General Terms and Conditions for the Sale of Goods and Performance of Services by RUAG, Inc. ("GTC-S USA")

1. Scope and validity

1.1 These GTC-S govern sales of goods (the "Goods") and performance of services (the "Services") in the United States of America by RUAG, Inc. ("RUAG").

1.2 These GTC-S are deemed accepted by a purchaser of Goods and/or Services ("Purchaser") by reference in the offer or in the order confirmation. General Terms and Conditions of the Purchaser are explicitly excluded.

1.3 These GTC-S, together with offers, estimates, price quotes, specifications, service orders, sale agreement and referenced documents ("Offers") from RUAG, and all accepted orders placed by the Purchaser for the Goods and/or Services constitute the contract ("Contract") between RUAG and the Purchaser (each a "Party" and collectively, the "Parties"). The application of these GTC-S may only be varied by written agreement of the Parties.

Notwithstanding anything herein to the contrary, if the Parties enter into a written contract for the sale of the Goods or Services, the terms of such Contract shall prevail to the extent they are inconsistent with these GTC-S.

2. Offer and order

2.1 An Offer submitted by RUAG is valid during any specified period therein. Otherwise, RUAG's Offer remains open for acceptance by the Purchaser for thirty (30) days from the date of the Offer. The Offer is subject to amendment or alteration at any time by RUAG prior to the Purchaser's acceptance.

2.2 If the Purchaser's order deviates from the Offer or the order confirmation provided by RUAG, the Offer or order confirmation, respectively, applies, unless the Purchaser objects, in writing, to RUAG within two (2) business days of the Purchaser receiving the order confirmation.

2.3 Orders are binding only if they are placed in writing or subsequently confirmed in writing. Electronic orders and order confirmations are considered equivalent.

2.4 RUAG's acceptance of any order by the Purchaser may be in writing or by RUAG's performance, i.e., delivery of the Goods or Services which are the subject of an order. However, any terms and conditions contained in any order issued by the Purchaser will not form part of the Contract unless they are expressly signed and accepted by RUAG.

2.5 Once accepted by RUAG, Purchaser may not cancel or modify an order without RUAG's written consent.

2.6 RUAG reserves the right to correct any significant errors or omissions in its Offers, order confirmations or invoices.

3. Enlistng of subcontractors

RUAG reserves the right to sub-contract the Goods and/or Services or parts thereof to any other party or person as it may determine in its sole discretion. In such case, RUAG remains responsible to the Purchaser for any Goods and/or Services provided by such third party.

4. Purchase Price

4.1 The purchase price of the Goods and/or Services shall be agreed upon in the Contract. Unless otherwise agreed by the Parties in writing, it is due net, without any deductions.

4.2 Unless otherwise agreed between the Parties, the packaging for the Goods is invoiced separately by RUAG and not to be returned to RUAG.

4.3 In accordance with Section 2.2 hereof, RUAG explicitly reserves the right, at any time prior to its acceptance of an order: upon written notice to the Purchaser, to modify the purchase price of the Goods or Services due to the increase of the current rate and cost of materials and labor, freight and cartage, insurance, foreign exchange and customs tariff.

5. Taxes

The Purchaser shall be responsible for payment of all taxes, including sales and use tax, inventory tax, duties, customs fees or other taxes of any nature assessed by governmental authorities on the sale of the Goods or Services.

6. Terms of payment

6.1 Unless otherwise agreed between the Parties, all payments are due in full, payable to RUAG within thirty (30) days from the invoice date ("Due Date").

6.2 All payments must be received by the Due Date, even if the delivery of Goods and Services is delayed for reasons beyond RUAG's control, or if non-material parts of the Goods are missing or slight corrections are necessary.

