

1. GENERAL TERMS AND CONDITIONS

Any variations in these terms and conditions shall not be binding unless in writing signed by one of our executive officers. No waiver of any breach of any term, condition or obligation thereof shall be deemed a waiver of similar terms in the future, nor shall the waiver of any breach be deemed a waiver of subsequent breaches of the same or other nature. In the event of conflict or inconsistency between the conditions of customer's purchase order and these terms and conditions of sale, these terms and conditions of sale shall govern. This sales order is made and entered into and shall be governed by the laws of the State of Nevada.

2. CANCELLATION

This sale is not subject to cancellation, change reduction in amount or suspension or deferment of deliveries, except with our consent and upon terms which indemnify us against loss. Change orders, including cancellation, division or rescheduling, must be in writing and may be subject to a service charge. Bruce Aerospace requires 10 working days from receipt of any change order to implement the request charge.

3. CREDIT

In case Buyer shall fail to make payments on this or any other contract between Buyer and Seller in accordance with Seller's terms, the Seller may deter further shipments until such payments are made, or may, at its option, cancel unshipped balance.

4. DELIVERY

The scheduled shipping or delivery date shown on the face hereof is our best estimate of the time the order will be shipped and Bruce Aerospace assumes no liability for loss, general damages, or special or consequential damages due to delays.

5. DELIVERIES, SPLIT

If any split deliveries are requested on special or non-stock items for less than minimum production run quantities, the whole quantity will be manufactured in one lot and shipped at one time. On our standard or stock items split deliveries will be based, wherever practical, on shipping standard container quantities.

6. DESIGN

All design made by us in the processing of your order will be approved by a responsible agent of your concern. We are pleased to assist our customers with suggestion on design, construction and materials. We cannot and will not be liable or responsible, however, for any loss, cost or damage resulting from or connected with the observations of use of such suggestions. Any and all design made and used by us in processing this order shall be the sole property of Seller. Contract Part Number: All parts and assemblies shall be manufactured to the Bruce Aerospace drawing and specifications and certified to same unless otherwise noted on the Bruce Aerospace sales order. Customer specifications control drawing numbers shall be referenced on the Bruce Aerospace Sales Order.

7. ERRORS AND OMISSIONS

Seller reserves the right to correct errors and omissions.

8. U.S. GOVERNMENT CONTRACTS

If the products to be furnished under this sales order are to be used in the performance of a U.S. Government contract or subcontract and a U.S. Government contract number shall appear of Buyer's order those clauses of the applicable U.S. Government procurement regulation which are required by Federal Statute to be included in U.S. Government subcontracts shall be incorporated herein by reference including, without limitation, the Fair Labor Standards Act of 1938, as amended.

9. OVERTIME

Our prices are based on production during a forty (40) hour work week. When customer requires expediting of order, overtime involved will be added to the specified price in the contract.

10. PATENT IDEMNIFICATION

With respect to all products or parts thereof furnished or sold by Seller to Buyer, or installed aircraft delivered by aircraft manufacturer to Buyer, except items manufactured pursuant to designs furnished by Buyer, Seller shall save Buyer, its agents, successors, and assigns, harmless from the amount of any judgment for damages and cost for infringement, or alleged infringement of any United States Patent arising out of the manufacture, sale, or use thereof, provided (i) Seller is notified in writing within ten (10) days after the receipt by Buyer of notice of any charge or action for infringement, (ii) Seller has the right to designate attorneys to represent Buyer, (iii) Seller has the right to settle any such charge or action, and (iv) Buyer agrees to minimize damages of any such infringement. If any product or part thereof shall be held to infringe any United States Patent and Buyer shall be enjoined from using same, Seller will, at its option and at its expense, (i) procure for Buyer the right to use the product or part thereof free of any liability for patent infringement, or (ii) replace the product or part thereof with a non-infringing product or part.

11. REJECTIONS AND RETURNS, CLAIMS

Claim for errors, deficiencies or imperfections, will not be considered unless made within thirty (30) days after receipt of the material. Material found defective when in the hands of original purchaser and when properly used for the purpose for which sold will be replaced or credit will be allowed for the price thereof upon its return, but the Seller shall not be liable

BRUCE AEROSPACE

for any claims for labor or consequential damages and material must not be returned except by permission of Seller. The remedies to Buyer hereunder are exclusive. Claims for shortage must be made in writing within (10) days after receipt of goods. We accept no responsibility for breaking, damage or losses occurring after delivery by us to carrier. All claims in such regard should be made directly to carrier.

