



DEFINITIONS

BUYER means the legal person or entity contracting with the Seller.

- A. DATA means all financial/business information, designs, dimensions, specifications, drawings, patterns, know how, or other information concerning methods, manufacturing processes, equipment, gauges and tools used in the design and manufacture of Goods. Data may be recorded in a written or printed document, computer or electronically stored, software, or any other tangible form of expression.
- B. DFARS means the Defense Federal Acquisition Regulation Supplement
- C. FAR means the Federal Acquisition Regulation
- D. GOODS means goods, parts, supplies, software, drawings, data, reports, manuals, other specified documentation, or items that are required to be delivered pursuant to, or in connection with, a Contract, and where the context requires such services as are necessary and incidental to the delivery of Goods under any Contract. For clarity, changes made by Buyer to the part numbers and/or other description of the Goods as a result of a change under the Changes Section of these Terms and Conditions will continue to be Goods.
- E. ORDER means the contractual instrument whereby Buyer procures Products or Services from Seller.
- F. PARTY or PARTIES means Buyer and/or Seller, individually or collectively, as the context requires.
- G. PROPRIETARY INFORMATION means all Data that is identified in writing at the time of disclosure as proprietary and marked with an appropriate legend, marking or stamp identifying the Data as Proprietary to the party disclosing the information, and includes any information marked with a restrictive legend as prescribed in DFARS 252.227-7013 or 252.227-7014 or in FAR 52.227-14.
- H. PROPRIETARY INFORMATION AND MATERIALS means all (i) confidential, proprietary and/or trade secret information; (ii) tangible items and software containing, conveying or embodying such information; and (iii) tooling identified as subject to this definition that is obtained, directly or indirectly, from the other in connection with the Contract or other agreement referencing the Contract, including Buyer's contract with its customer,
- I. SELLER means Associated Aircraft Manufacturing & Sales, Inc., d/b/a AAMSI.
- J. SERVICES means any effort performed by Seller necessary or incidental to the delivery of Goods, including design, engineering, installation, repair or overhaul.
- K.

ACCEPTANCE OF ORDER

The acceptance by AAMSI ("Seller") of any order placed by Buyer (an "Order") of goods is expressly made conditional upon Buyer's agreement to the terms and conditions contained herein. Any other terms and conditions, including those set forth in Buyer's purchase order or other ordering documentation are hereby rejected and deemed null and void.

QUOTE VALIDITY

Unless otherwise noted on the face of a quote, a quote for production or goods or service provided by Seller is valid for thirty (30) days from the date of the quote. Availability of Products or Service is subject to prior sales.

PRICES

Prices quoted are firm, fixed and do not include freight, transportation charges, insurance, duties, export charges, tariffs, governmental charges, or applicable taxes, including, without limitation, excise, sales or use taxes. Any taxes (other than taxes with respect to Seller's income) payable on transactions hereunder shall be the responsibility of Buyer. Seller reserves the right to invoice Buyer for any such taxes or other special charges that are or may become payable by Seller.

PAYMENT

Payment from customers with credit terms must be mailed to the address shown on the invoice within thirty (30) days within their granted terms from DATE OF INVOICE. A late fee of 1.5% per month will be assessed on delinquent payments. AAMSI reserves the right to modify or cancel credit terms and/or credit limits at any time without notice, and require payment in advance for the amount of the order. Shipments to customers who have not established credit terms will be made on a prepayment basis (such as wire transfer, certified check, or credit card)

INSPECTION AND ACCEPTANCE OF PRODUCT

Buyer shall upon delivery of any production, spare, or other Products, inspect and either accept or reject such Products within a reasonable period not to exceed thirty (30) calendar days from the date of delivery ("Acceptance Period"). Buyer shall promptly notify Seller and provide a specific written explanation of the basis for any Product rejection. All claims for shortages must be made in writing within fifteen (15) calendar days after receipt of Products by Buyer or Buyer's agent and specify with particularity the exact shortage. Immediate written notice must be given to the carrier's agent at destination in the event of damage or loss in transit, including photographs of the damaged Goods and packaging. The Buyer shall cooperate fully with the filing of any insurance claim due to damage in transit, including but not limited to claim

Buyer shall be deemed to have accepted any Product delivered hereunder and to have waived any right to reject in the event that Seller does not receive notice of rejection within the Acceptance Period. Seller shall, at its option, be afforded a reasonable opportunity to inspect, repair or replace, as applicable, any Products. Buyer alleges to be non-conforming. NO GOODS ARE TO BE RETURNED TO SELLER WITHOUT WRITTEN INSTRUCTIONS FROM SELLER AND WHEN SO RETURNED THE ORIGINAL BILL OF LADING MUST BE ATTACHED. WHEN GOODS ARE RETURNED WITHOUT SELLER INSTRUCTIONS, SELLER MAY HOLD THEM FOR PURCHASER'S ACCOUNT OR RETURN.

