



PURCHASE ORDER TERMS AND CONDITIONS

Except to the extent superseded by the terms and conditions of a written agreement between Aircraft Extrusion Co. Corporation and Seller (as defined below) pursuant to which this Purchase Order is issued, these Purchase Order Terms and Conditions apply to and form part of each Purchase Order issued by Aircraft Extrusion Co. Corporation.

1. **PARTIES:** Aircraft Extrusion Co. Corporation is referred to herein as “Buyer” and the entity to which the Purchase Order is issued is referred to herein as “Seller.” Buyer and Seller are referred to herein individually as a “Party” and together as the “Parties.”

2. **ACCEPTANCE:** This Purchase Order (this “Order”) is Buyer’s offer to purchase from Seller the products and/or services (the “Product”) described in this Order. Seller’s commencement of performance, delivery, invoicing Buyer, acceptance of payment, or other form of acceptance shall constitute acceptance of this Order as written. Unless specifically agreed to in writing by Buyer’s authorized representative, Buyer objects to, and is not bound by, any additional or different terms or conditions. This offer is expressly limited to and made conditional upon Seller’s acceptance of the terms and conditions contained herein, to the exclusion of any and all other terms and conditions, whether the source of such terms and conditions is Seller’s standard terms and conditions, any other document of Seller, any course of dealing, any course of performance, any trade custom or usage, and/or any other source whatsoever.

3. **PACKING AND SHIPPING:** The Product must be suitably packed using nonhazardous materials, prepared for shipment to secure lowest transportation rates, comply with carrier regulations, and prevent damage and deterioration. Buyer will not be charged for packaging unless a packaging charge is expressly stated in the Order. Damage to any Product resulting from improper packaging will be charged to Seller. Separate packing sheets shall be provided for the hazardous and nonhazardous materials contained in the same shipment. Seller shall package goods and technical data subject to ITAR (International Traffic in Arms Regulations) separate from non-ITAR controlled items. All Product to be shipped on the same day via the same route shall be consolidated on one bill of lading, unless Buyer authorizes otherwise. Each container shall be marked to show the Order number, gross weight, dimensions, final destination, placards as required (such as “fragile”, “top”, and stacking limitations) and consecutively numbered with the number that the container represents in the entire shipment (e.g., box 1 of 2 boxes). The container and Order numbers shall be listed on the bill of lading. Product sold EXW (Incoterms 2010) or F.O.B. shipping point shall be forwarded collect and Seller shall not insure such shipments beyond the shipping point. Seller shall make no declaration concerning the value of the Product shipped, except where the tariff rating is subject to the released or declared value. In such case, Seller shall release or declare such value at the maximum value within the lowest rating. Each shipment shall include (i) an original and two (2) copies of a packing slip containing the Order number, Product nomenclature/description, the Product part number, the Product serial number (where applicable) and the quantity of Product; and (ii) a certificate of conformance or other appropriate inspection certification in conformance with this Order. In addition, international shipments shall also include an original plus two (2) copies of a commercial invoice complying with the requirements of applicable import laws and

supplying Buyer with all applicable international shipping documents, including bills of lading/air way bill, delivery receipts, declarations, manifests and certificates of origin and a clear mark or stamp on the Product and related packaging to indicate the country of manufacture (e.g. “Made in [country]”).

4. **SHIPMENT TOLERANCE:** Each line item on this Order shall be deemed fulfilled when Buyer has received and accepted the total quantity of Product ordered on the line. Any shipment of the Product that exceeds the total quantity ordered under a line item of the Order may, in Buyer’s sole discretion, be returned at Seller’s expense.

5. **TITLE/RISK OF LOSS:** Title and risk of loss for the Product shall pass to Buyer upon delivery to the point of delivery stated in this Order.

6. **NONCONFORMING PRODUCT INSPECTION:** Passage of title and risk of loss pursuant to Section 5 above shall not constitute acceptance of Product. Buyer shall have the right to inspect Product at Seller’s facility and upon receipt at Buyer’s facility. If any inspection or testing is done on Seller’s premises, Seller, without additional charge, shall provide all reasonable facilities and assistance to Buyer. In the event the Product or the tender of delivery of the Product does not conform to the requirements of this Order, in addition to any other remedies available pursuant to this Order, at law or in equity, Buyer shall have the right to:

- a. hold nonconforming Product after inspection, pending a determination to accept or reject any or all of such Product;
- b. reject the nonconforming Product and return the nonconforming Product to Seller at Seller’s expense for prompt credit, replacement, or correction as Buyer may direct (rejection of any part of a shipment may cause rejection of the entire shipment); and/or
- c. if the nonconformance is discovered after acceptance by Buyer, revoke acceptance of the nonconforming Product and return the nonconforming Product to Seller at Seller’s expense for prompt credit, replacement, or correction as Buyer may direct; and/or
- d. title and risk of loss of nonconforming Product shall revert to Seller upon shipment by Buyer if the nonconforming Product is returned to Seller.

