



CARGO CONDITION OF CONTRACT *(updated 4.23.15)*

1. In tendering the shipment described on the Air Waybill, Shipper agrees to these Conditions of Carriage. Shipper further agrees that this Air Waybill is nonnegotiable, does not convey title to the goods, and has been prepared by the Shipper, the Shipper's authorized agent, or on Shipper's behalf by Peninsula Airways, Inc.
2. Pen Air's Rules and Regulations, which Shipper may review at any PenAir Cargo office, are hereby incorporated and made part of this contract. Copies may be obtained by writing to 6100 Boeing Ave, Anchorage PenAir 99502. Shipper's Air Waybill, Pen Air's Rules and Regulations, these Conditions of Carriage, rates and all applicable laws and other Government regulations of any jurisdiction to, from or through which the shipment may be carried shall apply at all times when the shipment is in the possession of, or being handled by PenAir and its agents.
3. Shipper understands that Pen Air's ability to complete a shipment is subject to aircraft and equipment availability. Passengers, their baggage, airmail, and "PenPak" shipments shall have priority over all other shipments. PenAir will determine, in its reasonable discretion, the priority of carriage as between shipments. Except for such guarantees as PenAir may make in accepting a PenPak or Priority shipment, PenAir assumes no obligation to commence or complete shipment within a certain time or to transfer a shipment to any other carriers within a certain time.
4. All shipments, at Pen Air's option, may be opened and inspected.
5. Shipment charges are based on the greater of the shipment's actual gross weight or the cubic dimensional weight of one pound **per 173** cubic inches, or fractions thereof.
6. PenAir is not obligated to inquire into the correctness or sufficiency of information provided by Shipper on any document, and will not be liable to the Shipper for loss or expense due to the Shipper's failure to provide accurate and sufficient information.
7. PenAir cannot guarantee the availability of cooling or freezing facilities at a shipment's origin or destination, or enroute. PenAir assumes no responsibility for spoilage due to delay enroute, thawing or freezing.
8. Shipments will be held by PenAir without charge for 72 hours (excluding Sundays or legal US or state holidays) after the Shipper's Consignee has been notified of the shipment's arrival. After that time, PenAir may charge the Shipper or Consignee a storage charge in accordance with Pen Air's Rules and Regulations. If a shipment is unclaimed or cannot be delivered, PenAir will notify the Shipper, and dispose of the shipment, at Shipper's expense, in accordance with his/her instructions. Shipper will remain responsible for shipping costs even if the shipment is not claimed. If PenAir does not receive instructions from the Shipper within 30 days after PenAir mails notice of non delivery, PenAir may dispose of the shipment at public or private sale. Special rules apply to Pen Air's disposal of undelivered or unaccepted perishable goods. If Shipper's special instructions on the face of the Air Waybill cannot be reasonably complied with, or are not given, PenAir reserves the right to determine the routing and disposition of the shipment without notifying Shipper.

9. PenAir shall not be liable for its refusal to accept or transport a shipment based on Pen Air's good faith reliance upon applicable law, or in response to a governmental authority's regulation, demand, order or requirement.

10. PENAIR SHALL NOT BE LIABLE FOR LOSS, DAMAGE, DELAY OR OTHER HARM CAUSED BY: a) ACTS OF GOD, PERILS OF THE AIR, PUBLIC ENEMIES, PUBLIC AUTHORITIES, ACTING WITH ACTUAL OR APPARENT AUTHORITY, AUTHORITY OF LAW, QUARANTINE, RIOTS, UNAVAILABILITY IN WHOLE OR PART, OF AIRCRAFT FUEL, STRIKES, CIVIL COMMOTIONS, OR HAZARDS OR DANGERS INCIDENT TO THE STATE OF WAR OR NUCLEAR RISK. b) ANY ACT OR DEFAULT OF THE SHIPPER OR CONSIGNEE. c) THE NATURE OF THE SHIPMENT, OR ANY DEFECT, CHARACTERISTIC OR INHERENT VICE THEREOF. d) VIOLATION BY THE SHIPPER OR CONSIGNEE OR OF ANY OF PENAIR'S RULES AND REGULATIONS. e) PENAIR'S GOOD FAITH COMPLIANCE WITH DELIVERY INSTRUCTIONS RECEIVED FROM THE SHIPPER, HIS/HER AGENT OR CONSIGNEE. f) SHORTAGE OF ARTICLES LOADED AND SEALED IN CONTAINERS BY THE SHIPPER, PROVIDED THE SEAL IS UNBROKEN AT THE TIME OF DELIVERY AND THE CONTAINER RETAINS ITS BASIC INTEGRITY. g) ERROR IN ANY REPRESENTATION BY PENAIR OR ITS AGENTS OF A SHIPMENT'S ARRIVAL OR DEPARTURE TIME.

