
BP Aero Engine Services LLC.
STANDARD TERMS AND CONDITIONS

1 APPLICATION

- 1.1 These terms and conditions of trading (the "Terms and Conditions") shall constitute the terms and conditions applicable to all purchase orders of any customer ("Buyer") accepted by BP Aero Engine Services LLC. ("BPAES").
- 1.2 Any legal relationship between Buyer and BPAES shall be governed by these Terms and Conditions. Unless otherwise specifically stated in a purchase order issued by the Buyer and accepted by BPAES, if a conflict exists between a purchase order and these Terms and Conditions, then these Terms and Conditions shall control to the extent of the conflict.
- 1.3 Unless otherwise specifically stated in a purchase order issued by the Buyer and accepted by BPAES, these Terms and Conditions are in lieu of all other terms and conditions appearing on a purchase order issued by the Buyer and accepted by BPAES or an acknowledgement of a quotation submitted by BPAES to the Buyer except that the description of the services to be provided, quantities, dates and delivery instruction shall be as set forth on such purchase orders and acknowledgement of quotations.

2 PURCHASE ORDERS

- 2.1 BPAES will only provide goods and services where the Buyer issues a properly completed purchase order for such goods and services to BPAES.
- 2.2 Buyer hereby acknowledges and accepts that BPAES may report to its licensors certain basic technical information on work scopes by engine serial number reflecting services performed under each purchase order.

3 SHIPMENT / EXPORT CONTROLS

- 3.1 Unless otherwise agreed between the parties, Buyer shall ship items to BPAES "CIP" (Incoterms 2010) BPAES's facility at 5260 Valley View Lane Irving, Texas 75038 (the "BPAES Facility"). The items shall be delivered to BPAES in safe condition such that all liquids, including lubrication oil and liquid fuel (if applicable), will be drained and all open ports be covered before shipment.
- 3.2 Unless otherwise agreed between the parties, BPAES will redeliver the serviced Items "EXW" (Incoterms 2010) the BPAES Facility.
- 3.3 Buyer agrees that it will not, directly or indirectly, export or re-export any goods or technical information received from BPAES to any destination if such export or re-export would violate the laws of the United States of America.

4 BUYER'S RESPONSIBILITIES IN CASE OF PERFORMANCE OF SERVICES AT BUYER'S PREMISES

- 4.1 Unless otherwise agreed between the parties, Buyer shall furnish all necessary materials, equipment or and tools and – as the case may be – labor necessary to accomplish the work at Buyer's premises, the scope of which shall be determined by the Buyer and BPAES prior to the commencement of services.
- 4.2 Buyer and BPAES will at all times co-operate to ensure that all activities on site may be carried out efficiently and without delay. Buyer shall grant BPAES access at all reasonable times to the worksite and shall cause its personnel to follow the reasonable requests of BPAES. Communication between Buyer and BPAES personnel, including oral and written communication on site, shall be in the English language.
- 4.3 Buyer shall comply with international industry safety standards and take all necessary precautions for the safety of BPAES's and its subcontractor's personnel at Buyer's site. This includes Buyer's obligation to instruct each of BPAES's and its subcontractor's personnel about all relevant safety precautions and measures and explain the worksite's emergency and hazardous substances plans prior to commencement of Services at Buyer's site. If in BPAES's reasonable opinion the safe execution of Services at Buyer's premises appears to be imperiled by local conditions BPAES may suspend the execution of Services which shall be considered an excusable delay in the meaning of Clause 8.

5 CHANGES

Any modification of a Buyer's purchase order shall not be binding unless agreed to in writing between Buyer and BPAES.

6 TAXES AND DUTIES

Buyer is responsible for all taxes, duties and other charges arising from the provision of services (including the sale of parts to Buyer), and will reimburse BPAES for any such charges MTU may be required to pay.

7 PAYMENT

- 7.1 Services provided by BPAES will be charged in accordance with a written quotation of BPAES or BPAES's latest published price list unless different rates and charges are agreed in writing between Buyer and BPAES.
- 7.2 If Buyer is in default of any payment obligations, BPAES, without prejudice to any of its other rights or remedies under the applicable law, reserves the right to charge interest without reminder at ten percent (10%) *per annum* (prorated on a month by month basis) from the due date of payment until payment is received as well as reimbursement of all reasonable expenses incurred by BPAES in connection with the recovery of any payment due.
- 7.3 In the event Buyer has a good faith dispute on any portion of an invoice, Buyer shall pay the remaining portion of the relevant invoice not being withheld; and submit the reasons for the withheld amounts in writing to Supplier. The Parties agree to make good faith efforts to resolve any disputed amounts. Disputes on invoices will only be accepted by BPAES if raised by the Buyer to BPAES in writing within thirty (30) days of the invoice date.
- 7.4 To secure the payment of all fees due and to become due under these Terms and Conditions and each agreement, purchase order or similar document governed by these Terms and Conditions, and the faithful performance of all of the other covenants of Buyer under these Terms and Conditions and each agreement, purchase order or similar document governed by these Terms and Conditions, Buyer hereby gives to BPAES an express contractual lien on and security interest in all property, chattels or merchandise which may be placed in BPAES's facilities and also upon all proceeds of any insurance which may accrue to Buyer by reason of damage to or destruction of any such property. All exemption laws are hereby waived by Buyer. This lien and security interest are given in addition to any statutory liens that run to the benefit of BPAES and shall be cumulative thereto. The lien and security interests granted pursuant to this sub-clause 7.4 may be foreclosed following thirty (30) days' notice to Buyer by BPAES with or without court proceedings by public or private sale, with or without notice, and BPAES shall have the right to become purchaser, upon being the highest bidder at such sale. Upon request of BPAES, Buyer agrees to execute Uniform Commercial Code financing statements relating to the aforesaid security interest.