7. **TIME:** Time is of the essence in Seller’s performance of this Order.

8. **DELIVERY DATES:** “Delivery Dates” in this Order are the dates Product is to be delivered to the delivery point stated in the Order. Any schedule relief or adjustment must be in writing by Buyer’s authorized representative. If Seller tenders a Product for delivery more than ten (10) days before the applicable Delivery Date, Buyer may, in its absolute discretion, either: (i) return the Product to Seller and require redelivery on the Delivery Date, at Seller’s expense and risk; or (ii) retain the Product and make payment in accordance with the original delivery/payment schedule set forth in the Order, regardless of the actual Delivery Date.

9. LATE DELIVERY: In addition to any other rights or remedies provided in this Order, at law or in equity, Buyer shall be entitled to the remedies stated below if Seller is late in meeting a Delivery Date, unless that Delivery Date was extended by written agreement of the Buyer:

- a. If Buyer elects to require an expedited method of shipment or delivery to a location different than that originally designated, Seller shall comply with Buyer's instructions and Seller shall be responsible to bear any increase in costs incurred because of the expedited transportation method.
- b. Seller's failure to deliver Product in accordance with a Delivery Date shall constitute a material breach of the Order and shall entitle Buyer to sue for breach of contract and seek damages.
- c. Buyer may terminate this Order, in whole or in part, without further obligation or liability, except for the obligation to pay for Product already accepted by Buyer.
- d. For delays in delivery of Product of five (5) days or more, Buyer shall be entitled to deduct one percent (1%) from the late Product's purchase price. Buyer shall also be entitled to deduct an additional one percent (1%) from the late Product's purchase price for each additional day of delay in delivery. The deduction for delays pursuant to this subsection 9.d shall not exceed twenty percent (20%) of the purchase price of the late Product. In view of the difficulty in calculating the actual damages, Buyer shall be entitled to this deduction as liquidated damages, and not as a penalty. The Parties agree this amount is reasonable in the light of the anticipated or actual harm caused by delays in delivery and the difficulties of proof of damages.

10. NOTICE OF LABOR DISPUTES: Whenever an actual or potential labor dispute is delaying or threatening to delay the performance of this Order, Seller shall immediately give notice to Buyer disclosing all relevant information.

11. CHANGES: Buyer's authorized representative may, within the general scope of this Order and by written notice to Seller, make changes in one or more of the following: (i) drawings, designs or specifications; (ii) method of shipment or packing; (iii) quantity ordered; (iv) Delivery Date(s); and (v) place of delivery. If any change under this Section 11 causes an increase or decrease in the cost of or the time required for performance of Seller's obligations under this Order, an equitable adjustment to the price and/or the delivery schedule shall be agreed to in writing by the Parties. Seller must submit in writing to Buyer within ten (10) days after receipt of the notice of change any proposal for adjustment. If the Seller's proposal includes the cost of property made obsolete or excess by the change, the Buyer shall have the right to prescribe the manner of the disposition of the property. Notwithstanding any pending proposal for adjustment, Seller shall proceed diligently with the performance of the change as directed by Buyer. Seller shall make no change in the drawings, design, specifications or manufacturing or assembly processes unless such change has been expressly accepted by prior written approval of Buyer. If Seller fails to obtain Buyer's written approval of a change in accordance with the immediately preceding sentence prior to delivering a modified Product, then Buyer may reject

the modified Product and pursue all available rights and remedies provided in this Order, at law, or in equity. Failure to agree to any equitable adjustment shall constitute a dispute within the meaning of Section 25 (Disputes) of this Order. However, nothing in this Section 11 shall excuse Seller from proceeding with the Order as changed.

12. **INVOICES; SETOFF:** Seller shall not invoice for a Product prior to delivery. Each invoice must show the shipping point, applicable Order number, Product part number, delivery date, quantity, unit price and the extended pricing for more than one unit. Invoices are to be sent to (or such other address as Buyer designates):

Aircraft Extrusion Co
Attention: Accounts Payable
2700 Hegan Lane, STE 168,
Chico CA95928

Payment of Seller's invoices is subject to adjustment for any shortage, rejection, or breach by Seller. Freight and other shipping charges must be itemized. Payment due date, including any discount period, shall be computed from the date of receipt of a proper invoice. Without prejudice to any other right or remedy it may have, Buyer reserves the right to set off at any time any amount owing to it by Seller against any amount payable by Buyer to Seller under this Order.

