

## **ADVENT AIRCRAFT SYSTEMS, INC. GENERAL TERMS & CONDITIONS OF PURCHASE**

**1. Contract Formation & Acceptance of Purchase Order.** In these General Terms and Conditions of Purchase, Advent Aircraft Systems, Inc. will be known as "Buyer" and the supplier of the goods or services will be known as the "Seller" hereunder, each of whom may be referred to individually as "Party" or collectively as "Parties." Agreement by Seller to commence work and furnish the goods or services hereby ordered, or its furnishing such goods or services in whole or in part, or commencement of work on the goods or services, or any other conduct of Seller which recognizes the existence of a purchase order, will conclusively demonstrate acceptance by Seller of these terms and conditions. Seller's acceptance of this purchase order must be made on its exact terms and conditions. Unless specifically agreed to by Buyer in writing, Buyer objects to and will not be bound by any additional or different terms or conditions proposed by Seller. Seller will acknowledge a Purchase Order within five (5) business days of receipt. Seller's acknowledgement shall indicate Seller's acceptance or rejection of the Purchase Order, or indicate a proposed modification by Seller. Buyer's Purchase Order will be deemed accepted if Seller does not acknowledge the Purchase Order within five (5) business days of receipt. However, to comply with the foregoing, Seller may return any form of acknowledgement of receipt that Seller normally issues, provided the contents of any such form are restricted to the acknowledgement of receipt. It is understood that any conditions of sale printed anywhere on the form of acknowledgement issued by Seller are deemed to be null and void, and will not be binding on Buyer.

### **2. Pricing & Payment**

(a) Buyer will not be bound to any prices or delivery schedule to which it has not specifically agreed in writing. This purchase order may not be invoiced at a higher purchase price than shown on the face of this purchase order. If no price is shown, the goods delivered or service rendered shall be invoiced at the price last quoted, last paid or the prevailing market price, whichever is lower. Seller represents that the prices set forth herein are no less favorable than those offered to any other customer of Seller. In the event Seller's pricing structure is revised downward resulting in the prices of goods or services being higher than those offered to any other customer of Seller, Seller agrees to retroactively adjust the prices set forth herein downward so that Buyer is not required to pay more than any other customer of Seller at any point in time.

(b) Payment will be made upon completion of services or receipt of goods at Buyer's facility. Seller understands that any inaccuracy as to Seller's invoice or any other required documentation herein may result in the delay of payment.

(c) Buyer will have the right at any time to set off any amount owing from Seller to Buyer or Buyer's affiliates against any amount due and owing to Seller or any of its subsidiaries pursuant to this purchase order or any other contractual agreement between Buyer and Seller or their respective subsidiaries and/or affiliates.

### **3. Shipping Instructions**

(a) Seller will be responsible for the proper packaging of goods. Unless otherwise directed, all items shipped in a single day from and to a single location must be consolidated on one bill of lading or airbill, as appropriate. No charges will be allowed for packing, crating, freight, local cartage, brokerage, customs clearance or other services unless so specified in this purchase order.

(b) Seller will deliver the goods and data required by Buyer in strict accordance with the scheduled delivery date in the applicable Purchase Order and in accordance with Buyer's shipping instructions.

(c) Seller will at all times comply with Buyer's written shipping instructions, which include but are not limited to, incorporation of relevant import regulations, and will submit all required shipping documents to Buyer prior to final payment.

### **4. Delivery and Nonconforming Goods**

(a) Title and risk of loss will pass to Buyer in accordance with the Incoterms specified in the Purchase Order.

(b) Time is of the essence. No acts of Buyer, including without limitation, acceptance of late deliveries, will constitute a waiver of this provision. Buyer reserves the right to refuse or return at Seller's risk and expense shipments made in excess of Buyer's orders, in advance of required schedules, or to defer payment on advance deliveries until the purchase order specified or scheduled delivery dates.

