

C&D Zodiac Inc. ("Buyer") Purchase Order Terms and Conditions

1. ACCEPTANCE. ALL OFFERS MADE BY BUYER TO SELLER MAY BE ACCEPTED ONLY ON THE EXACT TERMS AND CONDITIONS SET FORTH HEREIN AND ON THE FACE OF THIS PURCHASE ORDER ("ORDER"). SELLER SHALL BE BOUND BY THE TERMS AND CONDITIONS HEREUNDER (a) UPON RECEIPT BY BUYER OF SELLER'S ACKNOWLEDGEMENT, OR (b) WHEN SELLER HAS DELIVERED TO BUYER ANY GOODS ORDERED OR HAS COMMENCED PERFORMANCE OF ANY SERVICES ORDERED. ANY TERMS OR CONDITIONS PROPOSED BY SELLER THAT ARE INCONSISTENT WITH OR IN ADDITION TO THE TERMS AND CONDITIONS HEREIN CONTAINED ARE EXPRESSLY REJECTED AND SHALL BE VOID AND OF NO EFFECT.

2. ENTIRE AGREEMENT; AMENDMENT. This Order supersedes and replaces any and all prior versions, editions, adaptations or revisions between Buyer and Seller. The terms, conditions and provisions of this Order, together with the specifications, drawings, schedules, exhibits or riders referred to herein or annexed hereto and by this reference made a part of this Order, constitute the entire agreement between the parties hereto, and shall supersede all previous communications, representations or agreements, either verbal or written, between the parties hereto with respect to the subject matter of this Order. No change or modification on the face of this Order, or by agreement or otherwise, shall be binding upon Buyer until accepted in writing by its authorized representative. Buyer shall have the right to make changes in drawings, plans or specifications relating to articles on order or in packaging, time and place of delivery and method of transportation of said articles, and Seller shall comply with such changes immediately upon notification thereof. If any such change causes any increase or decrease in the cost of said article, an equitable adjustment shall be made between Buyer and Seller and the Order modified in writing accordingly. All claims for adjustments in prices by Seller resulting from such changes must be made within thirty (30) days from notice thereof. Subject to the foregoing, and without limiting the provisions of Article 21 below, no orders may be filled by Seller at higher prices than last quoted or charged by Seller without Buyer's prior written consent.

3. DELIVERY.

(a) The specific services or quantity of goods ordered in any Order must be performed or delivered in full and cannot be changed without the prior written consent of Buyer. Any unauthorized service or quantity of goods is subject to rejection by Buyer and return at Seller's expense.

(b) No charges of any kind, including charges for packaging, cartage, insurance or other extra charge will be allowed unless specifically agreed to in writing in advance by Buyer or noted on the face of this Order. All packaging, carting and insurance shall conform to the highest commercial standards. All goods shall be suitably packed or otherwise prepared for shipment to prevent damage in transit and to meet carrier's requirements, and classified to assure lowest transportation rates consistent with full protection against loss or damage. Each container must be marked with the Order number and other identification marks as shown on the face hereof. Risk of loss of or damage to all goods shall remain with Seller until accepted by Buyer at the Delivery Point. Buyer shall be notified as soon as possible when shipments will be made and of shipments made. Shipments sent C.O.D. without the prior written consent of Buyer will not be accepted and will be at Seller's risk. Freight or express charges must be prepaid by Seller when the Delivery Point is Buyer's facility. Parcel post shipments are Seller's risk.

(c) Seller shall place Buyer's Purchase Order number, contract number, show gross and net weights and all applicable quality requirements on all packages, bills of lading, express receipts, shipping cases, correspondence and invoices delivered to Buyer.

(d) Seller shall be solely responsible to do all things necessary with respect to the exportation of the goods or other items to be delivered hereunder from the country of origin, and shall pay all customs duties, tariffs, taxes and fees required to be paid with respect to such exportation of such articles or other items from the country of origin. Seller also agrees to pay, and to indemnify and hold harmless Buyer from and against, any direct or indirect customs duties or similar imposts, costs, charges, interest and penalties, paid to the U.S. Government (including the Customs Merchandise Fee), relating to or arising out of the initial importation into the United States of such goods or other items delivered hereunder. All payments made pursuant to this provision shall be made on an after-tax basis.

