

Aviation Repair Solutions, Inc.
Purchase Order Terms and Conditions
Revision B dated 6-25-14

“Aviation Repair Solutions, Inc.,” and “ARS” mean Aviation Repair Solutions, Inc., a California corporation. “Supplier” means you and any of your affiliates that sell products or otherwise provide goods or services to us. Supplier accepts these terms, unless we have agreed to different terms in writing.

Sales to ARS are subject to the following terms and conditions.

Acceptance - Acceptance of a Purchase Order (“PO” or “Order”) from ARS constitutes acceptance of these terms and conditions which are incorporated therein. Acceptance of a PO by Supplier shall occur if any shipment of products is made, performance of services commences, or if the PO is acknowledged by Supplier. The PO including these terms and conditions is the exclusive agreement between ARS and Supplier. Any and all terms and conditions proposed by Supplier which are different from or in addition to the terms and conditions of ARS’ PO are hereby deemed to be material alterations and shall not become a part of this PO or binding upon ARS.

Shipping, Billing and Payment -The packaging, labeling and shipping of all hazardous substances must conform to all applicable international, federal, state and local laws and regulations. Payment for products and/or services shall be in accordance with the payment terms of the PO. Supplier shall provide a correct and complete invoice to ARS.

Quality Management System (“QMS”) – Supplier shall provide and maintain a QMS acceptable to ARS and its customers. QMS requirements include:

- A. Supplier must maintain a QMS capable of assuring that ARS’ PO requirements are fully satisfied and that processes, procedures, equipment, and documentation are acceptable to ARS and its customers.
- B. Subcontract suppliers performing work on commercial aircraft parts requiring an FAA 8130-3 certificate must be a certificated FAA repair station.
- C. Suppliers initially approved for use via certification (FAA, ISO, AS9100, EASA, NADCAP) must notify ARS of any changes to that certification.

Assignment, Modification, and Subcontracting – Supplier shall not assign, sell, or subcontract this PO, or any part thereof, without ARS’ prior written consent. In the event of ARS’ approval to subcontract, Supplier shall not use special process sources that are not approved by ARS and ARS’ customer. In addition, Supplier shall not fail to flowdown applicable PO requirements including any customer requirements.

FAA - All FAA workscope performed by suppliers under ARS purchase orders is subject to the requirements of 14 CFR Part 145. In addition, any subcontractors performing FAA workscope must comply with the provisions of 14 CFR Part 120 and 49 CFR Part 40

with regard to the Department of Transportation, Federal Aviation Administration, Anti-Drug and Alcohol Misuse Prevention Program.

Qualified Personnel – Supplier shall use only appropriately trained and qualified personnel in performance of ARS Orders. Examples of appropriately trained personnel include certified personnel such as FAA repairmen or Airframe and Powerplant mechanics, or in the case of non-certified personnel, employees with documented training and experience where records demonstrate appropriate skills.

Specification Callouts – The supplier shall perform work in accordance with the most recent revision of the requested specification unless ARS has specifically designated an older specification revision date.

Warranty – Supplier expressly warrants that all goods or services covered by this PO will conform to the specifications, drawings, samples, representations or descriptions furnished to or by ARS, and applicable laws and regulations, and will be merchantable, of good material and workmanship and free from defect. Supplier warrants that the goods or services to be provided are free and clear of all liens or security interests. Supplier acknowledges that Supplier knows of ARS' intended use and expressly warrants that all goods covered by this PO will be fit and sufficient for the particular purposes intended by ARS. Without limiting the foregoing, Supplier warrants that certifications and process testing provided will be accurate and reliable and conform to applicable laws and regulations.

Proprietary Information –

- A. "Proprietary Information" shall mean all information, knowledge or data (including, without limitation, financial information; business information; specifications; designs; procedures; analyses; reports; products, equipment, and materials; information concerning ARS' customers and all data, specifications and other requirements from ARS' customers) in written, electronic, tangible, oral, visual or other form, (i) disclosed by, or obtained from, ARS, or (ii) conceived, created, acquired, or first reduced to practice in connection with this Order.
- B. Supplier shall: (i) use the Proprietary Information solely for the purposes of the Order, and not for any other purpose; (ii) safeguard the Proprietary Information to prevent its disclosure to or use by third parties; (iii) not disclose the Proprietary Information to any third party; and (iv) not reverse engineer, disassemble, or decompile the Proprietary Information. Supplier may disclose the Proprietary Information to officers, directors, employees, contract workers, consultants, affiliates, agents, or subcontractors of the Supplier who have a need to know such Proprietary Information for the purposes of the Order, and who have executed a written agreement with the Supplier obligating such entity or person to treat such information in a manner consistent with the terms of this section.