IN NO EVENT SHALL PENAIR BE LIABLE TO SHIPPER FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOST REVENUES, LOST PROFITS OR LOST PROSPECTIVE ECONOMIC ADVANTAGE, WHETHER OR NOT FORESEEABLE AND WHETHER OR NOT BASED ON CONTRACT, STATUTORY LIABILITY, TORT, WARRANTY CLAIMS OR OTHERWISE IN CONNECTION WITH THE SHIPMENT, AND SHIPPER HEREBY RELEASES AND WAIVES ANY CLAIMS AGAINST PENAIR REGARDING SUCH DAMAGES.

11. (a) All claims for lost or damaged shipments must be made to PenAir in writing within thirty (30) days after the date of Consignee's acceptance of the shipment; or, in the case of loss, after the date of issuance of the Air Waybill; or, in the case of claims for overcharges, within thirty (30) days of receipt of billing statement.

b) The Consignee's signature, without notation, on the delivery receipt of the Air Waybill shall be deemed prima facie evidence that the shipment was delivered in good condition and in accordance with the Air Waybill.

c) Shipper or Consignee must submit claims for damage and/or loss discovered following delivery in writing to PenAir within thirty (30) days after delivery of the shipment. The shipping container, packaging and contents must be maintained in the same condition as when damage was discovered for inspection by PenAir.

d) All shipment charges must be paid before PenAir will consider a claim, unless (i) the Consignee receives no part of the shipment; (ii) perishable goods are totally spoiled and must be disposed of; or (iii) freight is damaged beyond repair.

12. The value of the shipment shall be determined as follows, and the total liability of PenAir and its agents shall in no event exceed the lesser of:

a) 50¢ per pound (or fraction thereof) of the piece(s) of the shipment which may have been lost, damaged or destroyed (but no less than \$50.00 per shipment), unless Shipper declares a higher value on the Air Waybill at time of tender to PenAir and pays an additional fee or purchases Shipper's risk insurance, plus the amount of any transportation charge for which PenAir may be liable; OR

b) The amount of Shipper's actual damages attributable to the damage or loss of the shipment, not to exceed the value of the goods that were damaged, lost or destroyed.

15. PenAir will not be liable in any action to enforce a claim for lost or damaged goods unless such action is initiated within ninety (90) days of the date of delivery or attempted delivery of the shipment, or the case of loss, from the date of issuance of the Air Waybill.

16. The Shipper and Consignee shall be jointly and severally liable to PenAir and will indemnify PenAir for all claims, fines, penalties, damages, costs or other sums which may be incurred or paid by PenAir as a result of Shipper's or Consignee's violation of any rule or regulations with respect to a shipment.

17. Unless contrary to applicable law, these Conditions of Carriage define Shipper's and Consignee's rights and obligations with respect to PenAir and each carrier, person, firm or corporation performing pickup, delivery or other service in connection with the shipment.

18. These Conditions of Carriage will be governed by and construed and enforced in accordance with the laws of the State of Alaska and, in the event of a dispute arising out of this agreement, the parties consent to exclusive jurisdiction and venue in the state and federal courts sitting in Anchorage, Alaska. If any party employs attorneys to enforce any rights arising out of or relating to this agreement, the substantially prevailing party shall be entitled to recover its costs, including reasonable attorneys' fees.

19. On request and if the appropriate premium is paid and the fact recorded on the face of the Air Waybill, the goods covered by the Air Waybill are insured under an open policy for the amount requested as set out on the face of the Air Waybill (recovery being limited to the actual value of goods lost or damaged provide that such amount does not exceed the insured value). The insurance is subject to the terms, conditions, and coverage (from which certain risks are excluded) of the open policy, which is available for inspection at any office of the issuing Carrier by the interested party. Claims under such policy must be reported immediately to an office of Carrier.

