

**STANDARD TERMS AND CONDITIONS FOR EXCHANGES  
("STANDARD TERMS")**

**1. DEFINITIONS**

- "AP&S" means Aviation Parts & Services Limited;
- "BER" means that the cost of repair of the Off Unit exceeds 80% of the Outright Price;
- "Customer" means a party submitting an Exchange Order to AP&S from time to time;
- "Exchange" means AP&S provides the Customer with an Exchange Unit in exchange for an Off Unit from the Customer;
- "Exchange Fee" means the fee for the Exchange as specified in the Exchange Order from AP&S to Customer;
- "Exchange Inclusive" means an Exchange in which the Customer initially pays the Exchange Fee including the estimated cost of the standard overhaul and repair of the Off Unit;
- "Exchange Order" means an exchange order (in AP&S's standard format) submitted by the Customer to AP&S from time to time pursuant to these Standard Terms;
- "Exchange Plus Cost" means an Exchange in which the Customer initially pays the Exchange Fee and subsequently pays the cost of the repair and overhaul of the Off Unit in accordance with the provisions of Clause 2.4;
- "Exchange Unit" means a Serviceable part that is supplied to the Customer by AP&S in exchange for an Off Unit from the Customer;
- "Late Fees" means the fees payable in accordance with the provisions of Clause 2.5;
- "Off Unit" means a part removed from an aircraft in need of repair and/or overhaul which has been or is to be replaced by the Exchange Unit;
- "Off Unit Return Time" means the time to return the Off Unit as specified in the Exchange Order;
- "Outright Price" means the price of an Exchange Unit if deemed BER or sold to AP&S as an Outright Sale;
- "Outright Sale" means the outright sale of an Exchange Unit by AP&S to the Customer;
- "Serviceable" means a part that meets all OEM and aviation authority specified standards for airworthiness, including in relation to its storage, and has no known defects, which would render it unfit for service;
- "Units" means, together, Exchange Units and Off Units;
- "Unserviceable" means not Serviceable.

**2. GENERAL**

- 2.1 All Exchange Units supplied by AP&S shall be released in accordance with EASA/JAR and/or FAR regulations. AP&S shall release Exchange Units in accordance with CAAC regulations on request, if agreed in the Exchange Order.
- 2.2 The Exchange Fee quoted by AP&S shall remain valid for acceptance by the Customer for seven (7) days. If the Customer has not accepted the quoted Exchange Fee within seven (7) days, AP&S reserves the right to revise the quote. All prices quoted shall be exclusive of VAT.
- 2.3 The Exchange Fee shall remain payable even if the Exchange Unit is returned unused.
- 2.4 In cases of Exchange Units requiring repair, AP&S shall charge the Customer the cost of repair plus a handling fee, as set out in the Exchange Order. AP&S reserves the right to charge any additional workshop costs of repair including, but not limited to, parts, material and labour, to the Customer in addition to the quoted Exchange Plus Cost.
- 2.5 For Exchange Units that are returned after the specified Off Unit Return Time, Late Fees shall be payable as specified in the Exchange Order.
- 2.6 If an Off Unit is found to be BER, the Exchange Fee shall remain payable and AP&S shall raise an invoice for the Outright Price, together with all workshop inspection charges and transport costs.
- 2.7 If the Off Unit is returned to AP&S with release documentation that is not of the standard and level of completeness of that of the Exchange Unit supplied, re-certification/overhaul charges may still be chargeable.
- 2.8 In the event that the Customer requires AP&S to deliver a Rotable Component classified as 'dual use' (e.g. an IRU or ADIRU), AP&S may require the Customer to complete an end user statement confirming that such Rotable Component shall not be used for any military purpose prior to shipment. Should an original copy of such statement not be received by AP&S within two (2) weeks of shipment of the Exchange Unit, AP&S shall charge the Customer a penalty of fifteen percent (15%) of Exchange Fee every two (2) weeks until the statement has been received.

