



PURCHASE ORDER TERMS AND CONDITIONS

CONTROLLING TERMS. Sino Swearingen Aircraft Corporation ("SSAC") purchases are governed by the terms and conditions contained in this Purchase Order ("PO"). Seller agrees to sell, and SSAC agrees to buy, the goods, articles, materials, or services ("Goods") described on this PO for the price, at the time, and on the terms of payment shown on the PO. This PO and the provisions of any FAA regulations, SSAC quality requirements as provided in SSAC Form QA-095, drawings, prints, plans, descriptions, specifications, samples, data, and other documents expressly referred to therein and adopted by reference ("Documents") constitute the entire agreement and supersede all proposals, negotiations, and counter-proposals. If there is a conflict between any term or condition of this PO and any Document, this PO will prevail.

CONTRACT. A contract is formed, and Seller accepts this PO without qualification, by (i) signing and returning the acknowledgment copy hereof, (ii) commencing performance or tendering Goods, or (iii) accepting payment. SSAC objects to the inclusion of any different or additional terms by Seller in Seller's acceptance of this PO. If this PO is issued as shipping instructions (and/or release document) pursuant to the terms of an existing mutually executed long term agreement ("LTA") or similar contract between SSAC and Seller, this PO will be governed exclusively by the terms of such LTA. If there is a conflict between any term or condition of such LTA and any term or condition of this PO, the LTA will prevail.

QUALITY. All Goods furnished must strictly conform to this PO and must be of good quality, free from any faults and defects. No deviation or substitution is permitted without the prior written consent of SSAC. Seller agrees to inspect and test all Goods to insure compliance with the specifications and other requirements of this PO. Goods are subject to inspection prior to acceptance. SSAC will have the right at all times during the performance of this PO to conduct such tests and inspections as it deems necessary to assure Seller's compliance with this PO. SSAC will be supplied, as needed, data, drawings, specifications, test results, quality documentation, schedules, and other documents and information. If the Goods fail to conform to SSAC's specifications or are otherwise defective, Seller will promptly replace same at Seller's sole expense. SSAC will have the right to reject any Goods found not to be in compliance with the specifications or other requirements of this PO. The obligations of this Paragraph will survive the cancellation, termination or completion of this PO. No payment for or acceptance of Goods, including services, by SSAC hereunder will constitute a waiver of any of the foregoing, nor will anything herein contained be construed to exclude or limit any of Seller's warranties implied by law. The quality clauses specified in the PO that reference SSAC Form QA-095 are applicable. Suppliers to SSAC have no MRB authority until authorized in writing by SSAC.

PRICE. Seller understands and agrees that federal, state, or local taxes, fees, excise and/or charges which are now or may be imposed by or on the manufacture and sale of the Goods, may be added to this PO. Seller represents that the price or prices specified in the PO are current prices and do not exceed the last or current price quoted or charged to any other buyer for the same or substantially similar Goods, taking into account quantity and schedule considerations. Unless otherwise specified, the price set forth in this PO will include all charges for Seller's packing and crating and for cartage to Cost, Insurance, Freight (CIF) Free On Board (FOB) point. Seller will provide a "Commercial Invoice" for all Goods imported to SSAC, which will contain the description, value and country of origin of the merchandise being imported. The Commercial Invoice will be signed by the Seller, Seller's shipper or Seller's agent as required for Customs entry and will be prepared in accordance with 141.86 of the U.S. Customs Regulations. The Commercial Invoice presented to Customs must contain certain pieces of information in order for Customs and the broker to be able to determine the classification of the merchandise. Any inaccurate or misleading statement of fact in a required document may result in delays in release, detention of Goods, increased review by import specialists or penalties against the importer. Even if the inaccuracy or omission was unintentional, the importer may be required to establish that it

exercised due diligence and reasonable care. Seller is responsible for and agrees to indemnify SSAC for any and all fines, damages, losses, expenses, attorney fees, court costs, etc., that result from Seller's failure to comply with the Commercial Invoice requirements.

