

SEATTLE AERO PURCHASE ORDER TERMS AND CONDITIONS
READ CAREFULLY
EACH AND EVERY TERM PRINTED HEREUPON IS PART OF AND INCORPORATED INTO THE
PURCHASE ORDER

UNIVERSAL PURCHASE ORDER NOTES:

The following Terms and Conditions are applicable to every Purchase Order placed by Seattle Aero. Seattle Aero reserves the right to cancel the order at any time if any of these conditions, or any other additional Notes specified in the Purchase Order, are not met:

1, 3, 5, 7, 11, 12, 13, 14, 16, 17, 18, 20, 21, 22, 24, 25, 26, 27, 28, 29, 30, 32,33 and 34.

PAYMENT:

1. Payment will be made in accordance with the terms set forth on the Purchase Order upon receipt by Buyer of conforming goods accompanied by invoices rendered together with bill of lading or copy of freight bill for each shipment.
2. Buyer shall not be liable for any charges for cartage, boxing, packaging, etc., unless such charges are specifically set forth on the Purchase Order. Any sums payable to Supplier and its controlled subsidiaries shall be subject to set off for any present and future indebtedness to Buyer.

TITLE AND RISK OF LOSS:

Title and risk of loss to the goods purchased hereunder shall pass to Buyer per INCOTERMS 2010 as referenced on the Purchase Order.

SHIPPING INSTRUCTIONS:

1. All shipments are to be made on Seattle Aero's account, unless otherwise noted on our Purchase Order.
2. Freight insurance is not to be added to any shipment, as Seattle Aero maintains separate insurance for all shipments.
3. The complete Purchase Order number must be shown on all invoices, bills of lading or shipping memoranda.
4. Default ship method shall be:

1 lb. To 150 lbs	UNITED PARCEL SERVICE
Above 150 lbs	FEDEX FREIGHT

INSPECTION AND REJECTION:

1. All goods purchased pursuant to this Purchase Order will be subject to final inspection and approval upon receipt by Buyer.
2. Such inspection will be made within reasonable time after receipt of the goods, irrespective of the date of payment therefore, in the event the goods are nonconforming, Buyer may reject nonconforming goods, and, in such event, Buyer shall notify supplier and at Buyer's option:
 - a. hold the goods for Suppliers account, or
 - b. return the goods, freight collect, to Supplier.
3. Buyer may charge supplier for costs of reasonable handling, storage and inspection.
4. Buyer shall have no liability or obligation whatsoever with respect to nonconforming goods held in its possession for Suppliers account or returned to Supplier.
5. Supplier shall have no more than ten (10) calendar days from receipt of Buyer's notice of the nonconformity to repair or replace the nonconforming goods.

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RIGHT OF ENTRY:

Seattle Aero, Seattle Aero's customers, and/or government agencies reserve the right to perform inspections of supplier's facilities, as well as at all levels of supplier's supply chain, for quality and process control purposes. Supply chain shall mean supplier's direct network of suppliers providing material, equipment, information, and services integrated into products and services.

BANKRUPTCY:

In the event any bankruptcy, receivership or insolvency proceedings, voluntary or involuntary, are instituted by or against Supplier, Buyer may, at its option, cancel this Purchase Order to the extent permitted by law or court order.

ASSUMPTION OF RISK:

Supplier specifically and expressly assumes the risk of any foreseen or unforeseen events or causes occurring subsequent to the date of this Purchase Order, which while not rendering performance impossible, would substantially change the cost or delivery time to Buyer.

FORCE MAJEURE:

1. Neither party hereto will be responsible for any failure to perform this Purchase Order if prevented from doing so by any cause beyond its control including, without limitation to the causes specified herein or to causes of a similar nature: acts of God, floods, fires, explosions or storms, transportation difficulties, shortage of crude oil, strikes, lockouts or other industrial disturbances, war, any law rule, order, regulation or action of any court, instrumentality or agency of the Federal or any state or local government, reduction or unavailability of product at the source of supply from which deliveries are normally made hereunder; provided, however, that nothing contained herein is intended to excuse any party from the payment of any sums of money which it may be required to pay hereunder.
2. The occurrence of any event of Force Majeure as provided herein shall, to the extent performance is not made wholly impossible, reduce either party's obligation hereunder proportionately; provided, however, that in no event shall the time specified for performance hereunder be extended as a result of any occurrence of an event of Force Majeure.