SETOFF:

Buyer is expressly prohibited from and shall not deduct or set-off invoiced amounts or any portion thereof against sums that are due or may be due from Buyer to Seller, its parent, affiliates, subsidiaries, or other divisions or units.

SPECIAL TOOLING AND DATA

Unless otherwise agreed in writing, all material, software, data, processes, equipment, facilities and special tooling, including, without limitation, jigs, dies, fixtures, molds, patterns, special taps, special gauges, special test equipment, other special equipment and manufacturing aids and replacements thereof, used in the manufacture, servicing, testing, or delivery of Products shall be and remain the property of Seller.

Overhaul/Repair: Buyer shall provide technical manuals or data to repair or overhaul Buyer's product, otherwise, seller shall use technical manuals and/or data available at AAMSI to repair or overhaul product.

WARRANTIES

Spare Parts and Ground Support Equipment: Seller warrants to Buyer that, at the time of delivery, the spare parts and ground support equipment (the "Parts") sold hereunder will be free from defects in material and manufacture. Seller's sole liability and Buyer's exclusive remedy under this Warranty are limited to the repair or replacement, at Seller's election, of Parts or components thereof which are shown to Seller's reasonable satisfaction to have been defective; provided that written notice of the defect is given by Buyer to Seller no later than thirty (30) days after Buyer's discovery of the defect within the warranty period. The warranty period shall extend for a period of one (1) year or one thousand (1,000) operating hours after delivery, whichever shall first occur, for Factory New Parts, six (6) months or five hundred (500) operating hours or Overhauled condition Parts, three (3) months or two hundred fifty (250) operating hours for New Surplus and Serviceable condition Parts. Repairable condition Parts are sold on an "as is" basis and are non-returnable. Transportation charges for the return of such defective Parts to Seller and its reshipment to Buyer and the risk of loss thereof will be borne by Seller only if returned in accordance with written shipping instructions from Seller. Replacement (newly manufactured or repaired) Parts are warranted for the remainder of the applicable original warranty period, if any. This warranty shall not apply to any Part which in Seller's judgment (1) shall have been repaired or altered outside the facilities of Seller in any way so as to affect the safety, function, or reliability of the aircraft or Part, or (2) has been subject to misuse, negligence, accident, or other abuse.

Overhaul/Repair Services: Seller warrants to Buyer that overhaul or repair services performed by Seller ("Repair Services") will have been performed in a workmanlike manner. Seller's sole liability and Buyer's exclusive remedy under this warranty are limited to the correction of such Repair Services, at the factory of manufacturer and/or on site at the Buyer's or Seller's facility, and are shown to Seller's reasonable satisfaction to have been defective; provided that written notice of the defect shall have been given by Buyer to Seller within one (1) year or one thousand (1000) operating hours, whichever occurs first, for overhaul services, or six (6) months or five hundred (500) operating hours for repaired items, after the date of performance of such Repair Services by Seller, but in no event later than thirty (30) days after Buyer's discovery of a defect within the warranty period. Transportation charges (excluding related import and export charges) for the return of Products to Seller in connection with defective Repair Services and their reshipment to Buyer and the risk of loss thereof will be borne by Seller only if returned in accordance with Seller's written shipping instructions. Any parts provided in the performance of Repair Services hereunder and sold hereunder shall be subject to the warranty set forth in the paragraph above.

DISCLAIMER

THE GUARANTIES AND WARRANTIES PROVIDED IN THIS AGREEMENT ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF (A) ANY AND ALL OTHER WARRANTIES AND/OR GUARANTIES, STATUTORY, EXPRESS OR IMPLIED (INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE); AND (B) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN STATUTE, CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE WHETHER ARISING FROM AAMSI'S NEGLIGENCE, ACTUAL OR IMPUTED, AGAINST AAMSI OR AAMSI'S OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS, ASSIGNS, SUBCONTRACTORS, INSURERS OR AFFILIATES.

