

ORIGINAL DOCUMENTS IN SAFE

Case No. 42

Date of filing: 8 AUG 84

** AWARD - Type of Award Agreed terms
 - Date of Award 8 AUG 84
5 pages in English pages in Farsi
+ exhibits

** DECISION - Date of Decision
 pages in English pages in Farsi

** CONCURRING OPINION of
 - Date
 pages in English pages in Farsi

** SEPARATE OPINION of
 - Date
 pages in English pages in Farsi

** DISSENTING OPINION of
 - Date
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** OTHER; Nature of document:

 - Date
 pages in English pages in Farsi

CASE NO. 42
CHAMBER THREE
AWARD NO. 146 -42-3

UNITED TECHNOLOGIES INTERNATIONAL,
INC., HAMILTON STANDARD DIVISION,

Claimant,

-and-

THE IRANIAN AIR FORCE,

Respondent.

IRAN UNITED STATES CLAIMS TRIBUNAL	دادگاه دآوری دعاوی ایران - ایالات متحدہ
ثبت شد - FILED	
Date	۱۳۶۲ / ۵ / ۱۷
	8 AUG 1984
No.	42

AWARD ON AGREED TERMS

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The Claimant, United Technologies International, Inc., Hamilton Standard Division ("UTI"), filed its Statement of Claim on 16 November 1981 against the Respondent, Air Force of the Islamic Republic of Iran. The Respondent filed its Statements of Defence and Counterclaim on 7 May 1982. The Ministry of National Defence of the Islamic Republic of Iran (Air Force of the Islamic Republic of Iran) filed a Supplement to Statement of Counterclaim on 2 December 1982. A Hearing in this case was held on 31 October 1983.

On 17 July 1984 United Technologies International, Inc. Hamilton Standard Division on one hand, and Air Force of the Islamic Republic of Iran and the Ministry of Defense of the Islamic Republic of Iran, on the other hand, filed a Joint Request for Arbitral Award on Agreed Terms with attached Memorandum of Understanding ("MOU"), Escrow Agreement and certain other documents.

The Joint Request summarizing the MOU, states, inter alia, that "UTI shall be paid the amount of Seven Hundred Fifty Thousand U.S. Dollars and No Cents (U.S. \$750,000) to be paid out of the Tribunal Security Account and UTI shall return to the Iranian Air Force the Parts listed on Exhibits A, B and C to the MOU in complete and final settlement of all claims and counterclaims and obligations now existing or capable of arising in connection with Case No. 42."

The Tribunal notes in particular that the MOU provides:

"In the event this MOU becomes null and void... this MOU shall be of no force or effect upon the claims or counterclaims between UTI and the Iranian Air Force in Claim No. 42 and the Tribunal is authorized to determine the claims and counterclaims in Claim No. 42. If Swiss Air [the Escrow Agent for the Parties] has received the Settlement Fund and/or Shipper's Original of the Air Waybill, Swiss Air will, within one (1) week of the date this MOU becomes null and void, remit the

Settlement Fund plus interest earned thereon to the Tribunal Security Account, remit the Fund for Transportation Costs to the Iranian Air Force, unless the Fund for Transportation Costs has already been paid to an Alternate Carrier, and return to UTI the Shipper's Original of the Air Waybill."

The Parties in their Joint Request ask that the Tribunal treat the Settlement Agreement as confidential until the obligations of the Agreement have been completed. Since the Parties, however, have not invoked any special reasons which, in the light of Article 32, paragraph 5 of the Tribunal Rules, would justify the grant of such a request, the request is denied. Consequently, copies of the Joint Request, the MOU and the Escrow Agreement are attached hereto.

The Tribunal finds that an Award on Agreed Terms may be issued upon the submissions before it, in accordance with Article 34 of the Tribunal Rules and the standards applicable thereto.

Based on the foregoing,

THE TRIBUNAL AWARDS AS FOLLOWS:

The Settlement is hereby recorded as an Award on Agreed Terms binding on all the Parties. Consequently, the Parties are bound to fulfill the conditions set forth in the Memorandum of Understanding and the Escrow Agreement incorporated therein.

The payment of SEVEN HUNDRED FIFTY THOUSAND U.S. Dollars and No Cents (U.S. \$750,000) shall be made out of the Security Account established pursuant to paragraph 7 of the Declaration of the Government of the Democratic and

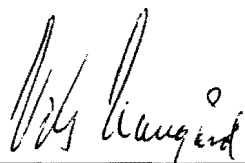
Popular Republic of Algeria dated 19 January 1981. This payment, ultimately payable to UNITED TECHNOLOGIES INTERNATIONAL INC., HAMILTON STANDARD DIVISION, shall be delivered to the SWISS AIR TRANSPORT COMPANY, LTD. to be held in escrow by said company and distributed by said company pursuant to the terms of Escrow Agreement.

In the event the Memorandum of Understanding by its terms shall become null and void, this Award shall be of no force or effect upon the claims or counterclaims between UNITED TECHNOLOGIES INC., HAMILTON STANDARD DIVISION and the IRANIAN AIR FORCE. If SWISS AIR TRANSPORT COMPANY, LTD. has received the Settlement Fund and if the Memorandum of Understanding by its terms has become null and void, then UNITED TECHNOLOGIES INC., HAMILTON STANDARD DIVISION and the IRANIAN AIR FORCE will ensure that SWISS AIR TRANSPORT COMPANY LTD., in accordance with the Escrow Agreement incorporated herein and within one week of the date that the Memorandum of Understanding becomes null and void, remits the Settlement Fund plus interest earned thereon to the Tribunal Security Account.

Proceedings before the Tribunal with respect to this claim shall be terminated on 1 January 1985, provided that, prior to that date, no notice of default arising out of the Settlement has been filed with the Tribunal pursuant to the Memorandum of Understanding. If such a notice of default is filed by either party, the Tribunal shall retain jurisdiction over this claim. If such a notice of default is filed prior to notification by the President of this Award to the Escrow Agent, then such notification will not be made.

This Award is hereby submitted to the President of the Tribunal for notification to the Escrow Agent.

Dated, The Hague
8 August 1984

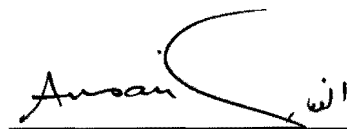


Nils Mangård
Chairman
Chamber Three

In the Name of God



Charles N. Brower



Parviz Ansari Moin

The Parties in the present Case have requested the Tribunal to treat their Settlement Agreement as confidential. I believe that where the two Parties so agree, an arbitral body should preferentially treat the intentions of the Parties and not derogate therefrom; even if the reasons for this confidentiality are not fully dealt with by the Parties.

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UNITED TECHNOLOGIES INTERNATIONAL, INC.
HAMILTON STANDARD DIVISION

C# 3

Claimant

Case No. 42

v.

IRANIAN AIR FORCE,

Respondent

Chamber No. 3

JOINT REQUEST FOR ARBITRAL
AWARD ON AGREED TERMS

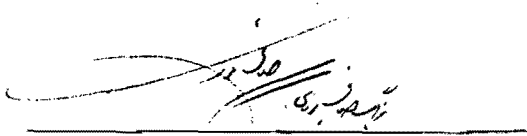
Pursuant to Article 34 of the Tribunal's Rules of Procedure, the AIR FORCE of the Islamic Republic of Iran ("Iranian Air Force"), The Ministry of Defense of the Islamic Republic of Iran and United Technologies International, Inc., Hamilton Standard Division ("UTI") jointly request that the Tribunal issue an arbitral award on the agreed terms that will record and give effect to the Settlement Agreement reached by the parties to the Settlement.

