

TERMS AND CONDITIONS OF PURCHASE

1. **Acceptance-Agreement:** Seller's commencement of work on the goods subject to this Purchase Order or shipment of goods, whichever occurs first, shall be the effective mode of acceptance of this Purchase Order. Any acceptance of this Purchase Order is limited to acceptance of the expressed terms contained on the face and back thereof. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the terms of this offer in Seller's acceptance is hereby objected to and rejected, unless agreed to in writing. Additional or different terms or any attempt by Seller to vary in any degree the terms of this Purchase Order shall be deemed material and are objected to and rejected, however, this Purchase Order shall not operate as a rejection of Seller's offer unless it contains variances in the terms of the description, quantity, price or delivery schedule of the goods.

2. **Applicable Law:** This Purchase Order shall be governed by the State of Maryland, excluding its conflict of laws rules, except that any provision of the Purchase Order that is incorporated in full text or by reference from the Federal Acquisition Regulations (FAR), Defense Federal Acquisition Regulations (DFAR), or from any Federal agency that implements or supplements the FAR or DFAR. By accepting this Purchase Order, Seller represents that it has and will continue to comply with the provisions of all applicable Federal, State, and Local laws and regulations.

3. **Delivery:** Time is of the essence of this contract, and if Seller anticipates or encounters difficulty in the delivery of items, rendering of services, or any other requirements of this Purchase Order, including but not limited to documentation by the time promised, the Seller shall notify Buyer immediately of the circumstances and all relevant information pertaining to the delay. Buyer reserves the right without liability in addition to its other rights and remedies to terminate this Purchase Order by notice effective by Seller as to items not yet shipped or services not yet rendered, and to purchase substitute items or services elsewhere and charge the Seller with any loss incurred.

4. **Packaging:** All supplies provided under this Purchase Order shall be suitably prepared and packed for shipment so as to assure safe delivery, the lowest transportation rates, and to meet carrier's requirements unless otherwise stipulated in the Purchase Order. No charge shall be allowed for packing, crating, or carriage unless stated in the Purchase Order. Each container shall be clearly marked to show Buyer's Purchase Order Number. A packing sheet showing Purchase Order Number and number of packages must be included in each container or single unit of shipment, or with each truckload shipment.

5. **Shipment:** Unless otherwise specified on the Purchase Order, "Due Date" represents delivery at specified "Ship-To" address. If in order to comply with Buyer's required delivery date it becomes necessary for Seller to ship by a more expensive way than specified in this Purchase Order, any increased transportation costs resulting therefrom shall be paid for by Seller unless the necessity for such rerouting or expedited handling has been caused solely and exclusively by the Buyer.

6. **Insurance:** In the event that Seller's goods or services hereunder require or contemplate performance of services by Seller's employees, or persons under contract to Seller, to be done on Buyer's property, or property of Buyer's customers, the Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of the Buyer. Seller shall maintain all necessary insurance coverage's, including general and product liability and Workers' Compensation insurance. Seller shall

indemnify and save harmless and defend Buyer from any and all claims or liabilities arising out of the work covered by this paragraph.

7. Proprietary Information-Confidentiality-Advertising: Seller shall consider all information furnished by Buyer to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than performing this contract, unless Seller obtains written permission from Buyer to do so. This paragraph shall apply to drawings, specifications, and other documents prepared by Buyer for Purchase in connection with this Purchase Order. Seller shall not advertise or publish the fact that Buyer has contracted to purchase goods from Seller, nor shall any information relating to the Purchase Order be disclosed without Buyer's written permission.

8. Patents and Intellectual Property Rights: Seller agrees upon receipt of notification to promptly assume full responsibility for defense of any suit or proceeding which may be brought against Buyer or its agents, customers, or other vendors for alleged patent infringement, as well as for any alleged unfair competition

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resulting from similarity in design, trademark, or appearance of goods or services provided hereunder, and Seller further agrees to indemnify Buyer, its agents and customers against any and all expenses, losses, royalties, profits and damages including court costs and attorneys' fees resulting from any such suit or proceeding, including any settlement. Buyer may be represented by and actively participate through its own counsel in any such suit proceeding if it so desires, and the costs of such representation shall be paid by Seller.

9. Indemnification: Seller shall defend, indemnify and hold harmless Buyer against all damages, claims or liabilities and expenses (including attorney's fees) arising out of or resulting in any way from any defect in the goods and/or services purchased hereunder, or from any act or omission of Seller, its agents, employees or subcontractors. This indemnification shall be in addition to the warranty obligations of the Seller.