THE REMEDIES OF BUYER FOR ANY BREACH OF GUARANTIES AND WARRANTIES SHALL BE LIMITED TO THOSE PROVIDED HEREIN, TO THE EXCLUSION OF ANY AND ALL OTHER REMEDIES. NO AGREEMENT VARYING OR EXTENDING THE FOREGOING GUARANTIES, WARRANTIES, REMEDIES OR LIMITATIONS WILL BE BINDING UPON AAMSI UNLESS IN WRITING AND SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF AAMSI.

INDEMNIFICATION

Buyer shall indemnify and hold AAMSI, its affiliates and each of their respective officers, directors, employees, successors and assigns harmless against any claim, loss, damages, costs and expenses of whatever nature, including reasonable attorney's fees and other legal charges, arising from Buyer's or Buyer's subcontractors', employees', workmen', servants' or agents' ("Indemnifying Parties") alleged acts or omissions in connection with the Buyer's or any Indemnifying Party's use, sale, transfer, operation or alteration in any way of the Goods or services furnished hereunder, as well as where strict liability is imposed against AAMSI by law, for (i) bodily injury, death or illness to any person; (ii) damage, destruction or other injury to any property, to include environmental damage to persons or property; (iii) any infringement, violation or misappropriation of a third party's copyright, trademark, trade secret, patent or other intellectual property or proprietary rights; and/or (iv) in the case of any Goods

furnished hereunder in accordance with the special request, plans or specifications of the Buyer any fines, penalties, damages, losses or otherwise, civil or criminal, that result from Buyer's or any Indemnifying Party's failure to comply with its obligations hereunder or failure to comply with any applicable laws or regulation.

LIABILITY LIMITATION

With respect to any Product purchased under this Order and alleged to be the direct or indirect cause of any loss or damage to Buyer, the sum equal to the invoiced price of such Product (or if not separately priced, Seller's established selling price for such item) shall be the ceiling limit on Seller's or any of their affiliate's liability, whether founded in contract or tort (including negligence, strict tort liability or breach of warranty), arising out of or resulting from (i) this Order or the performance or breach thereof or (ii) the design, manufacture, delivery, sale, repair, replacement, use or furnishing of any such Product. In no event shall Seller or any of their affiliates have any liability for any indirect, incidental, consequential or special damages.

DELIVERY

All products shall be delivered FCA, Seller's Fort Lauderdale, FL, USA, facility unless otherwise indicated by Seller. Products delivered hereunder will be packed for shipment in accordance with Seller's standard packing procedures for such Products. Buyer will furnish written shipping instructions for all Products as promptly as possible.

RETURNS/CANCELLATION

All sales of Goods and services by Seller are final. Buyer shall not return any Goods to Seller without the express prior written approval for such return by the Seller in its sole discretion. If Seller gives permission to return any Goods for any reason, the Buyer agrees to pay a standard restocking charge, all transportation and insurance costs in connection with such return. Request for the cancellation of any purchase order to include for services or sales of Goods shall be submitted to Seller in writing and shall be subject to a cancellation fee as well as the payment in full for work completed as of the date of the cancellation. Seller shall have sole discretion to grant any request for cancellation.

TITLE

Title and risk of loss to all Goods sold hereunder shall pass to Buyer upon Seller's delivery to carrier at point of shipment designated by Seller. Seller's liability and Buyer's remedy under this warranty are limited to the removal of any title defect or, at the election of Seller, to the replacement of the Goods, which have a title defect.

WAIVER

Any failure by either party to exercise any right granted by the terms and conditions of this Order shall not be construed as a waiver of such right or any other rights under this Order, and shall in no way affect the subsequent exercise of such right or of any other rights under this Order by such party.

