

## TERMS AND CONDITIONS

1. **ACCEPTANCE** – This order becomes a binding contract upon the terms and conditions included herein and any supplementary terms and conditions attached hereto when the acknowledgment copy executed by Seller has been received by TurbineAero Repair or when TurbineAero Repair accepts any of the articles furnished by Seller pursuant to the terms hereof. No modification of any of these terms and conditions shall be binding unless accepted and acknowledged in writing by TurbineAero Repair, nor shall any provision contained in any shipping document or accompanying any shipment impose any obligation on TurbineAero Repair which modifies or varies any of these terms and conditions.
2. **COMPLIANCE** – No charges of any kind (including, but without limitation, charges for packing, crating or freight) in excess of the unit prices shown on the face of this order, will be payable unless authorized in writing by TurbineAero Repair. Invoices must itemize transportation charges and taxes as separate items. Complete and correct installment delivery of all of the items required to be delivered hereunder must be made to TurbineAero Repair's Receiving Department in accordance with the schedule set forth herein or as modified by TurbineAero Repair, in writing, as a condition precedent to TurbineAero Repair's obligation to make payment hereunder. Invoices for incomplete shipments, except for the correct installments of all items required to be shipped will not be processed. Cash discounts and dating of invoices will be calculated from the date a processable invoice, as defined herein, is received by TurbineAero Repair. Acceptance by TurbineAero Repair of incomplete shipments shall not be construed or operate as a waiver of this provision. Seller warrants that the prices charged TurbineAero Repair as indicated in this order, are no higher than prices charged or placed by others for similar quantities under similar conditions during the sixty (60) day period prior to the date of this order. In the event Seller breaches this warranty, the prices of the articles shall be reduced accordingly. Except as otherwise provided in this order, the price includes all applicable Federal, State and local taxes in effect on the date hereof.
3. **WARRANTY** – In addition to all warranties, which may be provided by law or specifically set forth in this order, the articles shall conform to the specifications, drawings, and other descriptions and shall be free from defects in materials and workmanship. Seller also warrants to the extent the articles are not manufactured pursuant to detailed designs furnished by TurbineAero Repair, that they will be free from defects in design. Such warranties, including warranties prescribed by law, shall run to TurbineAero Repair, its successors, assigns and customers, and to users of the articles, for a period of one year after delivery unless otherwise stated.
4. **DELIVERY SCHEDULE** – Delivery shall be strictly in accordance with the delivery schedule set out or referred to in this order. Articles shipped to TurbineAero Repair in advance of schedule or in excess of schedule may be returned to Seller at Seller's expense. If Seller's deliveries fail to meet such schedule, Seller, at its expense, will use an expedited method of shipment specified by TurbineAero Repair. If requested to do so by TurbineAero Repair, until past deficiencies are corrected and deliveries are on schedule. If releases are used by TurbineAero Repair, TurbineAero Repair is not liable for fabrication or shipment of articles in excess of authorized releases. Authorized release date for fabrication or shipment of each installment required by the delivery schedule shall be the date required to satisfy normal industry lead time requirements.
5. **PATENT PROTECTION** – Except so far as the order calls for articles or materials manufactured pursuant to TurbineAero Repair's drawings or specifications. Seller agrees to defend any suit or proceeding against TurbineAero Repair based upon a claim that any articles or any part thereof manufactured hereunder by reason of its manufacture, sale or use, infringes upon any United States patent which has issued at date of contract and agrees to pay the amount of any judgment rendered against TurbineAero Repair resulting therefrom, together with all costs and expenses incident thereto including but without limitation attorney's fees; provided Seller is notified of the threat or commencement of such suit or proceedings promptly and is given an opportunity, with the cooperation of TurbineAero Repair, to conduct the defense or settlement thereof.
6. **COMPLIANCE WITH THE LAW** – Seller agrees that the goods and/or services produced and/or rendered pursuant to this contract will be produced and/or rendered in accordance with all applicable Federal, State and local laws, orders and regulations, and that all invoices covering such goods and/or services will contain a statement certifying to this fact.
7. **WAIVERS** – Any waiver of strict compliance with the terms of this order or any part thereof shall not constitute a waiver of TurbineAero Repair's right to insist upon strict compliance with the other terms of this order of the terms of any subsequent order.
8. **NON-ASSIGNMENT** – Seller shall not assign this order or any interest therein, including any payment due or to become due with respect thereto, without TurbineAero Repair's prior written consent except for the assignment of rights which by law can be assigned despite any agreement to the contrary. In any case, TurbineAero Repair shall not be bound by any assignment until after actual receipt of written notice of such assignment from Seller.
9. **PRESERVATION AND PACKAGING** – In the absence of any specific instructions set forth on the face of this order, all articles or materials delivered pursuant to this order shall be packed adequately to prevent any damage in shipment and storage. All packages shall be properly marked and identified.
10. **TERMINATION** –
  - A. For default:
    1. TurbineAero Repair may terminate this purchase order, or any part thereof, by telegraphic or written notice of default to Seller under any of the following circumstances:
      - a. If Seller refuses or fails to make deliveries or perform the services within the time specified or any extension thereof. In this regard, time of delivery is expressly declared to be of the essence of this order.
      - b. If Seller fails to comply with any other provisions of this purchase order or so fails to make progress as to endanger performance of this purchase order in accordance with its terms and does not cure any such failure within a period of ten (10) days or such longer period as TurbineAero Repair may authorize by written notice after receipt of notice from TurbineAero Repair specifying such failure.