(e) Seller guarantees that all goods and services to be delivered hereunder shall be delivered in accordance with the scheduled delivery date set forth in this Order. Except for delay caused by Buyer, where the delivery date is not met, Seller shall credit to Buyer's account an amount equal to the product of the applicable percentage specified below and the total cost of the goods or services so delinquent: 0-15 days late, 5%; 16-22 days late, 10%; 23-30+ days late, 20%. The parties expressly agree that the foregoing credit is for late delivery only and is cumulative with, and does not exclude, any other right or remedy Buyer may have, at law or in equity, for breach of any term of this Order.

4. TITLE. Unless otherwise specified, title to the goods shall pass to Buyer at the Delivery Point set forth on the face of this Order. If no such point is specified, the Delivery Point shall be F.O.B. Buyer's U.S. facility for domestic Orders and DDP Buyer's North American facility (as governed by Incoterms 2000) for international Orders.

5. APPROVAL OF DESIGNS; DRAWINGS; PROCEDURES. When goods to be furnished under this Order are to be produced in accordance with plans, drawings or procedures to be furnished by Seller, approval of such plans, drawings and/or procedures by Buyer shall in no way reduce or modify Seller's obligation to meet performance and other requirements of the Order. By such approval, Buyer in no way assumes any part of Seller's responsibility for acceptable plans, drawings or procedures, or the satisfactory performance of resulting goods manufactured in accordance with such plans, drawings or procedures.

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6. TOOLS; MATERIALS. Seller is to furnish all standard tools, taps, dies, cutters, gauges and fixtures. Buyer will furnish special tools for Seller's convenience, where available, but it is expressly understood that in so doing Buyer makes no guarantee whatsoever as to the accuracy of the tools furnished. No designs, tools, patterns or drawings supplied by Buyer to Seller for use in manufacture of articles contracted for herein shall be used in the production, manufacture or design of any other articles for any other buyer or for the maintenance or production of larger quantities than those specified, except with the express consent in writing of Buyer. At the termination of this Order, they, together with all excess materials, shall be disposed of as Buyer shall direct. All such designs, tools, patterns, drawings and materials supplied by Buyer shall be segregated by Seller in Seller's plant, and wherever possible, clearly marked so as to be easily identified as belonging to Buyer. Where materials are furnished by Buyer, title to and/or the right of immediate possession of such materials in all stages of manufacture shall be and remain in Buyer.

7. MONITORING.

(a) Overall Performance. Seller shall maintain at all times a performance rating of ninety-eight percent (98%) or higher in accordance with Buyer's operating standards, including but not limited to, key performance indicators. If Seller's performance rating, including but not limited to, Quality, Delivery and/or Purchase Order Conformance, falls below 98%, Seller shall perform a root cause analysis and provide Buyer with a corrective action plan outlining the tasks necessary to ensure timely and complete resolution of any problems. If Seller's corrective action plan does not fully eliminate the problem, then Buyer reserves the right to impose any costs resulting from such failure, including, but not limited to, source inspection at Seller's expense. If Seller's performance rating remains below 98% for more than sixty (60) days, then Seller shall grant Buyer a five percent (5%) discount on all goods and services under this Order until Seller brings its performance rating up to at least 98%.

(b) Quality. Seller shall comply with the quality requirements set forth by Buyer and its customers and ensure that its subcontractors and suppliers are in compliance therewith. Buyer reserves the right to charge Seller a two hundred and fifty (\$250) dollar penalty for each Non-Conformance Report (NCR) written by Buyer against Seller's goods and services supplied hereunder.

8. SUPPORT. Seller shall keep enough products supplied hereunder (including parts and components thereof) in stock to comply with any Aircraft On Ground (AOG), Critical, Emergency and Routine requirements as stated below. If Seller fails in these requirements, it shall reimburse Buyer for any charges incurred by Buyer to compensate any of Buyer's customers for Seller's delay in delivering products in accordance therewith.

Priority Level	Response Time	Delivery Time
AOG	2 hours	4 hours
Critical	2 hours	24 hours
Emergency	3 calendar days	3 calendar days
Routine	7 calendar days	To be agreed at time of Order

9. INSPECTION.

(a) Inspection by Buyer or Buyer's agent prior to shipment shall not relieve Seller from its responsibility of furnishing goods strictly in accordance with this Order, Buyer's instructions, specifications and data and/or Seller's warranties (express or implied). When it has been specified that Buyer shall inspect goods ordered before shipments, Seller will notify Buyer promptly when the goods are ready for inspection, and Seller shall not ship the goods in any event without first obtaining Buyer's written approval.