The parties have entered into a Settlement Agreement (Memorandum of Understanding), a copy of which is attached hereto, providing that UTI shall be paid the amount of Seven Hundred Fifty Thousand U.S. Dollars and No Cents (U.S. \$ 750,000) to be paid out of the Tribunal Security Account and UTI shall return to the Iranian Air Force the Parts listed on Exhibits A, B and C to the Settlement Agreement in complete and final settlement of all claims and counterclaims and obligations now existing or capable of arising in connection with Case No. 42.

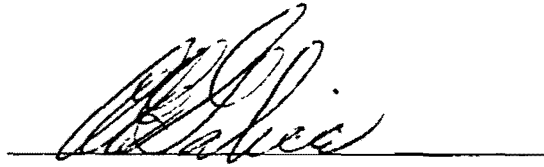
The undersigned request the Tribunal to record the Settlement Agreement and the arbitral award on agreed terms with full payment to UTI to be made out of the Security Account in accordance with the Settlement Agreement.

The parties respectfully request that this settlement be kept confidential until the obligations of the Agreement have been completed.

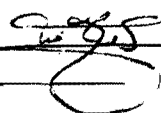
Respectfully submitted,



Air Force of the Islamic Republic of Iran



United Technologies International, Inc.
Hamilton Standard Division

Col Afzakhitch 

Ministry of Defense of the Islamic Republic of Iran

MEMORANDUM OF UNDERSTANDING

THIS AGREEMENT ("MOU") made this 8th day of June, 1984 by and between UNITED TECHNOLOGIES INTERNATIONAL, INC., Hamilton Standard Division ("UTI") and THE AIR FORCE OF THE ISLAMIC REPUBLIC OF IRAN ("Iranian Air Force")

WHEREAS, the Iranian Air Force and UTI desire to resolve all claims and counterclaims between them relating to, arising out of or capable of being asserted with respect to the Agreement For Overhaul and Service of Hamilton Standard 54H60 Propeller Equipment dated November 23, 1974 as extended and amended by Amendment No. 1 dated May 9th 1977 and Amendment No. 2 dated January 1, 1978 ("Overhaul Agreement") which is the subject matter of Claim No. 42 before the Iran-United States Claims Tribunal ("Tribunal"). All such claims and counterclaims shall hereinafter be referred to as "Claim No. 42".

WHEREAS, the Iranian Air Force and UTI represent that the following settlement agreement provides only for the return of the Iranian Air Force Parts listed on Exhibits A, B and C (the "Parts") to the Iranian Air Force and payment to UTI for expenses and costs incident to said return, the overhaul and repair services performed by UTI prior to and during early 1979 on the Parts, and expenses and costs incident to the preservation and storage of the Parts.

NOW THEREFORE, in consideration of the mutual promises and agreements herein set forth, the parties agree as follows:

1. In full and final settlement of Claim No. 42, the Iranian Air Force shall pay to UTI Seven Hundred Fifty Thousand U.S. Dollars (U.S. \$ 750,000) (the "Award on Agreed Terms"). The Award on Agreed Terms shall be paid from the Security Account established for the satisfaction of Tribunal awards to The Federal Reserve Bank, New York, for transmittal to Swiss Air Transport Company, Ltd. ("Swiss Air") as escrow agent to be held in escrow by Swiss Air and paid to UTI pursuant

to the terms of the Escrow Agreement dated June 8, 1984 attached hereto as Exhibit D. The amount held in Escrow by Swiss Air will be equal to U.S. \$ 735,000 ("Settlement Fund") which is the U.S. \$ 750,000 paid from the Security Account minus the 2 % U.S. Federal Reserve deduction from Tribunal Awards of U.S. \$ 15,000.

2. In full and final settlement of Claim No. 42, after receipt of the Settlement Fund by Swiss Air, the 102 aircraft parts listed on Exhibit A attached hereto and incorporated herein (the "Parts") shall be shipped, pursuant to the terms of the Escrow Agreement, to the Iranian Air Force from the John F. Kennedy International Airport, New York, or Logan International Airport, Boston, Massachusetts U.S.A. ("U.S. Airport") to Mehrabad Airport, Tehran, Iran ("Mehrabad Airport") by Carrier as defined in the Escrow Agreement with all licenses and permits (as hereinafter defined) for export of the Parts from the United States to Mehrabad Airport.

3. Upon issuance at U.S. Airport of the takeoff clearance for the aircraft carrying the Parts for transshipment to Mehrabad Airport ("Takeoff Clearance"), Swiss Air shall deliver the Settlement Fund to UTI pursuant to the terms of the Escrow Agreement.

4. Upon Takeoff Clearance and delivery of the Settlement Fund to UTI pursuant to Paragraph 3 above, UTI and the Iranian Air Force shall be deemed to have completely and forever released each other from all claims and counterclaims which have been asserted or are capable of being asserted in Claim No. 42.

5. UTI shall, as an accommodation to the Iranian Air Force, use best efforts to obtain all necessary United States Government export licenses, other permits or licenses or similar authorizations including, without limitation, U.S. Treasury Department

licenses which may be required for the transfer of the Parts to the Carrier and the export of the Parts to the Iranian Air Force (hereinafter collectively referred to as "Licenses and Permits"). But, nothing herein contained shall be construed as recognizing or imposing an obligation on UTI to furnish or obtain any such Licenses and Permits or to be in any way responsible for their issuance or continuance in force if issued. If, on or anytime after July 5, 1984 UTI has not obtained any and all Licenses and Permits or, if issued, such Licenses and Permits are not in force, UTI shall have the right, exercisable by telex notification to the Iranian Air Force, Swiss Air and the Tribunal, to declare this MOU automatically and immediately null and void.

6. The Escrow Agreement provides that it shall automatically and immediately become null and void on the happening of either of the following two (2) events: (a) if pursuant to Paragraph 6 of the Escrow Agreement Swiss Air is unable to obtain, by July 16, 1984, the Swiss Permits (as defined in Paragraph 6 of the Escrow Agreement) and UTI and the Iranian Air Force are unable to agree, by July 30, 1984, on an Alternate Carrier (as defined in Paragraph 6 of the Escrow Agreement) and details of the Alternate Carrier's carriage and payment; or (b) if pursuant to Paragraph 10a of the Escrow Agreement the Iranian Air Force does not deposit, by July 1, 1984, the Fund For Transportation Costs (as defined in Paragraph 10a of the Escrow Agreement) in the Swiss Air Bank Account (as defined in Paragraph 10a of the Escrow Agreement). In the event the Escrow Agreement becomes null and void on the happening of either of the above specified events this MOU shall automatically and immediately be null and void.

7. Pursuant to the Escrow Agreement, within 135 days of the date on which the Tribunal enters the Award on Agreed Terms, UTI shall, unless this MOU is terminated prior to said 135 days as provided elsewhere in this MOU, send telex

notification to the Tribunal, copy to Swiss Air and the Iranian Air Force, that either (a) Takeoff Clearance for the Parts has been issued and UTI has received the Settlement Fund, in which case the Tribunal is authorized to dismiss all claims and counterclaims in Claim No. 42; or (b) Takeoff Clearance for the Parts has not been issued, in which case this MOU shall automatically and immediately be null and void.