13. **TAXES:** Seller is responsible for all applicable sales, use, VAT, excise and other taxes, duties, assessments, charges, and import or export fees imposed on the Product. The Seller is responsible for filing and paying any and all of such taxes, assessments, charges, duties or fees in connection with Product supplied by Seller.

14. **PROPRIETARY INFORMATION AND INTELLECTUAL PROPERTY:**

- a. "Intellectual Property" means any information or data pertaining to design, development, production, modification, maintenance, and/or repair, including drawings, diagrams, models, formulae, specifications, manuals and instructions, inventions, ideas, discoveries, know-how, work product, copyrights, trademarks, trade secrets, industrial property and derivative works, improvements or modifications to any of the foregoing and all other forms of intellectual property, whether or not patentable.
- b. "Permitted Purposes" means performing obligations or exercising rights under this Order and, in the case of Buyer only, also includes testing, certification, use, sale or support of any Product.
- c. "Proprietary Information" means Intellectual Property and all financial, business, technical, and other information relating to the Product. Proprietary Information shall be provided only written or other permanent form and must be clearly and conspicuously marked as being proprietary using an appropriate legend.

- d. Each Party shall retain exclusive title to (i) Intellectual Property rightfully owned or rightfully acquired from third parties prior to the issuance of this Order, (ii) Intellectual Property rightfully acquired after issuance of this Order, but outside performance of the Order, from a third party and (iii) subject to Section 14.e below, Intellectual Property which such Party generates by itself in the course of the performance of this Order without material access to and use of the other Party's Intellectual Property and without unlawful conduct in connection with such generation.
- e. Notwithstanding any provision of this Order to the contrary, as between Buyer and Seller, Buyer shall be the exclusive owner of all rights in Intellectual Property developed in performance of this Order, whether the Intellectual Property is developed by Buyer, Seller, Seller's subcontractors, or developed jointly by Buyer and Seller. Seller agrees that it shall not reverse engineer the Product.
- f. Buyer grants to Seller a royalty-free, worldwide, and non-exclusive license to use Buyer's Intellectual Property associated with the Product solely for and to the extent necessary for the Permitted Purposes. Except for the right to use Buyer's Intellectual Property associated with the Product for the Permitted Purposes, no rights (ownership, license or otherwise) are granted to the Seller or implied concerning any Buyer Intellectual Property. Seller grants to Buyer a royalty-free, worldwide and non-exclusive license, with the right to grant sublicenses, in Seller's Intellectual Property associated with the Product solely for and to the extent necessary for the Permitted Purposes.
- g. Any invention developed in performance of this Order shall be assigned to Buyer and Buyer shall own all right, title, and interest in such property. Seller shall execute all documents necessary to perfect Buyer's interest in and title thereto, including, without limitation, assigning any and all right, title and interest Seller has in any such invention to Buyer. Seller shall, within two (2) months after conception or first actual reduction to practice of any invention constituting Intellectual Property developed in performance of this Order, disclose in writing to Buyer all inventions, whether or not patentable, in sufficient technical detail to clearly convey the invention to one skilled in the art to which the invention pertains. Seller shall promptly execute all written instruments, and assist as Buyer reasonably directs in order to file, acquire, prosecute, maintain, enforce and assign Buyer's invention rights.
- h. The Party receiving ("Receiving Party") Proprietary Information from the other party ("Disclosing Party") agrees to (i) keep confidential and not disclose the Proprietary Information to others without the Disclosing Party's prior written consent; (ii) not copy or reproduce the Proprietary Information without the express written permission of the Disclosing Party, except for such copies or reproductions as may be reasonably required for the Permitted Purposes for internal need-to-know by the Receiving Party; (iii) use the Proprietary Information solely for the Permitted Purposes; (iv) not disclose the Proprietary Information to any person within the Receiving Party's organization unless such

person has a need-to-know in accomplishing the Permitted Purposes; and (v) protect and safeguard the Proprietary Information with at least the same degree of care as the Receiving Party exercises in protecting and safeguarding its own Proprietary Information, but in no event less than the reasonable care customarily exercised by the aircraft industry to preserve Proprietary Information. The terms of this Section 14.h. will not apply to any Proprietary Information which:

