

Aero-Zone
Purchase Order Standard Terms and Conditions
(ver. 1.6.7)

The following Standard Terms and Conditions Apply To, and Supplement, All Aero-Zone Purchase Orders:

I. Definitions. For purposes of these Standard Terms and Conditions, the following rules and definitions apply:

The term “**Article**” or, collectively, “**Articles**” means any item or items purchased by Aero-Zone from a Seller.

“**Seller**” means a company or person that is selling an Article to Aero-Zone.

“**Minimum Fair Market Value**” may be established by the minimum sales price found in records of actual past sales by Aero-Zone, as adjusted by the then industry and market conditions. Where no such records exist, this value may be calculated by Aero-Zone based on other objective factors chosen by Aero-Zone.

The term “**Authorized Repair Facility**” means an appropriately-rated facility from the Aero-Zone list of authorized repair facilities, and includes any facility with which Aero-Zone contracts for repair services.

An Article is considered “**Beyond Economical Repair**” (BER) when the repair charge plus any other charges incidental to repair and to subsequent sale would exceed half of the difference between the purchase price on the purchase order and the Minimum Fair Market Value. An Article is also considered BER if it cannot be repaired in a reasonable amount of time, defined as not longer than 90 calendar days, by the Authorized Repair Facility chosen by Aero-Zone. An Article is also considered BER if it cannot be repaired (e.g. sealed units which are impossible to repair, units worn beyond OEM limits, etc.).

The term “**As Removed**” (AR) is a condition code. When used in the context of an Article it means that the Article may be in need of repair but it is not BER.

The term “**Return Instruction**” means if Aero-Zone, Aero-Zone’s Authorized Repair Facility, or the repair facility determines a discrepant Article, Aero-Zone shall ask Seller, via e-mail or other means of communication previously used in communications between Aero-Zone and Seller, to provide shipping instructions enabling Aero-Zone to return the discrepant Article back to the Seller at the Seller’s cost and expense.

The term “**Disposal Instruction**” means providing the Seller with an option, via e-mail or other means of communication previously used in communications between Aero-Zone and Seller, to have

the discrepant Article disposed of by Aero-Zone, Aero-Zone's Authorized Repair Facility, or the repair facility where additional charges may apply to Seller.

The term "**Free On Board**" (FOB) means that the seller delivers the goods on board the vessel or carrier nominated by the buyer at the named port of shipment or collection location or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel or carrier, and the buyer bears all costs from that moment onwards.

II. Loss or Damage. Notwithstanding any other terminology on the transaction documents, risk of loss of an Article passes to Aero-Zone when the Article (1) arrives at Aero-Zone in the case of an Article shipped to Aero-Zone or (2) arrives at the customer's facility in the case of an Article shipped directly to an Aero-Zone customer. In the event that the Article is lost, stolen, damaged, or destroyed before risk of loss has passed to Aero-Zone, the Seller shall be responsible, at Aero-Zone's sole discretion, for (1) providing to Aero-Zone a replacement Article meeting the same standards as the original Article (including contract terms related to expected arrival), or (2) paying to Aero-Zone all damages to which Aero-Zone would be entitled if Aero-Zone were to prevail in litigation related to the breach (including but not limited to lost profits and other incidental and consequential damages), or (3) refunding to Aero-Zone all payments made with respect to the lost, stolen, damaged, or destroyed Article, or (4), assuming Seller has not been paid, crediting to Aero-Zone the full invoice amount or voiding the transaction in its entirety.

III. Documentation. An Article delivered without Acceptable Documentation will be placed in quarantine until the Acceptable Documentation is provided. Such delay in providing the Acceptable Documentation shall interrupt the receiving of the Article which may delay payment. If such a delay occurs, payment count date will begin on the day the Article is successfully received with all Acceptable Documentation by Aero-Zone.

An Article delivered to Aero-Zone by Seller must be traceable to one of the following certificated sources:

- The Original Equipment Manufacturer ("OEM")
- An operator with an U.S. FAA Part 91 certificate;
- An operator with an U.S. FAA Part 121 certificate;
- An operator with an U.S. FAA Part 125 certificate;
- An operator with an U.S. FAA Part 129 certificate;
- An operator with an U.S. FAA Part 135 certificate;
- An air agency with an U.S. FAA Part 145 certificate.

The trace documentation must also meet any other specifications on the purchase order.

Unless an alternative or variance is specifically pre-approved by Aero-Zone in writing, Acceptable Documentation means documentation meeting ALL of the following elements:

- A packing slip, invoice, or other commercial document typically used in the aerospace industry from the certificated source and every party thereafter indicating that the Article was released from that source; and one of the following:
 - (a) A non-incident statement from the certificated source indicating that the Article was not previously installed on an aircraft involved in an accident or incident; or
 - (b) A statement from the certificated source indicating that the Article has never been subject to unusual heat, stress, or environmental conditions that could adversely affect the airworthiness of the Article; and
- A statement that the Article was not procured from any government or any military source; and
- Verification (such as a part marking where appropriate, OEM documentation, or written verification by the certificated source) that the part was produced by the OEM.
- All Airworthiness Directives (AD's) that are represented as having been accomplished are documented. The Authorized Release Certificate or Inspection Report shall specify AD number, date, and verification of compliance.

An AR Article removed due to failure must additionally have documentation indicating the reason for removal.