**3. PAYMENT TERMS**

- 3.1 Customer shall pay all invoices within 30 days of the date of the invoice. The Customer and AP&S agree that the settlement of any invoices may, at AP&S's sole discretion, be made via the IATA Clearing House.
- 3.2 AP&S may, at its discretion, charge the Customer interest on any late payment, calculated from the payment due date, at three (3) per cent (%) over the Turkey Central Bank Offered Rate, accruing on a daily basis until payment is made.
- 3.3 AP&S reserves the right to require the Customer to pay to AP&S a deposit before the Exchange Unit is shipped to the Customer to cover the non- return of the Off Unit and its repair, such deposit to be specified in the applicable Exchange Order.
- 3.4 If Customer wishes to dispute any invoiced amount, it shall notify AP&S as soon as practical and in any event within 14 days of the date of invoice. If Customer does not notify AP&S of a dispute within such time period, the invoice shall be deemed accepted. If Customer does notify AP&S of a dispute in the time frame required, Customer shall pay that part of the invoice not in dispute when due. In the event that representatives from the Customer and AP&S cannot resolve any invoice dispute within seven days, the parties shall follow the dispute resolution procedure in clause 14 (Dispute Resolution) below.
- 3.5 Customer hereby grants to AP&S by way of security a legal repairer's lien in respect of all property owned by Customer in the possession of AP&S (or any of AP&S's affiliates or subcontractors) at any time (including Customer's beneficial rights in any property leased by Customer) ("**Customer's Property**"), to secure all amounts owed by Customer to AP&S hereunder.
- 3.6 Customer acknowledges that AP&S has the legal right to assert such repairer's lien (or any other statutory or common law liens applicable in law (foreign or domestic)) against the Customer's Property in its possession, following performance of services for which payment has not been received by AP&S. If Customer fails to tender payment owing under any agreement with AP&S (or any of its affiliates), AP&S shall have the right to retain Customer's Property until such time as payment has been made. On acceptance of these Standard Terms, Customer acknowledges that it has granted a power of sale to AP&S in respect of Customer's Property in AP&S's possession, which may be exercised by AP&S in the event that any amount owed to AP&S (or any affiliate of AP&S) remains payable sixty (60) days after the date of the original invoice.

**4. TITLE AND RISK OF LOSS**

- 4.1 The Customer agrees and warrants that title to and ownership of the Exchange Unit shall remain with and be vested in AP&S until AP&S has received from the Customer full payment in accordance with these Standard Terms or until such time as the Exchange Unit is installed on the Customer's aircraft (whichever is the earlier) at which point in time AP&S shall pass full legal and beneficial title to the Exchange Unit to Customer and Customer shall automatically and simultaneously pass full legal and beneficial title to and ownership of the Off Unit to AP&S.
- 4.2 Risk of loss for each Unit shall pass in accordance with the Incoterms for delivery set out in the Exchange Order. If the Customer loses or damages a Unit whilst in its care, custody or control, it shall be responsible for either the cost of the repair (if the unit is not beyond economic repair) or shall pay the Replacement Value (as defined in the Exchange Order) if the Unit has to be replaced.

## 5. **IMPORT AND EXPORT LICENCES AND COMPLIANCE**

5.1 The party to these Standard Terms who is the importer or exporter of record of the Unit will be responsible for obtaining any licence, exchange permit or other required governmental authorization relating to the shipment of the Unit and shall be responsible for complying with all Turkey and foreign government licensing and reporting requirements in connection with these Standard Terms.

5.2 **The parties agree that any export of Units pursuant to these Standard Terms may be subject to U.S. Export Regulations. In respect of any Unit supplied under these Standard Terms, the party receiving the Exchange Unit or Off Unit (as applicable) agrees not to:**

5.2.1 **Dispose of any U.S. origin items classified by the U.S. Department of Commerce's Bureau of Industry and Security as "dual use" items other than in the country of destination, as identified in any government license or authorisation; and**

5.2.2 **Lease, exchange or dispose of any U.S. origin items to any country, company or individual that is either (i) required by US Export Regulations to hold a licence to receive the goods (and does not hold the required licence); or (ii) is prohibited from receiving U.S. exports by U.S. Export Regulations.**

5.3 Each party to these Standard Terms shall comply with all applicable laws, statutes and regulations relating to anti-bribery and anti-corruption applicable to it.

## 6. **CONFIDENTIALITY**

6.1 Each party undertakes that it shall not disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other party or the contents of these Standard Terms or any Exchange Order, except as permitted by clause 6.2.

6.2 Each party may disclose the other party's confidential information:

6.2.1 to its affiliate companies, employees, officers, representatives, subcontractors or advisers who need to know such information for the purposes of carrying out the party's obligations under these Standard Terms. Each party shall ensure that its employees, officers, representatives, subcontractors or advisers to whom it discloses the other party's confidential information comply with this clause; or

6.2.2 as may be required by law, court order or any governmental or regulatory authority.

