

Aviatrix, Inc.

Terms and Conditions of Purchase Order

APPLICABLE LAW

This Purchase Order shall be construed and enforced according to the laws of the State of Oregon. Any action, suit or proceeding between the Parties regarding this Purchase Order or arising out of the terms and conditions herein shall be instituted and litigated in the Circuit Courts of Multnomah County for the State of Oregon. In accordance with this provision, the Parties agree that they are subject to personal jurisdiction in Oregon and hereby waive any right to assert the doctrine of forum non conveniens or similar doctrine, or to object to venue with respect to any proceeding brought in the Circuit Courts of Multnomah County for the State of Oregon.

PAYMENT TERMS

The Seller shall issue a separate invoice for each Purchase Order and for each delivery under a Purchase Order. Seller shall submit an invoice within thirty (30) days of making a delivery. Aviatrix, Inc. will pay the Seller in accordance with the terms specified in the Purchase Order. Invoices shall include, but not be limited to, (i) purchase order number, (ii) discount terms, if any, (iii) item number, (iv) description of supplies or services (v) quantities, (vi) unit prices, and (vii) extended totals. Unless otherwise agreed in writing, the Seller shall be paid net thirty (30) days from later of receipt of a properly prepared invoice in accordance with the above instructions or receipt of the Good or Service. Payment shall be deemed to have been made on the date Purchaser's check is mailed or payment is otherwise tendered. Seller shall promptly repay to Purchaser any amounts paid in excess of amounts due Seller.

SHIPPING

If the Seller ships the goods to the Purchaser via the Purchaser's shipping account, the Purchaser takes responsibility for shipping charges and assumes ownership of the goods when it is shipped. If the Seller ships the goods to the Purchaser via the Seller's shipping account, the Seller takes responsibility for shipping charges and the Purchaser takes ownership of it when the Purchaser receives the goods. If items are not shipped in accordance with the instructions on the Purchase Order, the Purchaser will not take responsibility for shipping charges or assume ownership at a different point than that specified on the Purchase Order. Purchaser will not be responsible for any packaging fees that were not disclosed in writing at the time of Quote. If Purchaser rejects the goods because they do not conform to the requirements of the purchase agreement, Seller shall pay for freight charges to return the goods.

ACCEPTANCE OF GOODS

The goods shall be subject to inspection and approval by the Purchaser upon receipt and the Purchaser shall have reasonable time after receipt to inspect. If any of the goods do not conform to the requirements of the purchase agreement, Purchaser may reject any or all goods. Rejected goods at the Purchaser's option may be held for Seller's disposition instructions, or returned to the Seller, the costs of which shall be paid by the Seller. No act of payment by the Purchaser shall be considered an inspection or approval of any or all of the goods by the Purchaser.

SCHEDULE

Seller shall strictly comply with the delivery or performance schedule specified in the Purchase Order. No acts of Buyer, including without limitation modifications of this Purchase Order or acceptance of late deliveries or performance, shall constitute a waiver of this provision. Seller shall immediately notify Buyer in writing of any actual or potential delay in the deliveries or performance of this Purchase Order and such notice shall include the actions being taken to overcome or minimize the delay and a revised schedule using the Seller's best efforts; provided, however, that Buyer's receipt of such notice shall not constitute a waiver of Buyer's rights to timely deliveries and performance and remedies for any late deliveries or performance. Buyer reserves the right to cancel this Order without incurring any liability to Seller and without waiving any other remedies available if delivery or performance, as specified in the Order or on Buyer's written shipping authorizations, is not fulfilled.

WARRANTY

a) The Seller warrants that all goods and services shall (i) conform strictly to the design criteria, specifications (including general specification and quality requirements), descriptions, drawings, samples, and other requirements referred to in this Purchase Order or provided by the Seller, (ii) be free from defects in design, material, and workmanship, and (iii) be free of all liens, encumbrances, and other claims against title.

b) All warranties specified in section "a)" of this clause shall (i) survive any inspection, delivery, acceptance, or payment by Aviatrix, Inc., and (ii) be in effect for the longer of one year or the Seller's normal warranty period following the date of acceptance of the goods or services.