INVOICES. A separate invoice will be issued for each shipment. Invoices must be fully itemized and show PO number, PO line number, date, weights, sizes, quantities, discounts, etc. Invoice date will not precede shipment date. Rejections, delays in delivery or delivery in advance of required delivery date, and/or invoices and/or shipping documentation, errors and/or omissions will be considered just cause for withholding payment without loss of cash discount privilege(s).

CHANGES. SSAC may at any time make changes in the character or quantity of Goods to be furnished hereunder by written change order. The price specified on the PO will be adjusted pro rata if the change is in quantity or by mutual agreement if the character or Goods or other terms are changed so as to increase or decrease the cost to Seller. Unless Seller presents to SSAC a claim against SSAC within twenty (20) days after receipt of notice of such changes, Seller will be conclusively deemed to have waived all claims against SSAC. Upon SSAC's request, Seller will provide satisfactory evidence from which adjustments based on cost can be determined. Seller understands and agrees that it will not be entitled to any financial adjustment as a result of SSAC's changes in the time of delivery or performance.

CONFIGURATION CONTROL. Seller will make no change in design, manufacturing or assembly processes or source of supply which would affect form, fit, function, weight or performance of the Goods ordered hereunder without the express, written approval of SSAC. In the event Seller proposes such a change, Seller will submit a 'Request for Action' including the proposed revision and supporting data to SSAC for written approval. If Seller fails to obtain SSAC's written approval prior to delivering modified Goods, then SSAC may reject the Goods and seek all applicable rights and remedies.

EQUIPMENT, TOOLING AND FURNISHED PROPERTY. Unless otherwise agreed in writing, (a) Seller will furnish at its own expense all special dies, tools, jigs, fixtures, equipment and patterns used in the performance of this PO, the same to be kept in good condition and to be replaced by Seller when necessary without expense to SSAC, (b) All special dies, tools, jigs, fixtures, equipment, patterns, drawings, or other manufacturing data (including all copies of reprints thereof), and any and all material furnished by SSAC, or specifically paid for by SSAC, will (i) be the property of SSAC, (ii) subject to removal at SSAC's request (iii) used only in filling orders from SSAC, and (iv) subject to the provisions of the "DATA" Paragraph of this PO, if applicable. Seller is obligated to ensure proper care and maintenance of SSAC furnished tooling, and to notify SSAC immediately if tooling damage, significant wear, or loss occurs. If SSAC furnished tooling is damaged or significantly worn, Seller will replace the tooling without cost to SSAC or SSAC will receive a full refund of the costs of said tools from Seller within thirty (30) days, if the tools are scrapped, damaged, or harmed in any way. Prior to relocating any SSAC owned tooling from Seller's original manufacturing facility assigned to perform the requirements of this PO, Seller will obtain written authorization from SSAC. Seller agrees that all tooling specifically paid for by SSAC and manufactured by Seller, will meet the requirements of SSAC Tool Design Manual, SSAC-T001 and Tool Fabrication Manual, SSAC-T002. If SSAC has the obligation to provide material used in Goods manufactured by Seller, Seller affirms that SSAC has provided sufficient quantities of material for this PO and Seller further agrees that should Seller require additional material as a result of Seller's failure to comply with the requirements herein or for any other reason, Seller will purchase additional materials, in sufficient quantities to satisfy this PO, at SSAC's costs plus a ten percent (10%) handling fee. Said items will be held at Seller's risk and will be kept free from liens or encumbrances of any nature and insured at all times by Seller in an amount equal to the replacement cost thereof, with loss to be paid to SSAC. Written notice of loss or damage will be furnished to SSAC within seven (7) days from date thereof. (c) Unless otherwise agreed in writing, any