- i. is in, or comes into, the public domain otherwise than by a breach of this Order;
 - ii. the Receiving Party can show was in its possession by virtue of being recorded in its files or being in its use prior to receipt from the Disclosing Party;
 - iii. the Receiving Party receives from a third party which itself had not received the Proprietary Information directly or indirectly from the Disclosing Party; or
 - iv. is independently developed by the Receiving Party without using any Proprietary Information of the Disclosing Party, by persons who have not had access to such Proprietary Information.
- i. Upon request by Buyer, Seller shall deliver to Buyer, or certify the destruction thereof at Buyer's option, all media and embodiments of Buyer's Proprietary Information (including, but not limited to, printed and electronic copies, documents, software, tools, and goods which may be defective, partially completed, or completed).
 - j. "Indemnified Parties" means Buyer, any customer of Buyer, or a buyer or lessee/sub-lessee or other operator of the aircraft on which Product is installed, and their respective officers, agents, and employees. If this Order has been issued to support a U.S. government prime contract or subcontract then, in addition to the entities identified in the preceding sentence, "Indemnified Parties" includes the U.S. government and its officers, agents, and employees. To the extent the Product is designed by Seller, Seller shall indemnify, defend, and hold harmless the Indemnified Parties against any claim, suit, action or liability, including costs, based on an assertion that the design, manufacture, use, sale or resale of the Product infringes any United States or foreign intellectual property right, including any patent or patent rights, trademark, copyright or other intellectual property right, and Seller shall, when notified, defend any action or claim of such infringement at Seller's expense. In no event shall Seller enter into any settlement without Buyer's prior written consent.
 - k. This Section 14 shall survive the cancellation, termination or expiration of this Order.

15. **WARRANTY:** Seller warrants: (a) that each Product shall be free from defects in materials and workmanship and, to the extent the Product is designed by Seller, Product shall be

free from defects in design and not infringe or misappropriate any third party's Intellectual Property rights; (b) that Seller shall convey to Buyer good title to each Product free and clear of any liens, security interests, and other encumbrances; (c) that the Product shall meet the specifications, requirements, processes, and provisions of the documents specified in this Order; (d) that the Product shall be merchantable and fit for Buyer's intended purpose; and (e) that all services will conform to sound industrial practice and technical workmanship as is customary in the aviation industry (collectively, the "Warranty"). Buyer's inspection, approval of a sample, acceptance, or payment for the Product shall not constitute a waiver, exclusion or modification of the Warranty. In addition to all other remedies which Buyer may have under this Order or applicable law, Buyer may, at Seller's expense, require Seller to promptly accomplish any correction, repair, replacement, or retrofit which may be required to make the nonconforming Product conform to the Warranty, all without change to the price and without additional cost to Buyer. Removal and reinstallation costs and testing costs related to the replacement or repair of the nonconforming Product shall be paid by Seller. In the event Buyer supplies its customer with a replacement for a nonconforming Product in order to expedite a repair, replacement, or retrofit, Seller shall provide Buyer with a credit for the full price of repair, replacement, or retrofit. Without limiting the generality of the foregoing, in the event that any Product defect (i) causes damage to a warranted Product, (ii) renders a warranted Product unserviceable, or (ii) directly causes damage to any other part within the aircraft in which the Product was installed ("Resultant Damage"), then Seller shall, at Seller's option and expense, correct or procure the correction or replacement of any such damaged or unserviceable Product and Resultant Damage to the condition it was in at the time the damage occurred. If Buyer returns a Product pursuant to a warranty claim, the delivery shall be EXW Buyer's facility (Incoterms 2010, as if Buyer were a seller). Delivery to Buyer of a repaired or replacement Product shall be DDP (Incoterms 2010, as if Seller were a seller) to the destination designated by Buyer. Title and risk of loss for the replacement Product shall pass upon delivery of the replacement Product. Seller authorizes Buyer to offer the terms of this Warranty to Buyer's customers and to buyers or lessees/sub-lessees or other operators of aircraft on which the Product is installed. This Section 15 shall survive the cancellation, termination, or expiration of this Order.

16. **BUYER APPROVAL AND REVIEWS:** The review or approval by Buyer of any work performed by Seller pursuant to this Order or of any of Seller's designs, drawings, specifications or other Seller documents shall not constitute a waiver of any defects or nonconformities in any Product, or change, modify, or otherwise affect any of Seller's obligations under this Order.

17. **TOOLING AND BFM:**

- a. "Buyer Furnished Material" or "BFM" means all raw materials, components, parts, and equipment provided by Buyer to Seller, which the Seller uses in the manufacturing of the Product sold to Buyer.
- b. "Buyer Tooling" means the computer numerical control ("CNC") programming, tooling, dies, jigs, molds, patterns and fixtures used by Seller or Seller's subcontractors to manufacture the Product which is provided by Buyer to Seller or specifically developed, produced or acquired by Seller or its subcontractors to

enable Seller to perform its obligations under this Order, and CNC programming, tooling, dies, jigs, molds, patterns, and fixtures that are replacements thereof.

