



CHAMPION AEROSPACE LLC

TERMS AND CONDITIONS OF PURCHASE

- 1. Applicable Law – Definitions:** The definitions of terms interpretation of this Order, and the rights of parties hereto shall be construed and governed by the laws enacted in Buyer's state (as shown on the face hereof), including the Uniform Commercial Code. All reference herein to federal, state, or local statutes, regulations, rules and orders shall be deemed to include all amendments and revisions thereof. "Buyer" means Champion Aerospace LLC. "Seller" means the person or corporation to which this Purchase Order is addressed. "Order" means this purchase order, including all terms and conditions on the face and reverse side hereof and all specifications issued hereunder and all drawings, models and samples furnished hereunder. "Goods" means those articles, materials, drawings, data or other property or services described on the front side of this Order. "Seller" also includes Seller's principal if Seller is acting as broker or agent.
- 2. Acceptance:** Acceptance of this Order is expressly limited to the terms and conditions contained herein including the terms on the face of this Purchase Order and any attachments hereto, and any additional and/or different terms and conditions proposed by Seller are rejected unless specifically consented to in writing signed by an authorized representative of Buyer. Acceptance may be made by signing and returning this Purchase Order, by other express acceptance, or by shipment or Goods hereunder. If this Order is deemed to constitute an offer, it shall be accepted in the expressly limited manner specified on the face hereof. If this order is deemed to constitute acceptance of an offer, such acceptance is expressly make conditional on Seller's assent to the terms of this Order and shipment of any part of the Goods or other commencement of performance shall be deemed to constitute such assent.
- 3. Price:** If price is not on Order, Seller agrees to invoice at the lowest of the price last paid or quoted, or the prevailing market price charged by Seller to other customers for similar quantities and delivery requirements. Seller will also give Buyer the benefit of any price reductions occurring before the specified shipping date or the actual time of shipment.
- 4. Cash Discount:** Calculations will be from the date of receipt of an acceptable invoice and/or when Goods are received by Buyer, whichever is later. Payment is deemed to be made for the purposes of earnings the discount on the date of mailing Buyer's check. Payment shall be in U.S. currency.
- 5. Taxes:** Unless otherwise specified on the face hereof, the prices set forth on this Order include all applicable federal, state, local taxes, or taxes or exactions of any foreign government, and customs, duties, and any other governmental charges and exactions of any kind whatever. Notwithstanding the foregoing, Buyer shall only be liable for such federal, state, and local taxes levied on Buyer, which Seller is required by law to collect from the Buyer.
- 6. Packaging:** All incoming packages must be clearly marked with the Buyer P.O. number and shall be packed, marked, and otherwise prepared for shipment in a manner which is (i) in accordance with good commercial practice (ii) acceptable to common carriers for shipment at the lowest rate for the Goods (unless a premium method is specified on the face hereof); and penalties or increased charges due to failure to do so will be charged