WARRANTIES:

1. Supplier warrants
 - a. that it will convey good title to the goods referred to on the Purchase Order and supplied hereunder, free of all liens and encumbrances,
 - b. that the goods supplied hereunder meet such specifications as have been expressly made a part of this Purchase Order, and
 - c. that the goods supplied hereunder shall be of merchantable quality.
2. Supplier further warrants:
 - a. that the goods are produced in compliance with all applicable foreign, Federal, state and local statutes, regulations, rules and ordinances, and
 - b. that they are properly packaged and labeled in accordance with any such statutes, regulations, rules and ordinances.
 - c. the parts are not counterfeit.

INFORMATION AND INSTRUCTIONS:

Supplier agrees to furnish to Buyer all warnings, information, documents, labels, placards, containers and other materials which may be required by common law, statutes, ordinances, rules or regulations of any public authority relating to the use packaging, receiving, storing, handling, shipping or transporting of the goods, together with detailed written instructions as to their use and disposition of the goods and their containers.

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LIABILITIES AND INDEMNIFICATION:

Supplier agrees to protect, indemnify, hold harmless and defend Buyer, its subsidiaries and related companies, and the officers, directors, employees, workmen, agents, subcontractors invitees of the Buyer, from and against any claims, demands, losses, damages, (including but not limited to punitive damages), suits and other liabilities of any kind, including attorney's fees and other expenses of litigation, related to:

- i. bodily injury, including death at any time resulting there from, and
- ii. damages to all property, including loss of use thereof and downtime, which arise out of or in any way relate to:
 - (a) Supplier's manufacture, packaging, labeling, storage, delivery, loading, unloading, handling or possession of the goods, or
 - (b) the presence of Supplier, including its employees, workmen, agents and subcontractors and invitees of the Buyer, on Buyer's premises, and in the case of either (a) or (b) are caused by or alleged to have been caused by any act, omission, breach of duty, or default, defects in design, workmanship, materials, failure to conform to specification, if any, irrespective of whether liability is based on negligence, strict liability, breach of expressed or implied warranty or other breach of duty of Supplier or any of its employees, workmen, agents and subcontractors, unless same shall be due to Buyer's sole negligence. Supplier's agreement to protect, indemnify, hold harmless and defend as set forth herein shall not be negated or reduced by virtue of the existence of any negligence or alleged negligence of Buyer, its subsidiaries and related companies and the officers, directors, employees, workmen, agents, and subcontractors, active or passive, concurrent or nonconcurrent with that of others including Supplier, its employees, workmen, agents and subcontractors.
 - (c) the breach by Seller of any promises, covenants, or conditions made by Seller to Buyer
 - (d) the inaccuracy of any representation or warranty by the Seller.
 - (e) any items supplied by the Seller.

INFRINGEMENT:

Supplier shall indemnify, hold harmless and defend Buyer, its subsidiaries and related companies, and the officers, employees, workmen, agents, subcontractors, and invitees of Buyer, its subsidiaries and related companies from and against all losses, damages, demands, claims, suits and other liabilities, including attorney's fees and other expenses of litigation, based upon a claim that the goods sold hereunder constitute an infringement of any existing patent, trademark, copyright or contractual or proprietary rights.

COMPLIANCE WITH LAWS:

Supplier shall comply with any and all applicable foreign, Federal, state and local laws, rules, regulations, ordinances and orders, including without limitation Federal Hazardous Substances Act, the Hazardous Materials Transportation Act, Toxic Substances Act, the Federal Food, Drug and Cosmetic Act, the Fair Labor Standards Act, the Occupational Safety and Health Act, the Civil Rights Act of 1964 and relevant portions of Executive Order 11246. Supplier agrees to indemnify and hold Buyer harmless from any loss, cost or expense (including Attorney's fees) for any and all claims for or arising out of violations of this provision of the Purchase Order.