QUALITY

a) The Seller shall establish and maintain a quality control system that ensures that all Purchase Order requirements are met.

b) The Seller's quality system shall be subject to Purchaser's approval/acceptance, inspection, and/or audit upon Purchaser's request.

c) The Seller shall maintain a minimum inspection system in accordance with 14 C.F.R. 21 "Certification Procedures for Products and Parts". This shall include (but is not limited to): (i) review and approval of Purchase Orders received from the Seller's customers and/or issued to the Seller's subcontractors; (ii) receiving inspection for articles from suppliers and sub-suppliers; (iii) traceability of article through documentation; (iv) inspection and/or test intervals required; (v) final inspection of article prior to shipment to customers; (vi) ensure current documentation is used when performing any work on articles; (vii) identification, control, documentation, and disposition of nonconforming articles; and (viii) process used to determine the status of products during the Seller's processing operation including, but not limited to, completed and required test and inspections.

d) The Seller shall provide a Certificate of Conformance of the goods.

e) The Seller shall provide the country of origin of the goods.

TERMINATION FOR DEFAULT

Buyer may, by written notice of default to Seller, terminate this Purchase Order in whole or in part if Seller fails to (i) deliver the goods and/or perform the services within the time specified in this Purchase Order or any extension thereof granted by Buyer in writing, (ii) perform any of the other provisions or meet any of the requirements of this Purchase Order, or (iii) make progress so as to endanger performance of this Purchase Order in accordance with its terms and, in either of the second or third circumstances, does not cure such failure within ten (10) Days after receipt of written notice thereof from Buyer.

The rights and remedies of Buyer in this Article are in addition to any other rights and remedies provided by law or in equity, or under this Order.

FORCE MAJEURE

Neither Buyer nor Seller shall be liable for failure to perform under this Order if such failure is due to events which are beyond the reasonable control and without the fault or negligence of such party, and which intervene after the execution of this Order and impede its performance, provided such failure to perform shall only be excused for the duration of such intervening event and shall be subject to the Buyer's right to terminate this Purchase Order. Examples of such Force Majeure events include, but are not limited to: a strike or labor dispute, war or act of war (whether or not an actual declaration thereof is made), insurrection, riot or civil commotion, act of public enemy, fire, flood, or other act of God, or any act of a governmental authority (including export restrictions). The party wishing to claim relief by reason of any of the said circumstances shall notify the other party in writing without delay on the intervention and cessation thereof.

RIGHT OF ACCESS

The Seller will allow access to all facilities related to this purchase order to Purchaser, any subsequent Purchaser of the goods, and regulatory authorities.

FLOW DOWN

The Seller is required to flow down to its vendors applicable requirements contained in this Purchase Order, including any testing required. This is to include, but is not limited to key characteristics as well as contractual data retention requirements.

RECORD RETENTION

The Seller shall retain records of products or services sold to Aviatrix, Inc. for a period of 7 years. For flight critical items, records must be retained for 10 years.

NONCONFORMANCE

The Seller shall provide timely notification (within 24 hours) to the Purchaser of known nonconformances caused by internal or external processes that may affect the airworthiness of the goods. The report shall include, but is not limited to, a description of the full technical discrepancy, goods affected, part numbers, and dates on which the goods was delivered to the Purchaser.

SUBSTITUTIONS

Seller shall not make any substitutions for the goods requested in this Purchase Order without prior written approval from Purchaser. Substitutions include, but are not limited to: changes in the supplier of the goods, changes to the location of the manufacturing facility, or other changes that may affect the quality or characteristics of the goods.

INTERNATIONAL TRANSACTIONS

Payment will be in United States dollars unless otherwise agreed to by specific reference in this Purchase Order.

INDEMNIFICATION

The Seller shall indemnify, defend, and hold harmless the Purchaser and its officers, employees, agents, and members from all claims, suits, or actions of any nature arising out of or related to the activities of Seller, its officers, subcontractors, agents, or employees under this Purchase Order.