(c) In the event of an actual, potential or threat of delay to the delivery schedule or timely performance of this purchase order, Seller shall immediately notify Buyer in writing, including the reason for delay, with a revised delivery date for the delayed goods. Notification must include a proposed delivery commitment for the delayed goods. In any event, Seller must provide a corrective action plan addressing the delay in writing within five (5) business days. Upon Buyer's request, Seller shall ship the delayed goods via air or other expedited method to avoid or minimize the delay and Seller shall be responsible for the cost for expedited shipping, including, without limitation, freight costs. Nothing in this paragraph will relieve Seller of any obligation herein or be construed as a waiver by Buyer of the delivery schedule or timely performance of this purchase order or Buyer's rights or remedies set forth herein.

(d) Any goods or services which are nonconforming as to the quality, quantity, or delivery schedule will constitute a breach of this purchase order. In the event of such a tender, Buyer will be entitled to all remedies as provided by law, and in addition thereto will have the right to do any or all of the following, at Seller's risk and expense: (1) to reject the goods or services in whole or in part (including the right to hold such nonconforming goods for a reasonable period pending such determination); (2) to return such nonconforming goods to Seller for replacement or correction (Buyer's election); (3) to accept such nonconforming goods or services subject to an equitable price reduction; (4) to replace or correct such nonconforming goods or services and charge to Seller the cost occasioned to Buyer thereby; (5) to reject and repackage nonconforming deliveries at Seller's expense; (6) to recover by offset or otherwise any and all expenses, costs, price reductions, and damages paid, incurred, or suffered by Buyer as a result of any of the foregoing (including those related to late deliveries); or (6) without cost or penalty, to terminate, in whole or in part, this purchase order, previous purchase orders and all other agreements.

### **5. Termination for Convenience**

(a) Buyer may, by written notice, terminate this purchase order in whole or in part at any time. Such termination will not constitute a default of this purchase order or any related agreement. In the event of a partial termination, Seller is not excused from performance of the balance of the purchase order. Seller's obligations under the warranty, patents infringement, insurance and indemnity and, confidentiality provisions of this purchase order will survive such termination.

(b) Seller will be reimbursed for reasonable and substantiated direct costs incurred prior to the date of termination. Buyer may take immediate possession of all work, and/or work in progress performed hereunder upon notice of termination and payment for the same.

### **6. Termination for Default**

(a) In the event Buyer reasonably believes Seller is in default, or unable to meet any delivery date or specification(s) herein, Buyer may, in its sole discretion, provide representatives at Seller's facility to advise and assist Seller in fulfilling its commitments under this purchase order; provided however, Buyer's activities will not relieve Seller of its obligations hereunder. Seller shall pay Buyer's reasonable costs and expenses associated with such activities. Seller's obligations under the warranty, patents infringement, insurance and indemnity and, confidentiality provisions of this purchase order will survive such termination.

(b) Buyer may terminate this purchase order, or work under this purchase order, in whole or in part, for the breach of one or more of its terms and Seller's failure to fully cure such breach within ten (10) business days following Buyer's issuance of written notice to Seller advising of such breach and Buyer's intent to terminate this purchase order for Seller's default. Buyer is not required to provide assistance to Seller pursuant to paragraph 5(a) before such termination. Buyer may terminate this purchase order immediately and without prior notice upon the insolvency of Seller, filing of a voluntary or involuntary petition of bankruptcy by or against Seller, or the making of an assignment for the benefit of creditors by Seller. Buyer may terminate this purchase order immediately and without prior notice should the Seller, or any of its officers, directors, owners, partners, managers or supervisors be debarred, suspended, proposed for debarment or declared ineligible for the award of contracts by any federal department or agency.

(c) In the event of Seller's default hereunder, Buyer may exercise any or all rights accruing to it at law or in equity. If, after termination, it is determined that Seller was not in default, the termination will be deemed for Buyer's convenience and the rights and obligations of the parties will be as set forth in Article 5, above.