6.3 Should the Purchaser fail to pay for the Goods and Services by the Due Date specified in Section 6.1 of these GTC-S, RUAG may:

   i) impose a service charge on the unpaid balance at the lower of one and one-half percent (1 1/2 %) per month (i.e. 18 % per annum), or the maximum rate permitted by law, from the Due Date until the invoice and all service charges thereon have been paid in full. If allowed by applicable law, Purchaser shall also pay on demand any costs incurred by RUAG (including reasonable attorney's fees and legal expenses) in connection with the collection of any remaining amounts due and outstanding from Purchaser which are not paid as agreed herein;
   ii) refuse to make any further deliveries under the Contract until the amount past due has been fully paid; and/or
   iii) give Purchaser written notice of breach of the Contract with a 7-day period to cure the breach. If Purchaser does not cure the breach within 7 days, RUAG may elect, without prejudice to any other rights, to terminate the Contract in whole or in part (including any order or part thereof) and, in either case, to recover damages for the Purchaser's breach.

6.4 The Purchaser is not entitled to withhold any payment as set off, counterclaim or retention unless the terms and conditions of such set off or retention are specifically agreed to in writing by RUAG prior to the provision of the Goods or Services.

7. Transfer, retention of title, and security interest

7.1 The Purchaser: (a) agrees that title in the Goods remains with RUAG until the Purchaser has paid RUAG in full all amounts due for the Goods and Services under the Contract (the "Release Date"); and (b) acknowledges that, until the Release Date, the Purchaser is in possession of the Goods for and on behalf of RUAG as a bailee.

7.2 As security for the Purchaser's obligations under the Contract, the Purchaser further grants to RUAG a security interest in (a) all Goods purchased in accordance with the Contract; (b) without in any way limiting the restrictions in Section 7.4 below, any and all leases, Chattel Paper, Instruments, Accounts and Security Deposits relating in any way to such Goods; and (c) in all Proceeds thereof (the "Collateral"). Terms used in this Section 7.2 without definition have the meanings ascribed thereto in the Uniform Commercial Code as enacted in the state where the RUAG entity issuing the Contract is located (the "UCC"). The Purchaser acknowledges that any Security Interest granted under this Section 7.2 is a purchase money security interest under the UCC.

7.3 The Purchaser expressly authorizes, ratifies and confirms past or future filings of one or more UCC financing statements or other documents by RUAG or its designees to the extent deemed necessary or desirable by RUAG. Such financing statements or documents may describe the Collateral in the manner in which RUAG determines best protects RUAG's interests in the Collateral and facilitates the future sale of Goods or Services, regardless of whether such description is greater in scope than the Collateral in which the Purchaser grants to RUAG a security interest. RUAG and its designees are specifically authorized to file financing statements in advance of performance under any specific Contract, and the Purchaser acknowledges that any such filing made prior to the date of a Contract is authorized and ratified as of the date of such filing (it being acknowledged and agreed, however, that no such filing expands the scope of any Collateral in which the Purchaser grants to RUAG a security interest).

7.4 THE PURCHASER SHALL NOT SELL, PLEDGE, TRANSFER OR ASSIGN THE GOODS (FOR SECURITY OR OTHERWISE) UNTIL THE RELEASE DATE.

7.5 Until the Release Date, Purchaser shall carefully store, maintain, and insure the delivered Goods; protect such Goods against theft, breakage, fire, water and other...
risks, and moreover shall take all reasonable measures to protect RUAG’s rights and interests in such Goods. Until the Release Date, the Purchaser must keep the Goods identifiable separate from other goods not supplied by RUAG.

7.6 The Purchaser agrees that until the Release Date, RUAG and its designees have the right, upon reasonable notice to the Purchaser, to enter upon any of Purchaser’s premises to inspect the Collateral.