10. Changes: Buyer shall have the right at any time to make changes in drawings, designs, specification, materials, packaging, time and place of delivery and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this agreement shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this paragraph.

11. Inspection/Testing: Payment for the goods delivered hereunder shall not constitute acceptance thereof. Buyer shall have the right to inspect such goods and to reject any or all of said goods, which are in the Buyer's judgment defective or nonconforming. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Seller at its expense and, in addition to Buyer's other rights. Buyer may charge Seller all expenses of unpacking, examining, repacking and reshipping such goods. In the event Buyer receives goods whose defects or nonconformities are not apparent on examination, Buyer reserve the right to require replacement, as well as payment of damages. Nothing contained in this Purchase Order shall relieve in any way Seller from the obligation of testing, inspection and quality control.

12. Warranty: Seller expressly warrants that all goods or services furnished under this agreement shall conform to all specifications and appropriate standards, will be new, and will be free from defects in material or workmanship. Seller warrants that all such goods or services will conform to any statements made of the containers or labels or advertisements for such goods or services, and that any goods will be adequately contained, packaged, marked and labeled. Seller warrants that all goods or services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which goods or services of that kind are normally used. If Seller knows or has reason to know the particular purpose for which Buyer intends to use the goods or services, Seller warrants that such goods or services will be fit for such particular purpose. Seller warrants that goods or services furnished will conform in all respects to sample. Inspection, test, acceptance or use of the goods or services furnished hereunder shall not affect the Seller's obligation under this warranty, and such warranties shall survive inspection, test, acceptance and use. Seller's warranty shall run to Buyer, its successors, assigns and customers, and users of products sold by Buyer. Seller agrees to replace or correct defects of any goods, or services not conforming to the foregoing warranty promptly, without expense to Buyer, when notified of such nonconformity by Buyer, provided Buyer elects to provide Seller with the opportunity to do so. In the event of failure of Seller to correct defects in or replace nonconforming goods or services promptly, Buyer, after reasonable notice to Seller, may make such corrections or replace such goods and services and charge Seller for the cost incurred by Buyer in doing so. Seller warrants that the prices for the articles sold to Buyer hereunder are not less favorable than those currently extended to any other customer for the same or similar articles in similar quantities. In the event Seller reduces its price for such article during the term of this contract, Seller agrees to reduce

the prices hereof correspondingly. Seller warrants that prices shown on this Purchase Order shall be complete, and no additional charges of any type shall be added without Buyer's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, customs duties, taxes, storage, insurance, boxing and crating.

13. **Assignments and Subcontracting:** No part of this Purchase Order may be assigned or subcontracted by Seller or its agents without prior written approval of Buyer.

14. **Set-off:** All claims for money due or to become due from Buyer shall be subject to deduction or set-off by the Buyer by reason of any counterclaim arising out of this or any other transaction with Seller.

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15. Vendor imposed surcharges or fees: Unless accepted in writing, Buyer expressly prohibits the imposition of surcharges and fees associated with the performance of this Purchase Order. Without written acceptance, Buyer will not pay surcharges or fees included on invoices.

16. Taxes: The prices set forth in this Purchase Order include all applicable federal, state, and local taxes.

17. Export Compliance and Controls: Seller shall fully comply with all U.S. export/import compliance laws and regulations. Seller agrees to notify Buyer if any articles or services to be delivered under this Purchase Order are restricted by export/import control laws or regulations. Seller shall immediately notify Buyer if Seller is listed or becomes listed on the Denied Persons List, Unverified List, Specially Designated Nationals Lists, or Debarred List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.

If seller is engaged in the United States in the business of either exporting, manufacturing or brokering ITAR items, Seller represents that it is registered with the Directorate of Defense Trade Controls (DDTC), as may be required by 22 C.F.R. 122.1 of the ITAR and that it maintains an effective export/import compliance program in accordance with DDTC guidelines.

Supplier acknowledges that any technical data furnished by Buyer in connection with this Order may be subject to Export Control Laws.

18. Notices: Any notice to be given under this Purchase Order issued under these Terms and Conditions hereunder must be in writing. Notices may be sent via electronic means, via facsimile, or via certified or registered mail. Notice will only be deemed to have been given when received and acknowledged by Buyer.

19. Order of Precedence: In the event of any inconsistency between the provisions of this Purchase Order, the inconsistency shall be resolved by giving precedence in the following order: 1) Purchase Order, 2) Drawings, schematics, blueprints, and/or technical specifications, 3) Terms and Conditions of Purchase.

