

# Pexco Aerospace, Inc.

## General Terms and Conditions of Sale

1. **Applicability.** These Terms and Conditions ("Terms") are the only terms that govern the sale of goods or performance of services by Pexco Aerospace, Inc. ("Seller") to or on behalf of the buyer ("Buyer"). Notwithstanding anything herein to the contrary, if a contract signed by both parties exists covering the sale of goods or performance of services covered hereby, the terms and conditions of that contract will prevail to the extent inconsistent with these Terms. Any quotation or confirmation of order accompanying these Terms, or into which these Terms are incorporated by reference (collectively, the "Agreement"), comprises the entire agreement between the parties and supersedes all prior or contemporaneous understandings, representations, warranties, and communications, written or oral. These Terms prevail over any of Buyer's general terms and conditions of purchase regardless of whether or when Buyer submitted its order or such terms. Fulfillment of Buyer's order does not constitute acceptance of Buyer's terms and conditions and does not serve to modify or amend these Terms.

2. **End Use.** Final determination of the suitability of the goods sold hereunder for the use contemplated by Buyer, is the sole responsibility of Buyer and Seller shall in no way be responsible for the suitability of such goods for any particular end use.

3. **Delivery and Shipping Terms.** Goods or services will be delivered or performed within lead time after receipt of Buyer's order. Seller is not liable for any damage in transit, delays or loss. Seller shall deliver goods EXW (Incoterms 2010) Seller's facility (the "EXW Point") using Seller's standard methods for packaging. Buyer shall take delivery of the goods promptly after receiving notice that the goods have been delivered to the EXW Point. Buyer shall be responsible for loading, if applicable. Seller may, in its sole discretion, without liability or penalty, make partial shipments of goods to Buyer. Each shipment will constitute a separate sale and Buyer shall pay for goods shipped, whether such shipment is in whole or partial fulfillment of Buyer's order. If for any reason Buyer fails to accept delivery of goods on the delivery date or if Seller is unable to deliver goods on the designated delivery date because Buyer has not provided appropriate instructions, documents, licenses or authorizations: (i) risk of loss to the goods shall pass to Buyer; (ii) the goods shall be deemed to have been delivered; and (iii) Seller, at its option, may store the goods until Buyer picks them up and Buyer shall be liable for all related costs and expenses (including, without limitation, storage and insurance).

4. **Quantity.** If Seller delivers to Buyer a quantity of goods different than the quantity set forth in the Agreement, Buyer may not object to or reject the goods or any portion of them by reason of the surplus or shortfall and shall pay for such goods the price set forth in the Agreement.

5. **Title and Risk of Loss.** Title and risk of loss passes to Buyer upon delivery of the goods at the EXW Point.

6. **Inspection and Rejection of Nonconforming Goods.**

(a) Buyer shall inspect the goods within five days of receipt ("Inspection Period"). Buyer will be deemed to have accepted the goods unless it notifies Seller in writing of any Nonconforming Goods during the Inspection Period and furnishes documentation reasonably required by Seller. "Nonconforming Goods" means only: (i) goods shipped after different than identified in Buyer's order; or (ii) the goods' label or packaging incorrectly identifies its contents.

(b) If Buyer timely notifies Seller of any Nonconforming Goods, Seller shall, in its sole discretion, (i) replace such Nonconforming Goods with conforming goods or (ii) credit or refund the Price for Nonconforming Goods, together with any agreed to reasonable shipping and handling expenses incurred by Buyer in connection therewith. If requested by Seller, Buyer shall ship Nonconforming Goods to Seller's facility. If Seller exercises its option to replace Nonconforming Goods, Seller shall, after receiving Nonconforming Goods from Buyer, ship to Buyer the replaced goods to the EXW Point.

(c) The remedies set forth in Section 6(b) are Buyer's exclusive remedies for the delivery of Nonconforming Goods. Except as provided in Section 6(b), Buyer has no right to return goods purchased under the Agreement.

7. **Price.** Buyer shall purchase the goods or services from Seller at the prices (the "Price") set forth in Seller's quoted Price or published price list in force as of the date that Seller accepts Buyer's order or as otherwise agreed by the parties. Seller's Price is subject to change at any time. All Prices are exclusive of sales, use and excise taxes and any other similar taxes, duties and charges of any kind imposed by a governmental entity on amounts payable by Buyer. Buyer is responsible for all such charges, costs and taxes, but Buyer is not responsible for taxes imposed on or with respect to Seller's income, revenues, receipts, personnel or real or personal property or other assets.

