

AIM AEROSPACE, INC. – RENTON OPERATIONS

PURCHASE ORDER TERMS AND CONDITIONS

1. **Offer and Acceptance.** This Purchase Order is an offer to purchase and is expressly limited to the terms and conditions stated herein. Any terms and conditions contained in quotations or similar forms of Seller (or proposed in any acknowledgments or acceptance by Seller) which are in addition to, or different from, these terms and conditions are hereby rejected and shall not become part of the agreement between the parties without Buyer's specific written consent. If Seller, instead of accepting as aforesaid, ships or furnishes any goods or services ("Products") in response to this Purchase Order, Buyer may at its sole election, either reject the tendered Products or treat such action as constituting acceptance and assent to the terms and conditions hereof.
2. **Shipment/Delivery.** Shipment or deliveries, as specified in this Purchase Order, shall be strictly in accordance with: the specified quantities, without shortage or excess; the specified schedules, neither ahead nor behind schedule; and the other requirements of this Purchase Order. Seller shall promptly notify Buyer in writing of any anticipated or actual delay, the reasons therefore, and the actions being taken by Seller to overcome or minimize the delay. If requested by Buyer, Seller shall, at Seller's expense, ship via air or other fast transportation to minimize the delay to the maximum extent possible.
3. **Packing.** Seller shall prepare and pack the Products to prevent damage and deterioration. Charges for preparation, packing, etc. are included in the price, unless separately specified in the Purchase Order. Packing slips must accompany all shipments. The following data should appear on all packing sheets:
(a) Seller's name and address; (b) AIM purchase order (PO); (c) part number shown on the PO; (d) unit nomenclature; (e) quantity shipped; (f) unit of measure on PO; (g) packing sheet number;
(h) rejection tag number, if applicable; (i) sold to, and/or ship to, as applicable; and (j) debit memo number, if applicable.
4. **Inspection, Acceptance and Warranty.** All Products delivered under this Purchase Order are subject to installation, successful operation, and approval by Buyer before acceptance. Buyer may withhold acceptance until such installation or testing or both are completed, notwithstanding any payment or prior test or inspection. In addition, Buyer may inspect and evaluate Seller's plant, including but not limited to facilities, systems, equipment, testing, data, personnel, and all work-in process and completed Products manufactured for installation in Buyer's products. Further, Buyer Quality Control may from time to time elect to conduct source inspection either on a random basis or to the extent of 100 percent inspection. Seller will be notified if Buyer's source inspection is to be conducted on specific shipments. No shipments are to be held for Buyer source inspection unless notification is received prior to, or at time of, material being ready for shipment. Seller expressly warrants that all of the Products covered by this Purchase Order or other description or specification furnished by Buyer will be in exact accordance with such Purchase Order description or specification. In addition, Seller expressly warrants that such Products will (1) conform in all respects to all the requirements of this Purchase Order; (i) be of good quality, material and workmanship; (ii) be merchantable and suitable for their intended purposes; (iii) be free from defects and any claims of third parties; (iv) to the extent not manufactured to detailed design furnished by Buyer, be free of all defects in design; and (v) comply with all applicable laws and regulations. All such warranties shall survive delivery and shall not be deemed waived by reason of Buyer's acceptance of or payment for said Products. In addition to other remedies, if the Products do not perform according to Buyer's specifications or if any end-user returns the Products to Buyer for any reason, Buyer shall return such Products to Seller and Seller shall accept all such Products for a full refund of the purchase price. Buyer shall be entitled to any and all warranties provided by the manufacturer of the Products in addition to those provided by Seller under the Purchase Order.
5. **Refusal of Acceptance/Rejection/Revocation.** Buyer may also reject, refuse acceptance or revoke acceptance of any or all of the Products which are not strictly in conformance with all of the requirements of this Purchase Order and shall notify Seller of such rejection in a timely manner. At Buyer's election and at Seller's risk and expense, all such Products will be returned to Seller at Seller's expense for immediate--at Buyer's election--refund, repair, replacement or other correction and redelivery to Buyer. Buyer may (a) hold or retain such Products, without permitting any repair, replacement or other correction by Seller; (b) hold or retain such Products for repair by Seller as Buyer may require; (c) hold such Products until Seller has delivered conforming replacements for such Products; (d) hold such Products until conforming replacements are obtained from a third party; or (e) return such Products with instruction to Seller as to whether the Products shall be repaired or replaced and as to the manner of redelivery. All repair, replacement and other correction and redelivery shall be completed within such time as Buyer may require. All costs and expenses (to include Freight) and loss of value incurred as a result of or in connection with nonconformance and repair, replacement or other correction may be recovered from Seller by equitable price reduction, set-off or credit against any amounts which may be owed to Seller under this Purchase Order or otherwise.