tool charges not conveying outright title to the tools from Seller to SSAC will obligate Seller to keep the tools in good condition and repair or replace them as it may be required by SSAC, without additional charge to SSAC. Such tools will be held for the exclusive use of SSAC and will be released to SSAC upon its request at no charge to SSAC. (d) Specifications, drawings, designs, manufacturing data and any other information transmitted to Seller by SSAC in connection with the performance of this PO are disclosed in confidence, must be returned when the PO is completed, and neither they nor the information contained therein will be disclosed to others or reproduced or copied by Seller without SSAC's prior express written consent. The obligations of this Paragraph will survive the cancellation, termination, or completion of this PO. (e) Seller will certify with an annual Letter of Compliance that all SSAC owned tooling has been maintained in good condition and is suitable for producing Goods consistent with the requirements of this PO, and that the tool(s) are still located at the facility originally designated to perform the requirements of this PO. (f) Seller will complete and submit for approval by SSAC, a Tool Request Form, TE-004 for new tools or rework of existing tools such as mill fixtures, hydro-formed blocks, etc. required to manufacture Goods. Supplier will not proceed to manufacture Goods until approval is received in writing. Goods manufactured to new or reworked tooling will be subject to first article inspection. (g) Seller will complete and submit for SSAC approval a Tooling Form TE-003, Deferred/Obsolete/Scrap Tooling for tools that become obsolete or no longer required. Supplier shall not dispose of the tool until a properly dispositioned TE-003 form is received.

DELAY. Time is of the essence of this PO. At the outset of any delay from any cause, including Force Majeure, Seller will immediately notify SSAC in writing of the delay and the revised shipping date and will undertake to shorten the delay by all reasonable means. Unless the delay is caused by SSAC, Seller will be solely responsible for the costs of overcoming delays.

FORCE MAJEURE. Neither party will be liable for any delay or failure to deliver or accept any or all of the Goods where such delay or failure is caused by fire, flood, other act of God, act of war, labor disturbance, or other event beyond such party's control ("Force Majeure"). SSAC may, at its option, delete the undelivered Goods from this PO or appropriately extend the time for performance of this PO.

INDEMNITY. Seller agrees to indemnify, defend, and hold harmless SSAC, and any contractor, agent, or employee of SSAC, from and against all claims, demands, losses, damages, actions, or liability of any kind, including attorneys' fees, arising from the negligence or other breach of duty or violation of this PO by Seller, or those for whom Seller is responsible, in connection with this PO or the Goods supplied hereunder.

DELIVERY. Delivery must be in strict compliance with the schedule contained in this PO and will be made by Seller at such times and places and of such items and quantities as are specified by SSAC. Goods fabricated in excess or in advance of SSAC's requirements contained in this PO are at Seller's risk. SSAC reserves the right to return to Seller, at Seller's expense, all Goods received more than seven (7) calendar days ahead of the required delivery date. SSAC reserves the right, without loss of discount privileges, to pay invoices covering items shipped in advance of the schedule on the normal maturity after the date specified for delivery. If Seller fails to meet its scheduled delivery dates and SSAC elects to call for expedited shipments, Seller will pay the difference between the method of shipping specified and the actual expedited rate incurred. Seller will be responsible for any additional charges resulting from any deviation from SSAC's "Supplier Shipping Procedures and Requirements" instructions. Should SSAC accept Goods which are not delivered on or before the required delivery date, which option SSAC reserves, the Seller will be liable for all additional costs incurred by SSAC because of such delay(s) including, but not limited to, telecommunication costs, additional or premium transportation charges, special handling expenses, and costs to SSAC to install the materials out of normal manufacturing sequence in addition to other remedies available by law to SSAC. Title and risk of loss will remain in Seller until Goods are delivered to the delivery point specified herein. Notwithstanding such delivery, Seller will bear risk of loss or damage to Goods purchased hereunder from the time that SSAC gives notice of rejection of Goods pursuant to the inspection provisions of this PO. If Seller encounters or anticipates difficulty

in meeting the delivery schedule, Seller will immediately notify SSAC in writing, giving pertinent details; provided however, that the receipt of such data will be for information purposes only and will not be construed as a waiver by SSAC of any delivery schedule or date or of any rights or remedies provided by law or this PO.

