

GENERAL TERMS AND CONDITIONS OF PURCHASE ORDER

1. Acceptance –Modification: General Requirements

This Purchase Order is for the purchase of aircraft parts and components described on the face of the actual Purchase Order (collectively, "Parts") and is between the vendor set forth on the face of the Purchase Order ("Supplier") and Mercury Trading Company, an Arizona corporation ("Mercury"). All Parts must be airworthy and traceable to an FAA approved/certified source in order to ensure their airworthiness in compliance with the United States Federal Aviation Regulations ("FARs"). All Airworthiness Directives that are represented as having been satisfied must be confirmed in writing by Supplier. All Parts are subject to inspection and acceptance by Mercury. This Purchase Order is deemed accepted when Supplier returns the acknowledgment copy of this Purchase Order or begins performing, whichever is earlier. Mercury rejects any additional or inconsistent terms and conditions offered by Supplier at any time. Any reference to Supplier's quotation, bid, or proposal does not imply acceptance of any term, condition, or instruction contained in that document. No course of prior dealing or usage of the trade may modify, supplement, or explain any terms used in this Purchase Order. These terms and conditions together with the other conditions set forth on the face of the Purchase Order, as well as any documents incorporated by reference, constitute the entire Purchase Order and supersede any prior or contemporaneous communications, representations, promises, or negotiations, whether oral or written, respecting the subject matter of this Purchase Order. To the extent that any terms or conditions contained herein conflict with the terms of the written Purchase Order, the terms of the written Purchase Order shall take precedence of the provisions set forth herein. No change to or modification of this Purchase Order will be binding upon Mercury unless in writing, specifically identifying that it amends this Purchase Order, and signed, or approved electronically, by an authorized representative of Mercury. Supplier must seek approval in advance for shipment of any Parts which are substitute or alternate parts or components, different parts numbers or that do not otherwise strictly conform to the terms of the Purchase Order. All Parts shall be shipped with trace documentation to the OEM, Repair Station or last operator (FAR Part 121, 129, 135 or 145) unless Mercury consents, in writing, that this requirement may be waived. Supplier must provide a written certification as to the source of the Parts, including, the name of the source, condition and part number of each Part. If a Part is obtained from a teardown, a copy of the manifest from the Repair Facility showing a link to the teardown unit shall be provided. Supplier must provide a Non-incident and Non Government Use statement. Parts supplied in OH or SV condition shall not contain PMA P/N's unless authorized by Mercury. Supplier ensures items known to have been subjected to conditions of extreme stress, heat or environment shall be so identified. Supplier warrants an effective process and notification to Mercury of supplier aware/discovered non-conforming product after shipment.

2. Delivery and Shipment

- 2.1 Supplier will deliver Parts in the quantities and on the date(s) specified on the Purchase Order.
- 2.2 Supplier will, at its expense, deliver Parts by the most expeditious shipping method. Supplier will not make any substitutions for Parts without Mercury's prior written approval. For domestic shipments, requested by Mercury, and for all international shipments, Supplier will give written notice of shipment to Mercury when the Parts are delivered to a carrier for transportation.
- 2.3 Supplier must notify Mercury immediately in the event a shipment of Parts is delayed.

3. Shipping Terms, Title and Risk of Loss

- 3.1 For Parts shipped from Supplier's location within or outside of the United States to Mercury's location in Scottsdale, Arizona, the F.O.B point is Mercury's location, unless otherwise specified on the face of the Purchase Order or in a separate agreement. When the F.O.B. point is Mercury's location, title passes to Mercury upon delivery of the Parts at Mercury's location in Scottsdale, Arizona. When the F.O.B. point is Supplier's location, title passes to Mercury upon delivery of the Parts to the carrier designated or approved by Mercury.
- 3.2 For Parts shipped directly to a customer of Mercury ("Customer"), unless otherwise specified on the face of the Purchase Order, or in a separate agreement. Title to Parts passes to Mercury upon receipt at Customer's location inside or outside of the United States.

4. Import/Customs Compliance

- 4.1 Supplier assumes all responsibility and liability for any shipments covered by this Purchase Order requiring any government import clearance. If government authorities declare or otherwise impose countervailing duties, antidumping duties, or retaliatory duties on the Parts imported under this Purchase Order, Mercury reserves the right to terminate this Purchase Order under the Termination provisions of this Purchase Order. Supplier will be debited for any duties, fees, or freight incurred by Mercury due to Supplier's failure to comply with the terms and conditions of this Purchase Order.
- 4.2 Supplier will comply with all export and import laws and regulations of all countries involved in transactions associated with this Purchase Order. Supplier will first obtain the written consent of Mercury before submitting any request for authority to export or export any drawing, data, hardware, equipment or other item provided to Supplier by Mercury.