TOXIC SUBSTANCES

a) The Seller represents that each chemical substance constituting or contained in goods sold or otherwise transferred to the Purchaser hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Agency pursuant to the Toxic Substances Control Act (15 U.S.C. Sec. 2601 et seq.), as amended.

b) All hazardous materials shipped to Purchaser must be accompanied by the appropriate Material Safety Data Sheet (MSDS).

c) The Seller shall inform Purchaser if goods contains hazardous materials prior to shipment. If hazardous materials are shipped prior to such notice, Seller assumes responsibility for all expenses including fines and hazardous material packaging fees.

EXPORT CONTROLS

a) In performing the obligations of any Purchase Order issued hereunder, vendor/subcontractor will comply with all applicable export, import and sanctions laws, regulations, orders and authorizations, as they may be amended from time to time, applicable to the export (including re-export) or import of goods, software, technology, (collectively, technical data) or services, including without limitation the Export Administration Regulations (EAR), International Traffic in Arms Regulations (ITAR), Federal Acquisition Regulations (FAR) and the Defense Federal Acquisition Regulations Supplement (DFARS) and regulations and orders administered by the Treasury Department's Office of Foreign Assets Control (collectively, Export/Import Laws). Accordingly, the vendor/subcontractor shall not transfer technical data received from Aviatrix,

Inc. to any foreign person, country, foreign subsidiary or parent corporation, without specific authorization from the disclosing party and pursuant to an appropriate U.S. Government license. Additionally, to the extent the obligations of the vendor/subcontractor hereunder involves access to information classified by the U.S. Government as "Confidential" or higher, the provisions of all applicable federal laws, statutes and regulations shall apply. The provisions of all applicable security and export control laws, statutes and regulations shall also apply hereto.

b) Seller must notify Purchaser immediately if they are debarred by the US Government for any reason.

COMPLIANCE WITH LAWS

a) The Seller shall observe at all times all Federal, State, County, and Municipal laws or ordinances which in any manner affect the goods herein specified. This Purchase Order incorporates, by reference, all applicable clauses relating to employment of the handicapped, employment of veterans, or utilization of minority contractors which are required under governmental laws, orders, or regulations to be included in any such order according to applicable conditions thereof. The Seller shall also require all of its agents, subcontractors, and employees to observe and comply with said laws and ordinances and shall indemnify and hold Aviatix, Inc. harmless for all claims, damages, and expenses arising from or based on the violation of any such law or ordinance by the Seller or its subcontractors, agents, or employees.

b) The Seller hereby warrants that all goods and services provided hereunder shall conform with the Occupational Safety and Health Act (OSHA). In the event that such goods or services do not conform with OSHA, and Aviatix, Inc. is penalized for such nonconformance, the Seller agrees to indemnify Aviatix, Inc. for all penalties, costs, and expenses, including interest levied against Aviatix, Inc.

GRATUITIES

No gratuities (in the form of entertainment, gifts or otherwise) or monetary kickbacks shall be offered or given by the Seller to any employee of the Purchaser for the purpose of obtaining or rewarding favorable treatment as a supplier. This prohibition does not apply to customary business courtesies of a nominal intrinsic value (defined as \$50.00 or less) such as a lunch or dinner meal while discussing business, or snacks and refreshments provided during a business meeting.

GOVERNMENT

The Federal Acquisition Regulations (FAR) and the Defense Federal Acquisition Regulations Supplement (DFARS) clauses shown below, in effect on the date of this Purchase Order, are incorporated herein by their reference, with the same force and effect as if they were stated in this Purchase Order in full text, and are applicable, including any notes following the clause citation to the extent they apply to the Purchaser's Prime Contract or the Prime Contract of the End User of the goods. However, in the event of a conflict between clauses listed below and the Purchaser's Prime Contract, the Purchaser's Prime Contract shall prevail. Where applicable, the terms "government," and "Contracting Officer," and similar terms shall mean "Purchaser," and the term "Contractor" and similar terms shall mean "Seller." The full text of a clause may be accessed electronically at URL: <http://farsite.hill.af.mil/>.