6. **Price.** Prices stated herein are F.O.B. Buyer's place of business (all freight and transportation charges shall be paid by Seller) unless otherwise specifically agreed to in writing by the parties. Prices stated herein are not subject to increase. Except as otherwise specifically agreed to in writing, Seller shall be liable for and shall pay any sales, use, excise or other tax (which may be imposed upon any of the Products for their sale, use or delivery). Neither signing a receipt for Products, nor payment to Seller, shall constitute either an acceptance by Buyer or waiver of any of Seller's warranties. The time allowable for payment shall begin after both: (a) Buyer's receipt of Seller's invoice and (b) delivery of acceptable Products, Products-related supplies or performance of satisfactory services.
7. **Risk of Loss.** Until acceptance of delivery, Seller assumes all risk of loss and damage to the Products, if any, supplied under this Purchase Order, including without limitation, any loss or damage resulting from mishandling or abuse, while such Products is in Seller's possession or in transit if returned to Buyer.
8. **Title/Delivery.** All title, rights and interest in the Products pass to Buyer upon delivery. Unless otherwise specified herein, delivery shall be made at Buyer's place of business. Delivery shall be deemed to occur after receipt at Buyer's place of business and after Buyer's acceptance in accordance with paragraph 2 of this Purchase Order.
9. **Compliance with Laws.** With the acceptance of this Purchase Order, Seller warrants that the Products to be furnished hereunder have been or will be produced in compliance with all applicable federal, state and local laws, regulations and ordinances of the United States or any other sovereign or state or municipal government which may now or hereafter govern performance under this Purchase Order including, without limitation, the manufacture of the Products purchased hereunder. Seller agrees to indemnify and hold Buyer harmless against any loss or liability due to Seller's violation of or non-compliance with such laws.
10. **Billing.** A separate, itemized invoice shall be rendered in duplicate to the address shown on the face of the Purchase Order to the attention of the Accounts Payable Department. The invoice should contain the Purchase Order number, a description of Products supplies/services furnished, quantity, unit price(s) and total price. Buyer may set off any amount owed by Seller or any of its affiliated companies to Buyer against any amount owed by Seller under this Purchase Order. Invoicing on this Purchase Order is to be mailed to AIM Aerospace, Inc., attention Accounts Payable, P.O. Box 9011, Renton, WA 98057. All original invoices are to be mailed and not shipped with products. A valid purchase order number and packer number must appear on the invoices. Payment of any invoice may be delayed pending correction of any errors or omissions.
11. **Excusable Delay.** Buyer shall be excused for delay or failure to accept delivery hereunder if such delay or failure results from acts or omissions that are beyond the reasonable control and without the fault or negligence of Buyer, including without limitation, Government embargoes, blockades, seizure or freeze of assets, delays or refusals to grant an export license or the suspension or revocation thereof, or other acts of the Government, fires, floods, severe weather conditions, or any other acts of God, quarantines, labor strikes or lockouts, riots, strife, insurrection, civil disobedience, war, material shortages or delays in deliveries to Seller by third parties. Buyer shall promptly notify the Seller of any such delay or failure and the cause thereof.
12. **Indemnity.** Seller assumes liability for and shall indemnify, protect, save and keep harmless and defend Buyer and its affiliates, officers, directors, shareholders, managers, agents, employees, suppliers, subcontractors, servants, successors and assigns (each an "Indemnitee") or property from any and all liabilities, obligations, losses, damages, penalties, claims, injuries, actions, suits, arbitrations, costs and expenses, including without limitation, negligence and reasonable attorneys' fees and other legal expenses in any manner arising out of or incidental to (i) the performance of this Purchase Order by an Indemnitee, unless such loss, damage, cost expense or injury results solely from the negligence of Buyer and (ii) any misrepresentation, breach, nonperformance, or nonfulfillment of any warranty or other undertaking on the part of Seller hereunder or under any other purchase order.
13. **Tools.** If Buyer furnishes Seller with equipment (such as special dies, molds, jigs, tools, etc.) or pays for such equipment, title thereto shall remain or vest in Buyer and Seller shall identify, maintain and preserve such equipment and shall dispose of it in accordance with Buyer's direction. Unless otherwise authorized in writing by Buyer, Seller shall use such equipment solely in the performance of purchase orders for Buyer. Seller shall be responsible for any loss, damage, or destruction to such equipment, but Seller shall not include any insurance cost therefore or cost to store in the prices charged under this Purchase Order. Buyer also reserves the right to request and receive a list of Buyer's owned tools in Seller's possession and to audit said list against actual tools at Seller's facility.
14. **Materials.** If Buyer furnishes any material (such as extrusions, fasteners, bushings, etc.) for fabrication hereunder Seller agrees (i) not to substitute any other material in such fabrication without Buyer's written consent (ii) title to such materials shall not be affected by incorporation in or attachment to any other property, and (iii) all such material (except that which becomes normal industrial waste or is replaced at the Seller's expense) will be returned in the form of products or unused material to Buyer. In addition, Seller shall inspect any Buyer furnished material and shall have the right to reject any nonconforming material but in the event of loss or attrition thereafter, Seller shall be responsible for replacing such material at Seller's expense. Inaccuracies, out of tolerance condition or inadequacies in quantity of materials accepted by the Seller, shall not excuse performance in strict accordance with the application specifications and/or drawings.