(b) Notwithstanding the provisions in Article 4 and Sub article 7(a) above, any goods or services ordered by Buyer from Seller are subject to inspection and approval by Buyer on arrival or upon performance. If reference to a contract with or for the United States Government, or any agency thereof, appears on the face of this Order, the goods or services ordered hereby shall also be subject to inspection by any officer of the United States or its agencies authorized to make such inspection. Buyer reserves the right to reject and refuse acceptance of goods or services that are not strictly in accordance with Buyer's instructions, specifications and data, or are otherwise defective in material, workmanship or design. Goods or services not accepted will be returned to Seller at Seller's expense, and Seller shall bear all risk of loss or damage to rejected articles.

(c) Buyer, Buyer's customers and the Federal Aviation Administration (if nondomestic, any equivalent government agency) may inspect and evaluate Seller's plant, including, but not limited to, facilities, systems, equipment, testing, data, personnel and all work-in process, inventory and completed goods manufactured for Buyer or Buyer's customers.

(d) Payment for any goods or services ordered by Buyer from Seller prior to inspection and approval shall not constitute acceptance thereof, and shall be without prejudice to any and all claims that Buyer may have against Seller. Delivery of defective parts shall not be deemed to satisfy the delivery schedule required herein nor shall acceptance of any item be deemed to alter or affect the obligation of Seller or the rights of Buyer.

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10. REPRESENTATIONS; COVENANTS; WARRANTIES.

(a) By accepting any Order from Buyer, Seller expressly warrants that the goods ordered shall be merchantable and that the goods or services shall conform in all respects to any express or implied warranties made by Seller to Buyer, shall be free from defects, whether patent or latent, in design, and shall conform to any and all applicable specifications, drawings, samples, instructions, design plans, procedures or other descriptions. Seller also expressly represents, covenants and warrants that the goods shall be fit for any and all particular purposes for which the goods ordered are required by Buyer of which the Seller has actual knowledge or reason to know. Seller hereby warrants that it has good title to the goods supplied and that they are free and clear from all liens and encumbrances of any nature whatsoever. In connection with its performance hereunder, Seller covenants and agrees to obtain and pay for all permits, fees and licenses necessary for the prosecution of the work contemplated hereunder. Seller agrees that the representations, covenants and warranties set forth herein shall survive inspection, test, acceptance of and payment for the goods or services by Buyer and termination of this Order for an unlimited period, and shall be in addition to any warranties of additional scope given to Buyer by Seller. These representations, covenants and warranties shall run to Buyer and its successors, assigns and customers, and to the users of Buyer's products. Acceptance or use of the goods and/or services furnished by Seller hereunder or payment therefore shall not affect any of Seller's obligations under this Article.

(b) By accepting any Order from Buyer, Seller expressly warrants that the goods ordered shall be free from defect in material or workmanship. Seller agrees that the representations, covenants and warranties set forth in this Sub article shall survive inspection, test, acceptance of and/or payment for the goods or services by Buyer and termination of this Order for a period of forty-eight (48) months from the time of delivery of the goods to Buyer, and shall be in addition to any warranties of additional scope given to Buyer by Seller. These representations, covenants and warranties shall run to Buyer and its successors, assigns and customers, and to the users of Buyer's products. Acceptance or use of the goods and/or services furnished by Seller hereunder or payment therefore shall not affect any of Seller's obligations under this Article.

(c) Seller shall bear all costs associated with the correction or replacement of any defective goods covered by Warranty under this Article 8. Buyer has the right to repair or replace, at Seller's expense, any defective goods which are not corrected in a timely manner.

(d) To the extent the goods to be furnished hereunder are not manufactured pursuant to a design originated by Buyer, Seller, by accepting this Order, warrants that the sale or use of any and all goods or materials delivered hereunder will not infringe any United States or foreign patent, and agrees that Seller will, at its sole cost and expense, defend any action, suit or claim in which a violation of patent rights is alleged with respect to the sale or use of any material or goods ordered hereby ("Claim"). Seller agrees to hold harmless and indemnify Buyer, its successors, assigns and customers, and each of them, for any claim, expense, cost, cause of action, fee (including attorney's fees), loss, damage or liability incurred on account of any violation or alleged violation of the forgoing warranties.

