



Parts Supply
OEM Solutions

AAR SUPPLY CHAIN INC - Commercial Terms and Conditions

1. **ACCEPTANCE OF TERMS AND CONDITIONS** - If Buyer has issued a prior purchase order in connection with this transaction, the following provisions are not intended and shall not be construed as additional terms and conditions with respect thereto within the meaning of the Uniform Commercial Code. AAR SUPPLY CHAIN, INC (hereafter, "AAR") has shipped goods to Buyer hereunder subject to Buyer's acceptance of, and agreement that the following provisions exclusively govern this transaction. By accepting goods shipped hereunder, Buyer agrees to be bound by the following terms and conditions. If Buyer, is unwilling to agree to these terms and conditions, then Buyer's purchase order is hereby rejected and no agreement has been reached with respect to this transaction, and Buyer is hereby instructed to refuse the shipment and return the goods freight collect.

2. **WARRANTY** - AAR warrants that all Work furnished pursuant to any Contract resulting from this quotation shall strictly conform to applicable specifications, drawings, samples, and descriptions, and other requirements of this Contract and be free from defects in material and workmanship. The warranty shall begin upon customer acceptance of product at the contract FOB point and extend for a period of (i) the manufacturer's warranty period or one (1) year, whichever is longer, if AAR is not the manufacturer and has not modified the Work or, (ii) one (1) year or the manufacturer's warranty period, whichever is longer if AAR is the manufacturer of the Work or has modified it. If any non-conformity with Work appears within that time, AAR at its option, shall promptly repair, replace, or re-perform the Work. Transportation of replacement Work and return of non-conforming Work and repeat performance of Work shall be at Buyer's expense. All warranties shall run to Buyer and its customers. AAR MAKES NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR LIFE AFTER SALE TO BUYER AND/OR TO SUBSEQUENT BUYERS OR USERS OF THE GOODS, BEYOND THE EXPRESSED TERMS OF THIS AGREEMENT. THERE ARE NO WARRANTIES EXPRESSED OR IMPLIED, ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE OF TRADE, WHICH EXTEND BEYOND THE FACE OF THIS AGREEMENT. AAR neither assumes nor authorizes any person to assume for it any other liability in connection with the sale of its goods.

Correction of Defects. If, during the applicable warranty period, a defect in material or workmanship causes damage to a warranted part or renders it unserviceable, AAR will either replace or repair, at AAR's expense and option, any such damaged or unserviceable part to the condition it was in at the time the damage occurred. The cost of any replacement or repaired part which has a life limit established by the manufacturer or government authority will be shared pro rata by AAR and Customer based upon the unused life of the damaged part at the time it was damaged.

Determination of Coverage. AAR will determine whether any defect in material or workmanship occurred within the coverage of this warranty based on accepted industry maintenance procedures and standards and original equipment manufacturer's warranty policies, as applicable.

Condition. AAR's warranty obligations hereunder are subject to the following conditions:

1. The warranted part has been used under normal operating conditions as established by the original equipment manufacturer and has not been subject to misuse, mishandling, negligence, accident or ingestion of foreign material; and
2. The warranted part has not been altered, repaired or serviced since purchase by anyone other than AAR or its authorized agent; and
3. The warranted part has been maintained in accordance with an FAA-approved Airworthiness Maintenance Program and Maintenance Manual (or equivalent government approved documentation for those buyers operating under foreign registry) and with any written instructions provided by AAR and/or the original equipment manufacturer; and
4. Customer, within the applicable warranty period or within 10 days of discovery of a malfunction, whichever is earlier notifies AAR in writing of its claim and the basis for such claim.
5. The defective part is shipped within 10 days of the applicable warranty period to AAR's Wood Dale, Illinois facility, or to such other location as AAR may designate in writing to Customer within 5 days of receiving notice of the warranty claim; and
6. All transportation costs and risk of loss of warranted part shipped for correction of defects to and from the facility designated by AAR are borne by Customer; and
7. All documentation originally furnished Customer with the part accompanies the return of the part for warranty consideration.