20. Equal Employment Opportunity Compliance: To the extent applicable, this instrument incorporates by reference the Equal Employment Opportunity Clause, paragraphs 1 thru 7 set forth in Sections 60-1.4 of title 41 of the Code of Federal Regulations as amended as well as Executive Order 11,758 (Employment of Handicapped) and Executive Order, 11,701 (Employment of Veterans).

21. OSHA: All items delivered and/or services performed by Supplier or its subcontractors shall comply with "The Federal Occupational Safety and Health Act of 1970" and all standards and regulations issued there under, as well as any and all applicable State Code(s) concerning Occupational Safety and Health. Fair Labor Standards Warranty: Supplier warrants that with respect to the production of the items and/or the performance of the services set forth in any Purchase Order made pursuant to these terms and conditions, it has fully complied with the provisions of the Fair Labor Standards Act of 1938, as amended, and any other applicable labor laws.

22. Equal Employment Opportunity: The Equal Employment Opportunity provisions of Section 292, paragraphs 1 through 7 of Executive Order 11246, as amended, and Executive Order 11598 relative to equal employment opportunity and the employment of veterans, and the Rehabilitation Act of 1973, as amended, relative to equal employment opportunity and the employment of

disabled veterans and veterans of the Vietnam Era, and the implementing rules and regulations there under are incorporated herein by reference.

23. Utilization of Small and Disadvantaged Businesses: It is a policy of the United States government that small businesses, women-owned businesses and small business concerns owned and controlled by socially and economically disadvantaged individuals, as defined by Federal law, shall have the maximum practicable opportunity to participate in the performance of contracts solicited by Federal agencies. Supplier shall carry out this policy in the awarding of subcontracts to the fullest extent consistent with the timely and efficient performance of any AviTech solicited Purchase Order. Supplier shall also participate in any studies or surveys conducted by the United States Small Business Administration or other applicable agency of the United States as are required to determine the extent of AviTech's or Supplier's compliance with this policy.

24. Gratuities and Kickbacks: No money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind shall be offered or given to any employee of the Buyer with the intention of securing favorable treatment as a supplier. By accepting this Purchase Order, Seller certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of the Anti-Kickback Act of 1986 (41 USC 51-58).

25. Force Majeure: No party to this Purchase Order is responsible to the other party for nonperformance or delay in performance due to acts of God, acts of Government action or failure of the government to act where such action is required, wars, riots, strike, fire, or unusually severe weather. Should such acts or events occur, the parties agree to pursue their best efforts to overcome the events and resume work as soon as reasonably possible.

26. Termination for Convenience of Buyer: Buyer reserves the right to terminate this Purchase Order or any part hereof at any time in the event the Government terminates any part of Buyer's Prime Contract or for its sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. Seller shall be paid a reasonable termination charge consisting of a percentage of the Purchase Order price reflecting the percentage of the work performed prior to the notice of termination, plus actual direct costs resulting from termination. Seller shall not be paid for any work done after receipt of notice of termination, or for any costs incurred by Seller's suppliers or subcontractors which Seller could have reasonably avoided.

27. Termination for Cause: Buyer may terminate this Purchase Order or any part hereof for cause in the event of breach by the Seller or if the Seller fails to comply with any of the terms or conditions of this Purchase Order. Late deliveries, deliveries of products which are defective or which do not conform to this Purchase Order, or missing or inadequate documentation, and failure to provide Buyer, upon request, or reasonable assurances of future performance shall all be causes allowing Buyer to terminate this Purchase Order for cause. In the event of termination for cause, Buyer shall not be liable to Seller for any amount, and Seller shall be liable to Buyer for any and all damages sustained by reason of the default, which gave rise to the termination.

28. Disputes: All claims, controversies, or disputes arising out of or relating to this Purchase Order shall be resolved by negotiation and mutual agreement between the parties. If the dispute cannot be resolved, Seller agrees that the parties may endeavor to settle the dispute by mediation under the current commercial mediation rules of the American Arbitration Association (AAA). The parties will continue to perform under this Purchase Order during the dispute resolution process.

29. Waiver: Buyer's failure to insist on performance of any of the terms or conditions contained herein or to exercise any right or privilege or Buyer's waiver of any breach hereunder shall not thereafter waive any other terms, conditions, or privileges, whether of the same or similar type.

30. Limitation on Buyer's Liability- Statute of Limitations: In no event shall Buyer be liable for anticipated profits or for incidental or consequential damages. Buyer's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from this contract or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof, which gives rise to the claim. Buyer shall not be liable for penalties of any description. Any action resulting from any breach on the part of Buyer as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.

31. Entire Agreement: This Purchase Order and any documents referred to on the face hereof, constitute the entire agreement between the parties