(e) In addition to the foregoing, and to the extent the goods to be furnished hereunder are not manufactured pursuant to a design originated by Buyer, in the event that the goods purchased or supplied hereunder, or any portion thereof, becomes the subject of any Claim, or if Seller in its reasonable judgment at any time decides that the goods purchased or supplied hereunder, or any portion thereof, shall become subject of such a Claim, Seller shall promptly, but in any event, no more than thirty (30) days after receipt of notice from Buyer of a Claim or the likelihood thereof or the entry of any order or decree permanently or temporarily enjoining the use of the goods purchased or supplied hereunder, or any portion thereof, at Seller's own expense and Buyer's option: (i) obtain for Buyer the right to use the infringing goods, or portion thereof; (ii) replace, modify, substitute or update the infringing goods, or portion thereof, so that it becomes non-infringing; or (iii) remove the infringing item, or portion thereof, and refund the purchase price and all consequential and incidental damages incurred by Buyer for the installation and/or removal thereof.

(f) Seller agrees not to make any change in materials or design details which would affect the part or any component part thereof with regard to (i) part number identification, (ii) physical or functional interchangeability and (iii) repair and overhaul procedures and processes and material changes, which affect these procedures, without prior written approval of Buyer and without revising the part numbers and the originals of all drawings or data. Seller will report to Buyer if a product, article or part has been released from Seller or Seller's subcontractors or suppliers and subsequently found not to conform to the applicable design data. Unless otherwise indicated in Buyer's Purchase Orders, Seller shall provide Buyer with the latest revision of products (including parts and components thereof) in accordance with Seller's specification/drawing/design requirements. Seller will place the above clauses in all its subcontracts for supplier identified purchased equipment whether such equipment is supplied to seller as an end item or as a component part of an end item.

11. PAYMENT TERMS; INVOICES. Terms of payment shall be as specified on the Order and, unless otherwise stated on the face of this Order, all payments are due within thirty (30) days of the end of the month, following receipt of Seller's invoice by Buyer. Seller's cash discount period shall start from the receipt by Buyer of goods or services ordered or from the date of receipt by Buyer of an acceptable invoice accompanied by way bill, whichever is later. Payment of Seller's invoice is subject to adjustment for any shortage or rejection. The price set forth in this Order includes all sales, use and other taxes which are or may be imposed on this transaction. Payment for any shipment in advance of schedule may, at Buyer's option, be made on the basis of the scheduled delivery date. Seller shall invoice Buyer at the address set forth in the Order for goods and services provided hereunder. Such invoices will be paid in the amount billed subject to audit adjustment to be made on subsequent invoices or by refund. Buyer may pay Seller's invoice before receipt of goods or services and thereby avail itself of any cash discounts but, by such payments, Buyer does not waive any right to reject the goods or

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services, and Buyer shall have a valid claim against Seller for any loss, shortage, defect, delay or other default. In the event of a bona fide dispute over any amount contained in an invoice, Buyer may withhold payment of such disputed amount of such invoice without being in default hereunder. The parties agree to meet and resolve any disputed amounts as promptly as possible. Seller shall submit the original and one (1) copy of all invoices showing cash discount, delivery point, freight terms and product code.

12. INDEMNITY; INSURANCE.

(a) Notwithstanding any provision of this Order to the contrary, Seller hereby indemnifies and agrees to defend and hold harmless Buyer, its parent company, subsidiaries and affiliates and their respective officers, directors, agents, representatives, contractors and employees (collectively, the "Indemnified Parties") from and against any and all claims, demands, actions, liabilities, damages, losses, expenses, suits, proceedings, assessments, fines, penalties and/or judgments (including, but not limited to, all attorneys' fees, costs and expenses in connection therewith), whether for the death of or bodily injury or other harm to any person (including, but not limited to, Seller's employees), for the loss of, damage to or destruction of any property, including, but not limited to, aircraft upon which the goods may be installed or services performed, and/or for any other injury, loss or damage of any kind or nature whatsoever that may be charged to, recoverable from, suffered or incurred by or assessed or asserted, whether actual or alleged, by any third party against any of the Indemnified Parties, in any manner or to any extent arising or resulting from, caused by or accrued in connection with: (i) the negligence, gross negligence, recklessness, bad faith, illegal act, breach of contractual or any other duty, misrepresentation or malicious or willful misconduct of Seller or any of its officers, directors, agents, representatives, contractors or employees in connection with Seller's performance of, or failure to perform, this Order; (ii) any defect or nonconformity in any goods or services delivered by Seller to or for Buyer under this Order; (iii) any death of or injury to any person, including, but not limited to, employees of Seller and Buyer and any passenger on any aircraft upon which the goods may be installed or services performed. It is the express intent of the parties that all indemnity obligations and/or liabilities assumed by Seller in this Sub article (a) shall be without regard to the cause or causes thereof whether or not such cause or causes may be the result of Buyer's negligence, be it sole, joint, concurrent, comparative, active, passive or imputed.