MODIFICATION OF WAIVER:

This instrument constitutes the entire understanding between the parties. No gate pass, sales acknowledgement form, shipping papers or other written document shall be construed as altering or overriding the terms and conditions herein. No amendment, alteration, modification or waiver of this Purchase Order subsequent to the date herein shall be valid or enforceable unless in writing and signed by the party sought to be charges, and no prior or current course of dealing between the parties, any usage of trade or custom of the industry or printed form of the Supplier such as a billing invoice, bill of lading or packing list shall modify or supplement the terms and conditions of this Purchase Order. The Order is not assignable without the prior written consent of Buyer.

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APPLICABLE LAW and CHOICE OF FORUM:

This Purchase Order and the rights, duties, obligations and remedies of the Buyer and Seller hereunder, shall be governed by and construed in accordance with the laws of the State of Washington, not including Washington State law governing conflicts or choice of law. All disputes arising out of or in any way related to this Purchase Order and/or the goods subject to it shall be resolved in arbitration, which shall take place in King County, Washington, as further described in the provision of this Purchase Order entitled "Arbitration."

RIGHTS AND REMEDIES OF BUYER:

The rights and remedies of Buyer set forth herein shall be in addition to any other rights and remedies provided in law or equity and the failure or delay by buyer to exercise any rights or remedies under this order shall not operate as a general waiver thereof.

NON-WAIVER

No failure by Buyer to assert its rights under any provision of this order or failure of Seller to perform any provision of this order shall be effective as a waiver thereof unless consented to in writing by Buyer, nor shall any such waiver constitute and advance waiver of any other provision or failure to perform.

ASSIGNMENT

No assignment of this order, or any duty or right under it shall be binding upon Buyer unless Seller first obtains Buyer's written consent to such assignment. Any attempt to assign or delegate in violation of this Article shall be void.

SEVERABILITY

In the event any Article of these terms and conditions is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining Articles of these terms and conditions will not be affected and, in lieu of such conditions one or more Articles as similar in terms as may be valid and enforceable under applicable law.

DISPUTES AND ARBITRATION:

Any controversy between Buyer and Supplier including any claim, suit or demand made by Buyer and Supplier against one another, or made by any other person or entity purporting to act on behalf of, by or through them, arising out of or in any way related to this Purchase Order, including but not limited to the validity and interpretation of this Purchase Order, the conduct or performance of the Purchase Order by parties hereto, or breach hereof, shall be subject to binding arbitration.

Such arbitration shall take place in King County, Washington. Arbitration shall commence upon the written demand of either party. Unless the Buyer and Seller later agree to a different procedure, each party shall designate an arbitrator within fourteen (14) days following the date of the written arbitration demand. Each arbitrator shall be a practicing attorney with no fewer than ten (10) years of experience, or a current or former magistrate or judge in a court of general or appellate jurisdiction. The designated arbitrators shall select a third, neutral arbitrator, who shall meet the same minimum qualifications as the designated arbitrators, within fourteen (14) days thereafter. In the event the designated arbitrators cannot decide upon a third, neutral arbitrator, the matter shall be referred to the United States District Court for the Western District of Washington at Seattle, which shall select the third arbitrator from a list of possible arbitrators submitted by each party. All matters related to the administration of the arbitration, including discovery, motions and hearings on all matters, shall be within the discretion of the arbitrators. However, the arbitrators may refer to and rely upon the Commercial Arbitration Rules of the Center for Public Resources Institute for Dispute Resolution.

Each party shall pay the fees of the arbitrator it designates. The fees of the third, neutral arbitrator shall be shared equally among the parties. The party that prevails or substantially prevails in the arbitration shall be entitled to an award of reasonable attorneys' fees and other costs reasonable and necessary to preparation and presentation of its case.

The interpretation and application of this arbitration provision shall be subject to the Federal Arbitration Act, and judgment on the arbitration award shall be entered pursuant to that Act in the United States District Court for the Western District of Washington at Seattle.