- to Seller (iii) adequate to assure safe arrival of the Goods at the named destination and (iv) at Seller's expense unless otherwise expressly agreed in writing.
7. Documentation: A Packing Slip must accompany each incoming shipment and shall state, as a minimum, the Purchase Order Number, Buyer's Part Number, Manufacturer's Part Number, Quantity and Date of Shipment.
 8. F.O.B. Point and Traffic: Unless otherwise specifically provided on the face hereof, the Goods purchase hereunder shall be delivered on an F.O.B. destination basis to Buyer's designated plant or place of business, packing, loading and freight charges prepaid by Seller.
 - a. Routing: Mode of Transportation. Carrier: As indicated on the face hereof
 - b. Cartage Premium: No charge shall be allowed unless authorized by Buyer in writing prior to shipment.
 9. Delivery Schedule: Time is of the essence in the performance of this Order by Seller. Delivery of the Goods must be made within the time stated on the Order, failing which buyer reserves the right to cancel this Order, purchase materials elsewhere and charge Seller with any loss incurred. Risk of loss as to the Goods shall remain with Seller until after the Goods are delivered and all nonconformities are cured.
 10. Warranty: In addition to any other warranties, whether express or implied, Seller warrants that the Goods and/or services covered by this Order shall be free from any defects in material and workmanship and in complete conformance with any and all governmental standards and any and all specifications, drawings, and descriptions incorporated herein or furnished to Seller. Seller further warrants that the Goods shall be (i) of merchantable quality, (ii) fit for the particular purposes and uses specified by Buyer or known to Seller, (iii) free of any lien or other claim against title and (iv) to the extent not manufactured to Buyer's detailed designs furnished by Buyer, shall be free from defects in design. All warranties contained herein shall survive Buyer's inspection, testing, and acceptance. Seller agrees at its own cost and expense to defend and hold Buyer harmless from and against any and all claims, actions, liability, damage, loss, and expense based upon or arising out of any claimed defects in the Goods ordered hereunder, and breach of Seller's warranty to Buyer and /or any other breach by Seller. Seller's warranties, and any consumer warranties, service policies or similar undertakings of Seller shall be enforceable by Buyer's customers and any subsequent owner of the Goods in addition to Buyer.
 11. Inspection: After receipt of Goods, Buyer shall have a reasonable time, but not less than seven days, in which to inspect and accept or reject Goods. If specifications, instructions or warranties are not met, Buyer reserves the right to reject and return all nonconforming materials to Seller at Seller's expense and risk and to recover all damages incidental to the rejection. Payment for the Goods shall not constitute an acceptance of the Goods nor impair Buyer's right to inspect or any other of its remedies. For all rejected Goods, Seller shall provide Buyer full credit for or replacement of the Goods. Acceptance of part of Goods shall not bind Buyer to accept the remainder. Acceptance of all or part of Goods shall not deprive Buyer of the right to revoke acceptance and return any part of the Goods or the right to make a claim for damages because of the failure of the Goods to conform to this Order. Buyer shall not be liable to Seller for failure to accept Goods for causes beyond Buyer's reasonable control. At Buyer's request, Seller shall at its own expense promptly replace or correct defects of any rejected Goods or Goods not conforming to the warranties set forth above. If Seller fails promptly to replace or correct such nonconforming Goods, Buyer may upon notice to Seller, make such corrections or replace such Goods and charge Seller for all cost incurred by Buyer.
 12. Termination: Buyer may at any time terminate Seller's performance under this order, in whole or in part, by written notice to Seller, whereupon Seller shall terminate its performance on such date of notice and shall terminate all orders and subcontracts to the extent they relate to such performance. Seller shall promptly advise Buyer of the quantities of Goods and raw material on hand or purchased prior to termination and of the most favorable disposition that Seller can make thereof. Seller shall comply with

Buyer's instructions regarding disposition of Goods and raw materials. Seller shall submit to Buyer in writing notice of its intention to submit claims based on such termination within 15 days from the date of notice of termination, and all such claims shall be made in detail and substantiated within 30 days thereafter, or such claims shall be waived. Buyer shall pay Seller the Purchase Order price of finished Goods accepted by Buyer and the cost to Seller, excluding profits and losses, of work in process and raw materials relating to this Order, less the agreed value of any Goods used or sold by Seller with Buyer's consent. Buyer reserves the right to verify such claims at any reasonable time or times by inspecting the records, facilities, work, or materials of Seller relating to this Order. Buyer will make no payments for finished work, work in process, or raw materials fabricated or procured by seller unnecessarily in advance or in excess of Buyer's delivery requirements under this Order. Notwithstanding the above payments made under this paragraph shall not exceed the aggregate price specified in this Order, less any payments made or to be made. Payments provided under this paragraph shall constitute Buyer's only liability in the event this Order is terminated. (b) To the extent this Order covers Goods normally carried in the inventory of Seller, as distinguished from Goods specially made to Buyer's specifications, Buyer shall have no liability for any termination of this Order, in whole or in part, prior to shipment.