8 DELAY AND FAILURE TO PERFORM

Force Majeure, which includes but is not limited to, acts of governments, acts of nature, fire, explosion, typhoon, flood, earthquake, tide, lightning, war, court orders, civil unrest, sabotage, adverse weather conditions, labor disputes, shortage of materials or external services, means any event that is beyond BPAES's reasonable control and cannot be prevented with reasonable care. In the event that BPAES is delayed in or prevented from performing its obligations under a purchase order by Force Majeure, BPAES will not be responsible for any damage by reason of such a failure or delay of performance. BPAES will give timely notice to Buyer of any such event and will endeavour to avoid or remove the cause and resume performance with minimum delay. Buyer agrees that any agreed time for performance of Services will be extended accordingly.

9 LIABILITY AND INDEMNIFICATION

- 9.1 BPAES, its shareholders, officers, directors, personnel, agents and subcontractor (the "BPAES Indemnitees") shall only be liable to Buyer for damages which were caused by intentional misconduct or gross negligence of the BPAES Indemnitees or by a negligent breach of BPAES's major contractual obligations.
- 9.2 Except liability of BPAES resulting from BPAES's intentional misconduct or gross negligence, in no event shall BPAES's liability to Buyer under these Terms and Conditions or any agreement, purchase order or similar document governed by these Terms and Conditions exceed US\$ five million (US\$5,000,000) in any operating year. All other claims not explicitly granted herein except as required by mandatory law shall be excluded.
- 9.3 The BPAES Indemnitees will not be liable to Buyer or any other person for loss of profits, special, incidental, exemplary, punitive, multiple, consequential or indirect damages, including, without limitation, damages for loss of goodwill or loss of revenue, whether such damages are alleged in tort, contract, or otherwise, even if a BPAES Indemnitee has been advised of the possibility of such damages.
- 9.4 Except as set out in sub-clause 9.1, Buyer shall defend, indemnify, and hold each BPAES Indemnitee harmless from any and all claims (including but not limited to claims by third parties, and including both contractual and extra-contractual claims) arising in any way in connection with these Terms and Conditions, any agreement, purchase order or similar document governed by these Terms and Conditions, or related to any services provided by BPAES pursuant to these Terms and Conditions or any agreement, purchase order or similar document governed by these Terms and Conditions.

- 9.5 Buyer shall use its best efforts to mitigate any damages and/or losses for which any BPAES Indemnitee is liable.
- 9.6 Buyer shall take out appropriate aviation liability insurance coverage and provide evidence of such insurance coverage upon BPAES's request.

10 RETENTION OF TITLE / TITLE TO UNSERVICEABLE PARTS

- 10.1 In spite of being delivered and/or installed by BPAES, title to any parts supplied shall not pass to Buyer until (i) the Buyer has paid all related BPAES invoice amounts in full, and (ii) no other sums whatever shall be due from the Buyer to BPAES out of or in connection with the business relationship between BPAES and Buyer. Until such time as title to the parts passes from BPAES to Buyer, the Buyer shall not pledge or in any way charge by way of security for any indebtedness any of the parts which are the property of BPAES. Buyer shall insure and keep insured the parts at new price value against 'all risks' to the reasonable satisfaction of BPAES until the date that title in the parts passes from BPAES, and Buyer shall whenever requested by BPAES produce a copy of the policy of insurance.
- 10.2 Title to any parts removed from Buyer's aircraft in the course of providing services which are determined by BPAES as scrap or rejected will pass to BPAES and BPAES may use or dispose of such parts as BPAES sees fit.

