

Purchasing Terms & Conditions (Rev. 20180806.A)

This Purchase Order for Piedmont Aviation Component Services and its affiliated companies and subsidiaries, constitute the only terms and conditions applicable to the provisioning of Goods, Services and Deliverables between the parties, unless this Purchase Order is being issued under a Purchase Agreement. These Purchasing Terms and Conditions together with attachments appended hereto will comprise the complete and exclusive agreement ("Agreement") for these Goods, Services and Deliverables.

1. DEFINITIONS

As used throughout this purchase order shall have the meaning as normally accepted. The following terms shall have the meanings:

- (a) "BUYER" means Piedmont Aviation Component Services or its affiliated companies and subsidiaries who are contracting with Seller and identified as the purchasing entity herein on the face of the PO.
- (b) "DELIVERABLES" the quantifiable Goods or Services named in the PO that must be provided as agreed upon.
- (c) "GOODS" means the product(s) supplied by Seller under this PO, including without limitations all articles, supplies, components, raw materials, and intermediate assemblies thereof.
- (d) "PARTY", or "PARTIES" means Buyer and Seller individually a "Party" and collectively "Parties". (e) "PO" shall mean the Agreement, Purchase Order, Subcontract, or Contract, these Purchasing Terms and Conditions, and any special conditions appended hereto or documents incorporated herein.
- (f) "SELLER" means the party contracting to supply the Good(s) with the purchasing entity on the face of the PO.
- (g) "SERVICES" work performed by Seller for Buyer by virtue of their job, profession or training.

2. TERMS AND CONDITIONS

(a) These terms shall be applicable to all POs issued by the Buyer. Either the Seller's written acknowledgement or Seller's full or partial performance under the PO, whichever occurs first, will constitute acceptance of all terms and conditions contained herein. Any acceptance of the PO is limited to acceptance of the express terms of the offer set forth in the PO. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the terms of this offer in Seller's acceptance or acknowledgement is hereby objected to and rejected. If Buyer's PO shall be deemed an acceptance of a prior offer by Seller, such acceptance is limited to the express terms set forth in this document.

(b) These terms and conditions shall supersede and replace all terms and conditions appearing or referred to on the face or on the reverse of any proposal, acknowledgement, or acceptance or any other communication issued by the Seller in connection with such order.

3. PAYMENT TERMS

(a) Standard Payment Terms. Seller shall be paid by Buyer in connection with each PO in the manner and in the amount specified on the face of the PO. Unless otherwise agreed to between Buyer and Seller, Seller shall Invoice Buyer upon actual delivery of the Goods. Buyer's standard terms of settlement shall be payment of the invoiced amount within sixty (60) days of Buyer's receipt of a correct Invoice. Settlement and invoicing may be paperless, and in a format acceptable to Buyer. Seller must provide banking information to establish electronic funds transfer for U.S. Sellers and wire transfer for non-U.S. Sellers. Payment shall be deemed to have been made as of the date of electronic funds transfer or wire transfer initiation.

(b) Taxes. Unless otherwise specified, prices include all applicable federal, state and local taxes, duties, tariffs, VAT and similar fees imposed by any government, all of which shall be listed separately on the invoice. If Buyer, for any reason, pays for any taxes for which Seller is responsible, Seller shall promptly reimburse Buyer for such payment, along with any expenses thereto. (c) Setoff. Buyer shall have a right to recoup or setoff, as the case may be, against payments due or at issue under this Contract or any other contract between the parties.

4. DELIVERY OF GOODS or SERVICES

(a) Delivery. Seller will deliver Goods FCA (INCOTERMS 2010) Buyer's facility if located within the continental US and DDP (INCOTERMS 2010) for international transactions. Goods title and risk of loss or damage to such Goods shall pass to Buyer upon Delivery.

(b) Notification. In the event Seller for any reason anticipates any difficulty in complying with the required delivery date, or in meeting any of the other requirements of this PO, Seller shall promptly notify Buyer in writing. If Seller does not comply with the stated

delivery schedules, Buyer may, in addition to any other right Buyer may have, require the Seller to make delivery by fastest way, with the full cost of such delivery absorbed by Seller. Seller shall immediately notify Buyer in the event of any actual or anticipated difficulty in complying with the delivery date.

(c) Anticipation of Delivery Schedule. Unless otherwise agreed to in writing, Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet firm delivery schedules and those planned schedules that are within lead time.

(d) Parts Compliance and Materials Certification. By acceptance of PO, Seller certifies that, except as specifically reported by Seller to Buyer in accordance with Buyer's reporting requirements, Goods supplied shall strictly conform to all requirements of this PO and that objective evidence* of strict conformance with quality specifications is in place or on file as required by PO and available for examination by Buyer.

(e) Material Scheduling. Upon Buyer's request, Seller shall implement pull production, bin stocking and/or kitting for hardware supplied by Seller. Seller shall provide commitments to Buyer's schedule within 72 hours of a change in Buyer's production schedule. If Seller is unable to meet Buyer's schedule, Seller shall immediately notify Buyer in advance for proper reconciliation.

5. COUNTERFEIT GOODS AND COUNTERFEIT ELECTRONIC PARTS

(a) Definitions: The following definitions apply to this Section:

1. "Counterfeit electronic part" means an unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

2. "Counterfeit Goods" means Goods, including any Counterfeit Electronic Parts, that is or contains unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used Goods represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

3. "Electronic part" means an integrated circuit, a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode), or a circuit assembly.

4. "Suspect Counterfeit Electronic Part of Goods" means Electronic Parts or Goods for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the part is authentic.