(b) Seller shall maintain insurance in the following amounts: (i) Worker's Compensation - Statutory limit; (ii) Employer's Liability - \$500,000.00; (iii) Commercial General Liability - \$5,000,000.00 combined single limit insurance per occurrence. (This is a minimum amount. Airport requirements or the nature of the work may necessitate higher limits. Commercial general liability insurance shall include endorsements for: personal injury; contractual liability; completed operations; naming Buyer as an additional insured; and provide severability of interest, cross liability and independent contractors' coverage); (iv) Product Liability Insurance - \$100,000,000.00; and (v) Business Auto Policy - \$1,000,000.00 combined single limit. (Such insurance to cover owned, non-owned and hired vehicles when doing work on Buyer's or Buyer's customers' premises.)

(c) Seller shall obtain and maintain continuously in effect a property insurance policy covering loss or destruction of or damage to all property in which Buyer or Buyer's customers does or could have an insurable interest pursuant to this Order, and agrees to obtain an endorsement from its insurance carrier waiving its right of subrogation against Buyer. Seller assumes, and shall ensure that all its subcontractors or suppliers thereof and their respective employees assume, the risk of loss or destruction of or damage to any property of such parties whether owned, hired, rented, borrowed, or otherwise. Seller waives, and shall ensure that any subcontractor or supplier thereof and their respective employees waive, all rights of recovery against Buyer and its customers, their subsidiaries, and their respective directors, officers, employees and agents for any such loss or destruction of or damage to any property of Seller, any subcontractor or supplier thereof, or their respective employees.

(d) All of the above insurance shall be written through a company or companies satisfactory to Buyer, and the certificates of insurance shall be of a type that unconditionally obligates the insurer to notify Buyer in writing at least thirty (30) days in advance of the effective date of any material change in or cancellation of such insurance. In no event shall the policy limits specified above limit Seller's obligations to Buyer under this Order. The indemnity obligations and insurance required from Seller pursuant to this Order shall be primary and noncontributory and exclusive to any insurance that Buyer may have obtained or may have in effect. Seller shall bear the cost of its deductibles or self-insured retentions, including defense costs, applicable to the required insurance coverages, as well as those of its subcontractors. Upon request of Buyer, Seller shall provide certificates of insurance reflecting full compliance with these requirements.

13. CONFIDENTIALITY; PUBLICITY. Seller shall not disclose any details connected herewith to any third party without the prior written consent of Buyer. This Order is placed by Buyer and accepted by Seller on the understanding that none of the goods or services covered by this Order shall be referred to, described, or illustrated in connection with publicity of any kind without prior written authorization from Buyer.

14. SELLER AS INDEPENDENT CONTRACTOR. Buyer and Seller acknowledge and agree that Seller is an independent contractor, and not an employee or agent of Buyer, and that Seller will have no authority to bind Buyer or otherwise incur liability on behalf of Buyer. Buyer will have no obligation whatsoever to provide any employee benefits or privileges of any kind or nature to Seller or its employees with reference to the wages, salaries or other remuneration paid or payable to Seller's employees, including, without limitation, insurance or pension benefits. Further, Seller agrees that Buyer is not responsible to collect or withhold federal, state or local taxes, including income tax and social security, and that any and all such taxes imposed, assessed or levied as a result of this Order shall be paid by Seller or, if paid by Buyer, shall be reimbursed to Buyer by Seller upon demand. Seller further agrees upon request to furnish Buyer with any and all certificates and statements required by law or by any administrative agency to evidence compliance by

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Seller with the foregoing.