7.7 In the event Purchaser (a) shall be adjudicated insolvent, becomes the subject on a voluntary or involuntary proceeding in bankruptcy or ceases to pay its debts, (b) make a general assignment for the benefit of or enters into an arrangement with creditors, or (c) shall apply for or consent to the appointment of a receiver, trustee or liquidator, RUAG may, in its sole discretion, exercise any and all remedies available under applicable law or in equity, including, without limitation, (i) enter any premises where any Collateral may be located and repossess, take possession of such Collateral (and/or any attached or unattached parts) by self-help, summary proceedings or otherwise without liability for rent, costs, damages or otherwise; (ii) use Purchaser’s premises for storage without rent or liability; (iii) sell, lease or otherwise dispose of any or all of the Collateral at private or public sale, in bulk or in parcels, with or without notice except to the extent required by applicable laws, and without having the Collateral present at the place of sale or in Lender’s possession; and (iv) upon application to a court of competent jurisdiction, seek the immediate appointment of a receiver for all or part of the Collateral, whether such receivership is incidental to a proposed sale of such Collateral, pursuant to the UCC or otherwise. No remedy referred to this Section 7.7 is intended to be exclusive, but all remedies shall be cumulative and in addition to any other remedy referred to above or otherwise available to RUAG at law or in equity. In all cases, the Purchaser will be responsible for RUAG’s costs and expenses in exercising its rights.

8. Delivery and default of delivery

8.1 Unless otherwise agreed in writing by the Parties, RUAG shall make delivery in accordance with the terms on the face of the order confirmation. Partial deliveries are permitted. RUAG may deliver Goods in advance of the delivery schedule.

8.2 RUAG will use reasonable best efforts to meet any delivery or completion date quoted but such date or time is a bona fide estimate only according to information available to RUAG from its makers and shippers at the time of Offer and is not to be construed as a fixed date or time unless specifically agreed to by RUAG in writing.

8.3 Any delivery or completion date shall be extended in respect of any delay relating to either instructions given by, or lack of instructions from, the Purchaser, or any other acts or omissions of the Purchaser, including any delay or withdrawal of access by the Purchaser to the premises required for the purpose of fulfilling the Contract.

9. Force Majeure

9.1 RUAG shall not be held responsible for failure to perform or delay in performing any of its contractual obligations if such failure or delay is due to unforeseeable events beyond its reasonable control, whether arising from natural causes or human agency ("Force Majeure"), including but not limited to acts of God, war, terrorism, insurrection, epidemics, sabotage, labour disputes, strikes, lock-outs, shortages of labour, interruption or delays in transportation, fire, explosion, equipment or machinery breakdown, failure or delays of RUAG’s source of supply, shortage in material or energy, acts, orders or priorities of any aviation authority or government (e.g. non-issuance of an export license or non-approval of service deliveries as well as the withdrawal of such an export authorization), and embargo.

9.2 RUAG shall notify in writing Customer within two weeks following the occurrence of any event of Force Majeure citing this clause in said notice and shall supply all relevant information about its effects on the performance of its contractual obligations.

9.3 Unless mutually agreed to in writing, if RUAG is unable to perform because of Force Majeure, RUAG is temporarily excused from performance while the incident of Force Majeure is occurring and obligated to perform once the incident ends. RUAG shall not be subject to damage claims arising from an event of Force Majeure.

9.4 If a Force Majeure event exceeds six months in duration, the Parties have the right to terminate this contractual relationship immediately. Contractual obligations performed shall be remunerated. If the purchase price has been paid by the Customer in full, RUAG will refund the purchase price less the accrued costs and expenses of the contractual obligations performed as of such date.

10. Place of performance

Unless otherwise agreed in writing between the Parties, RUAG’s premises are the place of performance.

11. Transfer of Risk

11.1 Upon delivery of the Goods to the Purchaser, the Purchaser shall assume the risk and become responsible for loss of, or damage to, the Goods.

11.2 If RUAG is required to perform any repairs to the Goods at RUAG’s facility, the Purchaser shall be responsible for, and shall retain the risk or loss of, such Goods at all times, except where RUAG is responsible for damage to the Goods while stored or held at RUAG’s facility and where such damage is caused by RUAG’s negligence.

12. Termination

12.1 In addition to RUAG’s right to terminate under Section 7.7, above, and any other remedies that RUAG may have at law, RUAG may terminate or suspend the Contract or any part thereof on 30-day written notice if the Purchaser: (i) has not otherwise performed or complied with any of the terms and conditions of this Contract in whole or in part; or (ii) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganisation or assignment for the benefit of creditors.

