



# TERMS, CONDITIONS AND INSTRUCTIONS

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BY ACCEPTANCE OF THIS ORDER, SELLER AGREES TO BE BOUND BY THE FOLLOWING TERMS, CONDITIONS AND INSTRUCTIONS.

(1) **GENERAL:** This Purchase Order constitutes Buyer's offer to purchase the goods stated on the front side of this document subject to and conditioned upon Seller's acceptance of the terms, conditions and instructions stated below. This order is not valid unless signed by Buyer's authorized Purchasing Agent and shall be deemed accepted by Seller upon Buyer's receipt of Seller's executed acknowledgement or after thirty days from issuance of purchase order, whichever is sooner. Any variation by Seller of the terms and conditions stated herein, including additions and deletions, shall be deemed void and without legal force and effect unless accepted by Buyer in writing.

(2) **PAYMENT:** The applicable payment period shall commence on the date Buyer receives a correct invoice from Seller or on the date Buyer receives the first item shipped under this order, whichever is later. Buyer may submit payment for this order during any applicable discount period and prior to its inspection of the goods, without limiting or waiving any of its rights under law or as provided herein.

(3) **PRICE:** Seller, by acceptance of this Purchase Order, certifies that the prices quoted herein are accurate, complete and reflect the maximum price for the goods as of the date of Seller's quotation. Seller agrees to adjust this price downward in the event a lower price is in effect on the date of shipment of the goods. Additionally, Seller certifies that the price stated herein is that which is regularly quoted and is no higher than that charged to any other customer for identical items in like quantities.

(4) **VARIANCES, SUBSTITUTIONS AND LATE DELIVERIES:** Seller agrees, that if it is unable to furnish any item in this order exactly as described in quantity, size, type, model, or otherwise, it will immediately advise Buyer by written notification indicating the best available substitute, with full description thereof, together with a statement of its interchangeability, price and shipment date. Shipment of substitutes offered by Seller and deemed to be acceptable by Buyer, will be authorized by issuance of a supplement to this order. Unauthorized substitutions or late deliveries may be rejected by Buyer and returned at Seller's expense. Acceptance by Buyer of substitutes shall constitute a waiver of the specific nonconformance only and shall not be deemed a waiver of any other provision of this or any future Purchase Order. Specifications attached hereto must be strictly complied with regardless of any prior course of dealing between Buyer and Seller.

(5) **PACKING, SHIPPING AND INVOICING INSTRUCTIONS:** The goods ordered shall be packed in commercially acceptable shipping containers which are individually marked to indicate their contents. Packing slips must accompany each shipment; if no packing slip is furnished, Buyer's count will be deemed final. Seller will not ship ahead of schedule without Buyer's express approval. Payment for early shipments will be due in accordance with the originally scheduled shipping date. Seller shall ship to the destination noted in the "SHIP TO" box and shall prepay freight in accordance with the F.O.B. instructions listed on the Purchase Order. Upon shipment, Seller will promptly advise Buyer of the date, method, point and route of shipment. The Purchase Order number must appear on all invoices, packages, packing slips, bills lading and airway bills. All invoices must be mailed in triplicate to the attention of Accounts Payable. Unless otherwise specified, the price stated herein includes all charges for packing, crating and cartage to the F.O.B. point. Shipping containers shall clearly show Country of Origin.

(6) **INSPECTION AND ACCEPTANCE:** All items ordered shall be subject to final inspection at Buyer's designated facility. Such inspection shall be made by Buyer or its authorized agent within a reasonable time after receipt, irrespective of whether payment has been made. If, at the time of inspection, any items fails to be fully satisfactory to Buyer, Buyer may, in addition to any other rights it may have, reject the unsatisfactory goods and demand full credit or require that Seller promptly correct or replace the unsatisfactory item at Seller's expense. Upon notification to Seller of such rejection, Buyer may at its option, hold the rejected items for Seller's instructions or return such items to Seller at Seller's expense including any transportation charges incurred in connection therewith. After such notice of rejection, title to and risk of loss of the items rejected shall be Seller's responsibility. Acceptance by Buyer shall not relieve Seller of its liability for nonconforming goods where such nonconformance arises from latent defects, or Seller's fraud.

(7) **TITLE AND RISK OF LOSS:** Except as otherwise provided herein, title to and risk of loss on all items shipped by Seller to Buyer shall pass to Buyer at the F.O.B. point designated on the Purchase Order. Cost of all return shipments, for whatever reason returned, shall be borne by Seller and, in that event, title and risk of loss shall pass to Seller at Buyer's plant unless otherwise specified by Buyer at the time of return.

