

**BLR Aerospace, LLC (AND SUBSIDERARIES)**  
**PURCHASE ORDER STANDARD TERMS AND CONDITIONS**

**APPLICABLE LAW**

The laws of the State of Washington, US, shall govern the legal obligations of the parties and the interpretation of the Purchase Order.

**NON-PERFORMANCE, SUSPENSION, CHANGES AND CANCELLATION**

Purchaser may suspend or cancel its order, or change quantities, specifications, design, drawings or method, piece or time of delivery. Equitable adjustments will be made by Purchaser if price or time for performance are affected but only upon notice to Purchaser from Seller to like effect and upon Seller establishing to the satisfaction of Purchaser of the effect upon price or time for performance. No adjustments will be made to the contract for goods already delivered. No alteration, modification or other change shall be effective or binding on Purchaser, until written and signed by Purchaser.

**APPROVAL OF GOODS**

The goods shall be subject to inspections and approval by Purchaser upon receipt and Purchaser shall have a reasonable time therefore. If any of the goods do not conform to the requirements of the contract, Purchaser may reject any or all of the goods. Approval by Purchaser of part of the goods shall not relieve the Seller of its obligations to the rest. Rejected goods at Purchaser's option may be held for Seller's disposition. Instructions, or returned to Seller, the costs for which shall be borne solely by Seller. No act of payment by Purchaser shall be considered an inspection or approval of any or all of the goods by Purchaser.

**CERTIFICATION**

All materials supplied for aircraft shall be accompanied by the proper "Certification of Airworthiness" as specified by the Federal Aviation Administration as of the date of delivery. Seller shall bear the cost of correcting any deficiency or variation from FAA requirements or losses occasioned by Purchaser therefrom.

**TITLE / WARRANTY / COMPLIANCE**

The Seller warrants it has good and marketable title to the goods to be provided, and that such goods are and shall be free of any claim, liens, charges or encumbrances of any kind, and that it has the full and lawful authority to transfer title to the goods. Seller warrants the goods to be provided shall meet and conform to the specifications, drawings, samples, or descriptions furnished or adopted by the Purchaser, and shall be of good material and workmanship and free from defect.

Seller shall comply, and ensure the compliance of all employees, subcontractors, suppliers, or agents with all applicable Federal, State, Municipal or local laws, rules and regulations,

**PATENT INDEMNITY**

Seller shall be responsible for and shall save harmless and indemnify the Purchaser from and against all losses costs, damages, claims and demands of any nature whatsoever including legal fees and costs arising out of or by reason of the performance or purported performance hereunder by the Seller including without limitation those made or sustained in respect of property damage, personal injury (including death) and infringement of copyright, trademark, trade secret, patent of invention or the proprietary rights of others.

**WAIVER**

Waiver by the Purchaser of the strict performance of any term, condition, covenant or agreement herein, shall not of itself constitute a waiver or abrogation of such term, condition, covenant or agreement, nor be a waiver or abrogation of any subsequent breach of same, or any other term, condition, covenant or agreement herein.

**EXCUSABLE DELAY**

Neither party shall be in default from any failure to perform hereunder, if such failure arises from causes beyond the control of and without the fault or negligence of such party. Such causes include: acts of God or of the public enemy; or of Government in either its sovereign or contractual capacity; fire; strike or lockout; epidemic; quarantine restrictions; freight embargo; unusually severe weather. The party claiming relief herein shall give prompt notice to the other, together with all necessary information with respect to the circumstances. Notwithstanding the above, Purchaser may, by notice in writing, cancel any purchase order without liability if the actual delivery date will, or is likely to extend beyond the scheduled delivery date (if applicable) by more than fifteen (15) days.

**PAYMENT**

Cash discount period commences the day an invoice is acceptable in accordance with the terms and instruction of this order, and is received by Purchaser.

Seller certifies that no price provided for under this order is unlawfully discriminatory.

**SHIPPING**

Seller shall not insure shipments for Purchaser's account without definite instructions from Purchaser.

Purchaser will not pay any demurrage, cartage, boxing expense or storage unless specified on this order.

Seller agrees that if Purchaser prepays for the goods furnished in performance of this order or the goods are held by Seller after payment is made, then such goods are segregated and marked to identify Purchaser as the owner thereof.

**PACKING**

Damages to any goods, materials and equipment resulting from improper packing will be charged to the Seller's account.

**TIME IS OF THE ESSENCE**

Time is of the essence with respect to delivery. If Seller is unable for any reason to deliver as specified it shall forthwith give notice to the Purchaser.

**OWNERSHIP OF DRAWINGS, DESIGNS, REPORTS**

Ownership of any documents including designs, specifications, reports or drawings supplied by Purchaser or produced by Seller upon request of the Purchaser shall at all times rest with Purchaser. Seller shall not disclose to third parties or use such documents for any purpose other than to meet Purchaser's requirements from time to time.

**ENTIRE AGREEMENT**

This order, together with all documents, drawings and specifications attached or incorporated hereto by reference shall upon acceptance by Seller comprise the entire agreement (contract) between the parties, and supersede all other previous statements, representations, or agreements, whether oral or written, unless amended in writing as herein provided.

**SET-OFF**

Purchaser may set off against any amounts owed to Seller under this Contract any amounts that are or become due or owing to Purchaser by Seller.