13. Termination for Default: Buyer may also terminate this Order or any part hereof for cause in the event of any default by Seller or if the Seller fails to comply with any of the terms and conditions of the Order. Late deliveries, deliveries of Goods which are defective or which do not conform to this Order, and failure to provide Buyer, upon request, with reasonable assurances of future performance, and Seller's insolvency or bankruptcy shall all be additional causes allowing Buyer to terminate this Order. In the event of termination for cause, Buyer shall not be liable to Seller for any amount and seller shall be liable to Buyer for any and all damage sustained by reason of the default, which gave rise to the termination.
14. Confidential Information: Seller shall not disclose to any person outside of it employ, or use for any purpose other than the fulfillment of its obligations under this Order, any information or materials received from Buyer pursuant to this Order which has been disclosed to the Seller by Buyer. Confidentiality shall also apply to specifications, drawings, and documents prepared by Seller for Buyer in connection with this Order. Seller shall provide confidential information only to those of its employees who have a need to know and who have agreed to be bound by the requirements of this paragraph. Upon termination of this Order or at Buyer's direction, Seller agrees to return to Buyer all drawings, blueprints, descriptions or other materials received from Buyer, all materials containing said confidential information and all copies or reproductions thereof. Seller further agrees not to disclose to Buyer any information, which Seller deems to be confidential, and it is understood that all information given to Buyer will not be of a confidential nature.
15. Patent or Other Protection: Seller will indemnify and hold Buyer, and all subsidiaries or affiliated companies and any of their customers, harmless from any claims, actions, losses, damages, and liabilities concerning any claim that the design or manufacture or use of any Goods furnished under this Order, or any part, infringes any United States or foreign patent, now or hereafter granted, or other property right of any other person.
16. Special Tooling: (a) "Special tooling" mean all patterns, dies, fixtures, molds, jigs, models, gauges, inspection devices, special cutting tools, special test devices, drawings, and templates, and any replacements thereof, which, prior to the date of this Order, were not owned or used by Seller and which Seller has been or will be required to acquire and use solely for the purpose of furnishing Goods under this Order. Special tooling does not include tools, capital items, or property owned by or furnished by Buyer. Before commencing work under this Order, Seller agrees to obtain prior written approval of Buyer as to the purchase of any special tooling, and such request shall describe in detail each item and the price thereof. (b) Seller agrees that all special tooling shall be used exclusively for performance of work under this Order or as directed by Buyer in writing, and agrees to maintain special tooling in good condition, fully covered by insurance and