12.2 If the Contract (or parts thereof) is terminated, as specified in Section 12.1 of these GTC’s:

(i) RUAG will have an immediate right to re-possession of the Goods held by the Purchaser and for which the full purchase price has not been paid as of the date of termination; and

(ii) all other outstanding amount owed by the Purchaser shall be due and payable on demand by RUAG, per the terms of the Notice of Demand from RUAG.

12.3 RUAG, in addition to any other rights of termination under a Contract, may, at any time and for any reason, terminate the performance of Services for convenience upon 30-day written notice to Purchaser. Such written notice must state that the Contract, or a specified part of the Contract, is terminated without any further obligations from RUAG. Such termination shall explicitly not constitute default.

13. Acceptance

13.1 The Purchaser shall inspect the Goods supplied by RUAG under the Contract within seven (7) days of delivery of the Goods (the “Inspection Period”) and notify RUAG of any defects in writing. The Purchaser shall be deemed to have accepted the Goods unless it notifies RUAG in writing of any non-conforming Goods during the Inspection Period and furnishes such written evidence or other documentation as reasonably required by RUAG.

13.2 If Purchaser identifies only minor defects in the Goods during the Inspection Period, Purchaser shall be deemed to have accepted the Goods. RUAG shall subsequently remedy the detected minor defects.

13.3 If Purchaser identifies material defects during the Inspection Period, acceptance is postponed. RUAG shall promptly remedy such material defects in the Goods and notify the Purchaser of a new acceptance date.

14. Warranty

14.1 EXCEPT AS OTHERWISE PROVIDED IN SECTION 14.6, BELOW, FOR NS AND OCH GOODS, RUAG WARRANTS THAT FOR TWELVE (12) MONTHS FROM THE DATE OF SHIPMENT (THE “WARRANTY PERIOD”), THE GOODS WILL MATERIALLY CONFORM TO THE DESCRIPTION OR SPECIFICATIONS CONTAINED IN THE RELEVANT SALES CONFIRMATION (IF ANY). THE GOODS SHALL BE FREE FROM MATERIAL DEFECTS IN MATERIALS AND WORKMANSHIP.

14.2 SERVICES SHALL BE PERFORMED IN A WORKMANLIKE MANNER IN ACCORDANCE WITH ANY MUTUALLY AGREED SPECIFICATIONS. RUAG WARRANTS THE SERVICES FOR SIX (6) MONTHS FROM THE DATE OF COMPLETION OF PERFORMANCE.

14.3 IF THE GOODS OR SERVICES DO NOT COMFORM TO THE WARRANTIES SPECIFIED IN SECTIONS 14.1 AND 14.2 HEREOF, THE PURCHASER SHALL PROMPTLY NOTIFY RUAG IN WRITING PRIOR TO EXPIRATION OF THE WARRANTY PERIOD. RUAG SHALL, AT ITS OPTION:
17. Licenses and export regulations

17.1 The sale, resale or other disposition of the Goods and any related technology or documentation may be subject to export control laws, regulations and orders of the United States of America and may be subject to the export and/or import control laws and regulations of other countries. The Purchaser represents and warrants that it will comply with all applicable export control laws, including, without limitation, the requirements of the Arms Export Control Act (22 U.S.C. §§ 2751-2794), the International Traffic in Arms Regulation (22 C.F.R. § 120 et seq.) ("ITAR"), the Export Administration Act (50 U.S.C. app. § 2401-2420), the Export Administration Regulations (15 C.F.R. §§ 730-774), the Office of Foreign Asset Control regulations (31 C.F.R. § 580 et seq.), and their successor and supplemental laws (collectively, "Export Laws") and any licenses issued under the Export Laws.

17.2 The Purchaser acknowledges that it shall not directly or indirectly export, re-export, transfer or re-transfer any Goods to any country to which such export or re-export is restricted or prohibited. The Purchaser further acknowledges its responsibility to obtain any license to export, re-export or import and discloses to RUAG on request all relevant information as may be required for the performance of the Contract.

17.3 Insofar as the Purchaser provides component goods for the performance by RUAG hereunder, the Purchaser shall remain informed at all times about current domestic and international Export Laws and notify RUAG immediately in writing if the components goods provided are subject to these provisions in whole or in part.