5. Price

Supplier will furnish the Parts at the prices stated on the face of the Purchase Order. If prices are not stated on the face of the Purchase Order, Supplier will offer its lowest prices subject to written acceptance by Mercury. Unless otherwise provided on the face of the Purchase Order, the prices include all packaging and freight to the specified delivery point; applicable taxes and other government charges including, but not limited to, all sales, use, or excise taxes; and all customs duties, fees, or charges. To the extent that value added tax (or any equivalent tax) is properly chargeable on the supply to Mercury of any Products, Mercury will pay the tax as an addition to payments otherwise due Supplier under this Purchase Order. Supplier shall provide to Mercury a value-added tax (or equivalent tax) invoice.

6. Price: Most Favored Customer and Meet or Release

Supplier warrants that the prices charged for the Parts delivered under this Purchase Order are the lowest prices charged by Supplier to any of its customers for similar Parts at the same time as the date of the Purchase Order. If Supplier charges any of its customers a lower price for a similar Part at the same time as of date of the Purchase Order, Supplier must notify Mercury and apply that price to all Parts ordered under this Purchase Order.

7. Invoicing and Payment

After each shipment of Parts, Supplier will submit an invoice listing a description of the Parts shipped and the price of each Part. The invoice must also include the following information, as applicable, in English: (a) name and address of Supplier; (b) name of shipper (if different from Supplier); (c) Mercury's Purchase Order number(s); (d) country of export; (e) detailed description of the Parts; (f) country of origin (manufacture) of the Parts; (g) payment terms; and (h) shipment terms. The invoice will be accompanied by a signed bill of lading or express receipt evidencing shipment. Payment of an invoice does not constitute acceptance of the Parts and is subject to appropriate adjustment should Supplier fail to meet the requirements of the Purchase Order. Payment terms are net 75 days from receipt of invoice and conforming Parts unless otherwise stated on the face of the Purchase Order or other written agreement executed by both parties.

8. Set Off

Mercury may deduct any amount owing from Supplier to Mercury as a set off against any amount owing to Supplier under this Purchase Order.

9. Inspection

All Parts may be inspected and tested by Mercury, its Customers and end users at all reasonable times and places. Mercury may reject the Parts if Mercury determines them to be non-airworthy, defective or otherwise nonconforming to the Purchase Order. If Mercury performs any inspection (other than the standard inspection) after discovering defective or nonconforming

Parts, any additional inspection costs will be paid by Supplier. If the Parts are defective or otherwise do not conform to the requirements of this Purchase Order, Mercury may, by written notice to Supplier, rescind this Purchase Order as to the Parts; or reject the Parts and require the delivery of replacements. Delivery of replacements will be accompanied by a written notice specifying that such Parts are replacements. If Supplier fails to deliver required replacements promptly, Mercury may correct any retained defective or nonconforming Parts at Supplier's expense: replace them with Parts from another supplier and charge the Supplier the cost thereof, including cover, and any incidental costs; or terminate this Purchase Order for cause. If Mercury elects to return non-airworthy, defective or non-conforming Parts, all costs of returning such Parts shall be borne by Supplier. Supplier agrees to fully refund the purchase price for any returned Parts within three business days after such Parts have been returned to Supplier.

10. Warranty

Supplier warrants to Mercury, its successors, assigns, Customers, and end users that upon delivery, all Parts furnished (including all replacement or corrected Parts or components that Supplier furnishes under this warranty) will be airworthy and fit for their intended use.

11. General Indemnification

Supplier will, at its expense, defend and indemnify Mercury, its officers, directors, shareholders, and employees, and Mercury's Customers (collectively "Indemnitees") from and against any and all loss, cost, expense, damage, claim, demand, or liability, including reasonable attorney and professional fees and costs, and the cost of settlement, compromise, judgment, or verdict incurred by or demanded of an Indemnitee arising out of, resulting from or occurring in connection with Supplier's negligence, willful misconduct, or breach of the terms of this Purchase Order.