8. This MOU shall not become binding on any of the parties until the date on which both this MOU and the Escrow Agreement (hereinafter in this Paragraph collectively referred to as the "Agreements") are signed by all parties to the Agreements and are approved and signed by the Ministry of Defense of the Islamic Republic of Iran ("MOD") ("MOD Approval"). If the Agreements are not fully executed and have MOD Approval by July 1, 1984, and received by UTI care of the U.S. Agent at the Tribunal by July 5, 1984, and such dates have not been extended by an exchange of telexes between UTI and the Iranian Air Force, copy to Swiss air, this MOU shall automatically and immediately be null and void.

9. The Parties agree to keep confidential the content and performance of this MOU, except as necessary to implement this MOU, until this MOU has been fully performed. This obligation shall be subject to all applicable Tribunal and governmental laws, orders and regulations.

10. If the Tribunal has not issued an Award on Agreed Terms in accordance with this MOU by August 1, 1984 either party may revoke this MOU upon written notice to the other, copy to the Tribunal and Swiss Air and immediately upon such revocation this MOU shall automatically and immediately be null and void.

11. In the event this MOU becomes null and void as provided in Paragraph 5, 6, 7, 8 or 10 hereof, this MOU shall be of no force or effect upon the claims or counterclaims between

UTI and the Iranian Air Force in Claim No. 42 and the Tribunal is authorized to determine the claims and counterclaims in Claim No. 42. If Swiss Air has received the Settlement Fund and/or Shipper's Original of the Air Waybill (specified in Paragraph 7 of the Escrow Agreement), Swiss Air will, within one (1) week of the date this MOU becomes null and void, remit the Settlement Fund plus interest earned thereon to the Tribunal Security Account, remit the Fund for Transportation Costs to the Iranian Air Force, unless the Fund for Transportation Costs has already been paid to an Alternate Carrier, and return to UTI the Shipper's Original of the Air Waybill.

12. Clause 3 "Warranties, Remedies and Limitations" and Clause 9, "Liability Limitation", of the "United Technologies International, Inc. Subsidiary of United Technologies Corporation Standard Terms and Conditions of Sale for Overhaul and Repair" shall, in their entirety, apply to the Parts listed on Exhibit A. A copy of "United Technologies International, Inc. Subsidiary of United Technologies Corporation Standard Terms and Conditions of Sale for Overhaul and Repair" ("UTI's Standard Terms") is attached to this Agreement as Exhibit E. It is understood and agreed that the Parts listed on Exhibits B and C are shipped to the Iranian Air Force in an "As Is" condition WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. In no event shall UTI be liable for any damages, including without limitation, incidental or consequential damages, arising out of or relating in any way to the overhaul and repair services, if any, performed on, or the use of, any of the Parts listed on Exhibits B or C whether founded in contract or tort (including negligence).

13. It is understood and agreed that neither UTI nor the Iranian Air Force shall be liable for breach of this MOU if such breach is due to compliance in good faith with any

and all applicable Islamic Republic of Iran, other foreign or United States governmental laws, regulations and orders whether or not they subsequently prove to be invalid.

14. All notices pursuant to this Agreement shall be in writing or by wire and shall be sufficient if delivered as follows:

1) If to UTI, to:

Anthony E. Galica
Mail Stop 1-1-5
Hamilton Standard Division
United Technologies Corporation
Windsor Locks, Ct. 06096
Telex: 994439 HSD UTC WIND

2) If to MOD, to:

Colonel Gerami
Ministry of Defense IR
Col. Sakhaei Avenue
Tehran, Iran
Telex: 214219 MODL IR

3) If to Iranian Air Force, to:

Major Tehrani
Pirouzi Avenue,
Tehran, Iran
Telex: 883654 IRAF

15. This Agreement, including Exhibits A through E attached hereto and made a part hereof, contain the entire understanding between the parties hereto with respect to the subject matter hereof and shall supersede all previous communications, representations or agreements, either oral or written, between the parties hereto including, but not limited to, the Memorandum of Intent dated May 3, 1984 between UTI and the Iranian Air Force and signed by the MOD, and may be amended only in a written document duly and jointly executed by the Parties, or by written instructions as provided in the Escrow Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be fully and properly executed by their duly authorized representatives.

WITNESS:

James M. Bright

International,
UNITED TECHNOLOGIES CORPORATION, INC.
HAMILTON STANDARD DIVISION

By: *[Signature]*

Title: *Attorney in Fact*

Dated: *6/8/84*

WITNESS:

James M. Bright

AIR FORCE OF THE ISLAMIC REPUBLIC OF IRAN

By: *M. A. TEHRANI*

Title:

Dated: *8th JUNE 1984*

WITNESS:

James M. Bright

MINISTRY OF DEFENSE OF THE ISLAMIC REPUBLIC OF IRAN REPRESENTATIVE

By: *M. GERAMI*

Title:

Dated:

WITNESS:

Col. Gherami

APPROVED:

MINISTRY OF DEFENSE OF THE ISLAMIC REPUBLIC OF IRAN

By: *Col. Afra Khatkh*

Title:

Dated:

EXHIBIT A

Page 1 of 1

<u>COMPLETED PARTS:</u>	HSS Pro-Form Inv. #	Serial No.
<u>Part: Propeller Assembly:</u>	-001	232587
	-002	232490
	-003	232488
	-004	232484
	-005	232464
	-006	232443
	-007	232435
	-008	232410
	-009	232376
	-010	232371
	-011	232270
	-012	232198
	-013	231987
	-014	229130
	-015	232067
	-016	232621
	-017	232450
 <u>Part: Valve Housing:</u>	-018	C8900
	-019	C8945
	-020	C8816
	-021	C8980
	-022	C8267
	-023	C9153
	-024	C8916
	-025	C8724
	-026	C8695
	-027	C8952
	-028	C5292
 <u>Part: Synchrophaser:</u>	-029	CC1547
 <u>Part: Pitchlock Regulator:</u>	-030	809
 <u>Part: Pump Housing:</u>	-031	SE9166
	-032	SE17756
	-033	18338
	-034	18037
	-035	18284
	-036	SE10447
	-037	17988
	-038	SE9863
	-039	18132
	-040	18133
	-041	18283
	-042	18340
	-043	17989
	-044	18369
	-045	18066

EXHIBIT B

Page 1 of 1

<u>INCOMPLETE PARTS:</u>	HSS Pro-Form Inv. #	Serial No.
<u>Part: Propeller Assembly:</u>	-046	232446
	-047	232462
	-048	232367
	-049	223860
	-050	232203
<u>Part: Propeller Assembly:</u>	-051	232296
	-052	232287
	-053	232172
	-054	232199
	-055	232466
	-056	232525
	-057	232282
	-058	232530
	-059	232050
	-060	232093
	-061	231249
	-062	228382
	* -063	231251
	-064	229432
	-065	223578
	* -066	230451
	* -067	228077
	* -068	217411
<u>Part: Pump Housing:</u>	-069	SE5405
	-070	SE7670
	-071	18274
	* -072	SE17849
<u>Part: Valve Housing:</u>	-073	C8644
	-074	C8735
<u>Part: Synchrophaser:</u>	-075	AL2908
<u>Part: Slip Ring:</u>	-076	O/R15442

* By Telex dated 10-25-78, J. A. Consolini informed Col. Khatami that major components of these items were not repairable.