17.4 RUAG shall not be liable for any loss or damage arising from controls referred to in Section 17.1 of these GTC-S or any other restrictions imposed by other legislation on the resale or use of the Goods.

17.5 If the manufacture or use or sale of the Goods is forbidden or restricted by any competent government authority, any costs or expenses incurred by RUAG in connection with the Contract shall be paid by the Purchaser.

18. Emerging intellectual property rights

18.1 Intellectual property rights (copyrights, patent rights etc.) that are created during the performance of the Contract, particularly on works, concepts, hardware and individual software including source code, program description in written or machine-readable form specially developed by RUAG, belong to RUAG.

18.2 The Purchaser is granted a non-transferable and non-exclusive right to use the emerging intellectual property rights within the purpose of the Contract. In case of software this right includes the use on the hardware as agreed and their successor systems. For a changed operating system or higher performance class the modification and extension of the right of use requires the approval of RUAG.

18.3 Both Parties are entitled to use and dispose of ideas, procedures and methods which are not protected by law, but without being under the obligation to disclose them.

19. Pre-Existing intellectual property rights

19.1 Pre-existing intellectual property rights (copyrights, patent rights etc.) remain with RUAG or third parties.

19.2 The Purchaser is granted a non-exclusive and non-transferable right to use the pre-existing intellectual property rights for the agreed purpose in the Contract.

19.3 If RUAG supplies any Goods or Services in accordance with the Purchaser’s specifications or using the Purchaser’s goods, the Purchaser shall indemnify RUAG from and against all actions, claims, demands, costs, expenses and liabilities arising in connection with any alleged or actual infringement of the intellectual property rights of a third party.

20. Infringement of intellectual property rights

20.1 RUAG shall defend and indemnify the Purchaser against any claim by a third party alleging that the Goods or Services infringe a patent in effect, or any registered copyright or trademark, provided that the Purchaser:

i) promptly notifies RUAG in writing of such claim;

ii) makes no admission of liability and does not take any position adverse to RUAG.
20.2 Section 20.1 of these GTC-S shall not apply and RUAG shall have no obligation or liability with respect to any claim based upon:

i) Goods or Services that have been modified;

ii) the combination of any Goods or Services with other goods or services when such combination is a basis of the alleged infringement;

iii) failure of the Purchaser to implement any update provided by RUAG that would have prevented the claim;

iv) unauthorised use of Goods or Services;

v) Goods or Services made or performed to the Purchaser’s specifications.

20.3 Should any Goods or Services, or any portion thereof, become the subject of a claim, RUAG may, at its option:

i) procure for the Purchaser the right to continue using the Goods or Services, or applicable portion thereof;

ii) modify or replace them in whole or in part to make it non-infringing; or

iii) failing i) or ii), take back infringing Goods or Services and refund the price received by RUAG attributable to the infringing Goods or Services.

20.4 Section 20 of these GTC-S states RUAG’s exclusive liability for intellectual property infringement relating to the provision of its Goods and Services.

21. Confidentiality

21.1 Both Parties shall treat in strict confidence all information which is neither generally known nor generally accessible, and shall use it only for the purpose of fulfilling the Contract. The Parties shall ensure the confidential treatment of all information relating to the Contract by their personnel and consulted specialists. In case of doubt, all information is to be treated confidentially.

21.2 Confidential information of a Party does not include information which:

i) was already known to the other Party, before it was made accessible by the disclosing Party;

ii) is or becomes generally known without the other Party’s responsibility;

iii) was disclosed to the other Party by a third party without any transfer restriction; or

iv) was developed by the other Party itself without using or referring to the confidential information of the protected party; and/or

v) has to be disclosed based on a legally binding decision of a court, administrative or other authority. In this case the Party under the obligation to disclose shall inform the other Party immediately about the decision and consider protective measures the other Party may want implement.

21.3 This obligation of confidentiality arises prior to the conclusion of the Contract and shall remain in force for a period of three (3) years after termination of the contractual relationship.