8. **Payment Terms.** Unless the parties otherwise agree, Buyer shall pay all invoiced amounts to Seller net 30 days from the date of Seller's invoice. The extension of credit to Buyer shall be subject to change by Seller at any time. Buyer shall make all payments in U.S. dollars. Buyer shall pay interest on late payments at the lesser of 3% per month or the highest rate permissible under applicable law, calculated daily and compounded monthly. Buyer shall reimburse Seller for costs incurred in collecting late payments, including, without limitation, attorneys' fees. In addition to all other remedies available under these Terms or at law (which Seller does not waive by the exercise of any rights hereunder), Seller is entitled to suspend the delivery of any goods or services if Buyer fails to pay any amounts when due hereunder. Buyer shall not withhold payment of any amounts due by reason of any set-off of a claim or dispute with Seller, whether relating to Seller's breach, bankruptcy or otherwise.

9. **Order Cancellation.** Under no circumstances may Buyer cancel any order.

10. **Limited Warranty.**

(a) Seller warrants to Buyer that at the time of delivery of products ("Warranty Period") such goods and services will materially conform to any product descriptions and/or specifications that are made part of an Order and in effect as of the date of manufacture and will be free from material defects in material and workmanship.

(b) **THE WARRANTIES, OBLIGATIONS AND LIABILITIES, EXPRESSED OR IMPLIED, AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF BUYER SET FORTH IN THE AGREEMENT ARE EXCLUSIVE AND IN SUBSTITUTION FOR ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMANCE OR DEFECT IN THE GOODS OR SERVICES PROVIDED UNDER THE AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS; ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE; ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY ARISING FROM THE NEGLIGENCE OF SELLER INCORPORATING THE GOODS OR SERVICES; AND ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY FOR LOSS OR DAMAGE TO ANY AIRCRAFT.**

(c) Seller is not liable for breach of the warranty set forth in Section 10(a) unless: (i) Buyer gives written notice of the defect, reasonably described, to Seller within the Warranty Period and within five days of the time when Buyer discovers or should have discovered the defect; (ii) Seller is given a reasonable opportunity after receiving notice to examine the goods or services and Buyer (if Seller requests) returns such goods or services to Seller's facility at Buyer's cost for such examination; and (iii) Seller reasonably verifies Buyer's claim that the goods or services are defective; (iv) Seller's obligation to repair or replace is expressly conditioned on a) Buyer obtaining an RMA ("Return Material Authorization") from Seller prior to returning product. Seller is not liable for breach of the warranty set forth in Section 10(a); (i) if Buyer makes any use of the goods or services after giving notice; (ii) if the defect arises because of failure to follow Seller's instructions as to storage, installation, use or maintenance of the goods; (iii) if the goods are altered or repaired without Seller's prior written consent; or (iv) for defects caused by negligence, abuse or misuse of the goods, corrosion, fire, heat or normal wear and tear.

(d) Subject to Sections 10(c), with respect to any such defective goods or services during the Warranty Period, Seller shall, in its sole discretion, either: (i) repair or replace such goods (or the defective part) or perform the services or (ii) credit or refund the price of such goods or services at the pro rata Price but, if Seller requests, Buyer shall, at Seller's expense, return such goods, or services if applicable, to Seller.

(e) **THE REMEDIES SET FORTH IN SECTION 10(e) ARE BUYER'S SOLE AND EXCLUSIVE REMEDIES AND SELLER'S ENTIRE LIABILITY FOR BREACH OF THE WARRANTY IN SECTION 10(a).**

11. **Limitation of Liability.**

(a) **IN NO EVENT WILL SELLER BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO NONCONFORMANCE OR DEFECT IN GOODS OR SERVICES OR ANY BREACH OF THESE TERMS, WHETHER OR NOT THE POSSIBILITY OF SUCH**

**DAMAGES HAS BEEN DISCLOSED IN ADVANCE BY BUYER OR COULD HAVE BEEN REASONABLY FORESEEN BY BUYER, REGARDLESS OF THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.**

(b) **IN NO EVENT WILL SELLER'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THE AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE TOTAL AMOUNTS PAID TO SELLER FOR THE GOODS SOLD OR SERVICES PERFORMED.**

(c) The limitation of liability set forth in Section 11(b) will not apply to (i) liability resulting from Seller's gross negligence or willful misconduct and (ii) death or bodily injury resulting from Seller's acts or omissions.

12. **Compliance with Law.** Buyer shall comply with all applicable laws, regulations and ordinances and maintain in effect all licenses, permissions, authorizations, consents and permits that it needs to carry out its obligations under the Agreement. Buyer shall comply with all export and import laws of all countries involved in the sale of the goods under the Agreement or any resale of the goods by Buyer. Buyer assumes all responsibility for shipments of goods requiring any government import clearance. Seller may terminate the Agreement if any governmental authority imposes antidumping or countervailing duties or any other penalties on goods.