52.203-6 Restrictions on Subcontractor Sales to the Government
52.203-7 Anti-Kickback Procedures
52.215-2 Audit and Records-Negotiation
52.215-12 Subcontractor Cost or Pricing Data
52.215-14 Integrity of Unit Prices
52.215-15 Pension Adjustments and Asset Reversions
52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions
52.215-19 Notification of Ownership Changes
52.215-20 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data
52.215-21 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data - Modifications
52.219-8 Utilization of Small Business Concerns
52.219-9 Small Business Subcontracting Plan
52.222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation
52.222-21 Prohibition of Segregated Facilities
52.222-26 Equal Opportunity
52.222-35 Equal Opportunity for Special Disabled Veterans of the Vietnam Era and Other Eligible Veterans
52.222-36 Affirmative Action for Workers with Disabilities
52.223-11 Ozone-Depleting Substances
52.225-1 Buy American Act—Supplies
52.225-5 Trade Agreements
52.225-13 Restriction on Certain Foreign Purchases
52.227-1 Authorization and Consent
52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement
52.234-1 Industrial Resources Developed Under Defense Production Act Title III
52.244-6 Subcontracts for Commercial Items
52.245-1 Government Property
52.247-9012 Requirements for Treatment of Wood Packing Material
252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense-Contract Related Felonies
252.204-7000 Disclosure of Information
252.208-7000 Intent to Furnish Precious Metals as Government-Furnished Materials
252.225-7008 Restriction on Acquisition of Specialty Metals
252.225.7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals
252.225.7016 Restriction on Acquisition of Ball and Roller Bearings
252.225.7025 Restriction on Acquisition of Forgings
252.226-7001 Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns
252.228-7005 Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles
252.225.7025 Restriction on Acquisition of Forgings

EQUAL OPPORTUNITY (FAR 52.222-26)

a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Purchaser or End User of the goods has been or is awarded nonexempt Federal Contracts

and/or subcontracts that have an aggregate value in excess of \$10,000, the Seller shall comply with subparagraphs b) (i) through (xi) below. Upon request, the Seller shall provide the necessary information to determine the applicability of this clause. b) During the performance of this contract, the Seller agrees as follows:

(i) The Seller shall not discriminate against any employee or applicant for employment because of race, color, age, religion, sex, or national origin. However, it shall not be a violation of this clause for the Seller to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.

(ii) The Seller shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, age, religion, sex, or national origin. This shall include, but not be limited to: employment; upgrading; demotion; transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

(iii) The Seller shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(iv) The Seller shall, in all solicitations or advertisement for employees placed by or on behalf of the Seller, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(v) The Seller shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Seller's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(vi) The Seller shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(vii) The Seller shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Seller shall also file Standard Form 100 (EEO- 1), or any successor form, as prescribed in 41 CFR Part 60-1. Unless the Seller has filed within the 12 months preceding the date of contract award, the Seller shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.

(viii) The Seller shall permit access to its premises, during normal business hours, by the contracting agency or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Seller shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.

(ix) If the OFCCP determines that the Seller is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Seller may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Seller as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law.

(x) The Seller shall include the terms and conditions of paragraphs a)(i) through (xi) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(xi) The Seller shall take such action with respect to any subcontract or purchase order as the Contracting Officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance, provided, that if the Seller becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Seller may request the United States to enter into the litigation to protect the interests of the United States. c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

ACCEPTANCE OF PURCHASE ORDER/TERMS AND CONDITIONS

This Purchase Order, together with all Exhibits, Attachments, and Change Orders/Task Orders attached or incorporated hereto by reference shall, upon acceptance by Seller, comprise the entire agreement between the Parties, and supersede all previous statements, representations, or agreements, whether oral or written (unless amended in writing as provided herein).

The Seller's acknowledgement, acceptance of payment, or commencement of performance, shall constitute the Seller's unqualified acceptance of this purchase order.

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