- c. “Seller Tooling” means all CNC programming, tooling, dies, jigs, molds, patterns, and fixtures used by Seller or Seller’s subcontractors to inspect and manufacture the Product, which is not Buyer Tooling described above in 17.b above.
- d. Seller shall be responsible for the design, manufacture, and procurement of all Buyer Tooling not provided by Buyer and for all Seller Tooling. Title to BFM and Buyer Tooling shall be held by Buyer or Buyer’s customer. Seller shall submit Buyer Tooling designs to Buyer for approval prior to commencing fabrication of such tools. Buyer grants to Seller a non-exclusive, royalty-free license to use the Buyer Tooling solely to perform its obligations under this Order. With respect to all BFM and Buyer Tooling in Seller’s possession, Seller shall (i) assume the risk of loss or damage; (ii) use it only in performing obligations under this Order; (iii) segregate and identify it with a Buyer-furnished label; (iv) not move it from Seller’s plant without Buyer’s prior written permission; (v) not grant a security interest in, pledge a collateral interest in, or allow a lien or encumbrance to attach to it; and (vi) be responsible for its proper maintenance, at Seller’s sole cost, so long as the Buyer Tooling and/or BFM are in Seller’s control. Buyer Tooling is subject to removal and/or inspection by Buyer at any time and Buyer shall have free access to Seller’s premises for the purpose of inspecting or removing the Buyer Tooling. Upon completion of the Order, Seller shall promptly deliver the Buyer Tooling and unused BFM as directed by Buyer.
- e. Seller shall maintain adequate property control records of all BFM and Buyer Tooling. Seller shall provide to Buyer, not less than ninety (90) days from the end of each calendar year during the term of this Order, a certification listing the Buyer Tooling in the Seller’s possession. Buyer may audit Seller’s control records regarding the Buyer Tooling, at any reasonable time.

18. QUALITY:

- a. Seller shall provide and maintain a quality assurance system reasonably acceptable to Buyer. Seller and any subcontractor or sub-tier supplier to Seller for the Product shall comply with the requirements specified in any of Buyer’s quality manuals applicable to Seller and such suppliers. Seller agrees to inspect and test the Product to ensure compliance with Buyer’s quality requirements, and Seller shall advise Buyer of any nonconformance in the Product delivered to Buyer known or becoming known to Seller. The document retention requirements of Buyer’s quality manuals shall survive the cancellation, termination, or completion of this Order. Buyer must be contacted prior to destruction by Seller and by any sub-tier supplier of any quality record affecting the Product. Notwithstanding any cancellation, termination, or completion of this Order, Seller will provide copies of the quality records concerning the Product to Buyer free of charge except that Buyer shall pay for the transportation and insurance charges, if any, associated with shipping Seller’s quality records to Buyer.

- b. Representatives of the Buyer, Buyer's customers, and the applicable airworthiness authorities ("Inspectors") shall be afforded reasonable access during normal working hours to Seller's and any of Seller's subcontractors' or sub-tier suppliers' (i) plants or factories and (ii) records required to be retained pursuant to aircraft industry standards and practice as well as Buyer's quality manuals. Seller and Seller's subcontractors and sub-tier suppliers shall provide all reasonable facilities for the convenience of any Inspectors, and shall furnish such Inspectors all information and data reasonably required to perform inspections. Nothing in this Section 18.b. or in any inspection by Buyer shall in any way relieve Seller from the obligation of testing, inspection and quality control. Nothing in this Order shall be interpreted to limit U.S. government access to Seller's facilities pursuant to law or regulation.

19. **TERMINATION FOR CONVENIENCE:** Buyer may, for any reason and at any time, terminate for convenience this Order, in whole or in part, by giving notice to Seller. Upon receipt of termination notice, Seller shall promptly cease all terminated work under this Order, including manufacturing and procurement, in each case in accordance with the notice. Seller shall use best efforts to mitigate its costs and expenses resulting from termination. The following shall be Seller's sole remedies and Buyer's sole obligations for Buyer's termination under this Section 19:

- a. Buyer may cancel any delivery(ies) due more than ninety (90) days after Buyer's notice without any cost or liability to Seller or to any of Seller's subcontractors or sub-tier suppliers. Seller shall include and shall require that all of Seller's subcontractors include in any order to a sub-tier supplier a substantially identical provision.
- b. For deliveries due within ninety (90) days of Buyer's notice:
 - i. Buyer shall pay for each Product completed before the notice, or completed afterward as authorized pursuant to the notice, at the price for such Product set forth in this Order;
 - ii. Buyer shall reimburse Seller only for the raw materials and work in process (collectively, "WIP") that could not reasonably be avoided by Seller's best efforts. The reimbursement shall not exceed Seller's costs that are justified and substantiated to the satisfaction of Buyer;
 - iii. All Product and WIP referred to in Sections 19.b.i and 19.b.ii shall be delivered by Seller to Buyer in accordance with the delivery terms set out in this Order without delay and, in such case, title to the Product and WIP shall vest in Buyer upon its delivery to the delivery point stated in the Order. Payment by Buyer for the Product and WIP shall only be due only after receipt and acceptance by Buyer;