12. Insurance

Supplier will maintain and carry insurance which includes, but is not limited to, commercial general liability (including product liability and for services to be performed, completed operations liability) in a sum not less than \$5 million. Supplier will maintain aviation products liability insurance, inclusive of grounding, contractual, and war liability coverage, in a sum not less than \$5 million. Supplier will also maintain "all risk" property insurance (covering all property at full replacement value) which is subject to the risk of loss provision per Article 6 of these terms and conditions. Such insurances will be maintained with insurers that have an AM Best's rating of no less than A- or equivalent. Supplier will furnish certificates of insurance from its carrier(s) on the foregoing coverage, which will provide that such coverage may not be changed without thirty (30) days advance written notification to Buyer from the carrier(s). Except where prohibited by law, Supplier will require its insurers to waive all rights of recovery or subrogation against Mercury's insurers, Mercury, its subsidiaries and affiliated companies, and its and their respective officers, directors, shareholders, employees, and agents. The amount of insurance carried in compliance with the above requirements is not to be construed as either a limitation on or satisfaction of the indemnification obligation in this Purchase Order.

13. Audit

- 13.1 Supplier will maintain suitably detailed records as may be necessary to adequately reflect Supplier's compliance with the terms of this Purchase Order and Supplier agrees to retain and control all records relating to the Parts and each Purchase Order for a period of not less than seven years. Supplier will permit Mercury's auditors (and those of its Customers, if requested by Mercury) to have access at all reasonable times to Supplier's books and other pertinent records. Supplier will require each of its sub tier suppliers to do likewise with respect to their books and records as to any Parts which such sub tier suppliers sold to Supplier and are resold to Mercury.
- 13.2 Mercury may perform audits up to two years following completion of this Purchase Order. If as a result of an audit, any invoice submitted by Supplier is found to be in error, an appropriate adjustment will be made to the invoice or the next succeeding invoice following the discovery of the error and will be paid promptly by Supplier or Mercury, as the case may be. Supplier will promptly correct any other Supplier deficiencies discovered as a result of the audit.

14. Assignment and Subcontracting

Supplier will not assign this Purchase Order or any of its obligations hereunder without the prior written approval of Mercury. Any assignment without Mercury's written approval will be voidable at the option of Mercury. Mercury may assign this Purchase Order or any of its rights hereunder to any Customer without Supplier's consent upon written notice to Supplier.

15. Applicable Law and Forum

The construction, interpretation and performance of this Agreement and all transactions hereunder will be governed by the laws of the State of Arizona USA without regard to or application of its principles or laws regarding conflicts of laws, and excluding the United Nations Convention on the International Sale of Parts of 1980 (and any amendments or successors thereto), and to the extent applicable, the Uniform Commercial Code ("UCC"), as adopted in the State of Arizona shall be apply to Parts purchased pursuant to each Purchase Order. The federal or state courts in sitting in Phoenix, Arizona will have exclusive jurisdiction over any dispute arising under this Agreement.

16. Remedies

All of Mercury's remedies set forth in the Purchase Order are in addition to, and will in no way limit, any other rights and remedies that may be available to Mercury at law or in equity, including, but not limited to all rights under the UCC.

17. Notices

All Notices relating to the Purchase Order must be in writing. Notices of the parties will be sent to their respective addresses appearing on the face of this Purchase Order. Notices must be delivered personally; or delivered by recognized overnight courier; or mailed certified first class mail, postage prepaid; or sent by facsimile transmission to the facsimile number provided by Mercury or Supplier respectively; or sent by electronic transmission (email) with proof of delivery. Any Notice will be deemed given on the date delivered if delivered personally; three business days after being placed in the mail as specified; or upon confirmation receipt that it was transmitted satisfactorily if transmitted by facsimile or electronic transmission.

18. Heading and Captions

Heading and captions are for convenience or reference only and do not alter the meaning of interpretation of any provision of this Purchase Order.

19. Waiver

The failure of either part to enforce at any time any of the provisions of the Purchase Order will not be construed to be a continuing waiver of any provisions hereunder, not will any such failure prejudice the right of such party to take any action in the future to enforce any provisions hereunder.

20. Severability

If any provision of this Purchase Order is held to be illegal, invalid, or unenforceable be a court of competent jurisdiction, that provision will be severed from this Purchase Order; the remaining provisions will remain in full force and effect; and a similar legal, valid and enforceable provision will be substituted in lieu of the severed provision.

21. Survival

All provisions of the Purchase Order which by their nature should apply beyond their terms will remain in force after any termination or expiration of this Purchase Order.