20. No agent, servant or representative of PenAir has authority to alter, modify or waive any provisions of these Conditions of Carriage.

21. In the event of a conflict between the terms expressed in these Conditions of Carriage and the Air Waybill, the terms of these Conditions of Carriage shall prevail.

NOTICE CONCERNING CARRIERS' LIMITATION OF LIABILITY

If the carriage involves an ultimate destination or stop in a country other than the country of departure, the Warsaw Convention or the Montreal Convention may be applicable and in most cases limit the liability of the Carrier in respect of loss of, damage or delay to cargo. Depending on the applicable regime, and unless a higher value is declared, liability of the Carrier may be limited to 19 Special Drawing Rights (SDR) per kilogram converted into national currency under applicable law.

1. In this contract and the Notices appearing hereon:

CARRIER includes the air carrier issuing this air waybill and all carriers that carry or undertake to carry the cargo or perform any other services related to such carriage.

SPECIAL DRAWING RIGHT (SDR) is a Special Drawing Right as defined by the International Monetary Fund.

WARSAW CONVENTION means whichever of the following instruments is applicable to the contract of carriage:

the Convention for the Unification of Certain Rules Relating to International Carriage by Air, signed at Warsaw, 12 October 1929;

that Convention as amended at The Hague on 28 September 1955;

that Convention as amended at The Hague 1955 and by Montreal Protocol No. 1, 2, or 4 (1975) as the case may be.

MONTREAL CONVENTION means the Convention for the Unification of Certain Rules for International Carriage by Air, done at Montreal on 28 May 1999.

2. /2.1 Carriage is subject to the rules relating to liability established by the Warsaw Convention or the Montreal Convention unless such carriage is not “international carriage” as defined by the applicable Conventions.

2.2 To the extent not in conflict with the foregoing, carriage and other related services performed by each Carrier are subject to:

2.2.1 applicable laws and government regulations;

2.2.2 provisions contained in the air waybill, Carrier’s conditions of carriage and related rules, regulations, and timetables (but not the times of departure and arrival stated therein) and applicable tariffs of such Carrier, which are made part hereof, and which may be inspected at any airports or other cargo sales offices from which it operates regular services. When carriage is to/from the USA, the shipper and the consignee are entitled, upon request, to receive a free copy of the Carrier’s conditions of carriage. The Carrier’s conditions of carriage include, but are not limited to:

2.2.2.1 limits on the Carrier’s liability for loss, damage or delay of goods, including fragile or perishable goods.

2.2.2.2 claims restrictions, including time periods within which shippers or consignees must file a claim or bring an action against the Carrier for its acts or omissions, or those of its agents;

2.2.2.3 rights, if any, of the Carrier to change the terms of the contract;

2.2.2.4 rules about Carrier’s right to refuse to carry;

2.2.2.5 rights of the Carrier and limitations concerning delay or failure to perform service, including schedule changes, substitution of alternate Carrier or aircraft and rerouting.

3. The agreed stopping places (which may be altered by Carrier in case of necessity) are those places, except the place of departure and place of destination, set forth on the face hereof or shown in Carrier’s timetables as scheduled stopping places for the route. Carriage to be performed hereunder by several successive Carriers is regarded as a single operation.

4. For carriage to which neither the Warsaw Convention nor the Montreal Convention applies, Carrier's liability limitation shall not be less than the per kilogram monetary limit set out in Carrier's tariffs or general conditions of carriage for cargo lost, damaged or delayed, provided that any such limitation of liability in an amount less than 19 SDR per kilogram will not apply for carriage to or from the United States.

5./5.1 Except when the Carrier has extended credit to the consignee without the written consent of the shipper, the shipper guarantees payment of all charges for the carriage due in accordance with Carrier's tariff, conditions of carriage and related regulations, applicable laws (including national laws implementing the Warsaw Convention and the Montreal Convention), government regulations, orders and requirements.

5.2 When no part of the consignment is delivered, a claim with respect to such consignment will be considered even though transportation charges thereon are unpaid.

