

## TYPE SA

### TERMS AND CONDITIONS of Showa Quotation to be incorporated into Contract

Your placing an order on the basis of the quotation described in the quotation on the face hereof shall be deemed your consent to these Conditions (as defined below), and we agree to supply the Products strictly in accordance with these Conditions.

#### 1. INTERPRETATION

In these Conditions:

- (1) "Purchaser" means the purchaser so identified on the face hereof.
- (2) "Products" means products identified on the face hereof.
- (3) "Seller" means SHOWA AIRCRAFT INDUSTRY CO., LTD.
- (4) "Conditions" means the standard terms and conditions of sale and purchase set out in this document (unless the context otherwise requires) and includes any special terms and conditions agreed in writing between the Seller and the Purchaser.
- (5) "Contract" means the contract for the sale and purchase of the Products between the Seller and the Purchaser as identified on the face hereof.
- (6) "Otherwise Agreed Terms" shall have the meaning set forth in Clause 3.
- (7) The headings in these Conditions are for convenience only and shall not affect their interpretation.

#### 2. CONTRACT

2.1 The Contract shall be deemed to incorporate and be subject to these Conditions in all respects and no variation of or addition to these Conditions shall form part of the Contract or be effective against the Seller unless expressly made or approved by the Seller in writing. All quotations shall be invitations to treat only and shall be valid only for a period of thirty (30) days from the date of the quotation unless otherwise specifically agreed. These Conditions shall override and take the place of any other conditions in any document or other communication used by the Purchaser in concluding any contract with the Seller for sale of the Products. These Conditions embody the entire understanding of the Seller and the Purchaser relating to the Contract and save where otherwise provided, supersede all prior promises, representations, understandings or implications relating thereto.

2.2 Any typographical, clerical or other error or omission in any sales literature, quotation, price list, acceptance of offer, invoice or other document or information issued by the Seller shall be subject to correction without any liability on the part of the Seller.

2.3 Contract shall be effectuated upon acknowledgement by Seller of Contract subject to Clause 20, if applicable.

#### 3. SALE AND PURCHASE

The Seller shall sell to the Purchaser and the Purchaser shall purchase from the Seller such number of quantity of the Products described on the face hereof in accordance with these Conditions and/or the terms set forth on the face hereof (the "Otherwise Agreed Terms"). To the extent that the Otherwise Agreed Terms shall apply, the same shall prevail.

#### 4. SPECIFICATIONS, DESCRIPTIONS AND DRAWINGS

4.1 All drawings, designs, sketches and samples prepared by the Seller and the copyright therein shall remain the property of the Seller and shall be returned to the Seller by the Purchaser on demand. All such drawings, designs, sketches and samples are confidential and shall not be copied or reproduced or disclosed to any third party without the prior written consent of the Seller. [All tools supplied by the Seller in relation to the Products remain the property of the Seller whether or not a charge is made to the Purchaser in respect of their use.]

4.2 If the Products are to be manufactured or any process is to be applied to the Products by the Seller in accordance with a specification submitted by the Purchaser, the Purchaser shall indemnify the Seller against all loss, damages, costs and expenses awarded against or incurred by the Seller in connection with or paid or agreed to be paid by the Seller in settlement of any claim for infringement of any patent, copyright, design, trade mark or other industrial or intellectual property rights of any other person which results from the Seller's use of the Purchaser's specification.

4.3 The Seller reserves the right to make any changes to the specification of the Products which are required to conform with any applicable statutory requirements or, where the Products are to be supplied to the Seller's specification, which do not materially affect their quality or performance.

#### 5. PURCHASE PRICE

5.1 Except as provided in the Otherwise Agreed Terms, the Purchase Price for the Products (the "Purchase Price") shall be those as set forth in the face hereof as the "Total Amount".

5.2 Except as provided in the Otherwise Agreed Terms, and unless agreed in writing between the Seller and the Purchaser, the Purchase Price has been fixed on the terms as set out on the face hereof. Where the Seller agrees to deliver the Products otherwise than such terms as set out on the face hereof, the Purchaser shall be liable to pay the additional costs and expenses incurred by the Seller resulting from the change in the delivery terms from such terms as set out on the face hereof.

5.3 The Purchase Price shall be exclusive of any applicable tax which the Purchaser shall be additionally liable to pay to the Seller.

#### 6. PAYMENT

Hundred percent (100%) of Contract Price shall be paid under irrevocable letter of credit at sight at the time of shipment by submitting original Bill of Lading to advising bank. Such letter of credit shall be issued by first class international bank acceptable to Seller (to be correspondent bank with Japanese SMBC bank or other Mega banks) and shall be opened within 15 days after acknowledgement of Contract by Seller. All taxes, duties and bank charge outside Japan are for Purchaser's account. In case open of letter of credit is delayed, delivery might be delayed accordingly.