(8) **NOTICE OF DELAY:** (a) Whenever Seller encounters any difficulty which is delaying or threatens to delay the timely performance of this contract (including actual or potential labor disputes); Seller shall immediately give notice thereof in writing, to Buyer, stating all relevant information with respect thereto. Such notice shall not in any way constitute a basis for an extension of the delivery schedule or be construed as a waiver by Buyer of any rights or remedies to which it is entitled by law or pursuant to the terms and conditions of this contract. Failure to give such notice, however, may be grounds for denial of any request or an extension of the delivery schedule because of such delay. (b) Seller agrees to insert the substance of this paragraph, including this clause (b) in any subcontract or subsequent order hereunder; except that each such subcontract shall provide that in the event its timely performance is delayed or threatened by delay, the subcontractor shall immediately notify his next higher-tier subcontractor, or the prime contractor, as the case may be, of all relevant information with respect thereto.

(9) **CHANGES:** Buyer shall have the right, by written notice to Seller, to modify the packing requirements, the method of shipment, or the delivery points; and to make changes in or additions to the drawings, designs and specifications for any goods manufactured especially for this order; if any such change causes an increase or a decrease in the time required for or the cost of performance of this order, an equitable adjustment in the price or delivery schedule, or both, shall be made and this order modified in writing accordingly. If Seller intends to submit a claim for adjustment hereunder, it must give Buyer written notice of such intention within thirty days from its receipt of the change.

(10) **TERMINATION:** Buyer may terminate this order in whole or in part by written notice to Seller. Upon receipt of such notice Seller shall immediately stop work on this order or the terminated portion thereof. Thereafter, Buyer shall pay the Seller the full price for all goods completed in compliance with the terms of this order and shall pay Seller an amount to be negotiated for work in process and material inventories. In their settlement negotiations the parties shall consider manufacturing costs, salvage values, anticipated profits as related to the percentage of completion of the terminated work, and material purchases made by the Seller specifically for this Purchase Order and before its receipt of the termination notice. To the maximum extent possible, Seller shall reduce its claim by promptly terminating subcontracts and order and by diverting completed goods and work in process to his other work. Seller shall notify Buyer in writing within thirty days after its receipt of the termination notice whether or not a termination claim is to be submitted. Seller also agrees to submit its detailed claim to Buyer within six months from the date of its receipt of the termination notice. Upon Buyer's request, Seller shall deliver to Buyer completed goods; work in process and property in the possession of Seller.

(11) **INTELLECTUAL PROPERTY INDEMNITY:** Seller represents that the goods sold pursuant to this order do not infringe any United States patent, trademark, or copyright. Seller agrees to indemnify and save Buyer harmless from any and all claims, liabilities, suits, damages actions, expenses and costs which Buyer may hereafter incur in connection with any alleged infringement of any patent, trademark, or copyright relating to the goods sold hereunder.

(12) **WARRANTY:** Seller expressly warrants that all articles, materials, parts, and work covered by this contract will conform to specifications, drawings, samples, or any other descriptions furnished or adopted by Buyer, and will be of good workmanship and material and free from defects for the term of the manufacturer's stated



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warranty period, or in the absence of such an established warranty period, for a period of one year from date of receipt or acceptance by Buyer, whichever is later. Such warranties shall survive inspection and acceptance. Warranty repairs or replacement shall be accomplished forthwith by Seller, including necessary parts and labor, without cost to Buyer, upon notice from Buyer of a warranty defect.

(13) By accepting this Purchase Order, Seller agrees that the Seller shall be responsible for after sale product support for the articles, materials and parts covered by this contract. Seller agrees that the Seller will provide knowledgeable product support personnel to answer Buyer's questions and to perform any required troubleshooting of the articles, materials and parts covered by this contract.

(14) **COMPLIANCE WITH LAWS:** Seller hereby represents and certifies that in the performance of its obligations under this Agreement, it has or will comply with all applicable federal, state and local laws including the Fair Labor Standards Act, The Robinson-Patman Act, and all executive orders, regulations, rulings and guidelines implementing legislation pertaining to equal employment opportunity, to veterans (60-250.4 – Disabled Veterans of the Vietnam Era), handicapped workers (60-741.4 – Section 503 of the Rehabilitation Act of 1973), and concerning E.O. 11246, as amended. The Seller shall comply with all national and international regulations, including Export Administration Regulations (EAR) and International Traffic in Arms Regulations (ITAR) relating to the export control. The Seller warrants that the goods provided hereunder are not currently subject to EAR or ITAR regulations. Seller shall also provide the Export Commodity Number (ECCN) for each of the goods provided hereunder from the U.S. Department of Commerce or from the U.S. Munitions List (USML) of the U.S. State Department, as the case may be.

(15) **FAA REQUIREMENTS:** All items ordered herein shall, at the time of delivery hereunder, be in full compliance with all applicable requirements of the Federal Aviation Administration and the applicable requirements of the Federal Aviation Regulations. Seller shall be responsible for obtaining and continuously maintaining such compliance and shall furnish to Buyer evidence of such compliance in the form of certificates or other written approval as required by the Federal Aviation Administration.

(16) **ASSIGNMENT:** This contract and the rights contained herein may not be assigned by Seller without the express prior written consent of Buyer. Likewise, Seller's obligations hereunder may not be delegated to any other party without the express prior written consent of Buyer.

