

DEFINITIONS

"Buyer" means M7 Aerospace LP "Seller" means the party identified on the face of this order; "Supplies" means all materials, work or services to be furnished by Seller under this order, "FAR" means Federal Acquisition Regulation as in effect on the date of this order. "Buyer's authorized Representative" means the person or persons authorized by Buyer to change provisions of this order. "Government" means any legally constituted government body having authority over or which purchases from Buyer or Seller directly or indirectly.

This purchase order constitutes an offer for supplies as stated on the face of this order. It becomes the exclusive agreement between the parties and includes all terms and conditions herein.

Seller accepts this offer without qualification by, a) signing and returning the acknowledgement copy hereof, b) commencement of effort or furnishing any supplies under this order, or c) accepting any payment for supplies. No course of dealing or trade usage are applicable and if seller proposes or includes additional or different terms and conditions, in its acknowledgement, they shall be of no effect unless Buyer accepts them in writing even if Buyer accepts supplies or pays such invoice.

PRICES

Unless otherwise stated on the face of this purchase order, Seller represents that the price of the order (i) includes all federal, state, or local taxes, fees, excises, and/or charges which are now or may be imposed by or on the manufacture and sales of the supplies, and (ii) includes all charges or costs for suitable packing, crating and preparing supplies for shipping. Seller represents that the price or prices specified in the order are current prices and do not exceed the last or current price quoted or charged to the Government or to any other Buyer for the same or substantially similar supplies, taking into account quantity and schedule considerations.

CHANGES

A. By giving written notice, Buyer may unilaterally make changes within the general scope of this order in: (i) drawings, designs, or specifications; (ii) method of shipping or packing; (iii) place of inspection acceptance or point of delivery; (iv) place or time of delivery; and (v) quantity. Seller shall immediately perform this Order as changed. If such a change increases or decreases the cost of or the time required for the performance of this amendment the parties shall adjust the price, the delivery schedule, or both, and modify this Order in writing accordingly. Any claim for adjustment under this provision must be submitted in writing within twenty (20) days from the date the change is ordered. Such a claim shall include cost or pricing data sufficient to permit its evaluation. Buyer shall have the right to control disposition of obsolete or excess property resulting from a change if its cost is included in the Seller's claim and supported by inventory schedules submitted within three (3) months from the date of change.

B. SELLER AGREES THAT ITS FAILURE TO SUBMIT SUCH CLAIM WITHIN TWENTY (20) DAYS SHALL CONSTITUTE A WAIVER OF THAT CLAIM UNLESS WITHIN THE TWENTY (20) DAYS SELLER REQUESTS IN WRITING AN EXTENSION OF TIME. Such an extension must be approved by buyer in writing. Prior to final settlement seller may revise any timely filed claim if it does not introduce different elements of cost

C. Nothing contained in (A) or (B) above, shall relieve Seller from proceeding without delay in the performance of this order as changed.

D. All supplemental or acknowledged sheets, schedules, exhibits, specifications, drawings, data or riders which may be annexed hereto or referenced herein are made part of this Order. Seller acknowledges that it has available to it all specifications, drawings and data incorporated in this Purchase Order and that they are adequate to enable Seller to perform the work called for herein in accordance with the delivery schedule.

QUALITY CONTROL AND INSPECTION

A. Quality System: Seller shall provide and maintain a Quality Control system acceptable to Buyer. During performance of this order, Seller's Quality Control, Inspection System, and Manufacturing Processes are subject to review, verification and analysis to Buyer and, if applicable, by authorized Government representatives.

B. Government Source inspection: if Government required inspection or acceptance prior to shipment, Seller shall notify the cognizant Government representative who normally services his plant upon receipt of this order, to arrange such inspection or acceptance. Seller shall immediately notify Buyer if a Government representative is not available.

C. Inspection, Verification: Buyer or Government may inspect, verify, or test supplies during the period of manufacture, prior to shipment and at destination, notwithstanding any prior payment inspection or preliminary acceptance. If such inspections or tests are made or the premises of Seller or its lower-tier suppliers, Seller shall, without additional cost provide and shall require that its lower-tier supplier provide reasonable facilities and assistance to Buyer and Government inspectors for their safety and convenience in the performance of their duties.