Or

X % of Contract Price shall be paid as down payment by telegraphic transfer to Seller's designated bank account against Seller's invoice within yy days after Purchase Order.

Remaining Z % of Contract Price shall be paid by telegraphic transfer to Seller's designated bank account against Seller's invoice within yy days after delivery.

#### 7. TITLE AND DELIVERY

7.1 Except as provided in the Otherwise Agreed Terms, the delivery of the Products shall be made on such terms as set out on the face hereof. Title to the Product shall pass upon receipt by the Seller of the full amount of the Purchase Price. Risk of any loss of or damage to the Product shall pass upon delivery.

7.2 Deliveries are scheduled only after receipt of an order and clarification of required technical information, including Purchaser approval of drawings when required. Shipping dates are estimates, made to the best of the Seller's ability based on conditions prevailing at the time of quotation, and are not guaranteed.

7.3 Where the Products are to be delivered in installments, each delivery shall constitute a separate Contract and failure by the Seller to deliver any one or more of the installments in accordance with these Conditions or any claim by the Purchaser in respect of any one or more installments shall not entitle the Purchaser to treat the Contract as a whole as repudiated.

7.4 If the Seller fails to deliver the Products or any installment for any reason other than any cause beyond the Seller's reasonable control or the Purchaser's fault and the Seller is accordingly liable to the Purchaser, the Seller's liability shall be limited to the sum of the Purchaser's payments for the Products that are the subject of the claim.

7.5 If the Purchaser fails to take delivery of the Products or fails to give the Seller adequate delivery instructions at the time stated for delivery (other than by reason of any cause beyond the Purchaser's reasonable control or by reason of the Seller's fault), then, without prejudice to any other right or remedy available to the Seller, the Seller may store the Products until actual delivery and charge the Purchaser for the reasonable costs (including insurance) of storage. In addition, in the event that delivery of Products is not completed due to Purchaser's failure or Force Majeure within 45 days after the date of notice for ready for delivery, Products have been deemed to be delivered as of the date of warehouse receipt at shipping port or Seller's

certificate of storage. Seller shall promptly notify the Purchaser of the situation and shall provide estimate for the storage and relevant costs and expenses due to the above cause. The Purchaser shall be liable to pay such costs and expenses.

#### **8. INSPECTION AND ACCEPTANCE**

The Purchaser must immediately inspect or arrange for immediate inspections at its cost upon delivery. All claims for alleged shortages and/or defects are waived and the Purchaser shall be deemed to have accepted the Products, unless the Seller is notified of the claim within thirty (30) days after receipt of the Products. Any rejection shall be in writing and (where applicable) shall specify in detail the failures of such defective Products to comply with the applicable specification. The Seller will use commercially reasonable efforts to cure such failures set forth in such notice, and the parties will repeat the above procedure until such defective Products are accepted by the Purchaser. If the Seller is unable to cure such failures, the Seller shall in its sole discretion either replace new Products or refund or reduce the portion of the Purchase Price applicable thereto.

#### **9. PATENT INFRINGEMENT**

9.1 With respect to Products manufactured solely to the Seller's design and specifications, the Seller shall defend any suit or proceeding brought against the Purchaser insofar as such suit or proceeding is based on a claim that such Products infringe any patent of a third party provided that the Purchaser gives the Seller prompt notice of such suit or proceeding, tenders the defense thereof to the Seller and gives the Seller complete authority, information and assistance at the Purchaser's expense in such defense. The Seller shall pay all damages and costs finally awarded against the Purchaser in any such suit or proceeding, but shall not be responsible for any compromise thereof made by the Purchaser without the Seller's written consent. If such Products are held in such suit or proceeding to constitute infringement and their use is enjoined or if, in the opinion of the Seller, any Products are likely to become the subject of a claim of infringement, the Seller may either (i) procure for the Purchaser the right to continue using such Products; (ii) modify such Products so that they become non-infringing; (iii) replace such Products with non-infringing Products or (iv) accept the return of such Products, granting the Purchaser a refund equal to the Purchase Price.

9.2 The Seller shall have no liability to the Purchaser if any patent infringement or claims is based upon (i) a modification of the Products not approved by the Seller, (ii) the interconnection or use of the Products in combination with other products or devices not made by the Seller or (iii) the use of the Products in other than an application recommended by the Seller. The Purchaser shall defend and indemnify the Seller from all liabilities and costs resulting from any suit or proceeding based on any of the foregoing exclusions or upon a claim that the Products infringe upon the rights of a third party to the extent such claim arises from the Seller's compliance with the Purchaser's designs, specification or instructions.