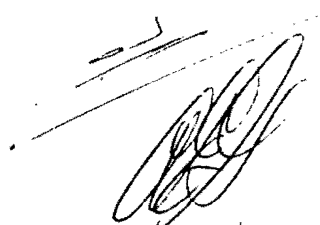


EXHIBIT CPage 1 of 1

<u>UNOPENED PARTS:</u>	<u>HSS</u> <u>Pro-Form</u> <u>Inv. #</u>	<u>Serial</u> <u>No.</u>
<u>Part: Pump Housing:</u>	-077	18277
	-078	18341
	-079	SE9410
	-080	18071
	-081	18127
	-082	11370
	-083	17952
	-084	17751
	-085	17895
	-086	SE5012
	-087	18044
	-088	18081
	-089	SE5330
	-090	18280
	-091	SE17778
	-092	SE17934
	-093	18374
	-094	17947
	-095	SE17872
	-096	18254
	-097	18249
	-098	SE17950
	-099	SE17946
	-100	18359
	-101	18364
	-102	SE7008

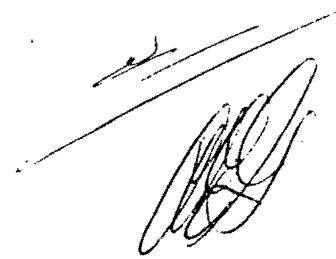


EXHIBIT D

TO

MEMORANDUM OF UNDERSTANDING

Escrow Agreement

dated June 8, 1984

ESCROW AGREEMENT

This Escrow Agreement made this 8th day of June, 1984 by and among UNITED TECHNOLOGIES INTERNATIONAL, INC., Hamilton Standard Division ("UTI"), the AIR FORCE OF THE ISLAMIC REPUBLIC OF IRAN ("Iranian Air Force") and SWISS AIR TRANSPORT COMPANY LTD. ("Swiss Air").

WHEREAS, UTI and the Iranian Air Force have entered into a Memorandum of Understanding dated June 8, 1984 ("MOU");

WHEREAS, the MOU contemplates the payment of Seven Hundred Fifty Thousand U.S. Dollars (U.S. \$ 750,000) to UTI and the shipment of the 102 aircraft parts listed on Exhibits A, B and C which are attached hereto and incorporated herein (collectively referred to as the "Parts") to the Iranian Air Force in Iran.

NOW THEREFORE, in consideration of the foregoing and mutual promises and agreements contained herein, the parties agree as follows:

1. UTI and the Iranian Air Force shall file a Joint Request for Arbitral Award on Agreed Terms ("Joint Request") before the Iran-United States Claims Tribunal ("Tribunal"). The Joint Request for Arbitral Award requests the Tribunal to accept the full and final settlement of all claims and counterclaims which have been asserted or are capable of being asserted in Claim No. 42 before the Tribunal as set forth in the MOU and enter an Award on Agreed Terms in the amount of Seven Hundred Fifty Thousand U.S. Dollars (U.S. \$ 750,000) to be paid from the Tribunal Security Account to UTI, and to be held in escrow by Swiss Air and distributed by Swiss Air pursuant to the terms of this Agreement.

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2. Upon Swiss Air's receipt of Seven Hundred Thirty-Five Thousand U.S. Dollars (U.S. \$ 735,000) from the Tribunal pursuant to Paragraph 1 above ("Settlement Fund"), Swiss Air shall immediately notify UTI by telex, copy to the Iranian Air Force, that the Escrow Account contains the Settlement Fund ("First Notification"). (The Sum of U.S. \$ 735,000 is equal to the Arbitral Award of U.S. \$ 750,000 minus the 2 % U.S. Federal Reserve Deduction from Tribunal Awards of U.S. \$ 15,000).

3. Immediately upon receipt of the First Notification, UTI shall commence preparing the Parts for shipment. Such preparation shall be complete within 90 days after UTI receives the First Notification and shall consist of the following:

a. Parts Listed on Exhibit A

- i. Each Propeller Assembly shall have a current and completed FAA Form 337 Certificate of Major Repair and Alteration, an example of which is attached as Exhibit D.
- ii. All other parts shall each have a current and completed Serviceable Parts Tag, an example of which is attached as Exhibit E.
- iii. All parts shall be packed in accordance with industry custom.

b. Parts Listed on Exhibit B

The parts listed on Exhibit B shall be packed, in an as is condition, in accordance with industry custom.

c. Parts Listed on Exhibit C

The Parts listed on Exhibit C were received by UTI from the Iranian Air Force in 1979 and have not been unpacked by UTI. UTI shall visibly inspect the packaging

to determine whether the packaging appears suitable for shipment of the Parts and, if not, UTI shall do the minimum repair to the packaging it shall deem necessary to make the packaging suitable; provided, however in no event shall UTI or Swiss Air as Escrow Agent be responsible for any loss or damage to the Parts due to packaging.

In addition to the above, all historical data records, if any, received from the Iranian Air Force for each Part shall be returned with each Part.

4. When preparation of the Parts is approximately two weeks from completion, UTI shall notify Swiss Air by Telex, copy to the Iranian Air Force ("Second Notification").
5. Unless otherwise provided in Paragraph 6 of this Agreement air carriage of the Parts shall be performed by Swiss Air. Upon receipt of the Second Notification, Swiss Air shall make arrangements for shipment of the Parts by air freight to the Iranian Air Force in Mehrabad Airport, Tehran, Iran ("Mehrabad"). The point of shipment shall be the John F. Kennedy International Airport, New York, U.S.A. or Logan International Airport, Boston, Massachusetts U.S.A. ("U.S. Airport"). The date of shipment shall be as early as possible but, unless otherwise agreed by UTI by telex, no earlier than 2 weeks after the date of the Second Notification. Swiss Air shall send a telex to UTI, copy to the Iranian Air Force, notifying UTI of the shipping arrangements specifying; name of U.S. Airport, date, flight numbers, time of departure from U.S. Airport, and informing UTI of name and business address at U.S. Airport of the Swiss Air representative at U.S. Airport who will be authorized to receive the airwaybill as hereinafter specified. If such shipping arrangements are acceptable, UTI shall send a telex, copy to the Iranian Air Force, confirming the shipping arrangements.

It is the intention of the parties to this Agreement that, if the Parts are shipped by Swiss Air, that the Parts be shipped from the U.S. Airport in one shipment to the Zurich Airport in Switzerland and from the Zurich Airport to Mehrabad in one or more shipments as may be operationally required. Swiss Air shall notify the Iranian Air Force, by telex, of the time of arrival of each shipment at Mehrabad.

6. Swiss Air shall use its best efforts to obtain, by July 16, 1984, any and all permits or other authorizations required by the Swiss Government for the transit of the Parts through the Zurich Airport ("Swiss Permits"). Swiss Air shall notify UTI, copy to the Iranian Air Force, no later than July 16, 1984, whether or not Swiss Air has obtained the Swiss Permits. In the event Swiss Air has not obtained the Swiss Permits by July 16, 1984, Swiss Air shall be relieved from its obligation to ship the Parts pursuant to Paragraph 5 above, and UTI and the Iranian Air Force shall agree, no later than July 30, 1984, by an exchange of telexes, on: a mutually acceptable alternate carrier for shipment of the Parts by air freight from U.S. Airport to Mehrabad ("Alternate Carrier"); terms of carriage; and terms of payment to Alternate Carrier (if terms in addition to the terms specified in Paragraph 10a hereof are necessary). If the Iranian Air Force and UTI are unable to agree on the Alternate Carrier and terms of carriage and payment to Alternate Carrier by July 30, 1984, UTI shall inform Swiss Air by telex, copy to the Iranian Air Force and the Tribunal and this Escrow Agreement shall automatically and immediately be null and void.

