Purchase Order under the provision of section 5.

2. SHIPMENT AND INSPECTION.

A. Shipment. If requested, KTS will arrange shipping of a Unit from or to Customer, if the terms of shipment, rates and payment are agreed to in writing. Title and risk of loss, damage, or destruction of goods, shall pass to Customer upon delivery of the Unit at the FOB point.

B. Inspection. If upon receipt of a Unit at destination and after inspection, Customer concludes that the Unit does not conform to the requirements of the Purchase Order, Customer shall, within five (5) business days after receipt of the Unit, notify KTS in writing and afford KTS a reasonable opportunity to inspect the Unit and make any corrections it deems necessary. If the Customer gives such notice, it will remain obligated to pay the applicable invoice by the due date. Customer shall be deemed to have accepted any Unit delivered hereunder and to have waived any right to reject such Unit, if notice is not timely made.

3. PRICING AND PAYMENT.

A. Pricing. Customer shall pay to KTS the amounts set forth in a Purchase Order and any required additional charges, including, but not limited to: (i) any and all costs and expenses incurred by KTS due to any modifications made to the Purchase Order at the Customer’s request; (ii) all costs incurred by KTS due to late receipt of Customer’s Unit and/or all materials required from the Customer (such as logbooks) and that contribute to work interference and/or delays; (iii) the cost of any KTS engine container if not returned within 30 days after Customer’s receipt of a Unit;

(iv) charges due to Customer’s termination of a Purchase Order or requiring a delay in the services; and (v) any and all taxes or fees, other than a tax upon the income of KTS, required to be paid by KTS, including without limitation, any tax or other fees resulting from the sale, shipping, storage, import/export or transfer of goods furnished hereunder.

B. Payment. Terms are net 30 days from date of invoice, unless otherwise specified in the Purchase Order or the invoice. KTS may delay shipment of a Unit until the outstanding invoice is fully paid, if it determines that the Customer may not pay the invoice when due. Customer shall not have the right to set-off any amounts it owes KTS by any amounts KTS owes Customer. However, KTS shall have the right to set-off any amounts owed by Customer against any amounts owed by KTS to Customer.



C. Delinquencies. In the event payments are not made in a timely manner, KTS may, singularly or in combination:

- (i) charge interest on the delinquency at a rate of 1-1/2% per month or the maximum rate permitted by law, if lower, for each month or part thereof on any delinquent payment;
- (ii) withhold future shipments under any Purchase Order until delinquent payments are made; (iii) deliver future shipments under any Purchase Order on a prepaid basis, even after the delinquency is cured; and (iv) recover all costs of collection, including reasonable attorneys' fees. KTS shall have a lien on a Customer Unit(s) and other personal property in its possession for all amounts owed or owing to KTS under any Purchase Order. If said amounts have not been paid by Customer within seventy-five (75) days of the date on which they are due, KTS shall have the right to file for abandonment of the Unit and to sell said

property to satisfy the amounts due in addition to any other rights it may have at law or under these Terms and Conditions. Any amounts realized from any such sale in excess of the sums owed shall be credited toward future services. If a lien may not be placed on Customer's Units and other personal property, KTS shall retain possession until the delinquent payments are made. Customer shall indemnify and hold harmless KTS as to any claims, suits, and all associated costs in the event a third party claims an interest in the property sold.

4. RESTRICTIONS AND LIABILITY.

A. Limited Warranty.

(1) Rolls-Royce M250 Units: KTS warrants that for a period of one year or 1,000 hours of operation, after the date of Customer's receipt of a Unit overhauled and/or repaired by KTS, the Unit will be free of defects in workmanship based on the requirements of the manufacturer and FAA Regulations.

(2) For the warranty to be valid Customer must (a) send KTS written notice of a warranty claim within ten (10) days after the alleged defect is discovered or in the exercise of ordinary diligence should have been discovered; (b) not disassemble the Unit without prior approval from KTS; and (c) deliver the Unit to KTS within thirty (30) days after KTS received the notice. KTS will determine, in its sole discretion, whether there is a defect covered by this warranty. Units repaired by third party vendors will carry only the warranties as provided by the third party vendor. KTS will pass through to Customer any available manufacturer or third party parts warranties and will use commercially reasonable efforts to assist Customer with such warranty claims.

(3) In the event KTS determines that the warranty claim is valid, KTS shall conduct the replacement or repair at a location it chooses and reimburse the Customer for reasonable freight charges. In no event shall any warranty allowances exceed the fair market value of the Unit or the defective part. In the event KTS denies the claim, the Customer can accept the Unit as is or place a Purchase Order for KTS to replace or repair it. If the Customer chooses not to proceed with replacement or repair, the Customer is responsible for any cost incurred by KTS due to the warranty claim as well as all packaging and freight charges.

(4) This warranty is valid only if, following redelivery, the Unit (a) is transported, stored, installed, operated, handled, maintained and repaired in accordance with Airworthiness Directives and the then-current recommendations of the Unit manufacturer as stated in its manuals, service bulletins or written instructions;

(b) was not altered, modified or repaired by anyone other than KTS; and (c) was not subjected to accident, misuse, abuse, operator error or neglect. It may not be assigned to any other party without KTS's written agreement.

(5) **It is expressly agreed and understood that there are no other warranties, whether expressed, implied or statutory, including warranties of merchantability**

or fitness for a particular purpose, affirmations of fact, guarantees, representations, commitments or promises by KTS with reference to the workmanship performed and materials used. In no event shall KTS be liable, whether in contract, tort, or otherwise for special, consequential, incidental or indirect damages arising out of the workmanship performed or material supplied by KTS in the overhaul or repair, including but not limited to loss of either revenues or profits, loss of use of the Unit, damage to other property or cost of substitute equipment. No agreement or understanding varying or extending the terms of this warranty shall be binding unless approved by KTS in writing.

