



Purchase Order Terms and Conditions (9/3/2009)

This document describes the terms and conditions for purchase orders issued by Aero Components LLC, (Aero). These terms and conditions are an integral part of and included by reference in both the Aero Components Vendor Agreement and each purchase order.

1. Definitions:

- a. "Purchase Order (PO)" shall mean a document prepared and sequentially numbered within Aero's accounting system and signed by an authorized buyer employed by Aero. The PO is an offer to purchase materials, products or services.
- b. "Deliverables" shall mean the materials, products or services described in the Purchase Order.
- c. "Vendor" shall mean the firm or person from whom Aero proposes to purchase Deliverables.
- d. "Prints" shall mean those documents that describe the exact dimensions and specifications of the Deliverables. Prints may include drawings, blue prints, mylars, schematics or other documents provided by Aero to describe the Deliverables. Prints expressly excludes models and programs that may be provided by Aero for the convenience of Vendor. Any amendment to Prints must be in writing either included in the PO text or by separate document signed by an authorized buyer of Aero.

2. Terms. The PO may be accepted only on the exact terms set forth on the PO. Aero hereby objects to any verbal, additional or different terms or conditions which may appear in any communication with Vendor. Any amendment to the terms of the PO must be contained in a writing signed by an authorized buyer of Aero and referring to the PO. The PO shall be deemed accepted on the earlier of the date (a) when a purchase order acknowledgement is received from Vendor or (b) when Vendor begins work on the Deliverables. Unless otherwise indicated in the Purchase Order, Aero shall pay each invoice in full within 45 (forty-five) days of receipt of the invoice.

3. Price. Vendor will honor the price specified in the PO and warrants that the prices extended to Aero for the Deliverables are not less favorable than those currently offered to any other customer for the same or similar Deliverables in similar quantities and terms. In the event Vendor reduces prices for the Deliverables to other customers during the term of this order, Vendor agrees to reduce the price of the PO accordingly.

4. Aero Supplied Material. When material is provided by Aero it will be accepted and handled by Vendor according to the terms of the Aero Components Material Agreement (Exhibit A).

5. Delivery. Time is of the essence. Delivery shall be strictly according to the due date specified in the PO. Vendor shall use it best efforts to conform to the due date or dates. Items delivered more than 15 days prior to the specified due date may, at Aero's option, be returned at Vendor's expense or defer payment on Vendor's invoice for the early delivery until 30 days after the due date specified in the PO. Vendor agrees to notify Aero as soon as possible after Vendor becomes aware that it will fail to deliver any or all of Deliverables by the due date. Without waiving any rights to recover damages under the Uniform Commercial Code as adopted in Texas, Aero may terminate the PO in whole or in part due to late

delivery. Unless otherwise specified in the PO, all products will be packaged by Vendor in suitable containers/dunnage to permit safe and secure transport and handling. Unless otherwise specified all shipments in fulfillment of the PO shall be F.O.B. destination, freight prepaid.

6. Final Inspection. Vendor shall inspect and test the Deliverables prior to their shipment to Aero. Notwithstanding any prior payment or prior inspection by Aero of the Deliverables, acceptance of the Deliverables shall be subject to final inspection by Aero after delivery at Aero's place of business. Aero shall be entitled to inspect the Deliverables in any manner that is possible and commercially reasonable, including utilizing contractors.
7. Acceptance of Deliverables. In no event shall acceptance of the Deliverables occur until Aero has had a reasonable period of time to conduct a final inspection of Deliverables, however inspection within ten business days following receipt at the delivery point specified in the PO shall be conclusively deemed reasonable. Aero, at Aero's option, may reject quantity over shipments that are not specifically covered by a properly executed amendment to the PO, and such over shipments are subject to return at Vendor's expense.
8. Warranty. Vendor warrants that the Deliverables are free from defects in workmanship and that the Deliverables conform to the Prints provided by Aero and the specifications in the Aero PO and are otherwise merchantable and fit for their intended purpose. Vendor further warrants that it has power to and shall transfer Deliverables to Aero free and clear of liens, encumbrances and third-party interests of any kind. These warranties shall survive delivery, inspection, acceptance and payment.
9. Remedies for Nonconforming Deliverables. Without waiving any rights or other remedies, Aero may return at Vendor's expense all Deliverables which do not conform entirely to the Prints, PO specifications and Vendor's warranties (8 above) for a full refund of all sums then paid for Deliverables. Aero may also return all quantities of Deliverables tendered after the delivery date. In the event Deliverables are found nonconforming, Aero may, at its option, (a) demand rework, repair and/or replacement of the Deliverables, (b) terminate the PO without waiving rights to recover damages or to purchase replacement goods from other suppliers and (c) hold Vendor liable for the cost of replacement goods.
10. Delinquent Status. In the event that Aero is charged consideration by their Customer due to delinquent delivery by the Vendor, the Vendor may also be subject to the same consideration against the original terms of the P.O.
11. Right of Setoff. Claims for monies due or to become due from Aero shall be subject to deduction by Aero for any setoff or counterclaim arising out of any other PO placed with Vendor or contracts made with Vendor. Vendor expressly agrees that payments for invoices for acceptable Deliverables may be withheld to the extent of invoices paid for Deliverables found to be nonconforming or to the extent of the cost of damaged materials covered by the Aero Components Material Consignment Agreement (Exhibit A).
12. Employees, Agents, and Subcontractors. If Vendor uses any agents or subcontractors ("persons") in its performance under this Purchase Order, Vendor shall first request and receive Aero's consent to such assistance and Vendor shall require each such person to be covered by a written agreement binding such person to the terms of paragraph 13 of this Purchase Order for the benefit of Aero or its Assignee.