**7. Excusable Delay.** Except for defaults of Seller's subcontractors at any tier, neither Buyer nor Seller will be liable for any failure to perform due to any cause beyond their reasonable control and without their fault or negligence. Such causes include, but are not limited to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, terrorism, quarantine restrictions, strikes, freight embargoes and unusually severe weather. In the event that performance of this purchase order is adversely affected by such causes ("Excusable Delay"), then the party whose performance is affected shall notify the other party's authorized representative in writing and, at Buyer's option, this purchase order will be completed with such adjustments as are reasonably required by the Excusable Delay, or Buyer may terminate this purchase order for convenience. If the delivery of any goods or services ordered hereunder is delayed more than thirty (30) days beyond the last day when delivery is scheduled, Buyer may, upon written notice to Seller, terminate any and all unsatisfied Purchase Orders. Buyer may also exercise any of its rights and remedies provided for in Article 6.

**8. Stop Work Order.** Upon a ten (10) business day written notice and without recourse, Buyer may issue a stop work order to Seller to suspend work on goods or services. In due course, Buyer will issue written notice to Seller to restart the work and Seller shall do so within ten (10) calendar days after receipt of Buyer's notice. Seller shall subsequently perform in accordance with a mutually agreed revised schedule. If the stop work order lasts for more than one (1) year, Buyer will decide to extend the period of the stop work order or terminate the purchase order as a termination for convenience.

#### **9. Disputes**

(a) Any controversy or claim arising out of or relating to this purchase order or the breach thereof may be settled at Buyer's sole discretion either by submitting the claim to: (i) a court of competent jurisdiction or (ii) binding arbitration before a single arbitrator in accordance with the Commercial Arbitration Rules of the American

Arbitration Association. Judgment upon the arbitrator's award may be entered in any court having jurisdiction.

(b) This Agreement and any claim, controversy or dispute arising under or related to the Agreement, the relationship of the parties and/or the interpretation and enforcement of the rights and duties of the parties shall be construed by the laws of the State of Delaware, without resort to any choice of law rules followed by the courts of Delaware. Venue for any litigation shall be in the state or federal courts sitting in Tulsa, Oklahoma; and venue for arbitration shall be in Tulsa, Oklahoma.

(c) Pending resolution or settlement of any dispute arising under this purchase order, Seller will proceed diligently as directed by Buyer with the performance of this purchase order.

#### **10. Remedies**

(a) The rights of both parties hereunder will be in addition to their rights and remedies at law or in equity. Failure of Buyer to enforce any right will not constitute a waiver of such right or of any other rights.

(b) In no event will Seller be entitled to anticipatory profits or to special (including multiple or punitive), incidental, or consequential damages (including without limitation, lost profits) arising from or relating to this purchase order, or any breach thereof.

#### **11. Confidentiality and Release of Information**

(a) Unless otherwise agreed in writing, all specifications, information, data, drawings, software and other items supplied to Buyer by Seller will be disclosed to Buyer on a non-confidential basis and may be used and/or disclosed by Buyer without restriction.

(b) All specifications, information, data, drawings, software, and other items which are (i) supplied by Buyer, (ii) obtained by Seller and paid for by Buyer for performance of this purchase order, or (iii) which are furnished by Seller on this purchase order, will be considered as proprietary and confidential to Buyer. Seller shall not disclose this information to any third party without Buyer's prior written consent, nor use such other than in performance of this purchase order.

(c) Seller shall not publish, distribute or use any information developed under or about the existence of this purchase order, or use the Advent Aircraft Systems name (or the name of any division, affiliate or subsidiary thereof), logo, trademark, tradename, service mark, or trade dress for the purpose of advertising, making a news release, creating a business reference, creating a website content or for products or service endorsement without the prior written approval of Buyer.

#### **12. Property**

(a) Unless otherwise agreed, special dies, tools, tooling, jigs, fixtures, equipment, and patterns ("Property") will be furnished by and at the expense of Seller. Said Property will be kept in good condition and replaced by Seller when necessary, without expense to Buyer.

(b) All confidential information and all Property furnished by Buyer to Seller, or specifically paid for by Buyer, will remain the property of Buyer, will be subject to removal upon completion or termination of this purchase order at Buyer's request, will be held at Seller's risk, and will be kept insured by Seller while in its custody or control in an amount equal to the replacement cost thereof, with loss to be paid to Buyer. Seller shall maintain proper care and maintenance of Buyer's Property and shall notify Buyer within seven (7) calendar days of any damage, significant wear or loss thereto. Seller shall not relocate Buyer's Property without Buyer's prior written authorization.

