

APPH HOUSTON, Inc

PURCHASING Terms and Conditions

APPLICABILITY: These terms and conditions of purchase are applicable to Purchase Orders (hereinafter PO) for Goods and/or Services issued by APPH Houston, Inc. (hereinafter "APPH") from its suppliers (hereinafter "Supplier").

ACCEPTANCE AND ACKNOWLEDGEMENT: Any performance on an APPH purchase order (hereinafter "PO") is deemed an acceptance of the terms and conditions set forth on the face of the purchase order and these terms and conditions of purchase. No proposal to modify or supplement the PO via quotation, acknowledgement, previous agreement or modified terms and conditions shall be binding on APPH, unless agreed to in writing by an APPH authorized signatory.

CERTIFICATION: Supplier shall provide certification meeting the requirements of the Federal Aviation Administration AC-0056, applicable Federal Aviation Administration, EASA, CAA regulations, specified PO requirements and generally accepted industry standards, including but not limited to, Certificates of Conformance, Test Reports, Manufacturer's Certifications, and Airworthiness Release Documentation as appropriate. All manufacturers' certificates of conformance, airworthiness releases, logs, and other documents shall be signed originals or certified true copies. For all documents not in English, Supplier shall provide at Supplier's expense a certified English translation.

Additionally, Supplier shall provide a certified statement disclosing whether parts or material were or were not:

1. Subjected to conditions of extreme stress, corrosive agents, heat, environment or operation outside normal parameters or OEM limits; and
2. Obtained from the U.S Government or military sources.

MANUFACTURING ORDERS: Supplier shall ensure all technical and relevant data is "flowed-down" to all sub-tier suppliers and processors and that all items are manufactured in accordance with supplied technical drawings and specifications. No changes to these specifications will be accepted by APPH unless approved, in writing, under an APPH "Change Order Instruction". Any changes to the required delivery schedule must be approved in writing as a modification to the APPH PO.

PACKAGING: No charges shall be allowed for boxing, crating, packaging or any other handling unless such provisions are specifically agreed to in writing. All goods must be packaged appropriately to arrive at destination without damage or degradation.

DELIVERY: Time is of the essence. No acts of APPH, including without limitation, modifications of this PO or acceptance of late deliveries, shall constitute APPH's waiver of this provision. All shipments shall be made as specified and strictly in accordance with the time or times for delivery specified in the PO. In the event that Supplier is actually or potentially unable to make delivery by the date required on the PO, it will immediately notify APPH in writing. APPH reserves the right to cancel or modify the PO, and make arrangements for completion of performance and/or purchase of substitute goods elsewhere. In the event of late delivery, Supplier shall be responsible for the loss to APPH, including but not limited to the cost to cover and any additional charges incurred as a result of the late delivery.

RECEIVING INSPECTION: All goods will be received by APPH subject to inspection, test and rejection. At APPH's sole discretion, Goods received and deemed non-conforming to PO specifications may be: (1) returned; (2) corrected; or (3) replaced, all at Supplier's risk and

expense, including all transportation costs incurred by APPH. This clause shall not affect any of the rights or liabilities of the parties under the WARRANTY clause. This provision in no way relieves the Supplier of its responsibility to inspect and verify that goods meet the PO and specification requirements in all respects. Payment for goods prior to satisfactory inspection and testing shall not be deemed acceptance of the goods.

INVOICES: Supplier will send a separate invoice and provide advance notice for each shipment. Each invoice (or packing slip) must show supporting documentation such as the APPH P.O. number, price, part number(s), part description(s), condition and quantities shipped. Any other terms and conditions, including but not limited to any terms and conditions on the back side of any Supplier invoice or order acknowledgement, are specifically rejected by APPH. Delays in receiving invoices, errors or omissions on invoice, or lack of supporting documentation required by the terms of the PO will be cause for withholding payment without losing any discount privilege.