- C. The Order shall not restrict the Supplier from using or disclosing any information that, as proven by written contemporaneous records kept in the ordinary course of business: (i) is or may hereafter be in the public domain through no improper act or omission of the Supplier or a third party; (ii) is received by the Supplier without restriction as to disclosure by the Supplier from a third party having a right to disclose it; (iii) was known to Supplier on a non-confidential basis prior to the disclosure by the ARS; or (iv) was independently developed by employees of the Supplier who did not have access to any of ARS's Proprietary Information. Supplier may disclose Proprietary Information that is required to be disclosed pursuant to judicial process, but only if Supplier promptly provides notice of such process to ARS. Supplier shall fully cooperate with ARS in ARS seeking a protective order or otherwise contesting such a disclosure.
- D. Obligations in this section regarding Proprietary Information shall continue until such time as all Proprietary Information is publicly known and generally available through no improper act or omission of the Supplier or any third party. Unless required otherwise by law or the Order, the Supplier shall promptly return, or otherwise dispose of Proprietary Information as ARS may direct.
- E. ARS may disclose all Supplier information to (i) ARS' customer, parent, affiliates, subsidiaries, and employees, as needed in conjunction with this Order, including for the purposes of qualification and technical part validation; and (ii) to the FAA, the EASA, any other governing international airworthiness certifying authority, and any other department or agency of the U.S. Government, for the purpose of obtaining necessary government approvals.

ITAR and Export Control - If Supplier is engaged in the United States in the business of exporting, manufacturing, brokering, or any other value added service of items controlled by the ITAR, Supplier represents that it is registered with the Directorate of Defense Trade Controls ("DDTC"), as may be required by 22 C.F.R. 122.1 and/or 22 C.F.R. 129.3 of the ITAR, and that it maintains an effective export/import compliance program in accordance with DDTC guidelines. In addition, any work identified on ARS PO's as "ITAR / Export Controlled" shall be performed in compliance with all federal laws and regulations regarding ITAR and Import/Export. **WARNING:** Information furnished to the Supplier under Purchase Orders designated ITAR may contain data subject to US Export Laws and Regulations. Supplier is advised that such data may not be exported or re-exported to foreign persons, employed by or associated with, or under contract to Supplier or Supplier's lower tier suppliers. If such data is marked as export controlled, Supplier shall indemnify and hold ARS harmless from and against any and all claims, liabilities, and expenses resulting from Supplier's failure to comply with the export laws and regulations of the United States.

Non-Conformance Notification - Supplier shall notify ARS in detail in a timely manner, when a nonconformity is discovered by Supplier. This applies both to product already delivered and to products in process. The notification must include a concise description of the discrepancy, purchase order and serial numbers affected, lot number, delivered

quantity, delivery dates and a statement of corrective action for the noted discrepancy. Supplier shall also request and receive ARS approval for disposition of nonconforming product.

Applicable Law - All PO's shall be governed by the internal laws of the State of California without regard to conflicts of laws provisions. Any action between Supplier and ARS must be brought in the County of Los Angeles, California.

Records and Access— Supplier shall retain records associated with the PO for a period of seven years. Supplier agrees that ARS, its customer, and regulatory authorities have a right to access the applicable areas of all facilities, at any level of the supply chain, involved in the Order and to all applicable records.

MSDS Documentation - All required Material Safety Data Sheet (MSDS) documentation must be supplied with the initial delivery for all materials so classified by OSHA regulations. MSDS documentation for materials that are provided on a repetitive basis must be updated by Supplier on an annual basis.

Loss or Damage Caused by Supplier - In the event Supplier, its employees, agents and/or contractors enter ARS' premises (or property under the control of ARS) in the performance of a PO, Supplier shall fully compensate, indemnify, defend and hold harmless ARS, its officers, employees, agents, and contractors for or from damage or injury of any sort to any person or property, including any claim, charge, liability, obligation, penalty, damages, costs or expenses (including attorneys' fees incurred in connection therewith), arising out of or in connection with any act or omission of Supplier, its employees, agents and/or subcontractors on or about such premises, except for claims arising from the sole and exclusive negligence of ARS. Without in any way limiting the foregoing, Supplier (and its subcontractors at all tiers) shall maintain liability insurance with coverage limits of no less than \$1.5 million per occurrence, covering the obligations set forth above and shall maintain proper worker's compensation insurance covering all employees. All employees, agents and subcontractors of Supplier who enter ARS's facility must be appropriately attired in correct safety and protection equipment. Supplier shall take all precautions, special or otherwise, and shall be responsible for compliance with all local, state and federal safety laws in the performance of the work hereunder.

Indemnification - Supplier shall protect, defend, indemnify and hold ARS and its agents, employees and affiliates harmless from any losses, costs and expenses (including attorneys' fees and expenses), claims (including without limitation claims of ARS employees), damages, demands, liability, suits, actions, recoveries and judgments of every nature and description, arising out of any personal injury, death or loss or destruction of property in any manner based upon or related to performance under the Order, whether such performance is by Supplier, its subcontractors, or any employee of Supplier or its subcontractors, except where such injury to or death of persons or damage to or loss or destruction of property is due solely to the negligence of ARS.

Aircraft Parts - In the event that an aviation part is damaged by Supplier or its subcontractor, Supplier shall repair the damaged part at Supplier's expense (using FAA approved repair procedures). If the part damaged by Supplier or its subcontractor is unrepairable, Supplier will replace the part at Supplier's expense.