MATERIAL SAFETY DATA SHEETS. Seller will provide at the time of Delivery the most recent material safety data sheets (MSDS) for all chemicals which fall under the definitions in section 1910.1200 (g) of the Occupational Safety and Health Act.

PACKING AND PACKAGING. Unless specified in the PO, Seller agrees to prepare and properly box or crate Goods for shipment so as to prevent damage in transit. Seller agrees to pack all articles in a manner and with materials necessary to prevent deterioration, corrosion or damage. Sheet metal Goods are to be individually wrapped or otherwise packed to avoid metal-to-metal surface contact. Hardware is to be individually identified and packaged in bags with no more than 100 units per bag. Hardware sold in pounds not to exceed two (2) pounds per package. Pre-mixed and frozen sealants are to be shipped at minus 40 degrees or colder. Protective covers or plugs must be installed on ducts, lines, tubes, vents, and electrical connectors or connections for protection from contamination and physical or electrostatic discharge type damage.

SHIPPING. Unless otherwise expressly provided, Seller will be obligated to make delivery FOB SSAC's premises as designated and to comply with SSAC's shipping and routings instructions Seller will indicate plainly the PO number and PO line number on all bills of lading, invoices, and freight bills. Each package or shipment must contain a memorandum showing Seller's name, contents of package, and PO number. When multiple containers are used, the packing list will show the items in each container. Multiple containers will be numbered consecutively, for example, 1 of 4, 2 of 4, etc. Partial shipments must be identified as such on shipping memoranda and invoices. When shipping, Seller will make no declaration of value to carrier except where shipment is subject to released value rating in accordance with applicable export requirements. If SSAC requires or requests Seller to apply SSAC specified computer scannable bar codes or UID on the packing sheets and/or Goods containers, then Seller agrees the bar codes are for SSAC's use and Seller will obtain approval or license from the patent holder, if applicable. Seller agrees to indemnify and hold SSAC harmless from any damages, costs, attorney fees, etc., that arise out of any use by Seller of the SSAC specified bar codes other than as provided herein. If specifically authorized in writing by SSAC to ship items to a third party (Drop Shipment), a copy of all documentation for Drop Shipments must be forwarded to SSAC upon shipment of Goods to final destination. Shipment information will include weigh bill and tracking number.

WARRANTY. If this PO is issued under an LTA, the warranty terms in such LTA will apply. Otherwise, seller warrants that the Goods will conform to specifications in this PO and be free from defects in design, materials, workmanship, defects in title and any claims of any third parties for the longer of (i) 30 months following SSAC's receipt of the Goods, or (ii) Seller's standard warranty for such Goods. SSAC may, at its option, either (i) return defective or nonconforming Goods for credit or refund (without Seller having any right to furnish conforming Goods), (ii) require payment of related labor and freight cost, (iii) require prompt replacement or correction of the defective or nonconforming Goods, or (iv) have the defective item(s) corrected or replaced at Seller's expense and deduct the cost thereof from any monies due Seller. Such Goods will be held for Seller's instructions and at its risk, or at SSAC's option, will be returned at Seller's risk. The return to Seller of any defective or nonconforming Goods and delivery to SSAC of any corrected or replaced Goods will be at Seller's expense. SSAC's packing sheet, which accompanies Goods returned, will indicate whether Goods are to be corrected, replaced or credited to SSAC. No Goods thus returned will be replaced or corrected by Seller without SSAC's written instructions. Goods that have been rejected or required to be corrected will not thereafter be tendered for acceptance unless the former rejection or correction requirement is disclosed in writing. The obligations of this Paragraph will survive the cancellation, termination, or completion of this PO. The terms of this section are not intended to control third party claims against SSAC. In the event of third party claims against SSAC relating to Goods furnished pursuant to this PO, the obligations of Seller to SSAC are controlled by the INDEMNITY paragraph of this PO.