15. SUBCONTRACTING; ASSIGNMENT. Seller shall not subcontract any portion of work to be performed under this Order without the prior written consent of Buyer, which may be withheld at Buyer's sole discretion. The purchase of raw, standard or commercial materials is not to be deemed a subcontract within the meaning of this Order. Additionally Seller shall not assign or transfer this Order or any interest herein or claim hereunder without the prior written consent of Buyer, which may be withheld at Buyer's sole discretion. Buyer may assign or transfer this Order, any interest herein or claim hereunder without Seller's prior consent or approval.

16. ORDER TERMINATION; AMENDMENT. Buyer reserves the right to cancel or amend Purchase Orders, in whole or in part, for its sole convenience, by delivering to Seller a written notice at least thirty (30) days in advance of such change of the effective date. In the event of such a Cancellation / Amendment of Purchase Order, Seller shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. Buyer's total liability to Seller shall be limited to (i) the prices of articles or services delivered to and accepted by Buyer prior to the effective date of termination, and (ii) at Seller's actual cost for any work in process, including raw materials, fabricated and unfabricated parts, exclusively for Buyer that Buyer has directed to be terminated and that the Seller substantiates cannot be used for another purpose up to the effective date of termination. Upon Seller's receipt of payment for any terminated work in process, such work will be shipped to Buyer pursuant to Buyer's instructions. Total Termination Costs shall not exceed the total purchase price for all products to be delivered hereunder.

17. DEFAULT; REMEDIES.

(a) Without in any way limiting Buyer's rights under Article 21 below, Buyer may reject or revoke acceptance ("rejection") of any or all goods, including any tender thereof, which are not strictly in conformance with all of the requirements of this Order, and shall notify Seller of such rejection by notice, rejection tag or other communication. At Seller's risk and expense, all such goods will be returned to Seller for immediate Seller repair, replacement or other correction and redelivery to Buyer; provided, however, that with respect to any or all such goods, at Buyer's election and at Seller's risk and expense, Buyer may: (i) hold, retain or return such goods, without permitting any repair, replacement or other correction by Seller; (ii) hold or retain such goods for repair by Seller or, at Buyer's election, for repair by Buyer with such assistance from Seller as Buyer may require; (iii) hold such goods until conforming replacements are obtained from a third party; or (iv) return such goods with instructions to Seller as to whether the goods 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 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 Order or otherwise.

(b) Without in any way limiting Buyer's rights under Article 21 below, Buyer may, subject to the provisions of Sub article (c) below, by written notice of default to Seller, immediately terminate the whole or any part of this Order in any one of the following circumstances:

- (i) If Seller fails to make delivery of the goods or to perform the services within the time specified herein or any extension thereof; or
- (ii) If Seller fails to perform any of the other provisions of this Order in accordance with its terms and does not cure such failure within a period of ten (10) days (or such longer period as Buyer may authorize in writing) after receipt of notice from Buyer specifying such failure.

(c) In the event Buyer terminates this Order in whole or in part as provided in Sub article (b) above, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, goods or services similar to those so terminated, and Seller shall be liable to Buyer for any excess costs for such similar goods or services; provided, that Seller shall continue the performance of this Order as to that portion not terminated under the provisions of this Article.

(d) If Seller breaches any warranties as described above, or if Seller breaches this Order in any other way, then Buyer, in addition to the remedies described herein, shall be entitled to pursue, cumulatively, all remedies provided by law and equity.

18. WAIVER. Failure of Buyer to insist upon strict performance of any of the terms and conditions herein shall not be deemed a waiver of any rights or remedies that Buyer shall have and shall not be deemed a waiver of any subsequent default of the terms and conditions hereof. No payment made by Buyer under this Order shall constitute a waiver by Buyer of any breach by Seller of any of its obligations under this Order or prejudice Buyer's rights in the future to question or dispute any claim or constitute an admission by Buyer of Acceptance as to the performance by Seller of any of its obligations under this Order. Any payment withheld by Buyer shall be without prejudice to any other rights and remedies of Buyer under this Order or at law or in equity. The shipping or receiving of any goods or services under this Order shall not be deemed or be a waiver of any right for any failure by Seller to comply with any of the provisions of this Order.