(17) **APPLICABLE LAW:** This contract shall be interpreted under and performance shall be governed by the laws of the STATE OF ARKANSAS, exclusive of that State's choice-of-law rules.

(18) **CONSENT TO JURISDICTION AND VENUE:** Seller hereby irrevocably submits to the sole and exclusive jurisdiction of the state and federal courts in the State of Arkansas, U.S.A. for the purpose of any claim, dispute, controversy, or proceeding arising out of or related to this order and hereby irrevocably stipulates that the courts located in the State of Arkansas, U.S.A. shall have personal jurisdiction over Seller for the purpose of litigating any dispute, controversy, or proceeding related to this order.

(19) **CONFLICTS:** If this purchase is made in connection with a separate Purchase Agreement signed by both Parties, then the terms and conditions of that Agreement shall govern in the event of a conflict with this document. Otherwise, the Terms, Conditions and Instructions contained in this Purchase Order shall control.

(20) **MODIFICATION:** This contract may only be amended or modified by a written instrument duly executed by authorized representatives of both parties. No oral modification of this Agreement shall be legally binding on the parties.

(21) **INSURANCE:** Seller shall secure and keep in force during the term of this contract from insurance companies authorized to do business in Arkansas the following insurance coverage:

1. Commercial General Liability, including premises or operations, contractual, and products or completed operations coverage (if applicable), with minimum limits of \$10,000,000 per occurrence and \$10,000,000 annual aggregate; Completed Operations coverage shall be maintained for six (6) years;
2. Automobile liability, any auto coverage, with minimum limits of \$5,000,000DSL;
3. Workers' Compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract;
4. Employers Liability of not less than \$1,000,000;
5. Professional Liability (Errors and Omissions), if applicable, including a three (3) year "tail coverage endorsement," with minimum limits of \$1,000,000 per occurrence;
6. Pollution Liability, if applicable, for Personal Injury, Property Damage and Cleanup costs arising from pollution conditions caused by the operations of Seller for limits of \$5,000,000. Occurrence coverage is preferred but claims-made form that includes a three (3) year tail endorsement. Coverage shall include contractual liability, loading and unloading, unlimited complete operations, and non-owned disposal site coverage;
7. Property/Fire Insurance, on a broad form all risk perils basis, to include Personal Property of Others coverage extension in amounts sufficient to cover the CAC selling price of materials/equipment stored or worked on for the benefit of CAC; CAC will be named as an additional insured and loss payee as its interests may appear on said policy.

Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Seller.

This insurance may be in policy or policies of insurance, primary and excess; and must be placed with insurers rated "A+" or better by A.M. Best Company, Inc. CAC will be defended, indemnified, and held harmless to the full extent of any insurance coverage secured by the Seller in excess of the minimum requirements set forth above. The duty to indemnify CAC under this contract shall not be limited by the insurance required by this contract.

CAC and its officers and employees shall be endorsed as additional insured(s) on the Commercial General Liability and Automobile Liability policies, as well as any excess policies (to the extent applicable).

The insurance required in this contract, through policy endorsement, shall include:

- a) a Waiver of subrogation on the Workers' Compensation, Automobile and Commercial General Liability in favor of CAC;
- b) a provision that the policies and endorsements may not be cancelled or modified without thirty (30) days prior notice to CAC;
- c) a provision that Seller's insurance coverage shall be primary as respects any insurance, self-insurance maintained by CAC and that any such CAC insurance shall be in excess of Seller's insurance and shall not contribute with it.

The SELLER shall provide a Certificate of Insurance with applicable policy endorsements to CAC prior to the commencement of this Agreement.



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(22) Excess unauthorized shipments are subject to rejection by Buyer and return at Seller's expense.

(23) This order is placed by Buyer in reliance on Seller's representation that the goods are suitable for immediate installation and that Seller has provided Buyer with accurate and complete technical information in order to permit such installation by Buyer, including information which will enable interface of Seller's equipment with interfacing equipment.

(24) By accepting this Purchase Order, Seller agrees that the Seller shall be responsible for the payment of all expenses incurred by Buyer in: (A) identifying, removing, and shipping any defective items supplied by Seller hereunder, and (B) shipping, receiving and reinstalling any repaired or replacement item received from Seller in connection with said defective item. The obligations set forth herein are in addition to Seller's obligation to repair or replace the defective item under Seller's warranty.

(25) Seller agrees that it shall bear full responsibility for the acts or omissions of Seller and/or Seller's subcontractors. Seller agrees that it shall indemnify Buyer for claims for damages, injuries, or losses resulting from the services performed by Seller, or Seller's subcontractor.

(26) RIGHT OF ACCESS: Seller agrees to provide full access and assistance to representatives of CAC, CAC's customers, and/or any regulatory agency (including the FAA and/or EASA / OSAC) when visits, audits, and product inspections are requested at the Seller's facility. Such access and assistance shall be granted upon reasonable notice to Seller.

(27) All of the above provisions shall be passed on to any and all subcontractors where work is performed for CAC.