TERMINATION. At any time and without cause, SSAC will have the right, at its sole discretion, to terminate this PO by written notice to Seller. In the event of such termination, Seller will be entitled only to payment for those Goods that have been completed or services satisfactorily rendered through the date of termination.

DATA. All drawings and specifications furnished or paid for by SSAC will (i) be the property of SSAC, subject to removal at any time upon demand by SSAC without additional costs, (ii) be used only in filling orders from SSAC, (iii) be kept separate from other drawings and specifications, and (iv) be identified as the property of SSAC. The information contained in reports, drawings, documents or other records which are furnished to Seller by SSAC relative to this PO, to the extent that such information is not in the public domain, will not be disclosed to others, except to subcontractors as necessary for completion of this PO, in which event the subcontractor will have the same obligation of nondisclosure. Upon completion, termination, or cancellation of this PO, Seller will return all drawings and specifications to SSAC at SSAC's request within thirty (30) days after the effective date of completion, termination or cancellation. Any such data of SSAC retained by Seller will remain subject to the restrictions on use, reproduction and disclosure contained within this PO that will survive the cancellation, termination, or completion of this PO. Upon termination of this PO, SSAC may, at SSAC's option, use, on a nonexclusive basis, all drawings, documents or other records related to this PO whether created by SSAC or Seller without further compensation to Seller. Seller may not disclose the existence of this PO or the Goods to be supplied hereunder without SSAC's prior written consent, except to subcontractors who will have the same responsibility.

CONFIDENTIALITY. Seller, on behalf of itself and its employees, agrees that any ideas, know-how, concepts, information, or processes received from SSAC or created by Seller in connection with the performance of this PO will be the property of SSAC and will be preserved in strictest confidence by Seller and will not be used or disclosed by Seller to third persons except to the extent that such use or disclosure is necessary for the proper performance of this PO. Seller will insure that any such third persons hold the information in strictest confidence.

PATENT INDEMNITY. Except for Goods of SSAC's detailed design, Seller agrees to indemnify SSAC, its customers and users from any and all loss, damage, liability, claims and suits including the costs of defense for infringement or alleged infringement of any United States or foreign patent, copyright, trademark or other intellectual property arising from the manufacture, use, sale or disposition of Goods hereunder. Seller will defend all claims, suits and actions at its own expense. SSAC may, at its option, participate in the defense of any such claim without relieving Seller of its obligations hereunder.

NOTICE OF LABOR DISPUTES. Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this PO, Seller will immediately give notice thereof to SSAC, including all relevant information with respect thereto.

STOP WORK ORDER. SSAC may at any time, by written notice to Seller, require Seller to stop all or any part of the work called for by this PO for a period of up to ninety (90) days after the notice is delivered to Seller ("Stop Work Order"). Upon receipt of a Stop Work Order, Seller will immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by this PO during the period of work stoppage. Within a period of ninety (90) days after a Stop Work Order is delivered to Seller, or within any extension of that period agreed by the parties, SSAC will either cancel the Stop Work Order, or terminate the work covered by this PO as provided in the "TERMINATION" paragraph of this PO. Seller will resume work upon cancellation or expiration of any Stop Work Order. An equitable adjustment will be made in the delivery schedule or prices hereunder, or both, and this PO will be modified in writing accordingly, if the Stop Work Order results in an increase in the time required for the performance of this PO or in Seller's costs properly allocable thereto.

GRATUITIES / POLICIES AND PROCEDURES. (a) If it is found that gratuities (in the form of entertainment, gifts or otherwise) are offered by Seller, or any agent or representative of Seller, to any employee of SSAC with a view toward securing favorable treatment with respect to the awarding or performing of any PO,

SSAC may, by written notice to Seller, terminate this PO in addition to any other rights or remedies provided by law. (b) Seller, its employees, representatives, and agents will comply with all of SSAC's rules, regulations, policies and procedures while on SSAC's premises or in the company of any of SSAC's employees. If Seller, its employees, representatives, or agents violate SSAC's rules, regulations, policies, or procedures, SSAC may, by written notice to Seller, terminate this PO in addition to any other rights or remedies provided by law.