Disclaimer. THE WARRANTIES SET FORTH IN THIS LIMITED WARRANTY PROVISION AND THE OBLIGATIONS AND LIABILITIES OF AAR THEREUNDER, ARE EXPRESSLY IN LIEU OF, AND CUSTOMER HEREBY WAIVES AND RELEASES AAR FROM, ANY AND ALL OTHER WARRANTIES, AGREEMENTS, GUARANTEES, CONDITIONS, DUTIES, OBLIGATIONS, REMEDIES OR LIABILITIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR INTENDED USE, WITH RESPECT TO AAR'S PERFORMANCE HEREUNDER AND CUSTOMER AGREES THAT AAR WILL NOT BE LIABLE FOR ANY DAMAGE OR LOSS (INCLUDING, BUT NOT LIMITED TO, CONSEQUENTIAL DAMAGES) SUFFERED BY CUSTOMER, DIRECTLY OR INDIRECTLY BECAUSE OF ANY DEFECT IN MATERIAL OR WORKMANSHIP WARRANTED HEREUNDER. NO AGREEMENT OR UNDERSTANDING VARYING, ALTERING OR EXTENDING AAR'S LIABILITY HEREUNDER WILL BE BINDING ON AAR UNLESS IN WRITING SIGNED BY A DULY AUTHORIZED OFFICER OR REPRESENTATIVE OF AAR.

Warranty Repairs. Warranty repairs hereunder may be performed by Customer upon Customer's request and consent thereto by AAR in writing prior to commencement of any such repairs. AAR will reimburse Customer for the actual reasonable costs for any such repairs consented to by AAR in writing.

Non-Covered Items. If AAR determines that the Part is not covered by the warranty, Customer will pay AAR for the work performed and materials furnished in connection with the teardown, investigation, reassembly, and any authorized repair or maintenance services performed, in accordance with AAR's then current charges.

Limitation of Liability. IN NO EVENT WILL AAR'S LIABILITY UNDER THIS WARRANTY EXCEED THE PURCHASE PRICE ACTUALLY PAID FOR THE PART.

3. **PRICE** - Unless otherwise specified, price includes packaging and crating charges, and transportation to the specified FOB point. Buyer will pay any additional transportation charges. Prices do not include federal, state or local sales, use, excise or similar taxes or assessments or import duties applicable to the sale, production, transportation or use of goods sold. Any such tax or duties shall be separately itemized on AAR's invoice and paid by Buyer or, in lieu thereof, the Buyer shall furnish AAR a valid Tax Exemption Certificate. In the event AAR is required to pay any such tax or assessments, the Buyer shall reimburse AAR upon demand. AAR shall be under no obligation to contest the validity of any such tax or assessment or to prosecute any claims for refunds or returns.

4. **SHIPMENTS AND PACKAGING** - Unless agreed in writing, all shipments shall be FOB AAR's plant or plants, and title and risk of loss or damage pass to Buyer upon delivery to carrier at such point. Unless agreed in writing, packaging will be accomplished in accordance with AAR's standard commercial practice for domestic shipments. AAR may ship goods to be delivered under this agreement to the Buyer's place of business by such means as AAR shall select if adequate shipping instructions are not received from Buyer within thirty (30) days before the shipment date.

5. **PAYMENTS** - Terms of payment are net thirty (30) days from receipt of invoice, unless otherwise agreed in writing. The balance of the account remaining unpaid after thirty days from invoice shall be subject to late charges at the rate of one and one-half percent (1 1/2%) per month or portion thereof of delinquency.

6. **ACCEPTANCE** - The Buyer shall inspect all goods immediately upon receipt and shall within ten (10) days give written notice to AAR of any claim that said goods do not conform with the terms of this agreement.