## 7. **INSURANCE**

The Customer shall maintain the following insurances (the "Insurances"):

7.1.1 Hull Risks Insurance of the Aircraft the subject of the Exchange Order;

7.1.2 All Risks Spares insurance on Units whilst the Units under its care, custody and control.

7.1.3 Aviation Liability Insurance in a sum not less than US\$500,000,000 (Five hundred million United States Dollars) for any one accident or occurrence, which insurance shall include but not be limited to Aircraft Third Party legal liability insurance, passenger, passenger baggage cargo and mail legal liability insurance and airline general third party legal liability insurance.

7.2 The Customer shall provide AP&S with certificates of insurance evidencing the insurances set out in clause 7.1 above, in form and substance satisfactory to AP&S, within seven (7) business of receipt of a written request to do so from AP&S, .

## 8. **DELIVERY**

8.2 Unless stated otherwise in an Exchange Order, each Exchange Unit shall be delivered Ex Works (Incoterms 2010) the AP&S Facility and the Customer shall be ready to collect the Unit when notified by AP&S. The Customer shall reimburse any additional expense incurred by AP&S due to the Customer not being ready or able to collect Exchange Unit when requested to do so.

8.3 AP&S will use reasonable endeavours to meet any delivery date requested by the Customer on an Exchange Order.

8.4 Unless stated otherwise in an Exchange Order, each Off Unit shall be delivered DDP (Incoterms 2010) the Customer's facility.

8.5 If an Off Unit is not received by AP&S within fourteen (14) days of the date that AP&S dispatches the Exchange Unit to the Customer, or the return of an Off Unit is not in compliance with clause 9.4 of these Standard Terms, AP&S may:

(i) convert the Exchange Order to an Outright Sale; or

(ii) charge the Customer an additional Exchange Fee for each fourteen (14) day period or part thereof until the Off Unit is received by AP&S in accordance with clause 9.4.

## 9. **PACKING, INSURANCE AND OTHER DOCUMENTATION REQUIREMENTS**

9.1 Exchange Unit dispatched by AP&S shall be in packaging suitable for road transportation within the Turkey. AP&S reserves the right to charge for any special packaging requirements of the Customer.

9.2 Packing materials, containers, etc, provided by AP&S are returnable.

9.3 The Customer shall provide to AP&S full dispatch details of any Off Unit supplied to AP&S for repair (AWB Number, Flight Number and Date).

9.4 Any Off Unit shall be returned to AP&S accompanied by the following certification documents:

9.4.1 Part Identification tag containing: Part number; serial number; description; reason for removal; date of removal; registration of aircraft from which removed;

9.4.2 Packaging slip;

9.4.3 ATA spec 106 material certificate issued by FAA Part 121/129/135 carrier or FAA/EASA 145 approved maintenance facility or nationally approved (by the CAA) a statement that:

- The Unit was not procured from any US Government or military source;
- The Unit was produced by the Original Equipment Manufacturer;
- The Unit is non-incident related and has not been subjected to severe stress or heat or immersed in salt water;
- The Unit is fully traceable to one of the following approved sources:
  - FAA Part 121, 129 or 135 certified carrier;
  - Original Equipment Manufacturer;
  - FAA/EASA 145 approved maintenance facility; or
  - Foreign air carrier, approved by a recognised national aviation airworthiness authority.

9.4.4 Full records and traceability documents for time/cycle life limited parts.

9.4.5 Full "back to birth" traceability documents for ultimate time/cycle life limited parts.

9.5 The Customer must ensure that all aircraft toilet and kitchen Units are thoroughly cleaned at source before being returned to AP&S. On the return to AP&S, all such Units shall be adequately bagged and shall be accompanied by a statement saying that the Units have been cleaned. AP&S will not accept, store or ship any aircraft toilet or kitchen units unless they have been adequately cleaned and packaged in this way. In the event that such a Unit is returned to AP&S without being cleaned, AP&S shall have the Unit cleaned by a third party and recharge, to the Customer, all the costs incurred by AP&S in cleaning the Unit, including any transportation costs.

## **10. FORCE MAJEURE**

- 10.1 Neither party shall be in breach of these Standard Terms nor liable for delay or failure to perform, any of its obligations under these Standard Terms if such delay or failure results from events, circumstances or causes beyond its reasonable control, and in such circumstances the affected party shall be entitled to a reasonable extension of the time, provided that if the delay or non-performance continues for 6 months, the party not affected may terminate these Standard Terms by giving 14 days' written notice to the other party.