If UTI and the Iranian Air Force are able to agree on the Alternate Carrier, terms of carriage and payment of Alternate Carrier by July 30, 1984, UTI and the Iranian

11

Air Force shall each inform Swiss Air, by telex with copy to each other, of the name of the Alternate Carrier and terms of carriage and payment agreed upon.

Hereinafter the term "Carrier" shall mean either Swiss Air in its capacity as carrier or the Alternate Carrier, as the case may be.

7. UTI shall deliver the Parts in 142 packages to the Carrier at U.S. Airport on or before the date of shipment; provided however, it is understood and agreed that UTI is not obligated to deliver the Parts to the Carrier unless all Licenses and Permits, as hereinafter defined in Paragraph 8, have been issued and are in full force and effect. The parties to this Agreement agree to cooperate so that the transfer of the Parts at U.S. Airport is accomplished in a safe and speedy manner. Upon delivery of the 142 packages to the Carrier UTI shall give Swiss Air an Affidavit signed by a duly authorized person that they contain the Parts. Swiss Air shall verify that the one hundred and forty-two [142] packages are received and loaded on one aircraft by the Carrier but shall be under no obligation to verify the content of the packages. UTI shall hand over to the Swiss Air representative at U.S. Airport the "Shipper's Original" of the air waybill which provides for the carriage of the Packages to the Iranian Air Force at Mehrabad and which confirms receipt of the Packages by the Carrier. (An example of a blank Shipper's Original of an airway bill is attached as Exhibit F). Upon issuance at U.S. Airport of the takeoff clearance for the Carrier's aircraft carrying the Packages for transshipment to Mehrabad Airport ("Takeoff Clearance"), Swiss Air shall wire transfer Seven Hundred Thirty-Five Thousand U.S. Dollars (U.S. \$ 735,000) from the Escrow Account to UTI's account No. 325-009252 at the Chemical Bank in New York, New York.

17

8. UTI shall, as an accommodation to the Iranian Air Force, use best efforts to obtain all necessary United States Government export licenses, other permits or licenses or similar authorizations including, without limitation, U.S. Treasury Department licenses which may be required for the transfer of the Parts to the Carrier and the export of the Parts to the Iranian Air Force (hereinafter collectively referred to as "Licenses and Permits"). But, nothing herein contained shall be construed as recognizing or imposing an obligation on UTI to furnish or obtain any such Licenses and Permits or to be in any way responsible for their issuance or continuance in force if issued. If, on or anytime after July 5, 1984 UTI has not obtained any and all Licenses and Permits or, if issued, such Licenses and Permits are not in force, UTI shall have the right, exercisable by telex notification to the Iranian Air Force, Swiss Air and the Tribunal, to declare this Agreement null and void.
9. Within 135 days of the date on which the Tribunal enters the Award on Agreed Terms, UTI shall, unless this Agreement is terminated prior to said 135 days as provided elsewhere in this Agreement, send telex notification to the Tribunal, copy to Swiss Air and the Iranian Air Force, that either (a) Takeoff Clearance for the Parts has been issued and UTI has received the Settlement Fund, or (b) Takeoff Clearance for the Parts has not been issued, in which case this Agreement shall automatically and immediately be null and void.
10. General
 - a. Shipping Charges. UTI shall be responsible for the expenses related to the transportation of the Parts from its facilities in Connecticut to the Carrier

at U.S. Airport. The Iranian Air Force shall be responsible for the costs of transporting the Parts from U.S. Airport to Mehrabad.

Swiss Air shall send a telex to the Iranian Air Force, copy to UTI, on or before June 18, 1984 notifying the Iranian Air Force of the total amount, of the sum of the costs and charges and conditions associated with the transport of the Parts by Swiss Air from the U.S. Airport to the Mehrabad Airport ("Transportation Costs") and the number of Swiss Air's Bank Account in a bank of Swiss Air's choice ("Swiss Air's Bank Account"). The Iranian Air Force shall deposit said sum plus 20 % of said sum for the event that the Transportation Costs of an Alternate Carrier is more than Swiss Air's Transportation Costs (hereinafter referred to as "Fund For Transportation Costs") in the Swiss Air Bank Account no later than July 1, 1984. In the event the Fund For Transportation Costs is not deposited in the Swiss Air Bank Account on or before July 1, 1984 this Escrow Agreement shall automatically and immediately be null and void.

It is understood and agreed that Swiss Air shall hold the Fund For Transportation Costs in Escrow to be used for either reimbursing Swiss Air for Transportation Costs or, should an Alternate Carrier be used pursuant to Paragraph 6 of this Agreement for payment to the Alternate Carrier for the Alternate Carrier's Transportation Costs. Such payment to an Alternate Carrier will be made by Swissair out of the Fund for Transportation Costs at the time of shipment of the Parts in the amount as shown on the Air Waybill. In the event the Fund For Transportation Costs is not sufficient to pay the Transportation Costs, then the Iranian Air Force shall, in advance of shipment, deposit the additional sum necessary to fully pay those Costs

H.

into the Swiss Air Bank Account ("Additional Sum"). Upon receipt of the Additional Sum Swiss Air shall notify UTI, by telex, copy to the Iranian Air Force.

In the event the Fund For Transportation Costs, together with the Additional Sum, if any, exceeds the Transportation Costs then Swiss Air shall, within one (1) week after Takeoff Clearance, return the excess amount to the Iranian Air Force.

- b. Risk of Loss. The Iranian Air Force shall have all risk of loss for the Parts when UTI delivers the Parts to the Carrier. UTI shall have risk of loss for the Parts during transportation of the Parts from its facilities in Connecticut to the Carrier.
- c. The Settlement Fund and the Fund for Transportation Costs shall be held by Swiss Air in escrow in a separate Swiss Air bank account ("Escrow Bank Account") with the Schweizerische Volksbank in Zurich.
- d. Written Instructions. Notwithstanding anything herein to the contrary, Swiss Air may act upon any written instructions duly and jointly executed by UTI and the Iranian Air Force or by identical telex communications from UTI and Iranian Air Force.
- e. Notices. All notices pursuant to this Agreement shall be in writing or by telex and shall be sufficient if delivered as follows:

1) To Swiss Air, to: Andres Hodel, Esq.,
Legal Department, Swissair
CH-8058 Zurich Airport
Zurich, Switzerland
Telex: 52 407 CH Swissair

11

2) If to UTI, to: Anthony E. Galica
Mail Stop 1-1-5
Hamilton Standard Division
United Technologies Corporation
Windsor Locks, CT. 06096
Telex: 994439 HSD UTC WIND

3) If to Iranian Air Force, to: Colonel Gerami
Ministry of Defense IR
Col. Sakhaei Avenue
Tehran, Iran
Telex: 214219 MODL IR

- f. Approval. This Agreement shall not become binding on any of the parties until the date on which both this Agreement and the MOU (hereinafter in this Paragraph collectively referred to as the "Agreements") are signed by all parties to the Agreements and are approved and signed by the Ministry of Defense of the Islamic Republic of Iran ("MOD") ("MOD Approval"). If the Agreements are not fully executed and have MOD Approval on or before July 1, 1984 and received by UTI care of the U.S. Agent at the Tribunal by July 5, 1984 and such dates have not been extended by an exchange of telexes between UTI and the Iranian Air Force, copy to Swiss Air, this Escrow Agreement shall automatically and immediately be null and void.
- g. If the Tribunal has not issued an Award on Agreed Terms in accordance with the MOU by August 1, 1984 the MOU provides that either UTI or the Iranian Air Force may revoke the MOU upon written notice to the other, copy to the Tribunal and Swiss Air. It is understood and agreed that any such revocation of the MOU shall also be an automatic and immediate revocation of this Agreement and this Agreement shall be null and void as of the date of such written notice.
- h. Indemnity. UTI, the MOD and the Iranian Air Force jointly hold Swiss Air harmless and agree to defend Swiss Air, its officers, agents and employees, against

any and all claims made by third parties arising out of or in connection with Swiss Air's performance as Escrow Agent under this Agreement, provided however, in no event shall UTI be liable for any claims made by the Carrier for the transportation costs specified in Paragraph 10a above.