**CONFIDENTIAL INFORMATION**

Seller agrees to hold in confidence at all times proprietary information which Seller receives or acquires from Purchaser by whatever means. Any disclosure by Seller shall only be upon a need-to-know basis and in furtherance of Seller's obligations herein and Seller shall ensure that the recipient, including Seller's employees, assume obligations identical to Seller's obligations under this Clause.

**INSPECTION**

Purchaser shall have the right to conduct intermediate inspections or tests of the goods or their components, at any time prior to shipment. Seller shall grant the Purchaser reasonable access to Seller's or its sub supplier's facilities for such purposes and cooperate with Purchaser. Any intermediate inspections or tests by Purchaser shall not constitute a final inspection or test nor relieve Seller from any of its obligations herein.

**CURRENCY**

Unless otherwise expressly stated herein, prices referred to are in United States Dollars, fixed, and exclusive of all taxes and duties of any kind.

**PUBLICITY**

Use of the Purchaser's name by the Seller for the purpose of advertising or solicitation of business without the prior written consent of the Purchaser is expressly forbidden.

**DUTY DRAWBACK**

Should the Purchaser be entitled to make application for duty drawback with respect to any material imported by the Seller to satisfy the Purchaser's order, the Seller will provide necessary information and documentation to enable the Purchaser to make such application without any costs to the Purchaser.

**NOTE:**

- a) All copies of Customs Invoices must have original signatures upon them not carbon).
- b) Charges for materials as stated on Customs invoices must be shown exactly as invoiced to Purchaser,

These terms and conditions shall not be amended or supplemented unless specifically agreed to in writing by Purchaser. Purchaser's signature on any invoice or other form or document accompanying delivery of the goods furnished in performance of this order shall constitute acknowledgement of receipt of said goods only, and shall not constitute Purchaser's assent to any terms and conditions contained thereon.

No director, employee or agent of Seller shall give or receive any commission, fee, rebate, gift or entertainment of significant cost or value in connection with the work, or enter into any business arrangement with any director, employee or agent of Purchaser or any affiliate other than as a representative of Purchaser or its affiliate, without prior written notification thereof to Purchaser. Any representative(s) authorized by Purchaser may audit any and all records of Seller for the sole purpose of determining whether there has been compliance with this paragraph. Seller shall be responsible for all penalties, costs or damages, if any, incurred by Purchaser arising from a violation of this provision (or any other provision of this Purchase Order agreement) by Seller.

## Remedies

If any Event of Default shall occur:

A. Cancellation

Buyer may, by giving written notice to Seller, immediately cancel any Order, or contract, in whole or in part, and Buyer shall not be required after such notice to accept the tender by Seller of any Products subject to the cancellation.

B. Cover

Buyer may manufacture, produce or provide, or may engage any other persons to manufacture, produce or provide, any Products in substitution for the Products to be delivered or provided by Seller. In addition to any other remedies or damages available to Buyer hereunder or at law or in equity, Buyer may recover from Seller the difference between the price for each such Product and the aggregate expense, including, without limitation, administrative and other indirect costs, paid or incurred by Buyer to manufacture, produce or provide, or engage other persons to manufacture, produce or provide, each such Product.

C. Setoff

Buyer shall, at its option, have the right to set off against and apply to the payment or performance of any obligation, sum or amount owing at any time to Buyer hereunder or under any Order, all deposits, amounts or balances held by Buyer for the account of Seller and any amounts owed by Buyer to Seller, regardless of whether any such deposit, amount, balance or other amount or payment is then due and owing.

D. Tooling and other Materials

As partial compensation for the additional costs which Buyer will incur as a result of the transfer of production capabilities from Seller to Buyer or Buyer's designee, Seller shall upon the request of Buyer, transfer and deliver to Buyer or Buyer's designee title to any or all (i) Tooling, (ii) Buyer-furnished material, (iii) raw materials, parts, work-in-process, incomplete or completed assemblies, and all other Products or parts thereof in the

possession or under the effective control of Seller or any of its subcontractors (iv) Proprietary Information and Materials of Buyer including without limitation planning data, drawings and other Proprietary Information and Materials relating to the design, production, maintenance, repair and use of Tooling, in the possession or under the effective control of Seller or any of its subcontractors, in each case free and clear of all liens, claims or other rights of any person.

Seller shall be entitled to receive from Buyer reasonable compensation for any item accepted by Buyer which has been transferred to Buyer pursuant to this Section (except for any item the price of which shall have been paid to Seller prior to such transfer); provided, however, that such compensation shall not be paid directly to Seller, but shall be accounted for as a setoff against any damages payable by Seller to Buyer as a result of any Event of Default.

Remedies Generally

No failure on the part of Buyer in exercising any right or remedy hereunder, or as provided by law or in equity, shall impair, prejudice or constitute a waiver of any such right or remedy, or shall be construed as a waiver of any Event of Default or as an acquiescence therein. No single or partial exercise of any such right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. No acceptance of partial payment or performance of any of Seller's obligations hereunder shall constitute a waiver of any Event of Default or a waiver or release of payment or performance in full by Seller of any such obligation. All rights and remedies of Buyer hereunder and at law and in equity shall be cumulative and not mutually exclusive and the exercise of one shall not be deemed a waiver of the right to exercise any other. Nothing contained in this Agreement shall be construed to limit any right or remedy of Buyer now or hereafter existing at law or in equity.