9.3 The above states the Seller's sole liability for alleged infringement of patents by its Products.

#### **10. WARRANTIES**

10.1 The Seller warrants that the Products delivered under the Contract will be free from defect in material and workmanship for a period of twelve (12) months from the date of delivery or six (6) months from the date of installation, whichever date is earlier. The sole remedy for breach of this warranty is the repair, replacement or refund of the portion of the Purchase Price applicable thereto (at the option of the Seller) of the defective Products, and the Seller will not be liable under this warranty for labor to remove or reinstall the Products, for transportation or freight on the Products or any replacement products for down time or for any other costs. THERE ARE NO WARRANTIES OTHER THAN THOSE EXPLICITLY SET FORTH HEREIN.

10.2 This warranty shall not apply to the Products subjected to misuse, neglect or accident. The Seller shall not assume responsibility for reinstallation, repairing, etc. performed outside the Seller's plant by or at the request of the Purchaser.

#### **11. LIMITATION OF LIABILITY**

11.1 Under no circumstances shall the Seller be liable to the Purchaser or any other person for any kind of special, incidental, indirect, consequential or punitive damage or loss, cost or expense, including without limitation, damage based upon lost goodwill, lost sales or profits, work stoppage, production failure, impairment of other goods or otherwise, and whether arising out of or in connection with breach of warranty, breach of contract, misrepresentation, negligence or otherwise.

11.2 Notwithstanding anything herein contained to the contrary, the liability of the Seller for any and all claims for direct damages arising out of or in connection with the Products and the use thereof shall under no circumstances exceed the sum of the Purchaser's payments for the Products that are the subject of the claim.

11.3 The Purchaser may not bring any claim, suit or action against the Seller more than one (1) year after the events giving rise to the cause of action occur.

#### **12. SUSPENSION and CANCELLATION**

No order which has been accepted by the Seller may be suspended or cancelled by the Purchaser except with the agreement in writing of the Seller and on terms that the Purchaser shall indemnify the Seller in full against all loss (including loss of profit), cost (including the cost of labor and materials used), damages, charges and expenses incurred by the Seller as a result of such suspension or cancellation.

#### **13. FORCE MAJEURE**

The Seller shall not be liable to the Purchaser or deemed to be in breach of the Contract by reason of any delay in performing, or any failure to perform any of the Seller's obligations hereunder to the extent that any delay or failure in the performance of its obligations results from any cause beyond its reasonable control and without its fault or negligence, including, without limitation, acts of God, acts of civil or military authority, embargoes, strikes, work stoppages, war, riots, fires, explosions, delays by suppliers, accident during sea transportation, shortages of parts or materials, power failures, or communication line interruptions. Upon any delay described in this Clause, the time for performance by the party affected by a Force Majeure event shall be extended for a period equal to the time lost by reason of the delay.

#### **14. INDEMNITY**

The Purchaser shall indemnify and hold the Seller harmless from and against any and all damage, losses, costs, expenses, claims, demands and liabilities arising out of or in connection with the Products or the Purchaser's use thereof.

#### **15. NON-ASSIGNMENT**

Neither party may assign, transfer or otherwise dispose of the Contract in whole or in part or any interest or obligation therein without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.

#### **16. NOTICES**

Any notice required or permitted to be given by either party to the other party under the Contract shall be in writing addressed to that party at its registered office or principal place of business or such other address as may at the relevant time have been notified pursuant to this provision to the party giving the notice.

#### **17. WAIVER**

The failure to exercise or enforce any right conferred upon the Seller under the Contract shall not be deemed to be a waiver of any such right, or shall not operate to bar the exercise or enforcement thereof on any other occasion.

#### **18. LAW AND JURISDICTION**

These Conditions shall be governed by and construed in accordance with the laws of Japan and the Purchaser has agreed to submit to the non-exclusive jurisdiction of the Tokyo district court by accepting the quotation.

#### **19. LANGUAGE**

Documents to be delivered to each party in connection with the Contract or under these Conditions shall be prepared in the English language and all communications between the parties shall be made in the English language.

#### **20. PERMIT and LICENSE**

In case Governmental approval is required, Purchaser shall obtain such approval which need to be obtained in the name of Purchaser and Seller shall

obtain such approval which need to be obtained in the name of Seller.  
The effectuation of Contract shall be subject to such Governmental approval. 21.

APPENDIXES

Appendix A xxxxxxxxxxxx  
Appendix B yyyyyyyyyyyy  
Appendix C zzzzzzzzzzzz