19. ATTORNEYS' FEES. In the event any action or proceeding is brought to enforce, interpret or determine the rights of Buyer and Seller under this Order, the prevailing party (i.e., the party who, in light of the causes of action asserted and the relief sought, is afforded the greater relief) shall be entitled to recover from the other attorneys' fees and court costs incurred in connection with any such action or proceeding.

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20. TIME OF THE ESSENCE. Seller acknowledges that time is of the essence in performance of its obligations under the terms of this Order. If Seller fails to make delivery within the time specified, Buyer shall have the right to reject all or any portion of the delivery and hold Seller responsible for any loss which Buyer sustains because of such failure.

21. REPRESENTATIONS OF SELLER. Seller hereby makes the following representations and warranties to Buyer:

(a) Seller has full power, authority and legal right to execute, deliver and perform each and every term of this Order and of each of the agreements and documents referred to or contemplated herein, the same having been duly authorized and delivered by the authorized officers of Seller and constitute legal, valid and binding obligations of Seller, enforceable in accordance with such terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and to general principles of equity.

(b) The execution of the Order and all agreements and documents contemplated herein and the performance by Seller hereunder or there under will not contravene or violate any contract, indenture, agreement or other instrument binding upon Seller, or to which it is subject.

(c) There is no law or governmental regulation or order that would be contravened by the execution, delivery and performance of this Order by Seller.

(d) No consent of shareholders of Seller or of any holders of indebtedness of Seller or of any other person and no consent or approval of any filing or registration with any governmental authority, body, commission or agency is or will be required as a condition to the validity of this Order or any of the documents or agreements contemplated by this Order or as a condition to or in connection with the authorization, execution, delivery or performance hereof by Seller, except those which have been duly made or obtained, certified copies of which have been or will be delivered to Buyer. The performance thereof will not violate or contravene any law, regulation, order, judgment or other similar obligation imposed by any government or regulatory agency, court, administrative or legislative body.

(e) There is no action or proceeding, pending or threatened, against Seller or any of its subsidiaries or associated companies, if any, before any court or administrative agency which, if adversely determined, would result in the inability of Seller to perform its obligations under this Order.

22. ASSURANCE OF SUPPLY; OBSOLESCENCE. Seller shall provide written notice to Buyer ninety (90) days prior to the expiration of any collective bargaining agreement. Seller shall also periodically apprise Buyer of the status of collective bargaining agreement negotiations and an assessment of the effect such negotiations will have on Seller's ability to perform hereunder. In the event of a strike or work stoppage, or any occurrence beyond Seller's control, which curtails Seller's ability to provide the goods or services set forth herein, Seller shall use its best efforts to redirect, reassign or transfer Buyer's goods or services to unaffected Seller operations and procure such goods or services from Buyer approved sources so as to ensure uninterrupted supply to Buyer at no additional cost; provided, however, if Seller is unable to ensure uninterrupted supply at no additional cost to Buyer despite Seller's best efforts, then Buyer may, in its sole and absolute discretion, immediately terminate this Order and obtain such goods or services from any other source. Seller shall immediately notify Buyer upon discovery of actual or pending obsolescence of any part or parts of goods supplied hereunder and promptly resolve any issue arising from the obsolescence of any such part or parts at no cost to Buyer and/or its customers. Seller shall use all commercially reasonable efforts to obtain guarantees of availability of critical and single-sourced parts incorporated in goods supplied to Buyer hereunder.

23. MOST FAVORED CUSTOMER. Seller agrees that under no circumstances shall the price for goods or services purchased hereunder be greater than the price charged to any other commercial airline customer, commercial aircraft manufacturer or a third party acquiring on behalf of a commercial airline or aircraft manufacturer, for similar goods or services acquired in the same or lesser quantities. If prior to the expiration or cancellation of this Order, Seller shall contract to sell to others similar goods or services at more favorable prices or upon more favorable terms and conditions than those contained herein, Seller shall immediately make available to Buyer such more favorable prices or terms for all open orders, and this Order shall be deemed amended accordingly.