- to replace it at Seller's cost if lost, stolen, destroyed, or otherwise rendered unfit for use. Seller agrees to permit inspection and to supply Buyer with detailed statements of inventory of the special tooling upon request. Upon completion, cancellation, or termination of the work for which such special tooling is required, Seller shall prepare a list of Goods for which special tooling has been used, together with a detailed listing in a form acceptable to Buyer of the special tooling, including the unamortized cost and fair market value of each item, and shall be written assignment transfer possession and title to the special tooling to Buyer, free and clear of liens and encumbrances, in exchange for the lesser of the unamortized cost or fair market value of the tooling, except that Buyer shall be under no obligation to purchase such special tooling. Buyer reserves the right to dispose of special tooling without taking possession thereof and to receive any salvage or resale revenues therefrom. Seller agrees that Buyer shall have the right to enter Seller's premises for the purpose of obtaining possession of any special tooling.
- 17.** Indemnity: Seller will defend, indemnify and save harmless Buyer from and against any and all claims, actions, liability, damage, loss and expense (including investigative expense and attorney's fees incurred in litigation or because of threatened litigation) for personal injury, death or property damage as the result of Buyer's purchase, use, or resale of the Goods and arising or alleged to arise from (i) the failure or alleged failure of the Goods to comply with specifications or with any express or implied warranties of Seller; (ii) the alleged violation by such Goods or the manufacture or sale of such Goods, or any statute, ordinance, or administrative order, rule or regulation; (iii) defects, whether latent or patent, in material or workmanship; (iv) defective design, defective warning or instructions; and/or (v) any act or omission, negligent or otherwise, of Seller or any subcontractor of Seller or any of their employees, workmen, servants, or agents. Seller agrees to hold Buyer harmless from all liabilities, claims, fines, civil and criminal penalties, including reasonable costs and settlement, which may arise directly or indirectly out of the failure of Seller to comply with the provisions or Paragraphs 18, 21, 22, 23 and/or 24 of this Order. In addition to any other indemnification contained herein, Seller shall be liable to Buyer for incidental or consequential damages incurred by Buyer as a result of breach of this Order or breach of Seller's warranty under this Order. As used herein, incidental damages include (a) expenses reasonably incurred by Buyer in the inspection, receipt, transportation, and custody of rejected Goods; (b) any reasonable charges, expenses, and commissions in connection with purchasing substitute Goods; (c) expenses incurred in recalling Goods from Buyer's customers; (d) any litigation expenses, including court costs and attorneys' fees, incurred in the prosecution of any suit brought to enforce the Buyer's rights; (e) any other reasonable expenses incident to the delay, failure to deliver, delivery of nonconforming Goods, or other breach of this Order. As used herein, consequential damages include damages suffered by Buyer as a consequence of Seller's breach of warranty or other breach of this Order, including (without limitation) loss of profits, penalties, and damages caused by injury to person or property and proximately resulting from any such breach.
- 18.** Compliance with Laws: Seller shall comply with all laws, rules and regulations applicable to it by any jurisdiction and shall obtain all permits needed to complete the transaction under this Order, and will hold Buyer harmless from any claim, action, expense, loss, damage or liability resulting from any alleged violation of any laws or regulations. Any provisions required to be included in this Order by any applicable law, rule, or regulation shall be deemed incorporated herein. Without limiting the generality of the foregoing, Seller certifies to Buyer that the Goods purchased hereunder were produced in compliance with the applicable requirements of the Fair Labor Standards Act of 1938, as amended. Seller further warrants that it has accepted no gratuities of any kind from any of Buyer's employees in connection with the placement or performance of this Order. Any Goods that are hazardous will be packaged, marked, and shipped by the Seller to comply with all U.S. federal, state, and local regulations and Seller will furnish Buyer with a Material Hazard Data Sheet covering such Goods.
- 19.** No Assignment or Subcontracting: This Order shall not be assigned, and no work to be performed hereunder shall be delegated or subcontracted by Seller, and any attempted

assignment, delegation, or subcontracting without Buyer's prior written consent shall be void. With regard to any assignment or subcontract under this Order, Seller shall remain obligated to Buyer as if no assignment or subcontract had been made.