21.4 A Party must not disclose any confidential information to a third party without the prior written approval of the other Party to the Contract. If the approval is given, the obligations of confidentiality are to be transferred to the receiving third party.

21.5 Notwithstanding Section 21.4 of these GTC-S, RUAG may disclose confidential information to affiliated companies of the RUAG Group, particularly RUAG MRO Holding AG, as well as its subsidiaries, and engaged specialists (lawyers, auditors, experts, etc.).

21.6 Advertising and publications about specific services in connection with the Contract require the written approval of the other Party. Without the written approval of RUAG, the Purchaser may not advertise the fact that a collaboration between the Parties exists or existed, and may not give RUAG as a reference.

22. Data protection

Each party may have access to personal data (for example names, functions, business units, contact details and communication data) relating to the other party’s employees, representatives, consultants, agents, contractors and other personnel (“Personnel”; “Personnel Data”) in relation with the Contract that is subject to these GTC-S. The parties agree that they act as independent controllers in relation with such Personnel Data unless otherwise agreed expressly by the parties. Personnel Data may be processed only in accordance with applicable law, applying appropriate security measures (e.g. technical and organizational measures, etc.), and only in order to enter into and perform the Contract and compatible purposes including but not limited to order and payment processing, tolls, taxes and import/export management, customer relationship management, business accounting and general administrative purposes. Each party undertakes to inform its own Personnel about the processing of Personnel Data by the other party, in accordance with applicable law. Additional details about RUAG’s data processing are set out in RUAG’s privacy notices (see www.ruag.ch/en/privacy).

23. Compliance

23.1 The Parties shall comply with applicable legal standards, particularly with competition and antitrust laws, industrial safety and child protection provisions (e.g. regarding conflict commodities), the prohibition of human-trafficking and with the core conventions of the International Labor Organisation, as well as with the provision against counterfeits or for the protection of the environment and of health (e.g. guidelines like REACH and RoHS). The contractual partner complies with the current code of conduct for business partners of RUAG, which he will be handed upon request.

23.2 The Parties commit themselves not to directly or indirectly make any payment, gift or other commitment to any person in a manner contrary to applicable law, or accept financial or other favors, if in return the giving party expects an unjustified advantage or is rewarded. The Parties shall comply with the U.S. Foreign Corrupt Practices Act and the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions concluded within the OECD on 17 December 1997 also in private business transactions.

23.3 The Parties shall impose the commitments specified in this Section 23 upon their subcontractors, suppliers and other third parties engaged for the fulfillment of the Contract.

24. Assignment and pledging

24.1 The Contract or rights and duties therefrom may not be assigned or pledged without the prior written approval of both Parties to the Contract, which approval shall not be unreasonably withheld.

24.2 Notwithstanding Section 24.1 hereunder, RUAG may assign its rights and obligations under the Contract to an affiliated company of the RUAG Group at any time.

24.3 Purchaser may not assign or pledge any claims arising from this Contract without the express prior written approval of RUAG.

24.4 A Party’s waiver with respect to any breach or default or of any right or remedy shall not constitute a waiver of any other breach or default or of any other right or remedy, unless such waiver is expressed in writing by the Party to be bound thereby.

25. Governing law and venue

25.1 Any matter arising out of or related to a Contract or transaction shall be governed by the laws of the State of Connecticut, without regard to its conflicts of laws provisions.

25.2 The Parties hereby agree that the State and U.S. federal courts situated in Hartford County, Connecticut, shall have exclusive jurisdiction with respect to any and all disputes or claims arising in connection with the Contract. Each Party to any contract or transaction with RUAG hereto irrevocably submits to the jurisdiction of such courts and hereby irrevocably waives any and all objections, which it may have with respect to venue in such courts.

25.3 EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS CONTRACT OR THE TRANSACTIONS CONTENDED BY THIS CONTRACT OR THE ACTIONS OF ANY PARTY TO THIS CONTRACT IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THIS CONTRACT.

25.4 The prevailing Party in any litigation hereunder shall be entitled to recover its fees and reasonable costs (including attorneys’ fees) from the other Party or Parties.