ORIGIN OF GOOD.

(a) Goods Originating in United States (“US”)

When Goods provided under this PO originate in the US, prior to its first shipment of Goods to SSAC, Seller will provide SSAC with a valid Manufacturer’s Affidavit, representing through the Affidavit that the Goods in question have undergone a substantial transformation as required by Customs (19 CFR§ 10.1.2(e).

(b) Goods Originating in North America

When Goods provided under this PO originate in North America, prior to its first shipment of Goods to SSAC, Seller will provide SSAC with a valid, accurately completed North American Free Trade Agreement ("NAFTA") Certification of Origin (Form 434, the "Certificate") for all Goods that qualify for preferential duty treatment under NAFTA. NAFTA Certificate of Origin forms may be available at <http://www.export.gov> (select "NAFTA Rules of Origin"). Seller will include on the face of each Certificate, the SSAC part number for each Good to which the Certificate applies. Unless SSAC requests individual Certificates for each shipment, Seller may provide annual blanket Certificates to cover multiple shipments during the calendar year. Seller will also provide, on the NAFTA Certificate of Origin form, the Schedule B number or the Harmonized Tariff Schedule Classification Number of the Goods being procured. Seller will notify SSAC in writing prior to making any sourcing changes that might result in the Goods being ineligible for preferential duty treatment under NAFTA. Seller recognizes that the Certificate will be used by SSAC as proof of eligibility for duty preferential treatment, and Seller agrees to provide full cooperation to SSAC for any U.S., Canadian, or Mexican Customs Inquiries into NAFTA claims that arise out of any Goods furnished under this PO.

(c) Goods Originating Outside of North America

When Goods provided under this PO originate outside of North America, prior to its first shipment of Goods to SSAC, Seller will provide SSAC a Certificate of Origin specifying the Country of Origin, including supplier name, SSAC PO number, SSAC part number, and, as requested, any other documentation that is reasonably required for Customs compliance. Seller will also provide on the Certificate of Origin the Schedule B number or the Harmonized Tariff Schedule Classification Number of the Goods being procured.

(d) Seller will send or fax Certificates of Origin and statements specifying Country of Origin to SSAC.

(e) Seller will be responsible for all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys’ fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

GOVERNMENT REGULATIONS RELATING TO EXPORT/IMPORT OF GOODS AND DATA. The Goods and data provided under this PO may be subject to the provision of the Export Administration Act of 1979 (50 USC 2401-2420) and the Export Administration Regulations (15 CFR 768-799) promulgated thereunder; the Arms Export Control Act of 1976 (22 USC 2751-2779) and the International Traffic in Arms Regulation (22 CFR 120-128 and 130) promulgated thereunder; the Canadian Export and Import Permits Act (RS Chapter 17); and the Foreign Corrupt Practices Act. The Parties acknowledge that these statutes and regulations impose restrictions on import, export, and transfer to third countries of certain categories of data and

Goods, and that licenses from the U.S. Department of State and/or U.S. Department of Commerce and/or Canadian Department of Foreign Affairs and International Trade may be required before such Goods and data can be provided hereunder, and that such licenses may impose further restrictions on use of such Goods and data. Disclosure of such Goods and data to foreign persons is subject to the above regulations regardless if the export occurs in the U.S. or abroad. Seller agrees to comply with all U.S. and Canadian Governmental regulations mentioned above as they relate to the import, export, and re-export of Goods and/or data. Seller will indemnify and hold SSAC harmless for any loss, damage, or expense, including lost profit, attorney's fees and court costs, incurred for or as a result of any failure or alleged failure of Seller to comply with the above referenced laws and regulations. Seller further agrees to provide appropriate certification to SSAC that the Good(s) procured under this PO are not on the United States Munitions List (USML). Furthermore, as part of Seller's obligation under this PO, Seller will, on the first shipment to SSAC, provide the Export Control Classification Number, the Harmonized Tariff Schedule Classification Number, and a Certificate of Origin or a Manufacturers Affidavit for each part to SSAC.