D. Rejected Supplies: If the supplies do not conform to applicable specifications, drawings, samples, or descriptions or are defective in material, workmanship, or design (unless of Buyer's detailed design) then Buyer may reject and hold the supplies at Seller's expense and subject to Seller's reasonable disposal instructions. If Seller has not provided Buyer with reasonable disposition instructions and agreed to pay expenses incurred by Buyer within fifteen (15) days after Buyer has notified Seller of the rejected Supplies, Buyer may at his option continue to hold the rejected supplies at Seller's expense, or return them to Seller's facility at Seller's expense. Without limiting any other rights Buyer may have, Buyer at its options may require Seller (i) to refund the price of any such item; or (ii) to repair or replace at Seller's expense any supplies which have been reworked to specification unless Seller informs Buyer of such past rejection and Buyer has consented.

INVOICING AND PAYMENT

A separate invoice shall be issued for each shipment. Unless otherwise specified in this Order, an invoice shall not be issued prior to shipment of items and payment will not be made prior to receipt of items and correct invoice. Credit and discount periods will be computed from the date of receipt of the correct invoice to the date Buyer's check is mailed. Unless freight and other charges are itemized, the discount will be taken on the full amount of the invoice.

TERMINATION

For convenience:

Buyer may terminate this Agreement in whole or in part, without cause, at anytime, by written or telegraphic notice to Seller. Buyer shall accept and pay for each and every item completed. Buyer shall pay Seller's direct and indirect costs and expenses plus profit associated with work in process for Buyer but not complete on the date of receipt of a termination.

Seller shall make a reasonable effort to reduce such termination costs by redirecting completed items and work in progress to other customer requirements.

Before making any payment under this Article, Seller shall supply and Buyer shall have the right to examine supporting documents relating to the cost associated with such termination.

Upon such payments, Buyer shall take title to the terminated assets and provide Seller with disposition instructions.

Such payments shall be the limit of Buyer and Seller's liability and shall release both Buyer and Seller of any further obligation under this Agreement.

Upon Default

Buyer may terminate the whole or any part of this Agreement by telegraphic or written notice of default to Seller, in any of the following circumstances:

(i) if Seller fails delivery or to perform contracted services within the time specified;

(ii) if Seller fails to perform any of the provisions of this Agreement or so fails to make progress which endangers performance of this Agreement; or

(iii) if Seller fails to cure any default in performance within reasonable period after default or as Buyer may authorize in writing.

TITLE AND RISK OF LOSS

Seller shall have title to and risk of loss to supplies until the supplies are delivered to Buyer at the destination specified on the face of this Purchase Order. Seller shall bear all risk of loss or damage to supplies rejected by the Buyer after notice of rejection until such supplies are redelivered to Buyer, its officers, agents, or employees. Passing of title upon delivery shall not constitute acceptance of the supplies by Buyer. All items to be delivered to Buyer shall be free and clear of liens and encumbrances.

PATENT INDEMNITY

Except for supplies of Buyer's detailed design, Seller agrees to indemnify Buyer, its customers, and users from any and all loss, damage, liability, claims and suits including cost of defense for infringement or alleged infringement of any United States and foreign patents, copyrights and trademarks which arise from the manufacture, use, sale, or disposal of supplies hereunder. Seller shall defend all claims, suits and actions at its own expense if it is duly notified of the infringement or alleged infringement.

WARRANTY

Seller warrants that supplies ordered to Buyer's specifications will conform to the specifications, drawings, samples and descriptions furnished by Buyer; and if ordered to Seller's design or descriptive literature the articles will be fit and sufficient for the purpose intended. All supplies will be merchantable, of good material, workmanship, and free from defects. These warranties, together with any Seller's service warranties, are guarantees shall survive inspection, test acceptance of and payment for the articles and shall run to Buyer, its successors, assigns and customers. Buyer may either return such defective supplies for credit or require prompt correction or replacement at its option. Cost of such return to Seller or delivery to Buyer shall be at Seller's expense. Replaced or repaired supplies shall also be subject to the provisions of this Agreement This warranty shall apply to defects which occur within two years after the supplies are delivered to and accepted by Buyer except for latent defects and fraud. Where Buyer incorporates these supplies into a product delivered to its customer, Seller's obligation shall extend to two years after delivery of such product to the customer. All warranties, express and implied, are nonexclusive and shall be construed as both conditions to performance and covenants.