12. WARRANTY

Bruce Aerospace (hereinafter "SELLER") warrants that all products manufactured by it are free from defects in material and workmanship and that products that it designs are fit for the purpose intended by us when properly installed and used. SELLER neither expressly nor impliedly warrants against defects in workmanship and/or material of parts or materials furnished to it by BUYER or U.S. Government. SELLER only warrants that it shall properly install such parts or materials so as not to degrade the performance of the parts or materials supplied to it. This warranty is for a period of twelve (12) months from the time the product is first put into use or eighteen (18) months after shipment by SELLER, whichever ever date comes first. This warranty shall only apply if:

- (1) Written notice of the claimed defect is received by SELLER within thirty (30) calendar days after discover.
- (2) Buyer delivers the defective products to SELLER F.O.B. Dayton, Nevada, within (30) days if requested by SELLER.
- (3) SELLER, in its sole discretion, determines that the product is defective and:
 - (i) has not been subject to accident, abuse, misuse, or combat damage;
 - (ii) has been operated and maintained in accordance with the SELLER'S recommendations and/or specifications;
 - (iii) there has been no accident, abuse, misuse, or mismanagement of the system into which the product has been incorporated.

This Warranty does not cover liability for loss, damage, or injury to third parties or to property of BUYER. SELLER will have no liability for liquidated damage, or for collateral, consequential or special damages, including but not limited to loss of profits or loss of use, whether resulting from delays in delivery or performance. The aggregate total liability of SELLER shall in no event exceed the contract price of individual product or services supplied to BUYER. BUYER agrees to indemnify and hold SELLER harmless from all claims by third parties which extend beyond these limitations on SELLER'S liability. THIS WARRANTY CONTAINED HEREIN IS IN LIEU OF ALL OTHER WARRANTIES, GUARANTEES, OR PROMISES ARISING BY LAW OR OTHERWISE, AND WHETHER OR NOT ARISING IN CONTRACT OR TORT. BUYER, BY AGREEING TO PURCHASE FROM SELLER, WAIVES ANY AND ALL OTHER WARRANTIES, GUARANTEES, PROMISES, OR REPRESENTATIONS. THE WARRANTY OF SELLER MAY NOT BE NOTIFIED IN ANY WAY EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY AN OFFICER OF SELLER. IN THE EVENT ANY PROVISION OF THIS WARRANTY IS HELD TO BE INEFFECTIVE, THE BALANCE SHALL REMAIN IN FULL FORCE AND EFFECT.

13. SHIPPING

Unless instructed on shipping method, placement of values and carrier, we will use our own discretion thereon. In so doing, however, we act in customer's behalf without responsibility on our part. Terms are F.O.B. Dayton, Nevada.

14. TAXES

Selling prices are less tax. Prices shall be subject to increase without notice by the amount of any sales, use, or excise tax levied or charged either by the Federal, State, County, City or other Government Agency and shall be paid by the Buyer.

15. PAYMENT

Terms for payment on this sales order are shown on the sales order acknowledgement. Unless otherwise specifically agreed in writing, standard payment terms are "cash in advance" (CIA).

16. TERMINATION

Upon any termination or cancellation of this sales order by Buyer, either in whole or in part, Buyer agrees to promptly pay appropriate termination or cancellation charges invoiced by Bruce Aerospace.

17. DESIGN CHANGE AUTHORITY

Our customer as a TC/STC holder grants Bruce Aerospace design change authority for all "Class II" changes (minor changes.; changes that have no impact on form, fit, function, reliability, weight - as defined in 14 CFR 21.93) for the product that Bruce Aerospace has designed, qualified, built, and delivered to said customer and/or the end user. Bruce Aerospace will make available copies of all changes upon request.

18. MATERIAL REVIEW BOARD (MRB) AUTHORITY

Our customer as a TC/STC holder grants Bruce Aerospace MRB authority for all minor nonconformances (as defined for all equipment that Bruce Aerospace has designed, qualified, built, and delivered to said customer and/or the end user. This authority is limited to minor non-conformances. All non-conformances will be documented, filed and will be made available upon request in accordance with 14 CFR 21.125.

19. PMA ASSIST

PMA assistance is a condition of accepting any new Purchase Order for new business.

Entered By: carolynl