- c. If Seller becomes insolvent, or makes a general assignment for the benefit of creditors, or files or has filed against it, a petition of bankruptcy or for reorganization, or pursues any other remedy under any other law relating to the relief for debtors, or in the event a receiver is appointed for Seller's property or business.
      2. In the event of such termination, TurbineAero Repair may purchase or manufacture similar supplies and/or require Seller to transfer title and deliver to TurbineAero Repair any and all property produced or procured by Seller under this purchase order and Seller shall be liable to TurbineAero Repair for any excess cost to TurbineAero Repair including but not limited to any procurement overhead incurred by TurbineAero Repair in doing so.
    - B. TurbineAero Repair may terminate this order in whole or in part, at any time for its convenience, by notice to Seller in writing. On receipt by Seller of such notice, Seller shall, to the extent specified therein, stop work hereunder and the placement of subcontracts, terminate work under subcontracts outstanding hereunder, and take any necessary action to protect property in Seller's possession in which TurbineAero Repair has or may acquire an interest. In such event, TurbineAero Repair shall pay to Seller, without duplication, the amounts due for articles delivered and accepted to services completed in accordance herewith prior to the effective date of termination, plus actual costs incurred by Seller if properly allocable or apportionable under recognized commercial accounting practices; to the terminated portion of the contract, including liabilities to subcontractors which are so allocable, and excluding any changes for interest or material or parts which may be delivered to other orders, plus a reasonable profit on work actually done by Seller prior to such termination, plus the reasonable costs of settlement provided that the total settlement shall not exceed the contract price and provided further, that if it appears that the Seller would have sustained a loss on the entire contract had it been completed, no profit shall be included or allowed and an appropriate adjustment shall be made reducing the amount of the settlement to reflect the indicated rate of loss. Such termination claim shall be submitted to TurbineAero Repair within sixty (60) days after the effective date of the termination.
    - C. If, after notice of termination of this purchase order under the provisions of paragraph 10(A) (for default) above, it is determined for any reason that the Seller was not in default under the provisions of that paragraph, or that the default was excusable, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the convenience termination clause contained in paragraph 10(B) above.
    - D. Any termination by TurbineAero Repair, whether for default or otherwise, shall be without prejudice to any claims for damages or other rights of TurbineAero Repair against Seller.
    - E. TurbineAero Repair shall have the right to audit all elements of any termination claim and Seller shall make available to TurbineAero Repair on request all books, records, and papers relating thereto, the failure of Seller to comply with this provision as and when required shall operate as a termination of its claim.
    - F. Seller shall continue performance of this purchase order to the extent not terminated. Any provisions for delivery or acceptance of the articles in installments shall not make severable the obligations of Seller.
11. CHANGES -
  - A. TurbineAero Repair may at any time, by written and/or telegraphic order to Seller, signed by a representative of TurbineAero Repair, make changes in the quantities ordered or in the specifications or drawings or in the delivery schedule relating to the articles, or may change or amend any other terms or conditions of this order.
  - B. Seller shall proceed promptly to make such changes in accordance with the terms of such written and/or telegraphic order. An equitable adjustment shall be made to any price, time of performance or other provisions of this order required to be changed thereby, and this order shall be amended in writing accordingly. Any claim for adjustment under this clause must be made in writing within thirty (30) days from the date of receipt by Seller of such change. In the absence of such notification, TurbineAero Repair shall not be obligated to consider Seller's claim for an equitable adjustment resulting from a change. Nothing in this clause shall excuse Seller from proceeding with the purchase order as changed.
  - C. Except as may be directed or agreed to in writing by a representative of TurbineAero Repair, Seller shall not make any changes in any aspect of the work to be performed under this purchase order, including but not limited to drawings or specifications, quantity or articles ordered and delivery schedules.
12. NOTICE OF LABOR DISPUTES – Whenever an actual or potential labor dispute is delaying, or threatens to delay, the timely performance of this order, Seller shall immediately give notice thereof, including all relevant information with respect thereto to TurbineAero Repair. Seller shall insert the substance of this paragraph in any subcontract hereunder as to which a labor dispute may delay the timely performance of this order except that each such subcontractor shall provide that in the event its timely performance is delayed or threatened by delay by an actual or potential labor dispute, the subcontractors shall immediately notify Seller of all relevant information with respect to such dispute.
13. SPECIAL TOOLS – Unless otherwise agreed herein, special tools, dies, jigs, and patterns, hereinafter collectively referred to as “special tooling”, used in the manufacture of said articles shall be furnished by and at the expense of Seller, shall be kept in good condition and when necessary, shall be replaced by Seller without expense to TurbineAero Repair. TurbineAero Repair may at any time reimburse Seller for the cost of any of the special tooling and/or replacements and become the owner and entitled to the possession of same. If the price stated on the face hereof includes the cost of any special tooling or special equipment fabricated or acquired by Seller for the purpose of filling this order, such special tooling and equipment and any process sheets related thereto shall become the property of TurbineAero Repair and to the extent feasible shall be identified by Seller as such. Unless otherwise specified herein, TurbineAero Repair shall make payment therefor only upon acceptance of the first article fabricated from special tooling by the Seller, Seller shall, at its own expense, maintain such special tooling and equipment in proper working order and shall be responsible for all loss or damage thereto while in its possession and shall use the same only for the production of material for TurbineAero Repair unless otherwise authorized in writing.
14. TITLE AND RISK OF LOSS – Title to all goods furnished in fulfillment of this order by Seller shall pass to TurbineAero Repair only at such time as they are delivered to TurbineAero Repair's designated destination properly packaged so as to prevent loss in shipment. Risk of loss, due to any cause, shall remain with Seller until the goods have been received by TurbineAero Repair or TurbineAero Repair's customer, at the location noted as the delivery destination on the face of this order. This condition shall not be affected by F.O.B. terms, choice of carrier or shipping instructions.