- iv. In the case of Buyer's termination of the Order in whole, Seller shall promptly comply with Buyer's direction for disposal of all BFM and Buyer Tooling in Seller's possession;
- v. Seller shall have no claim for compensation of any nature whatsoever, except as expressly provided above, and shall have no claim for damages or loss of profit, as a result of the termination of this Order in whole or part;
- vi. In the event of a partial termination, the price, delivery schedule and other requirements relating to the remainder of the Order not terminated shall not be affected by such termination; and
- vii. Any compensation payable by Buyer to Seller under this Section 19 for any terminated Product or WIP shall not exceed the price for the terminated Product as shown in the Order.

20. TERMINATION FOR DEFAULT:

- a. Buyer may, subject to Sections 20.d and 20.e, by written notice of default to the Seller, terminate this Order, in whole or in part, if the Seller fails to:
 - i. Deliver the Product within the time specified in this Order or any extension authorized in writing by the Buyer;
 - ii. Make progress, in Buyer's sole discretion, so as to endanger performance of this Order, subject to Section 20.b.; or
 - iii. Perform any of the other provisions of this Order, subject to Section 20.b.
- b. Buyer's right to terminate this Order under Sections 20.a.ii and 20.a.iii may be exercised if the Seller does not cure such failure within seven (7) days (or more if authorized in writing by the Buyer) after receipt of the notice from the Buyer specifying the failure.
- c. If Buyer terminates this Order in whole or in part, it may acquire, under the terms and in the manner the Buyer considers appropriate, goods or services similar to those terminated, and the Seller will be liable to Buyer for any excess costs for those goods or services; provided, however, the Seller shall continue the work not terminated.
- d. Except for defaults of subcontractors at any tier, Seller shall not be liable for any excess costs if the failure to perform the Order arises from causes beyond the control and without the fault or negligence of the Seller. Examples of such causes include (1) acts of God or of the public enemy, (2) acts of the Government in either its sovereign or contractual capacity (if this Order has been issued to support a U.S. government prime contract or subcontract), (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, and (8) freight embargoes.

- e. If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Seller and subcontractor, and without the fault or negligence of either, the Seller shall not be liable for any excess costs for failure to perform, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the Seller to meet the required delivery schedule.
- f. If this Order is terminated for default, the Buyer may require the Seller to transfer title and deliver to Buyer, as directed by the Buyer, any (1) completed Products, and (2) partially completed Products and materials, parts, Seller Tooling, plans, drawings, information, and contract rights (collectively referred to as “manufacturing materials” in this Section 20.f) that the Seller has specifically produced or acquired for the terminated portion of this Order. Upon direction of the Buyer, the Seller shall also protect and preserve property in its possession in which Buyer has an interest. If this Order is issued to support a U.S. government prime contract or subcontract, then the U.S. government shall also have the same rights as the Buyer under this Section 20.f.
- g. Buyer shall pay the Order price for completed Products delivered and accepted. The Seller and Buyer shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property. Failure to agree shall constitute a dispute under Section 25 below (Disputes). Buyer may withhold from these amounts any sum the Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims of former lien holders.
- h. If, after termination, it is determined pursuant to the dispute resolution procedures of Section 25 that the Seller was not in default, or that the default was excusable, the rights and obligations of the Parties shall be the same as if the termination had been issued for the convenience of Buyer pursuant to Section 19.
- i. The rights and remedies of Buyer in this Section 20.a.i are in addition to any other rights and remedies provided by law or under this Order.

21. COMPLIANCE WITH APPLICABLE LAWS:

- a. “Applicable Law” means any applicable statute, treaty, regulation, order, procurement policy, rule, license or certificate of a government, and includes the (i) regulations of European Aviation Safety Agency (“EASA”) and the Federal Aviation Administration (“FAA”), including, without limitation, Federal Aviation Regulations Part 120, Drug and Alcohol Testing Program; (ii) the Export Administration Regulations (“EAR”) of the U.S. Commerce Department’s Bureau of Industry and Security (“BIS”); (iii) the International Traffic in Arms Regulations (“ITAR”) of the U.S. State Department’s Directorate of Defense Trade Control (“DDTC”); (iv) rules and regulations of the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”); (v) all export and import laws of Seller’s country and of the United States; (vi) the Federal

Acquisition Regulations (“FAR”) and supplements thereto; and (vii) state and local laws, orders, rules, regulations, and ordinances.