(c) Seller agrees to make no charge for storing Buyer's Property after completion of this purchase order unless such charges are authorized by a storage agreement entered into by both parties.

(d) No Property owned by Buyer will be reworked, altered, or constructed by Seller without the prior written permission from Buyer, and will be used only in performance of work under this purchase order unless Buyer provides prior written consent otherwise.

(e) Goods manufactured or services rendered in accordance with Buyer's specifications and drawings will not be furnished or quoted to

any other party without Buyer's prior written consent.

(f) Any invention or intellectual property first made or conceived by Seller in the performance of this purchase order or which is derived from or based on the use of confidential information supplied by Buyer will be considered a "works made for hire" and will become the property of Buyer; and Seller shall execute any documents necessary to perfect Buyer's title thereto.

### **13. Data**

(a) "Data", as used in this clause, means technical writings, sound recordings, pictorial reproductions, drawings, specifications, reports, instructions or other representations and works of a technical nature, which are to be delivered or produced pursuant to this order.

(b) All Data first produced in the performance of this purchase order will be the sole property of Buyer. Seller agrees not to assert any rights in or to use said Data without the prior written consent of Buyer.

(c) As mutually agreed; Seller will supply drawings, reports and instructions to Buyer sufficient for Buyer to manufacture, assemble and test, either in Buyer's own right or through subcontract, for goods, parts, assemblies and components that are a part of this order.

**14. Subcontracting.** In the performance of this purchase order, Seller shall not issue a subcontract or purchase order valued at (i) \$100,000 or more or (ii) 10 percent of the indicated value of this purchase order, whichever figure is less, without the prior written approval of Buyer.

### **15. Warranty**

(a) Seller warrants the goods delivered or services rendered pursuant to this purchase order will be free from defects in workmanship, materials, and design and will be in accordance with Buyer's specifications, drawings, and/or samples in all respects and be free of operational or functional problems as a result of computer software, processes or systems. These warranties will survive final acceptance and payment pursuant to Oklahoma UCC 2-601 and 2-608.

(b) This warranty will extend to both Buyer and Buyer's customers.

(c) Seller shall be liable for and save Buyer harmless from any loss, damage, or expense whatsoever that Buyer may suffer from the breach of any of these warranties.

(d) Seller shall immediately notify Buyer, but in no case more than twenty-four (24) hours, of the discovery of any defect in the goods furnished or services rendered under this purchase order or any previous purchase orders.

### **16. Inspection**

(a) Seller shall inspect and test all goods delivered or services rendered to ensure compliance to all requirements as stated in the purchase order.

(b) All goods delivered or services rendered will be subject to inspection and testing by Buyer, its customers and any higher-level contractors, including government agencies, before and during performance and after delivery. Any inspection or testing shall not constitute an acceptance of the results thereof. Neither failure to inspect nor acceptance of an inspection or testing will relieve Seller of any obligation herein and will not be construed as a waiver by Buyer of Buyer's rights or remedies set forth herein.

(c) If inspections and tests are made on Seller's premises or that of Seller's subcontractors, Seller shall furnish without additional charge reasonable facilities and assistance for the safe and convenient inspection and testing required.

(d) Buyer, its customers and its higher-level contractors, including government agencies, will have the right to inspect Seller's manufacturing facilities, processes, inspection systems, record keeping, quality assurance systems, data, and equipment as may be related to the goods furnished or services rendered under this purchase order.