IV. Shipping Costs. If the purchase order directs that the Article be shipped according to a particular method, then Aero-Zone will reimburse the Seller for actual shipping costs so long as Seller follows the directions of the purchase order. If the Seller ships in a manner other than the manner directed in the purchase order, then Seller shall pay ALL shipping costs. If the purchase order is silent as to shipping method, then the Seller shall be expected to wait for shipping instructions from Aero-Zone.

V. Shipment Insurance. Seller shall not insure any shipment to Aero-Zone unless specifically ordered in writing by an Aero-Zone authorized representative.

VI. Aero-Zone Inspection. Unless a longer time period is stated in the purchase order, Aero-Zone shall have 45 calendar days after delivery to Aero-Zone in which to inspect the Article. Aero-Zone shall notify Seller of discrepancies found during this inspection period. In the event that Aero-Zone discovers discrepancies during inspection, Seller shall accept the return of the Article. What constitutes a discrepancy shall be at Aero-Zone's sole discretion. In such an event, cost of return shipping shall be borne by Seller. If Aero-Zone has not received the Return Instruction or Disposal Instruction in writing (via e-mail or other means of communication previously used in communications between Aero-Zone and Seller) within 90 calendar days of Aero-Zone's initial request for Seller instructions, Seller (1) shall be deemed to have relinquished all its rights of ownership and all its other rights, if any, to the discrepant Article, (2) assigns to Aero-Zone all ownership and all its other rights to the discrepant Article, and (3) acknowledges that Aero-Zone may dispose of the discrepant Article at its sole convenience and discretion.

In the event that Aero-Zone needs additional time in which to inspect the Article, Aero-Zone shall send Seller a request for additional time to complete the inspection of the Article (the "Inspection Period Extension Request"). The additional time requested in the Inspection Period Extension Request shall not exceed 90 days from the delivery date to Aero-Zone and Seller shall either (1)

provide Aero-Zone the additional time requested in the Inspection Period Extension Request, or (2) accept return of the Article.

VII. Article Representation. Seller warrants that Articles will be in the condition identified in Aero-Zone's purchase order. In the event that an Article does not meet the condition identified in the purchase order, and the discrepancy could not have been discerned upon receiving inspection, Aero-Zone may make a claim by notifying the Seller in writing of the discrepancy. Seller warrants that all inspected, repaired, overhauled, or new Articles provided to Aero-Zone are contingent to passing test at an Aero-Zone Authorized Repair Facility. Any Article provided to Aero-Zone in inspected, repaired, overhauled, or new condition that does not pass test at any Aero-Zone Authorized Repair Facility will be deemed discrepant and subject to section VI of these Purchase Order Standard Terms and Conditions. Unless the purchase order specifies that the part is permitted to be in BER condition, a part that is found to be BER also constitutes a violation of the Article representation and Aero-Zone Purchase Order Standard Terms and Conditions.

VIII. Warranty. This warranty period begins on the date of delivery of an Article to Aero-Zone, lasts for a minimum period of one year for overhauled or new Articles, lasts for a minimum period of six months for inspected or repaired Articles, and lasts for a minimum period of 90 calendar days for AR Articles. Discrepant Articles may be returned to Seller within this warranty period. In such an event, the cost of return shipping shall be borne by Seller.

IX. Timing. In all Aero-Zone purchase orders, unless otherwise specified, time is considered of the essence with respect to Seller's obligations. If no lead time is specified in the purchase order, then Seller must ship the ordered Article within 24 hours of the purchase order. The Seller must provide Aero-Zone with a copy of the airway bill number under which the Article is shipped by the shipping deadline. Failure by a Seller to meet a deadline specified in any purchase order or other agreement with Aero-Zone, or to provide the airway bill number, will be considered a material breach, and Aero-Zone will be entitled, at its discretion, to cancel the purchase order.

X. Jurisdiction. All Agreements made by Aero-Zone are made in their local jurisdiction and shall be governed by and interpreted in accordance with the laws of its local jurisdiction, not including the state's conflict of laws' provisions. Both parties agree that any suit or proceeding based on any matter arising out of or brought in connection with the parties' dealings under the Agreement are subject to these Standard Terms and Conditions, or to enforce any clause of any such Agreement, shall be brought in a trial court in its local jurisdiction. Both parties agree to be subject to the jurisdiction and venue of that court.

XI. Costs and Attorneys' Fees. In the event that either party incurs fees or costs for a collection agent or attorneys' services or in connection with its use of an arbitrator, mediator, court system, or other legal proceeding in order to collect a payment of any amounts owed or otherwise enforce any of either party's rights' or obligations under any Agreement subject to the Agreement and these Standard Terms and Conditions, the non-prevailing party shall be obligated to pay to the prevailing party any and all costs and

fees, including attorneys' fees, associated directly or indirectly with any such actions by the prevailing party.

XII. Compliance. The Seller covenants that all Articles shipped by or at the request of Seller are in compliance with U.S. and all applicable laws of any jurisdiction through which the Articles are shipped.

XIII. Indemnification. Seller agrees to defend, hold harmless, and indemnify Aero-Zone, its affiliated companies, their directors, officers, employees and agents from and against any and all present and future liabilities, damages, losses, demands, fines, penalties and claims of any kind whatsoever, including all costs, expenses and reasonable attorneys' fees incidental thereto, which are or may be suffered by, accrue against, be charged to, or be recoverable by reason of any loss or damage to property or injuries or death of any person arising from the Article that is the subject of these Purchase Order Standard Terms and Conditions.

XIV. Rejection of Amendments / Additions. No amendments or additions to these Purchase Order Standard Terms and Conditions of the transaction will be accepted unless they are in writing and signed by both Aero-Zone and the Seller.