- b. Seller represents and warrants that:
 - i. Seller shall comply with Applicable Law in performing its obligations under this Order;
 - ii. Seller is fully authorized under Applicable Law to receive all relevant Intellectual Property, raw materials, supplies, and services in accordance with the terms of this Order; and
 - iii. Seller is fully authorized under Applicable Law to supply the Product in accordance with the terms of this Order.
- c. Seller shall supply Buyer with pertinent import/export classifications and documentation to facilitate the legal import/export of each Product identified on this Order (Military, Dual Use, Export Controlled, Tariff Number, Free Trade Agreement documentation, etc.).
- d. This Section 21 shall survive the termination or expiration of this Order.

22. GRATUITIES: Seller warrants that neither it nor any of its employees, agents, or representatives has offered or given or will offer or give any gratuities to Buyer’s employees, agents or representatives with a view toward securing this Order or favorable treatment with respect to this Order.

23. RELEASE OF NEWS INFORMATION AND ADVERTISING: Seller shall not, without the prior written consent of Buyer, make any news release, public announcement, advertisement, publication, denial or confirmation of all or any part of the subject matter of this Order or any program for which this Order has been placed.

24. SEVERABILITY: If any provision of this Order, or the application of such provision to any party or circumstance, is held invalid, such invalidity shall not affect other provisions or applications of this Order which can be given effect without the invalid provision or application.

25. DISPUTES:

- a. Pending any decision, appeal, or judgment in such proceedings or the settlement of any disputes arising under this Order, Seller shall proceed diligently with the performance of this order in accordance with the decision of the Buyer. No legal action to enforce any alleged right or liability relating to this Order shall be brought in any forum or court other than the United States District Court for the District of Colorado or the courts of the State of Colorado situated in Denver, Colorado. Any and all disputes about interpretation or enforcement of any term or provision of this Order shall be governed by the laws of the State of Colorado, U.S.A., without consideration of any choice of law rules. The United Nations

Convention on Contracts for the International Sale of Goods shall not be applicable to this Order. The prevailing party in an action to enforce any alleged right or liability relating to this Order shall be entitled to an award of reasonable attorneys' fees and costs.

26. REMEDIES AND WAIVER: No delay or omission by either Party to seek a remedy for breach of or to exercise any right under this Order shall be construed as a waiver of such breach or right, unless such waiver appears expressly in a writing executed by an authorized officer of the Party to be charged with the waiver. Except as otherwise limited in this Order, the Parties' rights and remedies stated in this Order are cumulative and in addition to any other rights or remedies that the Parties may have at law or in equity.

27. INSURANCE:

a. Seller shall maintain the following coverages:

- 1) Commercial General Liability (CG) written on an occurrence basis to include property damage, bodily injury and personal & advertising injury with limits of no less than \$1 million per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. AMC will be named as an Additional Insured on the referenced CGL policy and coverage must apply on a primary and non-contributory basis. A copy of the AI endorsement must be provided to AMC if requested.
- 2) Automobile Liability covering the use of owned, hired and non-owned autos with limits no less than \$1 million per accident for bodily injury and property damage. AMC will be named as an Additional Insured on the referenced automobile liability policy and coverage must apply on a primary and non-contributory basis. A copy of the AI endorsement must be provided to AMC if requested.
- 3) Workers' Compensation insurance as required by law, with Statutory Limits and Employers' Liability Insurance with limits of no less than \$1 million per accident for bodily injury or disease. A Waiver of Subrogation in favor of AMC must exist on this policy and a copy of that endorsement must be provided to AMC if requested but this provision applies regardless of whether or not AMC has received a waiver of subrogation endorsement from the insurer.
- 4) Insurance is to be placed with insurers with a current A. M. Best rating of no less than A:VII unless otherwise acceptable to AMC.

b. Buyer shall not insure or be responsible for any loss or damage to property of any kind owned or leased by Seller or its subcontractors, employees, servants, or agents.

- c. Seller will require its insurance carrier to provide annually Certificates of Insurance to Buyer evidencing the existence of insurance required above.
- d. The insolvency, bankruptcy, or failure of any insurance company carrying insurance for Seller, or its failure to pay a claim, does not relieve Seller of any of the requirements of the terms and conditions set forth in this Order.

28. **ASSIGNMENT/SUBCONTRACTING:** Seller shall not assign any of its rights or interest in this Order or subcontract all or substantially all of its performance of this Order without Buyer's prior written consent. No assignment, delegation, or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller of any of its obligations under this Order or prejudice any of Buyer's rights against Seller whether arising before or after the date of any assignment. Any attempted, unauthorized assignment by Seller shall be null and void. Subject to the foregoing, all of the terms, conditions, and provisions of this Order shall be binding upon and shall inure to the benefit of the successors and assigns of the Seller.