CONSTRUCTION/JURISDICTION/DISPUTES

This Order shall be interpreted in accordance with the plain English meaning of its terms, and the construction thereof shall be governed by the laws of the State of Florida, without regard to its conflict of laws principles. *For all domestic sales*, the exclusive forum for any disputes, claims, differences, actions or lawsuits arising out of or under this Order will be the state or federal courts of Florida. The parties agree to submit to the jurisdiction of the state and federal courts of Florida with respect to any such dispute, claim, difference, action or lawsuit. *For all international sales*, disputes, claims and differences between the parties arising out of or under this Order shall be settled and finally determined by arbitration in accordance with the applicable rules of the International Chamber of Commerce ("ICC"). All decisions shall be in accordance with the substantive laws of the State of Florida, without regard to its conflict of laws principles, and the arbitration shall be conducted in the State of Florida. The arbitration court shall be composed of three (3) arbitrators, one of whom will be named by each party. The third arbitrator, who shall act as chairman, shall be determined in accordance with the rules of the ICC. The arbitrators shall meet and decide at a place determined by them by majority vote of the three arbitrators. The arbitrators shall decide each issue presented to them by a majority vote, and their decisions shall be in writing and shall be final and conclusive. The amount of the costs of any such arbitration and by whom they shall be paid will be determined as part of the arbitration. This Order shall be enforceable and judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction.

CLAIMS

Failure to give notice of claim within ten (10) days after the occurrence upon which a claim is founded shall constitute a waiver by Buyer of the claim. If, upon receipt of the Goods by Buyer at its location, the Goods do not conform to the Goods or services requested under the applicable purchase order, Buyer shall within ten (10) calendar days after receipt thereof, notify Seller of such condition and afford Seller a reasonable opportunity to inspect the Goods and make any appropriate adjustment or replacement. The same remedies afforded Buyer under "Warranties" shall be exclusive for defective goods discovered upon inspection. Buyer shall not delay payment for the Goods pending their inspection. Buyer will furnish written shipping instructions for all Goods as promptly as possible. In the absence of such instructions, Seller may, at any time beginning ten (10) days after forwarding notice to Buyer by mail, facsimile or otherwise that the Goods are ready for shipment, do either of the following for the account of and at the expense and risk of Buyer: (i) arrange for shipment of the Goods by a carrier of its own selection to Buyer's place of business or other destination reasonably believed to be suitable or (ii) warehouse the Goods and charge the Buyer a reasonable warehousing fee.

DISPOSITION OF ABANDONED PROPERTY

Buyer property sent to Seller, which is not either claimed or for which Buyer has failed to provide proper payment arrangements and property disposition instructions to Seller within twelve (12) months after a request for the same is made by Seller, will be considered abandoned property and Seller, at its sole discretion, may take clear title to such property without resorting to judicial

action and may scrap or reuse such Buyer property. Buyer hereby agrees that if Buyer fails to claim its property within twelve (12) months as herein stated, Buyer hereby transfers all of its right, title and interest to such Goods or property, without more, to Seller. At its sole discretion, Seller may take clear title to any Goods or property which Buyer has requested Seller to scrap, without resorting to judicial action, and Seller may use such Buyer property without further permission from Buyer.

EXPORT LICENSES

For all international shipments, unless otherwise instructed by the Buyer, the Seller will obtain and invoice Buyer for any and all export licenses necessary to ship these Goods from the United States Government Department of State or Department of Commerce, if so required under the applicable U.S. Government export control regulations. Seller and Buyer specifically acknowledge that Seller's ability to obtain an export license is conditioned upon the ability of Seller and Buyer to conform to the laws and regulations of the U.S. Government and its various cognizant departments regarding the sale of the Goods or services to Buyer. Buyer agrees to provide any documentation to Seller required to obtain an export license. Buyer understands that Seller is legally responsible for violations of U.S. export law; therefore, Buyer agrees that Buyer will, upon demand by Seller, make Seller whole as a result of any fines, penalties, or forfeitures resulting from errors or omissions of any freight forwarder not recommended or approved by Seller. Any technical data or defense service exported from the United States under these Terms and Conditions and any defense article which may be produced or manufactured from such technical data or defense service may not be transferred to a person in a third country or to a national of a third country except as specifically authorized by the United States Department of State unless the prior written approval of that agency of the U. S. Government has been obtained, and this obligation shall remain binding on the Buyer and survive the term of delivery of any Goods or property from Seller. For all domestic shipments, the Buyer assumes all responsibility for any subsequent export of the Goods and shall indemnify Seller against any and all losses, liabilities, damages, costs, penalties, fines, civil or criminal or expenses arising from the improper or unauthorized export of Goods shipped following any purchase or sales made under this Agreement by Buyer or Buyer's customer, and Buyer by acceptance of these terms and conditions of sale, certifies that, if receiving defense articles, Buyer is legally registered with the Directorate of Defense Trade Controls and therefore eligible to handle such Goods.