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15. No Disclosure. Seller shall not reveal any specifications designs or other information supplied by Buyer nor disclose to third parties any of the details connected with this Purchase Order without the prior written consent of Buyer. Such specifications, designs or other information shall remain the property of the Buyer. Any information or knowledge Seller discloses to Buyer regarding this Purchase Order shall not be deemed confidential or proprietary unless expressly agreed upon by the parties in writing. Any such unpatented or otherwise unprotected information or knowledge shall be acquired by Buyer free of any restrictions.

16. Changes. Buyer may, at anytime, by written change Purchase Order, suspend performance of this Purchase Order, in whole or in part, make changes in the quantities, drawings, designs, specifications, method of shipment or packing, or time or place of delivery of the Products, reschedule the Services, or require additional or diminished Services. Buyer may accelerate the schedule or increase the quantity provided at no charge providing Buyer notifies Seller at least thirty (30) days prior to the first day of the month in which the acceleration or increase is to take place. Buyer may decelerate the delivery schedule at no charge provided the Buyer notifies Seller at least thirty (30) days prior to the first day of the month in which the deceleration is to take place. Any claim for adjustment under this Section 16 may, at Buyer's option, be deemed to be absolutely and unconditionally waived, unless asserted in writing (including the amount of the claim) and delivered to Buyer within thirty (30) days from the date of receipt by Seller of the change order. If the cost of property is made obsolete or excessive as a result of a change that is paid for by Buyer, Buyer may prescribe the manner of disposition of such property.

17. License and Intellectual Property Warranty. Seller warrants that: (i) the Products are duly licensed products; (ii) Seller has rights to sell the Products; (iii) neither the Products furnished hereunder nor use thereof will infringe any United States or Foreign Letters Patent, trademark, trade secrets, copyright or other proprietary or similar rights; (iv) Seller will at its own expense, defend any suit or claim that may arise with respect to any aforementioned infringement or allegation thereof, and (v) Seller will indemnify and hold Buyer, its affiliates, officers, directors, shareholders, managers, agents, employees, suppliers, subcontractors, servants, successors and assigns and its customers harmless from all costs (including, without limitation, reasonable attorneys' fees and costs), expenses, damages or liability that Buyer may incur as a result of any proceedings charging infringement of any Supplemental Type Certificate, Service Bulletin, patent, copyright or trademark by reason of sale or use of any Products supplies/services/data furnished by Seller. The foregoing warranty shall not apply to the Products to the extent such Products comply with specifications furnished to Seller by Buyer.