DRAWINGS, SPECIFICATIONS AND TECHNICAL INFORMATION

All drawings, data, designs, inventions and technical information supplied by Buyer to Seller ("Data"), shall remain Buyer's property and shall be held in confidence by Seller. Such Data shall not be reproduced, used or disclosed to others by Seller without Buyer's prior written consent Seller shall promptly return all Data to Buyer after completion of this order, including any copies or reprints and make no further use of any such Data or any information derived from the Data without Buyer's prior written consent. Seller may, however, produce articles for direct sale by Seller to the United States (U.S.) Government utilizing such Data where the U.S. Government has a right to use the Data to manufacture military or foreign assistance supplies to services. Any information which Seller discloses to Buyer with respect to the design, manufacture, sales or use of the Supplies is part of the consideration for this order. Seller shall not assert any claim against Buyer for use thereof except for patent infringement.

BUYER'S RIGHTS IN SELLER'S DATA AND PATENTS

If at any time during the performance of this Order (a) Seller suspends business operations or becomes bankrupt or insolvent, (b) this Order is terminated for default, or (c) if at any time within five (5) years from the date of this order, Seller, for any reason, discontinues acceptance of follow-on orders of like or similar items to those ordered hereunder Buyer shall have a royalty-free nonexclusive license to use and license others to use Seller's patents, designs, processes, know how, drawings, and technical data relating to the supplies and services as defined in this Order for purposes of producing and selling items required to be supplied by Buyer's existing or follow-on contracts with its customers. In order to accomplish an orderly transition to Buyer's new source, Seller further agrees to provide Buyer with necessary technical aid and assistance at reasonable prices.

DESIGN AND INVENTION RIGHTS

If this Purchase Order has as one of its purposes, design, experimental, developmental or research work, Seller agrees to communicate promptly to Buyer full details of any ideas, improvements, designs or inventions (whether or not patentable) conceived of developed or first reduced to practice by Seller or any of its employees in connection with the performance of this Order. Upon Buyer's request Seller shall assign to Buyer all right title and interest of the Seller or its employees in each such ideas, improvements, designs or inventions, and to perform all acts (at Buyer's expense) and execute all papers necessary to vest in Buyer full right title and interest therein, including the patenting thereof.

ASSIGNMENT AND SUBCONTRACTING

Seller shall not assign this contract or payments due, or subcontract any of the supplies without Buyer's prior written consent. If Seller assigns or subcontracts to any party without Buyer's consent, Buyer shall have the option to cancel this contract without obligation to make any further payments hereunder. Buyer may set off any payments to Seller or authorized assignee of Seller against any present or future claim which Buyer asserts against Seller, its divisions, subsidiaries, or affiliates.

INDEMNIFICATION AND INSURANCE

Seller shall indemnify against any liability, losses, damages, claims, payments, or expenses arising out of or connected with any act, omission, fraud, or misrepresentation, or Seller, its agents, employees, or subcontractors or concurrent negligence of Buyer and Seller except for injury or damage which arises from Buyer's sole negligence. In cases of concurrent negligence, Seller hereby waives any right at set off or subrogation against Buyer.

Seller is an independent contractor under this order. If Seller, its employees or subcontractors enter the Buyer's premises, Seller shall maintain public liability, property damage, and workman's compensation insurance to protect Buyer from risks or claims under any applicable workman's compensation acts in an amount not less than single limit. Seller shall supply a certificate for this insurance repair request.

ADVANCE MANUFACTURE AND DELIVERY

Seller shall not make material commitments or production arrangements in advance of reasonable flow time needed to meet the established delivery schedule. No claim shall be allowed for such advance effort in case of change or termination. Seller shall ship strictly according to the delivery schedule; Buyer reserves the right to return supplies shipped early for later reshipment to Buyer, in accordance with the delivery schedule, all at Seller's expense, or at its option, to accept articles and delay payment until such payments would normally fall due after scheduled delivery date. If Seller is unable to meet schedule, at Buyer's request Seller shall ship via expedited routing at Seller's cost.

COMPLIANCE, APPLICABLE LAW, AND DISPUTES

Seller shall comply with all applicable federal, state, and local laws, orders, regulations, and ordinances in performing this Purchase Order and shall indemnify Buyer for any costs, damages, or expenses (including costs of defense) incurred by Buyer because of any such failure of Seller.

This Purchase Order shall be construed and interpreted solely in accordance with the laws of the state appearing in Buyer's address on the face hereof. If this order is placed under a Government prime or higher tier contract, the Federal Law of Government Contracts as applied by the federal courts, the Armed Services Board of Contract appeals, and other judicial and quasi-judicial agencies of the Federal Government shall apply and take precedence over state law.

Pending settlement or final judgment of any claims, disputes or litigation hereunder, Seller shall proceed diligently with the performance of this order.
(rev 8-16-05)