WARRANTY: Supplier warrants that all goods delivered under the PO will be merchantable, free from defect in materials and workmanship, and conform to the PO specifications. Supplier acknowledges that this warranty (and any and all other surviving warranties) shall extend to APPH, its successors, assigns and customers, who shall have the same rights as APPH to seek warranty remedies. Without prejudice to any other remedy that APPH may have, Supplier shall be responsible for, and bear the expense of, any necessary correction due to the Supplier's faulty materials or workmanship. Supplier further warrants that all aircraft materials and/or components shall be furnished in compliance with all applicable Federal Aviation Administration regulations. All inspection records will be made available to APPH upon request. Supplier further warrants that all goods supplied or service performed shall be in accordance with all applicable federal, state and local laws including environmental protection and occupational safety and health. All warranties shall survive inspection, testing, acceptance and payment in accordance with Supplier's or any other surviving warranty terms.

MALFUNCTION / DEFECT NOTIFICATION: Supplier shall immediately notify APPH of any material, manufacturing, documentation, or certification defect or Non-Conformity causing a safety-of-flight or unairworthy condition of which the supplier becomes aware related to Goods or Services provided to APPH regardless of whether the suspect Good or Service was directly provided to APPH.

SUPPLIER CORRECTIVE ACTION: APPH Quality Policy provides for notification of Non-Compliance via a Supplier Corrective Action Request (SCAR) system. When a SCAR is issued, Supplier response and closure is mandatory. Failure to respond or provide effective rectification as determined by APPH Quality Management may result in immediate revocation of Supplier's APPROVED SUPPLIER status.

DATA: Supplier agrees it will not assert, nor attempt to assert, any rights to data provided by APPH pursuant to fulfillment of an APPH PO. Data may include but is not limited to any, written, verbal, electronic or photographic representation of technical specifications, processes, pricing or market intelligence.

INDEMNIFICATION: Supplier shall indemnify and hold harmless APPH against any and all claims, liabilities, damages, and costs, sustained by APPH or others, arising from injury or death to any person, damage to any property, and/or economic loss or damage, caused by, or in any manner connected with, the goods, or their use, or any act or omission of the Supplier, or any of its subcontractors, hereunder. Supplier shall not be liable for such claims, liabilities, damages and costs attributable solely to the negligence of APPH or others, except Supplier's subcontractors.

TAXES AND DUTIES: Supplier agrees to pay any taxes and duties imposed by law on account of goods purchased hereunder.

DEFAULT AND TERMINATION:

(a) APPH may, subject to provisions of paragraph (c) below, cancel in whole, or in part, the PO under any one of the following circumstances:

- (i) If Supplier fails to make delivery of the goods or perform the services within the time specified;
- (ii) If Supplier fails to perform any other provisions of the PO or these general purchasing Terms and Conditions; or
- (iii) If in either of these two circumstances, Supplier fails to cure within a period of five (5) days (or such longer period as APPH may authorize in writing) after receipt of notice from APPH specifying such failure as indicated in (i) or (ii) above.

(b) In the event APPH cancels the PO in whole or part, as provided in paragraph (a) of this clause, APPH may procure upon such terms and in such a manner as APPH may deem appropriate, goods or services similar to those so canceled, and Supplier shall be liable to APPH for any extra costs for such similar goods or services provided that Supplier shall continue performance of the PO to the extent not canceled.

(c) Except with respect to defaults of subcontractors, Supplier shall not be liable for any excess costs if the failure to perform the PO arises from causes beyond the control and without the fault or negligence of the Supplier. Such causes may include, but are not restricted to, acts of God, acts of Government, terrorism, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of Supplier.

(d) The rights and remedies of APPH provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under the PO. Upon such termination event, payment for costs incurred by Supplier will be negotiated by APPH and Supplier to reflect actual cost and reasonable profit for work completed as of the date of notice of termination.

VENUE SELECTION AND CHOICE OF LAW: This agreement associated with these terms and conditions shall be deemed to have been made in the State of Texas, U.S.A. and shall be interpreted in accordance with the law of the State of Texas without regard to conflict of law principles. Supplier consents to the exclusive jurisdiction of the state and federal courts of the state of Texas, U.S.A., for determining any claim or controversy between the parties and arising out of or relating to these terms and conditions of purchase.