### **17. Revision of Purchase Orders**

(a) Buyer may by written order make changes in delivery schedule, and in the services to be rendered or the goods to be furnished

hereunder. If such change(s) cause an increase or decrease in the cost of performance of this purchase order or in the time required for its performance, an equitable adjustment will be negotiated and the purchase order will be modified in writing accordingly. Any claim by Seller for adjustment under this clause must be asserted in writing within thirty (30) calendar days from the date of Seller's receipt of the notification. Seller's notification will be followed as soon as practicable with specifics regarding the amount claimed and supporting cost data. Seller shall proceed with performance under the purchase order as changed pending resolution of the claim. All changes must be documented and consented to in writing by Buyer. All other information, advice, approvals or instructions given by Buyer's technical personnel or other representatives will be deemed expressions of personal opinion only and will not affect Buyer's and Seller's right and obligations hereunder.

**18. Patents Infringement.** Seller warrants that the sale, use, or incorporation into manufactured products of machines, parts, components, services, devices, materials, goods and rights furnished or licensed hereunder which are not of Buyer's design, composition, or manufacture will be free and clear of infringement of any valid patent, copyright, trademark or other intellectual property rights. Seller shall save Buyer and its customers harmless from and defend all expenses, liability, and loss of any kind (including attorneys' fees) arising out of claims, suits, or actions alleging such infringement. Seller may replace or modify infringing goods with comparable goods of substantially same form, fit, and function so as to remove the source of infringement; or Seller, at no expense to Buyer, shall obtain for Buyer and its customers the right to use and sell said goods; provided that Buyer's acceptance of either of the foregoing shall not waive any other remedies it may have hereunder.

**19. Taxes.** Seller shall pay all taxes, duties, dues and other related charges imposed under any present or future law, whether now or hereafter in force, up to the Goods' delivery point stated in this purchase order, as a result of, or in connection with the work or Goods furnished under this purchase order or any Purchase Order issued thereunder.

### **20. Assignments**

(a) Seller may not assign any rights or obligations due or to become due under this purchase order without the prior written consent of Buyer. Buyer may assign, sell, transfer or dispose of (in whole or in part) any of its rights or obligations under this purchase order.

(b) As soon as reasonably practical, Seller shall promptly notify the Buyer in writing in advance of any organization changes planned by Seller, including name or ownership changes, mergers or acquisitions.

### **21. Compliance with Law & Gratuities**

(a) Seller warrants that the goods furnished and the services rendered under this purchase order will be manufactured, sold, handled, transported, and provided in compliance with all relevant federal, state, and local laws and regulations, including without limitation, the Fair Labor Standards Act, the regulations and orders of the U.S. Department of Labor, applicable OSHA and EPA requirements, and the U.S. Department of Transportation regulations on hazardous materials.

(b) Seller must declare hazardous or controlled substances according to Aerospace Standard AS9535.

(c) Seller warrants that it has not offered or given nor will it offer or give to any employee, agent, or representative of Buyer any gratuity, financial consideration or any kickback within the meaning of the Anti-Kickback Act of 1986 with a view toward securing any business from Buyer or influencing such person with respect to the terms, conditions, or performance of any contract with or purchase order from Buyer, nor has Seller engaged in any practice in violation of the Foreign Corrupt Practices Act of 1977. Any breach of this warranty will be treated as a material breach of each and every contract between Buyer and Seller. If Seller is a U.S. company that engages in the business of either manufacturing or exporting defense articles or furnishing defense services, the Seller hereby certifies that it has registered with the U.S. Department of State Directorate of Defense Trade Controls. Each party

acknowledges and understands its obligations to comply with International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR"), the Office of Foreign Assets Control Regulations ("OFAC") and other U.S. trade regulatory agencies.

(d) Seller shall control the disclosure of export controlled technical data, commodities, or software received under this purchase order in accordance with U.S. export control laws and regulations. Seller agrees that export controlled technical data, commodities, or software provided by the Buyer in connection with this purchase order will not be exported, disclosed or transferred to any foreign persons, (whether in the United States or abroad), including without limitation, a foreign subsidiary of Seller, without the Seller obtaining the appropriate export authorization as required by U.S. export control laws and the express written authorization of the Buyer. Seller shall immediately notify Buyer if it or any of its subcontractors or suppliers becomes listed on any Excluded or Denied Party List of an agency of the U.S. Government or its export or import privileges are denied, suspended or revoked. Seller shall provide to Buyer accurate i) Country of Origin, ii) Schedule B and iii) export classification information (ECCN, USML or non-U.S. export classification category), for any and all technical data, goods, and software provided hereunder.