- i. Confidentiality. The parties to this Agreement agree to keep confidential the content and performance of this Agreement except as necessary to implement this Agreement until this Agreement is fully performed. This obligation shall be subject to all applicable governmental and Tribunal laws, orders, regulations and requirements.
- j. Fee. The fee to which Swiss Air shall be entitled for acting as Escrow Agent shall be all of the interest earned by the Escrow Bank Account during the period the funds in the Escrow Bank Account are lawfully held by Swiss Air unless interest on the Settlement Fund must be remitted to the Tribunal Security Account as provided in Paragraph 10 l of this Agreement. In the event the interest on the Settlement Fund is remitted to the Tribunal Security Account Swiss Air shall send UTI an invoice in the amount of U.S. \$ 1,250 which UTI agrees to pay promptly upon receipt. Swiss Air shall also either send the Iranian Air Force an invoice in the amount of U.S. \$ 1,250 which the Iranian Air Force agrees to pay promptly upon receipt or, at the option of Swiss Air, Swiss Air shall retain U.S. \$ 1,250 from the Fund For Transportation Costs, if such Fund has been established, and the Iranian Air Force hereby expressly agrees that Swiss Air shall have the right to retain the U.S. \$ 1,250 from said Fund.

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- k. It is understood and agreed that no party to this Agreement shall be liable for breach of this Agreement if such breach is due to compliance in good faith with any or all applicable Islamic Republic of Iran, other foreign or United States governmental laws, regulations and orders whether or not they subsequently prove to be invalid.
- l. In the event this Agreement shall become null and void as provided in Paragraphs 6, 8, 9, 10a, 10f and 10g hereof, this Agreement shall be of no force or effect upon the claims or counterclaims between UTI and the Iranian Air Force. If Swiss Air has received the Settlement Fund and/or the Fund For Transportation Costs and/or the Shipper's Original of the Air Waybill specified in Paragraph 7 of this Agreement, Swiss Air will, within one (1) week of the date this Agreement becomes null and void, remit the Settlement Fund plus interest earned thereon to the Tribunal Security Account, remit the Fund For Transportation Costs to the Iranian Air Force, unless the Fund For Transportation Costs has already been paid to an Alternate Carrier and return to UTI the Shipper's Original of Air Waybill
- m. This Agreement, including Exhibit A through F, attached hereto and made a part hereof, and the MOU, contain the entire understanding among and between the parties hereto with respect to the subject matter hereof and shall supersede all previous communications, representations or agreements, either oral or written, between or among the parties hereto, including, but not limited to, the Memorandum of Intent dated May 3, 1984 between UTI and the Iranian Air Force and signed by the MOD, and may be amended only in a written document duly and jointly executed by the Parties, or by written instruction as provided in Paragraph 10d above.
- 11

EXHIBIT A TO ESCROW AGREEMENT

Page 1 of 1

<u>COMPLETED PARTS:</u>	<u>HSS Pro-Form Inv. #</u>	<u>Serial No.</u>
<u>Part: Propeller Assembly:</u>	-001	232587
	-002	232490
	-003	232488
	-004	232484
	-005	232464
	-006	232443
	-007	232435
	-008	232410
	-009	232376
	-010	232371
	-011	232270
	-012	232198
	-013	231987
	-014	229130
	-015	232067
	-016	232621
	-017	232450
 <u>Part: Valve Housing:</u>	-018	C8900
	-019	C8945
	-020	C8816
	-021	C8980
	-022	C8267
	-023	C9153
	-024	C8916
	-025	C8724
	-026	C8695
	-027	C8952
	-028	C5292
 <u>Part: Synchrophaser:</u>	-029	CC1547
 <u>Part: Pitchlock Regulator:</u>	-030	809
 <u>Part: Pump Housing:</u>	-031	SE9166
	-032	SE17756
	-033	18338
	-034	18037
	-035	18284
	-036	SE10447
	-037	17988
	-038	SE9863
	-039	18132
	-040	18133
	-041	18283
	-042	18340
	-043	17989
	-044	18369
	-045	18066



EXHIBIT B TO ESCROW AGREEMENT

Page 1 of 1

<u>INCOMPLETE PARTS:</u>	HSS Pro-Form Inv. #	Serial No.
<u>Part: Propeller Assembly:</u>	-046	232446
	-047	232462
	-048	232367
	-049	223860
	-050	232203
 <u>Part: Propeller Assembly:</u>	-051	232296
	-052	232287
	-053	232172
	-054	232199
	-055	232466
	-056	232525
	-057	232282
	-058	232530
	-059	232050
	-060	232093
	-061	231249
	-062	228382
	* -063	231251
	-064	229432
	-065	223578
	* -066	230451
	* -067	228077
	* -068	217411
 <u>Part: Pump Housing:</u>	-069	SE5405
	-070	SE7670
	-071	18274
	* -072	SE17849
 <u>Part: Valve Housing:</u>	-073	C8644
	-074	C8735
 <u>Part: Synchrophaser:</u>	-075	AL2908
 <u>Part: Slip Ring:</u>	-076	O/R15442

* By Telex dated 10-25-78, J. A. Consolini informed Col. Khatami that major components of these items were not repairable.

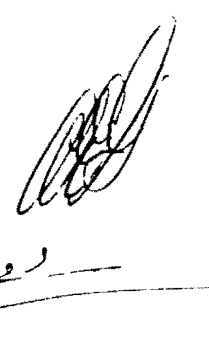


EXHIBIT C TO ESCROW AGREEMENT

Page 1 of 1

<u>UNOPENED PARTS:</u>	<u>HSS Pro-Form Inv. #</u>	<u>Serial No.</u>
<u>Part: Pump Housing:</u>	-077	18277
	-078	18341
	-079	SE9410
	-080	18071
	-081	18127
	-082	11370
	-083	17952
	-084	17751
	-085	17895
	-086	SE5012
	-087	18044
	-088	18081
	-089	SE5330
	-090	18280
	-091	SE17778
	-092	SE17934
	-093	18374
	-094	17947
	-095	SE17872
	-096	18254
	-097	18249
	-098	SE17950
	-099	SE17946
	-100	18359
	-101	18364
	-102	SE7008

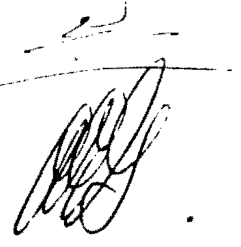


EXHIBIT D TO ESCROW AGREEMENT

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

MAJOR REPAIR AND ALTERATION (Airframe, Powerplant, Propeller, or Appliance)

Form Approved
Budget Bureau No. 04-R060.1

FOR FAA USE ONLY

OFFICE IDENTIFICATION

INSTRUCTIONS: Print or type all entries. See FAR 43.9, FAR 43 Appendix B, and AC 43.9-1 (or subsequent revision thereof) for instructions and disposition of this form.