13. Protection of Confidential Information. Vendor acknowledges and agrees that Aero's business and future success depends on the preservation of the trade secrets and other confidential information of Aero and its affiliates, licensors, suppliers, customers and prospective customers ("Confidential Information"). The Confidential Information includes, without limitation, the Deliverables and all specifications, drawings, prototypes, technical information, patent applications and information, procedural and business and financial information, product and marketing plans, personnel information, know-how and any ideas, concepts, product, methods, inventions, procedures or information that are proprietary to Aero, its affiliates, its licensors or its actual or prospective suppliers of customers or that Aero is required to keep confidential, whether developed by or provided to Vendor. Vendor agrees to protect and to preserve as confidential during and after the term of this Purchase Order all the Confidential Information at any time known to Vendor. Vendor agrees to take appropriate action to protect and preserve the confidentiality of the Confidential Information and at a minimum to utilize the same effort to safeguard such Confidential Information as it utilizes to protect its own confidential or proprietary information. Vendor shall not disclose any of the Confidential Information without the prior written consent of Aero, and Vendor shall neither use nor allow others to use any of the Confidential Information for any purpose other than for the sole benefit of Aero as authorized by the Purchase Order, unless specifically approved in writing in advance by Aero. Vendor's obligation under this paragraph shall survive any completion or termination of this Purchase Order. Because a violation by Vendor of the provisions of this paragraph could cause irreparable injury to Aero and there is no remedy at law for such violation, Aero shall be entitled, in addition to all other remedies available at law or in equity, to equitable relief, including injunction and specific performance without posting a bond, as a remedy for any such violations. In the event Aero incurs any expenses by reason of Vendor's breach of any term of this paragraph, such actual expenses, including, but not limited to, attorneys' fees, court costs and other expenses, shall be paid by Vendor to Aero.
14. No Assignment by Vendor. Vendor's obligations under this Purchase Order are personal and are not assignable to others and any purported assignment shall be void. Without limiting the generality of the foregoing, Aero shall have no obligation to pay any invoice designating that payment be made to anyone other than Vendor, provided however, that following receipt by Vendor directing Aero to pay a third party, payment in accordance with any such notice shall conclusively satisfy the obligations to Vendor with respect to this Purchase Order.
15. Relation of Parties. The relationship of the parties is one of independent contractors, and neither Vendor nor Aero intend to create any partnership, joint venture, employment, or agency. Vendor shall not represent to anyone that Vendor is an agent of Aero or otherwise authorized to bind or commit Aero in any way.
16. Governing Law. This Purchase Order shall be governed by and interpreted in accordance with the laws of the State of Texas which are in force on the date of this Purchase Order without reference to the United Nations Convention on Contracts for the International Sale of Goods. Unless the context requires otherwise, all terms used in this Purchase Order and that are defined in the UCC shall have the meaning stated in the UCC.

17. Severability. If any provision of the Purchase Order is or becomes void or unenforceable, the other provisions shall remain valid and enforceable.

Signed _____ Company _____ Date _____