## **11. LIABILITY**

- 11.1 AP&S makes no warranty or representation of any kind with respect to any Exchange as to merchantability, fitness for purpose, condition, quality, material design suitability, workmanship or operation of any kind or nature. All other conditions warranties or representations expressed or implied (save for any warranty as to title), statutory or otherwise are, to the fullest extent permitted by law, expressly excluded.
- 11.2 Neither party shall be liable to the other for:
- 11.2.1 Any indirect, special or consequential loss or damage; or
- 11.2.2 Any loss of actual or anticipated profit, interest, revenue, anticipated savings or business or damage to goodwill, including any AOG related losses or claims of any kind.
- 11.3 AP&S's liability in contract, tort (including for breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance of these Standard Terms (including for any statutory interest payable) shall be limited to the value of the Exchange Order.
- 11.4 The Customer shall pay all taxes (other than corporation tax of AP&S), levies, duties, charges, assessments or withholdings of any nature incurred in connection with any Exchange and shall pay all legal costs of AP&S in enforcing its rights in respect of these Standard Terms.

## **12. CANCELLATIONS**

- 12.1 The Customer may cancel any Exchange Order without charge if:
- 12.1.1 the Exchange Unit is already in stock at an AP&S facility at the date of the Exchange Order; and
- 12.1.2 the Customer notifies AP&S of the cancellation in writing, prior to notification by AP&S to Customer that the Exchange Unit is ready for dispatch.

12.2 If, in order to satisfy the Customer's Exchange Order, AP&S has been required to order the Exchange Unit from a third party supplier, and the Customer wishes to cancel the Exchange Order prior to dispatch of the Exchange Unit, the Customer shall notify AP&S in writing. , AP&S reserves the right to recharge the Customer for restocking fees incurred in obtaining the Exchange Unit from a third party supplier.

- 12.3 AP&S shall be entitled to suspend or cancel further Exchanges under this agreement if the Customer:
- 12.3.1 Fails to take delivery of any Exchange Unit ordered and made available to it;
- 12.3.2 Fails to pay any amount due under these Standard Terms within seven days of its due date; or
- 12.3.3 Is in breach of Clause 5 (Import and Export Licences and Regulations); or
- 12.3.4 Becomes bankrupt or suffers any similar or analogous action in consequence of any unpaid debt.

## **13. MISCELLANEOUS**

- 13.1 The parties declare that they each have the right, power and authority, and have taken all action necessary, to execute and deliver and to exercise their rights and perform their obligations under these Standard Terms.
- 13.2 Unless and until the parties expressly agree otherwise in writing, these Standard Terms contains the entire agreement between the parties with respect to its subject matter. Each party acknowledges that, in entering into these Standard Terms, it has not relied on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in these Standard Terms. Nothing in this clause shall limit or exclude any liability for fraud.
- 13.3 Any amendment, variation or modification of these Standard Terms shall be ineffective unless made in writing and signed by an authorised representative of each party.
- 13.4 Subject to clause 3.4, the Customer shall not be entitled to withhold payment of any sums after they become due by reason of any right of set-off or counterclaim for any other reason whatsoever. AP&S shall be entitled to set-off any Customer funds held on deposit against any amounts due and payable (and remaining unpaid) under these Standard Terms.
- 13.5 If any provision of these Standard Terms (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed not to form part of these Standard Terms, and the validity and enforceability of the other provisions of these Standard Terms shall not be affected.
- 13.6 The Customer shall not assign, transfer or sub-contract any Exchange Order to any third party without AP&S's prior written consent.
- 13.7 The parties to these Standard Terms do not intend by these Standard Terms to confer any rights whatsoever on any other party. Accordingly, the parties hereby expressly exclude the provisions of the Contracts (Rights of Third Parties) Act 1999 (or re-enactment thereof).
- 13.8 Where the Customer delivers any other standard terms and conditions to AP&S in respect of an Exchange Order, these Standard Terms and Conditions shall prevail.

## **14. DISPUTE RESOLUTION, LAW AND JURISDICTION**

- 14.1 All disputes arising out of or in connection with these Standard Terms shall, to the extent possible, be settled amicably by negotiation between the Chief Executive Officer of AP&S and the Chief Executive Officer of the Customer within thirty (30) days from the date of written notice by either party of the existence of such a dispute and, failing such amicable settlement, shall be finally settled by court proceedings.
- 14.2 These Standard Terms, and any dispute arising from it (including non-contractual disputes or claims) shall be interpreted in accordance with the laws of Istanbul, TURKEY and the parties agree to be bound by the exclusive jurisdiction of the Turkish Courts.