B. Import and Export Provisions. Customer shall be the importer/exporter of record and shall be responsible for obtaining and complying with any and all importer and exporter licenses or other authorizations and import taxes or fees which may be required by the countries of origin and destination for importing the Unit and other materials required by the Purchase Order and paying all costs and expenses incurred. Customer will provide all available information that is necessary or useful for KTS to receive and return the Units. The Customer also agrees to not re-transfer, re-export or divert any Units, if such re-transfer, re-export or diversion would be a violation of any U.S. export or sanctions laws. Any technical data or defense service exported from the United States in furtherance of this Purchase Order, and any defense article which may be produced or manufactured from such technical data or defense service, may not be transferred to a person in a third country or to a national of a third country except as specifically authorized in the Purchase Order unless the prior written approval of the U.S. Department of State has been obtained. This obligation will remain binding on the Customer after the termination of this Purchase Order. Customer represents and warrants to KTS that it will comply with all laws of the countries and territories where Customer operates which are applicable to the performance under this Agreement, including without limitation, the U.S. Foreign Corrupt Practices Act ("FCPA").



5. TERMINATION. KTS may terminate any Purchase Order of a Customer immediately, other than foreign governments, if (i) a receiver or trustee is appointed to manage any of the Customer's property; (ii) the Customer is adjudicated bankrupt, or application for reorganization under the Bankruptcy Act is filed by or against Customer which shall not be dismissed within thirty (30) days; (iii) the Customer becomes insolvent or makes an assignment for the benefit of creditors; (iv) the Customer takes, or attempts to take, the benefit of any insolvency acts; or (v) an execution be issued pursuant to a judgment rendered against the Customer that will interfere with its ability to pay all outstanding invoices. If either party terminates the Purchase Order, the Customer, its representative or trustee shall pay for work performed before termination and cancellation charges based upon status of work in process, parts purchased, facilities allocated, collection charges, storage and a reasonable allowance for profit.

6. STANDARD CONTRACT TERMS AND CONDITIONS.

A. Waiver. Any failure by either party to exercise any right granted by the terms and conditions of a Purchase Order or these Terms and Conditions shall not be construed as a waiver of such right or any other rights under such Purchase Order, and shall in no way affect the subsequent exercise of such right or of any other rights thereunder.

B. Confidentiality. Any disclosure made by one party to the other or by both parties to each other that constitutes a trade secret, information held by such party under a confidentiality agreement with a third party or information in which the disclosing Party holds proprietary rights shall be treated as confidential information. The Parties agree to use such confidential information with reasonable care, but in no event less than the same degree of care that is used to prevent the unauthorized use, disclosure or publication of such confidential information, unless it: (a) is publicly known or subsequently becomes publicly known through no breach of these Terms and Conditions or the Purchase Order; (b) is known to the recipient at the time of disclosure or is independently developed by the recipient; (c) is received from a third party who had a lawful right to disclose such Confidential Information; or (d) is disclosed by the recipient to satisfy a legal demand by a governmental entity.

C. Customer Indemnity. Customer will indemnify KTS from third party losses for damage to or destruction of any property (including the Unit) or any injury to or death of any person caused by Customer's use, operation, repair, maintenance, or disposition of the Unit; provided, however, Customer shall not be required to indemnify KTS for any losses caused solely by KTS's gross negligence or willful misconduct in its performance of services under a Purchase Order. Customer shall indemnify KTS from and against all losses resulting in injuries or damages suffered by employees of Customer while on KTS premises.

D. Limitation of Liability. The total liability of KTS shall not exceed the dollar value of the amounts paid by Customer for the services and parts provided. Neither Party shall be liable for indirect, special, incidental, punitive or consequential damages including, without limitation, loss of use, revenue or diminution of value whether as a result of breach of contract, warranty and any other claims at law or in equity including claims for fraud or tort. This limitation of liability does not apply to instances of gross negligence or willful misconduct by KTS.

E. Assignment. These Terms and Conditions may not be assigned by one party without the prior written consent of the other party, except that Customer's consent will not be required for an assignment by KTS to one of its affiliates.

F. Waiver of Immunity If Customer is incorporated or based outside the United States, to the extent that Customer or any of Customer's property becomes entitled to sovereign or other immunity from any legal action, Customer waives its immunity in connection with the Purchase Order.

G. Notices. All Customer notices or communications to KTS shall be in the English language and addressed to 885 Fox Chase, Suite 111 Coatesville, PA 19320.

H. Dispute Procedures and Jurisdiction. The laws of Pennsylvania shall govern the Purchase Order and these Terms and Conditions. If the Parties are unable to amicably resolve any dispute within thirty (30) days of a written notice by a party of the issues in dispute, the dispute will be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in a mutually agreed location in Pennsylvania. Any decision rendered by the arbitrator shall be final, conclusive and binding upon the Parties and may be enforced by any court in Pennsylvania.

I. Headings. The various headings herein are inserted for convenience only and will not affect the meaning or interpretation of these Terms and Conditions.

J. Restriction on Solicitation. Neither KTS nor the Customer will directly solicit the employment of any employee of either party who is in any way involved in the performance of an Purchase Order in process, plus a period of twelve (12) months thereafter; provided, the foregoing does not prohibit general solicitations of employment by publication not targeted at a specific individual or hiring a party's employee who first approached the other party.

K. Entire Agreement. The Purchase Order and any agreed upon changes and these Terms and Conditions constitute the entire agreement and understanding of the parties with regard to the rights and obligations of either party and merges and supersedes all prior communications, both oral and written, discussions, negotiations, understandings and agreements between the parties. No amendment to or waiver of these Terms and Conditions will be effective unless agreed to in writing.