7. **EXCUSABLE DELAYS** - AAR shall not be held in default for failure to deliver or for delay in delivery arising out of causes beyond its control and without its fault or negligence, including, but not limited to: acts of God or of the public enemy; acts of the Government in either its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes; labor disputes; freight embargoes; and unusually severe weather. If the delay or failure to deliver is caused by such delay or failure of a subcontractor of AAR and if such delay or failure arises out of causes beyond the control of both AAR and its subcontractor (s) and without the fault or negligence of either of them, AAR shall not be liable to Buyer for any such delay unless the materials or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit AAR to meet the required delivery schedule. Any of the above excusable delays shall not terminate this agreement, and AAR shall deliver the goods as promptly as practical thereafter.

8. **USE OF PRODUCT** - AAR grants no license or right, expressly or by implication, estoppel, or otherwise, beyond the right of Buyer to use the specified goods in the form delivered. Further, products are offered for sale and are sold hereunder subject in every case to the condition that such sale does not convey and license, expressly or by implication, estoppel, or otherwise, under any patent claim with respect to which AAR could grant a license covering any



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other product or any completed equipment, or any assembly combination, method or process in which, or any the manufacturing or testing of which, any such AAR products are used (notwithstanding that such AAR products may have been designed only for use in, or may only be useful in, such other patented products or such patented equipment, assembly, combination, method of process, or in the manufacturing or testing thereof, and that AAR products may have been purchased and sold for such use) AAR expressly reserves all its rights under such patent claims.

9. **PROPRIETARY RIGHTS** - Any prints, drawings or specifications of AAR attached hereto or heretofore or hereafter furnished by AAR to Buyer in connection with this purchase order are the property of AAR and represent a proprietary article with respect to which AAR retains all United States or foreign letters, patents, trademarks or copyrights, including exclusive rights of use, manufacture and sale. Possession by Buyer of such prints, drawing or specifications does not convey any permission to manufacture, use or sell any goods shown thereon.

10. **TERMINATION** - If Buyer fails to comply with any of the provisions hereof, or in the event the Buyer becomes the subject of a proceeding under state or federal law for relief of debtors, or if Buyer makes an assignment for the benefit of creditors, AAR shall have the right to hold Buyer in default and, in addition to any other rights it may have, may cancel this agreement in whole or in part.

11. **INDEMNIFICATION** - Buyer hereby releases and agrees to defend, indemnify and hold AAR, its directors, officers, employees and agents harmless from and against any and all liabilities, claims, demands, suits, damages and losses (including, without limitation, all attorney's fees, costs and expenses in connection therewith or incident thereto) for deaths of or injuries to any persons whomsoever (including without limitation Buyer's employees) and for loss of, damage to, destruction of, or delay in the delivery of any property whatsoever in any manner arising out of or in any way connected with the goods provided by AAR hereunder regardless of the negligence, active or passive, of AAR, its directors, officers, employees or agents. Buyer will, at the request of AAR, negotiate any claim or defend any action or suit brought against AAR or in which AAR is joined as a party defendant based upon any matters for which Buyer has released and indemnified AAR hereunder.

12. **DAMAGES** - IN NO EVENT WILL AAR BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST REVENUE, LOST PROFIT OR LOSS OF PROSPECTIVE ECONOMIC ADVANTAGE, RESULTING, DIRECTLY OR INDIRECTLY, FROM THIS TRANSACTION, OR THE GOODS, OR THE USE OF OWNERSHIP OF THE GOODS SHIPPED HEREUNDER. IN NO EVENT WILL AAR'S LIABILITY HEREUNDER, INCLUDING ANY WARRANTY LIABILITY, EXCEED THE PURCHASE PRICE ACTUALLY PAID FOR THE GOODS.

13. **EFFECT OF INVALIDITY** - The invalidity in whole or in part of any provision hereto shall not affect the validity of any other provision.