1. AIRCRAFT	MAKE	MODEL
	SERIAL NO.	NATIONALITY AND REGISTRATION MARK
2. OWNER	NAME (As shown on registration certificate)	ADDRESS (As shown on registration certificate)

3. FOR FAA USE ONLY

4. UNIT IDENTIFICATION

5. TYPE

UNIT	MAKE	MODEL	SERIAL NO.	REPAIR	ALTERATION
AIRFRAME	***** (As described in item 1 above) *****				
POWERPLANT					
PROPELLER					
APPLIANCE	TYPE				
	MANUFACTURER				

6. CONFORMITY STATEMENT

A. AGENCY'S NAME AND ADDRESS	B. KIND OF AGENCY	C. CERTIFICATE NO.
	U.S. CERTIFICATED MECHANIC	
	FOREIGN CERTIFICATED MECHANIC	
	CERTIFICATED REPAIR STATION	
	MANUFACTURER	

D. I certify that the repair and or alteration made to the unit(s) identified in item 4 above and described on the reverse or attachments hereto have been made in accordance with the requirements of Part 43 of the U.S. Federal Aviation Regulations and that the information furnished herein is true and correct to the best of my knowledge.

DATE	SIGNATURE OF AUTHORIZED INDIVIDUAL
------	------------------------------------

7. APPROVAL FOR RETURN TO SERVICE

Pursuant to the authority given persons specified below, the unit identified in item 4 was inspected in the manner prescribed by the Administrator of the Federal Aviation Administration and is ☐ APPROVED ☐ REJECTED

BY	FAA FLT STANDARDS INSPECTOR	MANUFACTURER	INSPECTION AUTHORIZATION	OTHER (Specify)
	FAA DESIGNEE	REPAIR STATION	CANADIAN DEPARTMENT OF TRANSPORT INSPECTOR OF AIRCRAFT	
DATE OF APPROVAL OR REJECTION		CERTIFICATE OR DESIGNATION NO.	SIGNATURE OF AUTHORIZED INDIVIDUAL	

EXHIBIT E TO ESCROW AGREEMENT

SERVICEABLE PARTS TAG						
QUANTITY	PART NUMBER		NOMENCLATURE		SERIAL NUMBER	
CUSTOMER			CUSTOMER ORDER NO.		SALES ORDER NO.	
MANUFACTURER	T.T.	T.S.O.	OVER-HAULED ☐	MODIFIED ☐	REPAIRED ☐	
REMARKS						
HAMILTON STANDARD			 Division of UNITED TECHNOLOGIES		REPAIR STATION NO. 4387	
OVERHAUL AND SUPPORT DEPARTMENT P.O. BOX 554, WINDSOR LOCKS, CONN. 06096				NOTE: SUBJECT TO THE INFORMATION ON THE REVERSE SIDE		

HSF 1410B

REMARKS (CONTD.)	
THE AIRCRAFT ENGINE, PROPELLER OR ACCESSORY IDENTIFIED ON THE REVERSE SIDE WAS OVERHAULED AND/OR REPAIRED AND INSPECTED IN ACCORDANCE WITH CURRENT REGULATIONS OF THE FEDERAL AVIATION AGENCY AND IS APPROVED FOR RETURN TO SERVICE. THIS OVERHAUL OR REPAIR DOES NOT INCLUDE INSTALLATION ON AN AIRCRAFT. PERTINENT DETAILS OF THE WORK PERFORMED ARE ON FILE AT THIS REPAIR STATION UNDER SALES ORDER NO.	
Date _____	
SIGNED _____	
SIGNATURE OF AUTHORIZED INDIVIDUAL AND CERTIFICATE NUMBER	

[Handwritten signature]

UNITED TECHNOLOGIES INTERNATIONAL, INC.
SUBSIDIARY OF UNITED TECHNOLOGIES CORPORATION
STANDARD TERMS AND CONDITIONS OF SALE
FOR OVERHAUL AND REPAIR

EXHIBIT E

Delivery, Title and Shipping

Goods delivered to United Technologies International, Inc. (hereinafter referred to as "Seller"), for overhaul or repair hereunder shall be redelivered to Buyer f.o.b. factory or at the Hamilton Standard Division of United Technologies Corporation to an agent of Buyer, including a common carrier, flyaway, or warehouse, as hereinafter provided. Hereafter Buyer shall have all risk of loss for such goods, including new parts incorporated therein by Seller. Wherever transportation rates and carrier's liability for damage depend on the value of the shipment as declared by shipper, Seller will declare such value as will enable Buyer to have goods shipped at the lowest permissible transportation rates unless otherwise instructed in writing by Buyer. Buyer will furnish written shipping instructions for all goods as promptly as possible. In the absence of such instructions, Seller may, at any time beginning ten (10) days after forwarding notice to Buyer by mail or otherwise that the goods are ready for shipment, do either of the following for the account and at the expense of Buyer: Arrange for shipment of the goods by a carrier of its own selection to any place of business or other destination reasonably believed to be suitable, or deliver the goods. Buyer will not hold Seller liable for loss or damage attributed to negligence either in selection of the carrier or the warehouse or in agreeing with either of them to contract terms on Buyer's behalf.

Inspection

Upon receipt of the goods by Buyer at destination the same shall appear not to have been overhauled or repaired in accordance with this order. Buyer shall within thirty (30) days after receipt thereof notify Seller of such condition and afford Seller a reasonable opportunity to inspect the goods and make any appropriate adjustment or replacement. The Seller afforded Buyer under the paragraph hereof entitled "Warranties, Remedies, and Limitations" shall be exclusive for defects discovered upon inspection but shall not be cut off by reason of Buyer's failure to discover the defects within the inspection period provided in this paragraph. Buyer shall not delay payment for the overhaul and repair of the goods pending their inspection.

Warranties, Remedies, and Limitations

a. Services

Seller warrants to Buyer that at the time of delivery of overhauled or repaired goods the overhaul and repair services performed by Seller will have been performed in a workmanlike manner. Seller's liability and Buyer's remedy under this warranty are limited to the Seller's correcting at its shops such services as are shown to Seller's reasonable satisfaction to have been defective; provided, that written notice of the defect shall have been given by Buyer to Seller within thirty (30) days after the first operation or use of the goods or within one (1) year after the date of delivery of such goods by Seller, whichever shall first occur. Transportation charges for the return of defectively serviced goods to Seller and their reshipment to Buyer and the risk of loss thereof will be borne by Seller only if the goods are returned in accordance with written shipping instructions from Seller.

b. New Parts

The warranties and remedies for new parts utilized in such overhaul or repair services shall be as set forth below:

(1) Defects

Seller warrants to Buyer that at the time of delivery of the overhauled or repaired goods the new parts utilized will be free from defects in material and manufacture and will conform substantially to Seller's applicable specifications as stipulated in this order. Seller's liability and Buyer's remedy under this warranty are limited to the repair or replacement at Seller's election, of new parts or components thereof returned to Seller which are shown to Seller's reasonable satisfaction to have been defective; provided that written notice of the defect shall have been given by Buyer to Seller within ninety (90) days after the first operation or use of the goods but in no event later than one (1) year after the date of delivery of such goods by Seller. Transportation charges for the return of defective new parts to Seller and their reshipment to Buyer and the risk of loss thereof will be borne by Seller only if returned in accordance with written shipping instructions from Seller.