(e) Seller agrees to save Buyer harmless and defend it from any loss, damage, fine, penalty, or expense whatsoever that Buyer may suffer as a result of Seller's failure to comply with any of the provisions of this Article 21. The foregoing is in addition to and not in mitigation of any other requirements of this purchase order.

## **22. Insurance & Indemnification**

(a) Seller shall maintain such Public Liability, Property Damage, Employer's Liability, and Compensation Insurance and Motor Vehicle Liability (Personal Injury and Property Damage) Insurance as are specified in this purchase order or if none are specified, such amount as will protect Seller (or its subcontractors) and Buyer from said risks and from any claims under any applicable Workers' Compensation, Occupational Disease, and Occupational Safety and Health statutes.

(b) Seller shall defend, indemnify, and hold harmless Buyer and Buyer's directors, officers, employees, agents and customers from any liability, claim of liability, expense, cause of action, loss, or damage whatsoever, including attorney's fees arising out of or in any way connected with Seller's performance or failure to perform under this purchase order, or that of Seller's agents, employees, or subcontractors.

(c) Seller shall, without limitation as to time, indemnify and save Buyer and its customer harmless from all claims which may be alleged or asserted against property covered hereunder, including without limitation; mechanic's liens or claims arising under Worker's Compensation or Occupational Disease laws and from all claims for injury to persons or property arising out of or related to such property unless the same are caused solely and directly by Buyer's negligence.

(d) Seller does hereby irrevocably indemnify and agree to defend any claim or litigation, or to pay or reimburse any judgment and all loss and expense costs including reasonable attorney fees) incurred in connection with any claim or litigation which asserts or is based upon any alleged design or manufacturing defect, negligence, failure to warn, or breach of warranty related to Seller's product(s) (including parts and components thereof purchased by Seller from its suppliers) or services, delivered to Buyer. This indemnity will be deemed an agreement made in Delaware, to be construed and enforced according to the laws of that State.

**23. Change Control.** Seller shall not have authority to make any changes to Buyer's drawings or drawings supplied by a prime contractor to whom Buyer is a subcontractor. Seller shall not have the authority to make any changes to product engineering design or fabrication processes covered by this order or any previous orders.

**24. Access to Buyer's Facility.** Seller shall comply with Buyer's rules and regulations for access to and activities in and around facilities or premises controlled by Buyer or Buyer's customers.

**25. Severability.** If any provision of this purchase order or application thereof is found to be invalid, illegal or unenforceable by law, the remainder of these general terms and conditions and this purchase order will remain valid, enforceable and in full force and effect, and the Parties will negotiate in good faith to substitute a provision of like economic intent and effect

**26. Incorporated Documents, Entire Agreement.** All documents attached hereto or referenced herein, any modifications thereto, and including any applicable purchase or support agreements, are hereby incorporated as an integral and inseparable part of this purchase order, which contains the entire agreement of the parties and supersedes any and all prior agreements between the Parties, written or oral, with respect to the transactions hereby contemplated. There are no verbal understandings, agreements, representations or warranties between the Parties which are not expressly herein set forth. This purchase order may not be changed or terminated orally but may only be changed by an agreement in writing signed by both Parties.

## **27. Order of Precedence**

(a) In the event of a conflict between the terms and conditions of this purchase order and the documents which form a part hereof, the conflict will be resolved by giving precedence in the following order: (i) if applicable, United States Government mandatory provisions; (ii) if applicable, the Parties purchase or support agreement; and (iii) this purchase order.

(b) In the event of conflict between the specifications, drawings, samples, designated type, part number, or catalog description, the specifications will govern over drawings, drawings over samples, whether or not approved by Buyer, and samples over designated type, part number, or catalog description. In cases of ambiguity in the specifications, drawings, or other requirements of this purchase order, Seller must, before proceeding, consult Buyer, whose written interpretation will be final.