15. SET OFF – TurbineAero Repair shall be entitled to set off any amounts owing at any time from Seller to TurbineAero Repair or its subsidiaries, parent corporation or affiliated companies, against any amount payable at any time by TurbineAero Repair or its subsidiaries, parent corporation or affiliated companies to Seller.

16. RIGHTS AND RESERVATIONS - All drawings designs information tools, patterns, equipment and other items supplied by Buyer and proprietary rights therein, are reserved and the same shall not be used or reproduced for any purpose whatsoever except in the performance of work under this P.O. Except that upon prior written notice to Buyer and on a non-interference basis with Seller’s performance of this or other P.O.’s from Buyer, Seller shall have the right to use such items in the manufacture of end items for sale to the United States Government either directly or indirectly through a Government subcontractor to the extent the Government has the right under any contract to authorize such use by Seller, provided Seller permanently identifies each such item as having been manufactured by Seller for sale to the United States Government.

17. WORK ON TURBINEAERO REPAIR’S PREMISES – If Seller’s work under this order involves operations by Seller on TurbineAero Repair’s premises, Seller shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work, and except to the extent that any such injury is due solely and directly to TurbineAero Repair’s negligence, shall indemnify and hold harmless TurbineAero Repair from all claims, actions, or causes of actions, losses, costs, attorney’s fees and damages which may result in any way from any act or omission of Seller, its agents, employees, or subcontractors, and Seller shall maintain such public liability, property damage and employee’s liability and compensation insurance as will protect TurbineAero Repair from any claims under any applicable workmen’s compensation and occupation disease act.