(2) Title

Seller warrants to Buyer that it will convey good title to the new parts sold hereunder. Seller's liability and Buyer's remedy under this warranty are limited to the removal of any title defect or, at the election of the Seller, to the replacement of the new parts or components thereof which are defective in title, provided, however, that the rights and remedies of the parties with respect to patent infringement shall be limited to the provisions of subparagraph (3) below.

(3) Patent Infringement

Seller shall conduct, at its own expense, the entire defense of any claim, suit, or action alleging that, without further combination, the use or resale by Buyer or any subsequent purchaser or user of the new parts delivered hereunder directly infringes any patents of the nation in whose territory the Buyer's principal office is situated, but only on the conditions that (a) Seller receives prompt written notice of such claim, suit, or action and full opportunity and authority to assume the sole defense thereof, including settlement and appeals, and all information available to Buyer and defendant for such defense, (b) said new parts are made according to a design or specification furnished by Seller or United Technologies Corporation, or if a process patent is involved, the process performed by new parts is recommended in writing by Seller, and (c) the claim, suit, or action is brought against Buyer or one expressly indemnified by Buyer. Provided all of the foregoing conditions have been met, Seller shall, at its own expense, either settle said claim, suit, or action or shall pay all damages excluding consequential damages and costs awarded by the court therein, and if the use or resale of such new parts is finally enjoined, Seller shall, at Seller's option, (i) procure for defendant the right to use or resell the new parts, (ii) replace them with equivalent non-infringing new parts, (iii) modify them so they become noninfringing but equivalent, or (iv) remove them and refund the purchase price (less a reasonable allowance for use, damage, or obsolescence). No indemnity is granted by Seller under patents of any nation other than those specified above, nor with respect to any of the new parts or components thereof manufactured according to a design or specification of anyone other than Seller or United Technologies Corporation. If a claim, suit, or action is based on a design or specification furnished by Buyer, or on the performance of a process not recommended in writing by Seller, or on the use or sale of the new parts delivered hereunder in combination with other goods not delivered to Buyer by Seller, Buyer shall indemnify and save Seller and United Technologies Corporation harmless therefrom.

c. Exclusive Warranties and Remedies

THE FOREGOING WARRANTIES ARE EXCLUSIVE AND ARE GIVEN AND

ACCEPTED IN LIEU OF (i) ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; AND (ii) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN CONTRACT OR TORT AGAINST SELLER OR UNITED TECHNOLOGIES CORPORATION, WHETHER OR NOT ARISING FROM THE NEGLIGENCE, ACTUAL OR IMPUTED, OF SELLER OR UNITED TECHNOLOGIES CORPORATION. The remedies of the Buyer shall be limited to those provided herein to the exclusion of any and all other remedies including, without limitation, incidental or consequential damages. No agreement varying or extending the foregoing warranties, remedies, or this limitation will be binding upon Seller unless in writing, signed by a duly authorized officer of Seller.

4. Excusable Delays

Buyer acknowledges that the goods called for hereunder are to be manufactured by or for Seller to fulfill this order or contract and that the delivery dates are based on the assumption that there will be no delay due to causes beyond the reasonable control of Seller. Seller shall not be charged with any liability for delay or nondelivery when due to delays of suppliers, acts of God or the public enemy, compliance in good faith with any applicable foreign or domestic governmental regulation or order whether or not it proves to be invalid, fires, riots, labor disputes, unusually severe weather, or any other cause beyond the reasonable control of Seller. To the extent that such causes actually retard deliveries on the part of Seller, the time for the performance shall be extended for as many days beyond the date thereof as is required to obtain removal of such causes. This provision shall not, however, relieve Seller from using its best efforts to avoid or remove such causes and continue performance with reasonable dispatch whenever such causes are removed.

5. Changes

No modification of this order shall be binding unless agreed to in writing and signed by both Buyer and Seller excepting, however, that unless Buyer expressly provides to the contrary in writing Seller may proceed prior to receipt of such written modification with all work necessary to repair, overhaul or modify the articles furnished by Buyer although such order may through error or oversight (1) erroneously identify the articles to be serviced, or (2) fail to specify all service work necessary, in Seller's opinion, which is required to put the articles in usable condition. Seller also may at its option modify Buyer's order where necessary by (a) substituting Seller's prices in effect as of the date of formal acknowledgment for the prices set forth on the order; (b) substituting an estimated delivery schedule which is reasonable (considering Seller's stock delivery availability and lead time) for the delivery schedule set forth on the order.

6. Taxes

In addition to the agreed purchase price of the goods, any and all taxes (not including any income and excess profit taxes) which may be imposed by any taxing authority arising from the sale, delivery, or use of Seller's products and for which Seller may be held responsible for collection or payment, either on its own behalf or that of Buyer, shall be paid by Buyer to Seller upon Seller's demand.

7. Financial Responsibility of Buyer

The following clause shall be automatically deleted if the Buyer is a government: If before completion of performance of this order or contract by Seller, a receiver or trustee is appointed of any of Buyer's property, or Buyer be adjudicated or voluntarily becomes a bankrupt under any bankruptcy or winding up laws or other similar legislation, or if Buyer becomes insolvent or makes an assignment for the benefit of creditors, or an execution be issued pursuant to a judgment rendered against Buyer, or should Buyer be unable or refuse to make payment to Seller in accordance with any of its obligations to Seller, Seller may at its option in any of such events terminate this order or contract by giving to Buyer a written notice of its intention so to do and Seller shall thereupon be relieved of any further obligation to Buyer and Buyer shall reimburse Seller for its termination costs and expenses and a reasonable allowance for profit and all sums paid to Seller up to that time shall be retained by Seller and applied toward the termination costs and expenses (and profit) payable hereunder. The excess, if any, of such sums over the total termination amount shall be returned to Buyer by Seller.

8. Export License

Seller will on Buyer's request apply for and use its best efforts to obtain any United States Government export license or similar authorization which may be required now or hereafter for exportation of the goods. But nothing herein contained shall be construed as imposing an obligation on Seller to furnish or obtain any such export license or similar authorization or to be in any way responsible for its issuance or its continuance in force if issued.

9. Liability Limitation

The price allocable in this order or contract to any product or service alleged to be the cause of any loss or damage to the Buyer shall be the ceiling limit on Seller's liability whether founded in contract or tort (including negligence), arising out of or resulting from, (i) this order or contract or the performance or breach thereof, (ii) the design, manufacture, delivery, sale, repair, replacement, or (iii) the use of any such product or the furnishing of any such service. In no event shall Seller have any liability for any incidental or consequential damages.

10. Scrap Material

Goods and parts thereof received from Buyer which in the opinion of Seller have no value other than as scrap will be disposed of by Seller and no accounting or liability therefore will be imposed on Seller by Buyer, however, Seller agrees to comply with instructions set forth on the face of Buyer's purchase order providing for immediate disposition of any such scrap at Buyer's expense.

11. Payment

For goods sold hereunder payment terms shall be net cash or as otherwise required by Seller.

12. Modification: Applicable Laws, Construction, and Captions

No modification of this order or contract shall be binding unless in writing signed by both parties hereto. This order or contract shall be interpreted in accordance with and the construction thereof shall be governed by the laws of the State of Connecticut, United States of America. Captions, as used in these terms and conditions, are for convenience of reference only and shall not be deemed or construed as in any way limiting or extending the language of the provisions to which such captions may refer.

13. Entire Agreement

The terms and conditions of this order or contract constitute the entire agreement between the parties hereto and shall supersede all previous communications, representations, or agreements, either oral or written between the parties hereto with respect to the subject matter hereof.