IMPORT LICENSES

With respect to any import laws and other regulations of the country of destination and its various cognizant departments regarding the import of the Products hereunder, Buyer shall be solely responsible for obtaining and complying with any and all import licenses or other authorizations which may be required for importing the Products.

U.S. GOVERNMENT FLOW-DOWN

Seller accepts only the flow-down of those government purchasing regulations (FAR, DFAR, etc.) made known to and accepted by Seller at time of price quotation. If a purchase or sale of Goods or services rendered to Goods under a purchase order requires compliance with any regulations not made previously known to and accepted by Seller, Seller reserves the right to re-price the Goods or cancel the applicable purchase order without any further liability.

FORCE MAJEURE

Buyer acknowledges that the delivery dates are based on the assumption that there will be no delay due to causes beyond the reasonable control of Seller. Seller shall not be charged with any liability for delay or non-delivery when due to delays of common carriers, suppliers, acts of God, terrorists or the public enemy, compliance in good faith with any applicable foreign or domestic governmental regulation or order whether or not it proves to be invalid, fires, riots, labor disputes, unusually severe weather, or any other cause beyond the reasonable control of Seller. The provisions of this clause shall also apply in the event that Buyer is not in 'good credit standing' with Seller as measured by outstanding unpaid invoices and other items that may constitute breach of contract by Buyer. Therefore, Buyer shall interpret Seller's excusable delay to include outstanding unpaid invoices. To the extent that such causes actually retard deliveries on the part of Seller, the time for the performance shall be extended for as many days beyond the date thereof as is required to obtain removal of such causes. This provision shall not, however, relieve Seller from using reasonable efforts to avoid or remove such causes and continue performance with reasonable dispatch whenever such causes are removed.

DEBARMENT OF BUYER

If Buyer is debarred by the U.S. Government from participating in transactions, which involve the export of goods (whether commercial or military), Seller has the immediately available option of canceling any purchase order without liability of any kind to Buyer. If Buyer is debarred by the U.S. Government from selling goods either directly to the government or from providing goods as a subcontractor in fulfillment of requirements originating with the U.S. Government, Seller has the immediately available option of canceling any and all Buyer purchase orders without any liability of any kind to Buyer.

NOTICES

All notices or communications of any kind under and with respect to any Purchase Order, these Terms and Conditions of sale and the Goods shall be in the English language. All legal notices required hereunder shall be given by hand delivery or registered mail. The effective date of each such notice shall be the date upon which it is received if by hand delivery, or by postmark date if by registered mail.

CONFIDENTIAL INFORMATION AND PROPERTY

Buyer shall keep confidential, and otherwise protect from disclosure, all data and information, regardless of form, including, but not limited to, drawings, specifications, plans, samples and property obtained from Seller in connection with the order. Buyer shall not disclose any such information relating to the order to any person not authorized by Seller. Buyer shall use the information and property supplied by Seller only in the performance of the order. Nothing contained herein shall grant Buyer any ownership in or rights to any such information or property furnished, except as otherwise specifically agreed to in writing. In

the event of a conflict between the terms of this provision and a separate applicable Non-Disclosure Agreement (NDA) between Buyer and Seller, the terms of the NDA shall control.

SEVERABILITY

If any provision of these Terms is determined by a court of competent jurisdiction to be illegal, invalid, or unenforceable, for any reason, the remainder shall remain valid in full force and effect.

ASSIGNMENT

Neither Buyer nor Seller may assign any rights nor delegate any obligations under these Terms or any portion hereof without the prior written consent of the other party, which consent shall not be unreasonably withheld. Any attempt to assign or delegate in violation of this clause shall be void. Notwithstanding the forgoing, Seller may assign its rights under these Terms in the event of a merger, consolidation or reorganization, or in connection with a sale of all or substantially all of the assets of the business of Seller to which these Terms relate.

ELECTRONIC ACCESS

Buyer acknowledges that any attempts to electronically access any data or other materials of Seller or make any attempts to circumvent any security measures of Seller designed to prevent unauthorized electronic access to such data or materials, may be in violation of the United States federal Computer Fraud and Abuse Act, and other applicable United States federal and state statutes, and may subject the violator to criminal and civil penalties.