18. Entire Agreement. This instrument contains the entire agreement between the parties, and it is expressly understood and agreed that no promises, provisions, terms, warranties, conditions or obligations whatsoever, whether express or implied, other than herein set forth, shall be binding upon either party. Any subsequent additions, deletions or modifications to this agreement shall not be binding upon the parties unless the same are mutually agreed upon and incorporated herein in writing signed by Buyer.

19. Security Interest. To the extent that Buyer pays for the Products procured herein before delivery, Buyer takes a security interest in monies paid, their proceeds, Seller's inventory and Products identified to the contract. Buyer reserves the right to file all necessary financing statements to perfect such security interests. Seller agrees to execute all necessary financing statements to perfect such security interests.

20. Applicable Law. This Purchase Order or any other agreement resulting herefrom shall be deemed to have been made in the State of Washington and shall be construed and governed in accordance with the laws of the State of Washington, except that Buyer and Seller expressly agree to exclude the United Nations Convention on the International Sale of Products, 1980, and any successors thereto. Seller expressly consents to the exclusive jurisdiction of any state or federal court in the State of Washington and waives service of process. Seller waives any objection to venue in any such court.

21. Termination.

(a) Without Cause: Buyer may terminate, for its convenience, all or any part of this Purchase Order at any time by written notice to Seller. Upon such termination, settlement shall be made in accordance with the principles contained in Federal Acquisition Regulations (FAR) 52.249-2 as in effect as of the date of this Purchase Order, except that Seller must submit a written termination claim to Buyer within (90) days after the effective date of termination, or such claim shall be absolutely and unconditionally waived.

(b) With Cause: If Seller fails to make delivery of the Products; fails to perform the Services in accordance with the delivery dates specified in the Purchase Order; fails to perform any other provision of this Purchase Order; so fails to make progress as to endanger performance of this Purchase Order in accordance with its terms; or becomes subject to bankruptcy, receivership, insolvency, or institutes or has instituted against it a proceeding for any of the foregoing or if Seller's assets are attached or assigned to creditors; and does not cure such failure within ten (10) days after notice from the Buyer, Buyer may (in addition to any other right or remedy provided by this Purchase Order or by law) terminate all or any part of this Purchase Order by written notice to Seller without liability and purchase substitute Products elsewhere, and Seller shall be liable to Buyer for any excess cost occasioned by Buyer, thereby. Seller shall continue performance of this Purchase Order to the extent not terminated pursuant to this Section 22(B). If this Purchase Order is terminated, as provided in this section 22(b), the Buyer, in addition to any other rights provided herein, may require the Seller to transfer title and deliver to the Buyer (i) any completed Products, and (ii) such partially completed Products and materials, parts tools, dies, jigs, fixtures, plans, drawings, information, and contract rights as the Seller has specifically produced or specifically acquired for the performance of this Purchase Order.

22. Assignment. This Purchase Order binds and inures to the benefit of Buyer, its successors and assigns and Buyer's customers for the Products. Seller may not assign any right or interest in this Purchase Order nor delegate the performance of any of its obligations without Buyer's prior written consent.

23. Remedies. The remedies herein provided shall be cumulative and in addition to any other remedies allowed by law or in equity. No waiver of a breach of any provision of this Purchase Order by either party shall constitute a waiver of any other breach of this Purchase Order at a future time or of any other right. Failure by Buyer to assert all or any of its rights upon any breach of this Purchase Order shall not be deemed a waiver of such rights either with respect to such breach or any subsequent breach, nor shall any waiver be implied from the acceptance of any payment or service. No waiver of any right shall extend to or affect any other right Buyer may possess, nor shall such waiver extend to any subsequent similar or dissimilar breach.

24. Failure to Comply. If Seller fails to comply with any of the Purchase Order requirements, Buyer may terminate the purchase order for default or invoke applicable warranties for non-conformance. In lieu of this, however, Buyer may waive the Seller deficiency. In return therefor, Seller agrees to negotiate an equitable reduction in the Purchase Order price in such instance.

25. Limitation of Liability. The Buyer's liability to Seller hereunder shall not, under any circumstances, be greater than the total dollar amount of the purchase order indicated herein.

26. Right of entry. The Buyer and/or regulatory agencies reserve the right of entry to monitor applicable records and goods intended for sale to Buyer.