29. **ETHICS:** Buyer is committed to conducting its business fairly, impartially, and in an ethical and proper manner. Buyer's expectation is that Seller also will conduct its business fairly, impartially, and in an ethical and proper manner. Buyer's further expectation is that Seller will have (or will develop) and adhere to a code of ethical standards. Seller's employees are required to conduct company business with integrity and maintain a high standard of conduct in all business-related activities.

30. **STATEMENT OF WORK:** Seller shall design, develop, manufacture, supply, and support the Product in compliance with the terms and conditions, specifications and drawings identified on the front of this Order, these Purchase Order Terms and Conditions, and the Statement of Work (if any) incorporated by reference on the front of this Order.

31. **ORDER OF PRECEDENCE:** In the event of any conflict between the provisions of this Order, the Order shall be interpreted in accordance with the following order of precedence: (1) Purchase Order notes; (2) these Purchase Order Terms and Conditions; and (3) any supplemental Terms and Conditions made part of the Order.

32. **STOP WORK ORDER:** Buyer may, at any time, by written order to Seller and at no charge to Buyer, require Seller to stop all, or any part, of the work called for by this Order for less than twenty-four (24) consecutive months, or any other period of time agreed upon. Upon receipt of such a written order, Seller shall immediately comply with its terms. During the suspension, Buyer may issue written notice to restart the Order or any part of it and Seller shall resume work within ten (10) days of such notice or terminate the work covered by such stop work order in accordance with Section 19 (Termination for Convenience) or Section 20 (Default).

33. **INDEMNIFICATION:**

- a. Seller will indemnify, defend, and hold Buyer and its affiliates and its and their respective directors, officers, employees, and agents harmless from and against any and all liabilities, actions, claims, demands, suits, damages, and losses of and by third parties (including, without limitation, all reasonable attorneys' fees, costs,

and expenses in connection therewith or incident thereto), for deaths of or injuries to any persons whomsoever (including without limitation Buyer's employees) and for loss of, damage to, or destruction of any third party property whatsoever, in any manner arising out of or in any way connected with (i) the Product provided by Seller; (ii) any negligence or willful misconduct of Seller or its directors, officers, employees or agents; (iii) any breach by Seller of any of the representations, warranties, covenants or agreements contained in this Order; or (iv) the breach of any duty imposed by Applicable Law upon Seller or upon any of its directors, officers, employees or agents. Seller shall not enter into any settlement without Buyer's prior written consent.

- b. Seller will be liable for loss or damage to each unit and other Buyer property while such Buyer property is in Seller's care, custody or control.
- c. This Section 33 shall survive the termination or expiration of this Order.

34. **NO LIMITATION OF LIABILITY:** Nothing in this Order shall exclude or limit (a) Seller's liability under Sections 14.h and 33.a hereof; or (b) Seller's liability for fraud, personal injury or death caused by its negligence or willful misconduct.

35. **RELATIONSHIP OF THE PARTIES:** The relationship between the Parties is that of independent contractors. Nothing contained in the Order shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the Parties, and neither Party shall have authority to contract for or bind the other Party in any manner whatsoever. No relationship of exclusivity shall be construed from this Order.

36. **NO THIRD-PARTY BENEFICIARIES:** This Order is for the sole benefit of the Parties and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Order of these Purchase Order Terms and Conditions.

37. **SURVIVAL:** Provisions of these Purchase Order Terms and Conditions which by their express terms or by their nature should apply beyond their terms will remain in force after any termination or expiration of this Order.

38. **CONTRACT MAINTENANCE:** Buyer will enter into a contract (via Purchase Order or Repair Order) with each FAA-certificated repair station that it uses to perform maintenance, preventive maintenance, or alterations on the aircraft listed on its Operations Specifications (Op Specs), including the airframe, aircraft engine, propeller, appliance, or component part.

- a. The repair station will provide one person qualified to perform the maintenance, preventive maintenance, or alterations under the repair station certificate and operations specifications (Qualified Maintenance Personnel), and a second person who is certificated under 14 C.F.R. Part 65 and holds the appropriate rating(s) for the article worked on, to inspect the maintenance, preventive maintenance, or alterations performed

and if the article worked on is in an airworthy condition, to approve it for return to service.

b. The second person described in Section 38.a above, must meet the inspection personnel requirements set forth in 14 C.F.R. § 145.155 and be listed on the repair station's roster of inspection personnel in accordance with 14 C.F.R. § 145.161(a)(2).

c. Prior to certifying on the aircraft's or aircraft article's maintenance release that the aircraft or aircraft article is airworthy with respect to the maintenance, preventive maintenance, or alterations performed, the second person, who is FAA-certificated as described immediately above, must inspect the aircraft or article on which the repair station's Qualified Maintenance Personnel performed the work to determine whether it is in an airworthy condition.