INTERNATIONAL SOURCING. Seller will provide SSAC with not less than 90 days prior notice of Seller's intent to relocate any of its manufacturing of Goods internationally. Seller will comply with all export regulations and will not export any proprietary data, information, tooling or other manufacturing aids or technology owned by SSAC without the express written consent of SSAC. Furthermore, Seller agrees that should it develop or acquire Goods for export to SSAC, it will provide the following information in regard to such Goods:

- (a) Export Classification Control Numbers (ECCN);
- (b) Schedule B or Harmonized Tariff Schedule (HTS) Classification Number;
- (c) A Certificate of Origin or a Manufacturers Affidavit for each part (If the place of manufacturing changes, Seller will provide SSAC with new Certificates of Origin or Manufacturers Affidavit for individual Goods); and
- (d) Certifications that the items being provided are not on the United States Munitions List.

NOTICES. All notices required or permitted to be given hereunder will be deemed to be properly given if delivered in writing personally, or sent by United States certified or registered mail, or sent by private overnight delivery service and by United States first class mail, addressed to Seller or SSAC, as the case may be, at the addresses set forth on the face of this PO, with postage thereon fully prepaid. The effective time of notice will be at the time of receipt.

AUTHORIZATIONS. All authorizations of SSAC required or permitted to be given herein will be deemed properly given only if given in writing by an authorized purchasing representative of SSAC.

DISPUTES. SSAC and Seller will strive to settle amicably and in good faith any dispute arising out of, related to, or in connection with this PO or its breach, termination or validity. If they are unable to do so, with the exception of third party claims regarding aircraft and/or accidents that are in litigation, the parties agree that the dispute will be resolved by binding arbitration conducted under the commercial rules of the American Arbitration Association, as presently in force, by three arbitrators appointed in accordance with said rules. The place of arbitration will be San Antonio, Texas. The arbitration will be conducted in English. Pending resolution of any dispute hereunder, Seller will proceed diligently with the performance of work, including the delivery of Goods in accordance with SSAC's direction. Upon resolution of the dispute, this PO will be equitably adjusted, if necessary, to reflect such resolution.

EXAMINATION OF RECORDS. Seller will maintain complete accurate records relevant to this PO. Such records shall support all services performed, allowances claimed and costs incurred by Seller in the performance of each PO, including but not limited to those factors which comprise or affect direct labor hours, direct labor rates, material costs, burden rates subcontracts, test data, inspection reports, material certificates, discrepancy reports, corrective action reports and other product related documentation. Such records and other data shall be capable of verification through audit and analysis by SSAC and be available to SSAC at Seller's facility for SSAC's examination and audit at all reasonable times from the date of the applicable PO until five (5) years

after final payment under such PO. Seller will provide assistance to interpret such data if requested by SSAC. SSAC will treat all information disclosed under this Paragraph as confidential.

WAIVER. No waiver by SSAC of any breach of this PO or the granting of an extension for performance hereunder will be deemed to be a waiver of any other or subsequent breach.

ASSIGNMENT. This PO and money due hereunder may not be assigned without prior written consent of SSAC. Any attempted assignment without SSAC's written consent will be void.

LAWS. Seller will comply with all applicable federal, state and local statutes, rules of law, ordinances, codes and regulations, including but not limited to applicable FAA regulations, in its performance of this PO.

GOVERNING LAW. Except where inconsistent with these terms, this PO will be governed by the UCC provisions applicable to transactions in Goods. This PO will be interpreted and enforced under the laws of the State of Texas.

MODIFICATIONS & AMENDMENTS. No waivers, amendments, or modifications of any of the terms or conditions of this PO will be valid unless reduced to writing and signed by both parties. The terms and conditions of this PO will not be amended or modified by the course of performance or course of dealing between the parties.

SEVERABILITY. If any provision(s) of this PO is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.