24. RETENTION OF RECORDS. Quality records and documents must be issued and retained by the Seller as proof of compliance, for the goods and services delivered, with the quality, government and applicable airworthiness regulations at the time of delivery. Records and documents shall be available for review by Buyer and regulatory authorities in accordance with contract or regulatory requirements. Records and documents shall be established and maintained to provide evidence of conformity to requirements and of the effective operation of the quality management system. The retention period shall be ten (10) years from the date of this Order or twenty-four (24) months beyond the life of the aircraft, whichever is greater. If more demanding government or airworthiness requirements are applicable to the goods or services, the Seller is responsible for their application. This requirement applies to the Seller and the Seller's suppliers and subcontractors. In the case of a sale, take-over, merger or change of name, the successor company is obliged to carry out these requirements without restrictions. Seller shall notify Buyer three (3) months in advance of any impending destruction of records or documents so that Buyer may opt to have the records or documents transferred to Buyer.

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25. RIGHT TO AUDIT SELLER'S FINANCIAL HEALTH. If requested, Seller shall provide financial data, on a quarterly basis or as requested, to Buyer for credit and financial condition reviews. Said data shall include, but not be limited to, balance sheets, schedule of accounts payable and receivable, major lines of credit, creditors, income statements (i.e., profit and loss statements), cash flow statements, firm backlog and headcount. Copies of such data are to be made available within seventy-two (72) hours of any written request by Buyer. Buyer shall treat all such information as confidential. Seller shall maintain a process to evaluate and assess on an on-going basis the financial health of its subcontractors and suppliers and Buyer reserves the right to review and evaluate Seller's process. Seller shall include provisions as part of its subcontracts that allow information to be shared with Buyer and allow Buyer to evaluate and assess the financial health of such subcontractors and suppliers directly.

26. GOVERNING LAW. These Terms and Conditions, this Order and any subsequent orders placed by Buyer to Seller hereunder shall be construed and enforced according to the laws of the State of California without regard to the conflicts of law provisions therein. Any unresolved dispute, controversy or claim arising out of or relating to this Order (except for injunctive relief and third party claims), whether before or after termination thereof, shall be settled by binding arbitration submitted to the American Arbitration Association under or in accordance with its then prevailing commercial arbitration rules. The arbitrators shall apply the laws of the State of California to the proceedings giving due consideration to said laws in the construction and interpretation of the provisions of this Order. The arbitrators shall prepare in writing and provide to the parties an award including findings of fact and conclusions of law. The decision of the arbitrators shall be final and enforceable in any court of competent jurisdiction. The arbitration proceedings, including any award, will be confidential, conducted in the English language and take place in Orange County, California. The prevailing party may recover from the non-prevailing party all expenses incurred in connection with the arbitration proceedings, including, but not limited to, attorneys' fees, arbitrators' fees and arbitration expenses. The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall be excluded from these Terms and Conditions, this Order and any subsequent orders placed by Buyer to Seller hereunder.

27. COMPLIANCE WITH LAWS; REGULATIONS. Seller represents, covenants and warrants that (a) it will comply, and by its shipment of goods hereunder that it has complied, with all applicable governmental laws, regulations, standards, procedures and general requirements, as well as currently effective executive orders; (b) the goods (including parts and/or components thereof) and services delivered to Buyer are not "defense articles" as that term is defined in 22 C.F.R. § 120.6 of the International Traffic in Arms Regulations ("ITAR") and are not "defense services" as that term is defined in 22 C.F.R. § 120.9 of the ITAR and (c) all goods shipped and/or services rendered to Buyer shall be in compliance with (i) the applicable requirements of Fair Labor Standards Act and all regulations and orders issued thereunder by the United States Department of Labor and (ii) the Rehabilitation Act of 1973 (Section 503), Executive Order No. 11246 and the Vietnam Era Readjustment Assistance Act (38 U.S.C. 4212) and their implementing regulations found at 41 CFR Parts 60-1, 60-2, 60-250, 60-741. Seller agrees to cooperate with Buyer in providing, upon request, documentation or other information that supports or confirms these representations, covenants and warranties. Seller, prior to providing any goods, software, technology or technical data ("Item") under an Order shall, upon request, notify Buyer of the Item's Export Control Classification Number ("ECCN") as well as the ECCN of any components or parts thereof if they are different from the ECCN of the Item at issue, or any export control classification of Seller's country or any other applicable country, including, but not limited to, countries or states of the European Union. Seller shall implement an environmental management system ("EMS"), meeting the requirements of International Standards Organization (ISO) 14001, and health and safety management system ("HSMS") with respect to its performance under this Order.