18. APPLICABLE LAW - The construction, interpretation and performance of this order and all transactions under it, shall be governed by the laws of the State of Arizona.

19. ADDITIONAL TERMS APPLICABLE TO GOVERNMENT CONTRACTS OR SUBCONTRACTS – If a Government contract number is inserted on the face of this order, then the contract clauses from the DAR/FAR listed on attachment hereto, or in the event a schedule is not attached the DAR/FAR contract clauses included in the Government contract identified, and any other mandatory DAR/FAR provisions shall take precedence, and are incorporated into this contract by reference, provided, however, that appropriate revisions of these clauses shall be deemed to have been made so that, for example, references to “contracting officer” or “government” shall apply to TurbineAero Repair and references to the “contractor” shall apply to the Seller herein as appropriate to the intent of each clause as used in this subcontract.

20. INSPECTION, ACCEPTANCE AND REJECTION –

- A. All products are subject to (a) inspection during manufacture (b) inspection prior to shipment, and (c) final inspection and acceptance at destination, notwithstanding the F.O.B. point or any payment or prior inspection at source. Final inspection and acceptance will be made at a reasonable time after receipt of Products.
- B. Seller shall furnish to Buyer, if requested, all information and data s may be reasonably required by Buyer in order to perform inspection and acceptance.
- C. Inspection and Acceptance of any Products by Buyer or the Government shall not be deemed to alter or affect the obligations of Seller or the rights of Buyer and its customers under Warranties herein or as may be provided by law.
- D. Buyer’s failure to inspect any of the Products hereunder shall neither relive Seller from responsibility for such P products as are not in accordance with the requirements of this Order nor impose liability on Buyer therefor.
- E. Any tender of Products which is nonconforming as to quality, quantity or delivery schedule shall constitute a breach of this Order and Buyer shall have the absolute right to reject such Products. Buyer shall notify Seller as to such rejection and Buyer shall have all such remedies as provided by law and this Order, including, but not limited to (a) hold such rejected Products or return same to Seller at Buyer’s election and at Seller’s risk and expense, (b) replace or correct Seller’s Products and charge to Seller the cost occasioned to Buyer thereby or require the delivery or replacement of such Products at an equitable reduction in price. If Seller fails to remove promptly such rejected Products or unless Seller corrects or replaces the defective Products within the time required by the delivery schedule, and (c) recover by offset or otherwise any and all damages, expenses or costs caused to or experienced by Buyer as a result of such rejection or which result from a series of rejections.
- F. If any inspection is made by Buyer or the Government on premises of Seller or a subcontractor Seller without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of Buyer and Government inspection in the performance of their duties.
- G. Seller shall notify Buyer of non-conforming product, and provide arrangements for approval (Disposition) of non-conforming product by Buyers Quality Control.
- H. Seller shall flow down to sub-tier suppliers all applicable requirements of this purchasing document.

21. QUALITY CONTROL – In accordance with the specific requirements of this Order, Seller shall provide and maintain a quality control system acceptable to Buyer covering the Products and services hereunder. Records of all certifications and inspection work by Seller and Seller’s subcontractor(s) shall be kept complete and available to Buyer at Seller’s facility during the performance of this Order or such longer period as may be specified elsewhere herein. Authorized purchasing, technical and quality assurance representative(s) of Buyer shall be entitled to enter the plant of Seller at all reasonable times for the purpose of maintaining liaison between the quality control system and the program, to review Seller’s manufacturing and processing plans and records and to conduct preliminary inspection and tests of the Products and work in process.

22. CERTIFICATE OF CONFORMANCE – Seller shall submit with each shipment of articles under this purchase order, a Certificate of Conformance with the packing sheet. Certification shall be essentially as follows:

“Seller certifies that all articles delivered in this shipment conform with all applicable drawings, specification and purchase order requirements. Evidence of such conformance is on file at our plant and is subject to examination by authorized TurbineAero Repair representatives.”