11 WARRANTY

- 11.1 BPAES warrants that the services shall be free from defects in workmanship and shall comply with any specifications set forth in the purchase order. BPAES shall perform the Services hereunder in accordance with (a) the Original Manufacturer's (OEM) approved and current technical data and any applicable regulations of the aviation safety authorities with relevant jurisdiction (e.g. the FAA), and (b) any additional requirements set forth in the applicable purchase order.
- 11.2 The following warranty periods shall apply: (a) For airframe related services, the lesser of (i) one (1) year following the date of redelivery to Buyer or (ii) three thousand (3000) hours of operation of the aircraft; (b) For aircraft engine related services, the lesser of (i) one (1) year following the date of redelivery to Buyer or (ii) three thousand (3000) hours of operation of the aircraft engine.
- 11.3 Buyer shall advise BPAES in writing within thirty (30) days after discovery of any breach of warranty with respect to services. Upon confirmation of defect, and at BPAES's discretion, BPAES shall either re-perform the Services, at no additional charge to Buyer, or pay for the reasonable cost of labor and material to rectify any defective work performed by BPAES (including the replacement of parts which have been rendered un-serviceable as a result of defective workmanship by BPAES) and shall pay for transportation costs and any sales taxes, duties, imposts or excise thereon.
- 11.4 Except as set out in sub-clause 11.1, BPAES makes no warranties, express or implied, with respect to new or used parts supplied by BPAES to Buyer. BPAES shall, promptly following Buyer's request, assign to Buyer any warranty obtained by BPAES from BPAES's suppliers relating to new or used parts or equipment supplied by BPAES to Buyer to the extent such warranties from BPAES's suppliers are assignable to Buyer at no cost to BPAES.
- 11.5 If the Buyer asserts a warranty claim and as a result of any related investigation it is established that BPAES is not liable for the defects claimed, the costs of investigation as well as any other costs and expenses incurred by any BPAES Indemnitees in connection with such claim shall be borne by the Buyer and due and payable upon receipt of the respective BPAES invoice.
- 11.6 **EXCEPT FOR THE WARRANTIES EXPRESSLY SET OUT IN SUB-CLAUSE 11.1, BPAES EXCLUDES ALL OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES PROVIDED BY BPAES, AND THE GOODS, PARTS AND EQUIPMENT SOLD BY BPAES, INCLUDING, WITHOUT LIMITATION, WARRANTIES FOR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, WHETHER AT COMMON LAW OR IN CONTRACT OR TORT OR BY STATUTE, OR OTHERWISE, INCLUDING WITHOUT LIMITATION, STRICT LIABILITY AND NEGLIGENCE OF BPAES OR ITS SUBCONTRACTORS OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, PERSONNEL, OR REPRESENTATIVES. THE REMEDIES OF BUYER FOR A BREACH OF WARRANTY BY BPAES SHALL BE LIMITED TO THOSE PROVIDED IN SUB-CLAUSE 11.3 TO THE EXCLUSION OF ANY AND ALL OTHER REMEDIES, INCLUDING WITHOUT LIMITATION, CLAIMS FOR INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES. NO AGREEMENT VARYING OR EXTENDING THE FOREGOING WARRANTY, REMEDIES OR THIS LIMITATION WILL BE BINDING UPON BPAES UNLESS AGREED IN A WRITTEN DOCUMENT SIGNED BY TWO DULY AUTHORISED OFFICERS OF BPAES.**

12 TERMINATION OF PURCHASE ORDER

BPAES may terminate a Buyer's purchase order at any time with immediate effect by written notice to Buyer if (i) Buyer commences winding-up, becomes insolvent, commits any act of bankruptcy or if a receiver, trustee or custodian is appointed of Buyer or a substantial part of Buyer's property, or (ii) Buyer is in default of its obligations under a purchase order and such default remains uncured for a period of fourteen (14) calendar days after issuance of a default notification by BPAES. On termination BPAES will have no further obligation to Buyer under the purchase order and Buyer will reimburse BPAES's termination costs, including a reasonable allowance for profit.

13 SUBCONTRACTING

BPAES may subcontract the whole or parts of the Services.

14 ASSIGNMENT

Buyer may not assign its rights and/or obligations under the order without the prior written consent of BPAES.

15 LANGUAGE AND GOVERNING LAW

These Terms and Conditions and the agreements, purchase orders and similar documents governed by these Terms and Conditions may govern services, products, materials, supplies, and equipment supplied by BPAES to Buyer in several different jurisdictions. With respect to the selection of the governing law in this section, BPAES and Buyer stipulate that certainty of enforcement is an important expectation negotiated between BPAES and Buyer in entering into these Terms and Conditions and the agreements, purchase orders and similar documents governed by these Terms and Conditions. These Terms and Conditions and the agreements, purchase orders and similar documents governed by these Terms and Conditions shall be governed by and construed in accordance with the laws of the State of Texas (excluding principles of conflicts of laws that would require application of the substantive laws of another jurisdiction). Venue for the institution of any legal proceeding arising under these Terms and Conditions and the agreements, purchase orders and similar documents governed by these Terms and Conditions shall be in Dallas County, Texas or, solely if elected by BPAES, in any other place in which the Buyer was formed or incorporated, or in which the Buyer conducts business.

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