20. Entire Agreement: This Order constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous proposals, both oral and written, negotiations, representations, commitments, writings and all other communications between the parties. No waiver, alteration, modification of or addition to the terms and conditions contained herein shall be binding unless expressly agreed to in writing by a duly authorized representative of Buyer.
21. Equal Employment Opportunity: Seller shall comply with Executive Order No. 11246, dated September 24, 1965, as amended by Executive Order No. 11375 dated October 13, 1967, and all administrative regulations issued pursuant thereto; said Executive Order is hereby incorporated by reference herein and Seller agrees to be bound by paragraphs (1) through (7) of Section 202 thereof. If applicable, and not otherwise exempt, Seller shall develop within 120 days from the issuance of this Order and shall maintain at each of its establishments during the performance of this Order Equal Opportunity Affirmative Action Programs pursuant to 41 CFR 60-1.40 and 41 CFR 60-2. Seller certifies that it and its subcontractors have filed and shall file all Employer Information Reports EEO(1) and other reports, representations, and information required under 41 CFR 60-1.7. Seller certifies that it does not maintain any segregated facilities for its employees and that it will not permit its employees to perform services at any location where segregated facilities are maintained. If applicable, and not otherwise exempt, Seller agrees to be bound by Executive Order No. 11701 and the rules and regulations promulgated thereunder relating to the listing of job openings with the State Employment Service System where the opening occurs and dealing with the employment of qualified disabled veterans and veterans of the Vietnam era; the provisions of the standard affirmative action clause prescribed thereunder, 41 CFR 60-250.4, are specifically incorporated herein by reference as though fully set out herein. If applicable, and not otherwise exempt. Seller also agrees to be bound by Executive Order 11758 and the rules and regulations promulgated thereunder pertaining to the employment of qualified handicapped persons; the provisions of the standard affirmative action clause prescribed thereunder, 41 CFR 60-741.4, are specifically incorporated herein by reference as though fully set out herein.
22. Occupational Safety and Health: Seller warrants that any Goods sold pursuant to this Order comply in all respects with the Occupational Safety and Health Act of 1970 (OSHA), any amendments thereto, and all applicable regulations, rulings, orders, and standards promulgated thereunder. In the event that the Goods sold hereunder do not so conform, Buyer may return the Goods for correction or replacement at Seller's expense.
23. Environmental Compliance: In the event that this Order is for an amount in excess of \$100,000 and Seller is not otherwise exempt, then Seller stipulates the following: (a) that none of Seller's facilities is listed on the Environmental Protection Agency (EPA) List of Violating Facilities pursuant to 40 CFR 15.20; (b) that Seller agrees to comply with all the requirements of Section 114 of the Clean Air Act, as amended, including all regulations and guidelines issued thereunder; (c) that Seller agrees that this Order is expressly conditional upon Seller promptly notifying buyer in the event Seller receives any communication from the U.S. EPA, indicating that a facility to be utilized in the performance of this order is being considered for listing on the EPA List of Violating Facilities and (d) that Seller agrees to include the requirements of (a) through (d) in every subcontract exceeding \$100,000 which is not otherwise exempt.
24. Insurance: Seller shall furnish to Buyer a certificate of insurance showing that Seller has obtained insurance in the following minimum amounts:
 - a. Workers' Compensation – statutory limits for the state or states in which the work is to be performed: Employer's Liability - \$100,000
 - b. General Liability –
 - (i) Premises and Operations - \$500,000 per occurrence (bodily injury), \$500,000 per occurrence (property damage);
 - (ii) Independent Contractors (where applicable) - \$500,000 per occurrence (bodily injury),

- \$500,000 per occurrence (property damage); (iii) Contractual (Broad Form) - \$500,000 per occurrence (bodily injury), \$500,000 per occurrence (property damage); (iv) Products and Completed Operations - \$500,000 per occurrence (bodily injury), \$500,000 per occurrence (property damage); and,
- c. Automobile Liability (including owned, hired and non-owned vehicles) - \$250,000 each person and \$500,000 per occurrence (bodily injury), \$250,000 per occurrence (property damage).
 - d. **Such certificates shall set forth the amount of coverage, the policy numbers, and date of expiration, and shall include a thirty-days-notice-of-cancellation-to-Buyer clause. Champion Aerospace LLC shall be named as an additional insured party under each of these policies with the exception of the policies covering Worker's Compensation and Automobile Liability. Such insurance coverage shall be maintained by Seller at all times during which it is performing work under this Order. Compliance by Seller with insurance requirements does not affect Seller's indemnification of other liabilities under this Order.**
25. Cumulative Remedies: Any right or remedy of Buyer provided herein is in addition to Buyer's other rights and remedies provided herein or by law and all of Buyer's rights and remedies hereunder are cumulative and non-exclusive.
26. Withholding of Payments: Buyer shall have the right (but no duty) to withholding any moneys payable by it hereunder and apply the same to the payment of any obligations of Seller to Buyer.
27. Buyer's Right to Make Changes: Buyer may at any time, by written notice to Seller, make changes in the drawing, specifications, quantities, and schedules and shipping instructions under this Order. If any such change increases or decreases the cost of performing this Order or the time required for its performance, an equitable adjustment in prices and/or schedules shall be made, provided, however, that any claim by Seller for such adjustment shall be presented in writing to Buyer within 30 days from the date the change is ordered by Buyer.

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October 26, 2010