13. **Termination.** In addition to any remedies set forth herein, Seller may terminate the Agreement with immediate effect upon written notice to Buyer, if Buyer: (i) fails to pay any amount when due under the Agreement; (ii) has not otherwise performed or complied with any of these Terms, in whole or in part; or (iii) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors.

14. **Confidential Information.** All non-public, confidential or proprietary information of Seller, including, but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates, disclosed by Seller to Buyer, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential," in connection with the Agreement is confidential, solely for the use of performing the Agreement and may not be disclosed or copied unless authorized in advance by Seller in writing. Upon Seller's request, Buyer shall promptly return all documents and other materials received from Seller. Seller shall be entitled to injunctive relief for any violation hereof. This Section does not apply to information that is: (a) in the public domain; (b) known to Buyer at the time of disclosure; or (c) obtained by Seller on a non-confidential basis from a third party who was not under an obligation of confidentiality.

15. **Force Majeure.** Seller shall not be liable to Buyer, nor be deemed to have defaulted or breached the Agreement, for any failure or delay in fulfilling or performing any term of the Agreement when and to the extent such failure or delay is caused by or results from acts or circumstances beyond Seller's reasonable control including, without limitation, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national emergency, revolution, insurrection, epidemic, lock-outs, strikes or other labor disputes (whether or not relating to either party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, materials or telecommunication breakdown or power outage. If, due to any such circumstances, shortages should occur in Seller's supply of any specific goods, Seller may allocate deliveries to its customers as it determines in its sole discretion.

16. **Patents/Indemnity.** Without limiting Buyer's obligations as stated elsewhere herein, Buyer shall indemnify and save Seller harmless from and against (a) any claim, suit or proceeding based on any allegation that any goods furnished hereunder in compliance with Buyer's instructions or specifications constitutes an infringement of any patent, trademark, trade secret or copyright and (b) any judgement or other recovery in connection therewith. Buyer shall promptly pay or Seller's reasonable costs and expenses, including attorneys' fees, in defending any such claim, action or proceeding. Any development, idea or invention created by Seller in performing any work for Buyer under this order or any modification hereof, will be Seller's sole and exclusive property unless otherwise stated on the face hereof.

17. **Amendment and Modification.** These Terms may only be amended or modified in a writing that specifically states that it amends these Terms and is signed by each party.

18. **Waiver.** No waiver by Seller of any of the provisions of the Agreement is effective unless explicitly set forth in writing and signed by Seller. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from the Agreement operates or may be construed as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder precludes any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

19. **Assignment.** Buyer shall not assign any of its rights or delegate any of its obligations under the Agreement without Seller's prior written consent. Any purported assignment or delegation in violation hereof is null and void. No assignment or delegation relieves Buyer of any of its obligations under the Agreement.

20. **Relationship of the Parties.** The relationship between the parties is that of independent contractors. Nothing contained in the Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties. Neither party has authority to contract for or bind the other party in any manner whatsoever.

21. **No Third-Party Beneficiaries.** The Agreement 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 these Terms.

22. **Governing Law.** All matters arising out of or relating to the Agreement are governed by and construed in accordance with the laws of the State of Washington without giving effect to any choice or conflict of law provision or rule (whether of the State of Washington or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of the State of Washington. The United Nations Convention on the International Sale of Goods does not apply to any matter arising out of or relating to the Agreement.

23. **Submission to Jurisdiction.** Any suit, action or proceeding arising out of or relating to the Agreement shall be instituted in the federal courts of the United States or the courts of the State of Washington in each case located in Yakima County, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

24. **Notices.** Each notice, request, consent, claim, demand, waiver and other communication hereunder (each, a "Notice") must be in writing and addressed to the parties at the addresses set forth on the face of the order, quotation or confirmation of sale accompanying these Terms or to such other address that the receiving party may designate in writing. All Notices must be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile (with confirmation of transmission) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in the Agreement, a Notice is effective only (a) upon receipt of the receiving party, and (b) if the party giving the Notice has complied with the requirements of this Section.

25. **Severability.** If any term or provision of the Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of the Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

**Survival.** Provisions of these Terms that by their nature should apply beyond their terms will remain in force after any termination or expiration of the Agreement including, but not limited to, the following: Insurance, Compliance with Laws, Confidentiality, Governing Law, Submission to Jurisdiction and Survival.