6. /6.1 For cargo accepted for carriage, the Warsaw Convention and the Montreal Convention permit shipper to increase the limitation of liability by declaring a higher value for carriage and paying a supplemental charge if required.

6.2 In carriage to which neither the Warsaw Convention nor the Montreal Convention applies Carrier shall, in accordance with the procedures set forth in its general conditions of carriage and applicable tariffs, permit shipper to increase the limitation of liability by declaring a higher value for carriage and paying a supplemental charge if so required.

7. /7.1 In cases of loss of, damage or delay to part of the cargo, the weight to be taken into account in determining Carrier's limit of liability shall be only the weight of the package or packages concerned.

7.2 Notwithstanding any other provisions, for "foreign air transportation" as defined by the U.S. Transportation

Code: 7.2.1 in the case of loss of, damage or delay to a shipment, the weight to be used in determining Carrier's limit of liability shall be the weight which is used to determine the charge for carriage of such shipment; and

7.2.2 in the case of loss of, damage or delay to a part of a shipment, the shipment weight in 7.2.1 shall be prorated to the packages covered by the same air waybill whose value is affected by the loss, damage or delay. The weight applicable in the case of loss or damage to one or more articles in a package shall be the weight of the entire package.

8. Any exclusion or limitation of liability applicable to Carrier shall apply to Carrier's agents, employees, and representatives and to any person whose aircraft or equipment is used by Carrier for carriage and such person's agents, employees and representatives.

9. Carrier undertakes to complete the carriage with reasonable dispatch. Where permitted by applicable laws, tariffs and government regulations, Carrier may use alternative carriers, aircraft or modes of transport without notice but with due regard to the interests of the shipper. Carrier is authorized by the shipper to select the routing and all intermediate stopping places that it deems appropriate or to change or deviate from the routing shown on the face hereof.

10. Receipt by the person entitled to delivery of the cargo without complaint shall be prima facie evidence

that the cargo has been delivered in good condition and in accordance with the contract of carriage.

10.1 In the case of loss of, damage or delay to cargo a written complaint must be made to Carrier by the person entitled to delivery. Such complaint must be made:

10.1.1 in the case of damage to the cargo, immediately after discovery of the damage and at the latest within 14 days from the date of receipt of the cargo;

10.1.2 in the case of delay, within 21 days from the date on which the cargo was placed at the disposal of the person entitled to delivery.

10.1.3 in the case of non delivery of the cargo, within 120 days from the date of issue of the air waybill, or if an air waybill has not been issued, within 120 days from the date of receipt of the cargo for transportation by the Carrier.

10.2 Such complaint may be made to the Carrier, whose air waybill was used, or to the first Carrier or to the last Carrier or to the Carrier, which performed the carriage during which the loss, damage or delay took place.

10.3 Unless a written complaint is made within the time limits specified in 10.1 no action may be brought against Carrier.

10.4 Any rights to damages against Carrier shall be extinguished unless an action is brought within two years from the date of arrival at the destination, or from the date on which the aircraft ought to have arrived, or from the date on which the carriage stopped.

11. Shipper shall comply with all applicable laws and government regulations of any country to or from which the cargo may be carried, including those relating to the packing, carriage or delivery of the cargo, and shall furnish such information and attach such documents to the air waybill as may be necessary to comply with such laws and regulations. Carrier is not liable to shipper and shipper shall indemnify Carrier for loss or expense due to shipper's failure to comply with this provision.

12. No agent, employee or representative of Carrier has authority to alter, modify or waive any provisions of this contract.

13. On request and if the appropriate premium is paid and the fact recorded on the face of the Air Waybill, the goods covered by this Air Waybill are insured under an open policy for the amount requested as set out on the face hereof (recovery being limited to the actual value of goods lost or damaged provided that such amount does not exceed the insured value). The insurance is subject to the terms, conditions, and coverage (from which certain risks are excluded) of the open policy, which is available for inspection at any office of the issuing Carrier by the interested party. Claims under such policy must be reported immediately to the Carrier.

14. Transportation charges are based on the greater of actual gross weight or the cubic dimensional weight of one pound per 166 cubic inches or fraction thereof.

15. In the event of a conflict between the terms expressed in these Conditions of Carriage and the Air Waybill, the terms of these Conditions of Carriage shall prevail.