14. **CREDIT** - AAR reserves the right at any time to alter or suspend credit, or to change credit terms provided herein, when in its sole opinion the financial condition of the Buyer so warrants. In such case, in addition to any other remedies provided herein or by law, AAR may require cash payment or satisfactory security from the Buyer before shipment. Failure to pay invoices when due makes all subsequent invoices immediately due and payable, irrespective of terms, and AAR, in addition to these rights and remedies, but not in limitation thereof, may, at its option, defer further shipments until Buyer re-establishes satisfactory credit, cancel the unshipped portion of the order without any liability for failure to ship, or make shipments to Buyer on a C.O.D. basis. Acceptance by AAR of less than full payment shall not be a waiver of any of its rights. No cash discount will be allowed on payments made by trade acceptances, notes, securities, postdated checks, etc. and such method of payment must first be approved in writing by AAR.

15. **REMEDIES** - The rights and remedies provided hereunder are cumulative and in addition to any right or remedies provided by law. No failure by AAR to insist upon strict performance of these terms and conditions shall be a waiver of any right or remedy of AAR. This agreement shall be governed and construed in accordance with the laws of Illinois. Buyer and AAR hereby expressly reject the 1980 United Nations Convention of Contracts for the International Sale of Goods.

16. **ASSIGNMENT** - Buyer may not assign this agreement, or any portions hereof without the express prior written consent of AAR. Subject always to the foregoing, this agreement insures to the benefit of, and is binding upon, the heirs, legatees, personal representatives, successors and assigns of the parties hereto.

17. **COMPLIANCE WITH STATUTES AND REGULATIONS** - In the performance of this contract AAR will comply with all applicable statutes, rules, regulations and orders of the United States and of any states or political subdivision thereof, including laws and regulations pertaining to labor, wages, hours and other conditions of employment, applicable price ceilings. The articles delivered hereunder shall be produced in accordance with the Fair Labor Standards Act and the provisions of Executive Orders and the rules and regulations of the President's Committee on Equal Employment Opportunity. AAR will not discriminate against any employee or applicant for employment for reason of race, creed, color, or national origin.

18. **GOVERNMENT CONTRACTS** - No contract or provisions thereof made by the Buyer with any other party, for any purpose whatever shall be binding upon AAR or affect AAR's contract with Buyer unless said contract shall be first submitted to AAR and such contract or any specific provisions thereof deemed applicable be first accepted and agreed to by AAR in writing. AAR's books and plants are not and will not at anytime be available for inspection by anyone other than a properly authorized official of a United States Government Department or Agency.

19. **MINIMUM ORDER** - Minimum order amount is \$600.00. Orders for less than this minimum amount will not be accepted.

20. **EXPEDITE FEE** - AAR shall use its good faith efforts to deliver the products hereunder with the delivery date(s) agreed to in writing between the parties, or if no delivery date is agreed upon then AAR shall use its good faith effort to deliver the products within AAR's published delivery times in effect from time to time. If Buyer requests that AAR expedite an agreed upon delivery date, or a published delivery date, AAR reserves the right to assess an expedite fee. Such expedite fee to be reasonably determined by AAR. The assessment and collection of an expedite fee shall in no way limit AAR's remedies available under these terms and conditions of this agreement or at law or equity.

21. **CANCELLATION FEE** - AAR reserves the right to assess a cancellation fee for orders cancelled at the request of the Buyer. The amount of the cancellation fee shall be determined by AAR in its sole discretion, provided however such fee shall not be less than \$500.00. The assessment and collection of a cancellation fee shall in no way limit AAR's remedies available under the terms and conditions of this agreement, or at law or equity.

22. **GOVERNING LAW** - This Agreement and any correspondence, dealings and services conducted, provided and or rendered and all actions contemplated hereby are subject to and governed by and will be interpreted, construed and enforced in accordance with the laws of the State of Illinois, without regard to any applicable conflict of law provisions.

23. **ORDER OF PRECEDENCE** - Any inconsistencies in a Contract resulting from this quote be resolved in accordance with the following descending order of precedence: (1) Face of the Purchase Order, Release document or Schedule, (which shall include continuation sheets), as applicable, including any Special terms and conditions; (2) Any master-type agreement (such as corporate, sector or blanket agreements); (3) these General Provisions; and (4) Statement of Work.