5. "Obsolete item" means any part, component, sub-component or other deliverable hereunder, that is no longer in production by the OCM/OEM or an aftermarket manufacturer that has been provided express written authorization from the current design activity or original manufacturer.

(b) Seller shall not deliver Counterfeit Goods, Counterfeit Electronic Parts, or Suspect Counterfeit Goods to Buyer under this Contract.

(c) Seller shall establish and maintain an acceptable counterfeit goods and electronic parts detection and avoidance system in accordance with industry recognized standards and with any other specific requirements identified in this Contract. If the Goods or Electronic Parts being delivered to Buyer are in relations to a US government contract, the system in place must conform to the requirements stipulated in DFARS 252.246-7007 and 252.246-7008.

(d) Seller shall immediately notify Buyer with the pertinent facts if Seller becomes aware that it has delivered Counterfeit Goods, Counterfeit Electronic Parts, or Suspect Counterfeit Goods. When requested by Buyer, Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. Seller, at its expense, shall provide reasonable cooperation to Buyer in conducting any investigation regarding the delivery of Counterfeit Goods, Counterfeit Electronic Parts, or Suspect Counterfeit Goods under this Contract.

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(e) This Article applies in addition to, and is not altered, changed, or superseded by any quality provision, specification, statement of Good, regulatory flowdown, or other provision included in this Contract addressing the authenticity of Goods.

(f) In the event that Goods or Electronic Parts delivered under this Contract constitutes or includes Counterfeit Goods, Seller will, at its sole expense, promptly replace such Counterfeit Goods with genuine Goods or Electronic Parts conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, Seller shall be liable for all costs relating to the remediation of Counterfeit Goods, including without limitation BUYER's costs of removing Counterfeit Goods of installing replacement Goods and of any testing necessitated by the reinstallation of Goods after Counterfeit Goods has been exchanged. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions of this Contract.

(g) Seller shall include paragraphs (a) through (e) and this paragraph (h) of this Article or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Goods to Buyer.

6. CONFLICT MINERALS AND SPECIALTY METALS

(a) Seller will not supply Goods that contain Conflict Minerals. "Conflict Minerals" is defined as tin, tantalum, tungsten and gold (the Conflict Minerals or 3TG) originating in the Democratic Republic of the Congo (DRC) and the adjoining countries of Angola, Burundi, the Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia (the Covered Countries).

(b) If an order placed by Piedmont Aviation is related to a government contract, all specialty metals incorporated in items delivered under the Agreement shall be melted or produced in the United States, its outlying areas, or a qualifying country unless prior written consent is indicated by Piedmont Aviation on its purchase order. Government Orders will be indicated on the request for quote, proposal or purchase order by the references to U.S. government flow downs. For purposes of this clause, "Specialty Metals" shall mean: (i) Steel with a maximum alloy content exceeding one or more of the following limits: manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent; or containing more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, molybdenum, nickel, niobium (columbium), titanium, tungsten, or vanadium; (ii) Metal alloys consisting of Nickel or iron-nickel alloys that contain a total of alloying metals other than nickel and iron in excess of 10 percent; or Cobalt alloys that contain a total of alloying metals other than cobalt and iron in excess of 10 percent; (iii) Titanium and titanium alloys or (iv) Zirconium and zirconium alloys. "Steel" means an iron alloy that includes between .02 and 2 percent carbon and may include other elements.

(c) If Seller has reason to believe its Goods contain Conflict Minerals or Specialty Metals which do not conform to the specification listed in Clause (6b), Seller will immediately notify Buyer in writing providing a description of the Goods containing or believed to contain Conflict Minerals, date of supply, lot codes, part or serial numbers or other identifying characteristics and all other relevant information necessary to identify when and where the Goods were provided, type of mineral and the believed country of origin of the Conflict Mineral. In addition, Seller will have internal process and procedures that determine if their products contain Conflict Minerals and if so, implement supply chain due diligence processes to identify sources of these minerals and support efforts to eradicate the use of Conflict Minerals which directly or indirectly finance or benefit armed groups in the Covered Countries.

7. PACKAGING, INSPECTION, ACCEPTANCE & LATE FEES

(a) Seller shall prepare and package the Goods to prevent damage or deterioration and shall use best commercial practice for packing and packaging of items to be delivered under this PO, unless otherwise specified in the PO;

(b) A complete packing list shall be enclosed with all shipments. Seller shall mark containers or packages with necessary lifting, loading, and shipping information, including Buyer's PO, or contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Bills of lading shall include this Contract number. All Goods shall strictly comply with all applicable specifications and shall be subject to inspection and test by Buyer and its customer at all times and places. If any inspection or test is made on the premises of Seller or its vendor, Seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspections and tests on the premises of Seller or its vendor shall be performed in such a manner as not to unduly delay the delivery of Goods.

(c) Buyer reserves the right to reject any Goods which are damaged or defective in material or workmanship, are nonconforming or is, or are suspected to be, a counterfeit item, Seller shall bear all risk of loss or damage to rejected Goods.

(d) All decisions regarding the serviceable condition of repaired Components shall be at the sole discretion of Buyer, based on current Buyer Goods limits. If Goods fail Buyer inspection due to apparent transit damage which is due to improper packaging by Seller, Goods shall be returned to Seller, and Seller shall pay all shipping costs, file all claims, and perform all repairs for rework at no cost to Buyer. If Goods fail Buyer inspection due to Seller quality issues, Goods shall be returned to Seller for repair or replacement at Seller's sole expense and Seller shall pay all shipping costs to deliver conforming Goods.

(e) At any time during the manufacture or repair of the Goods until final acceptance of Goods by Buyer, Buyer shall have the right under all circumstances to witness and inspect all manufacturing, tests and corrections of a material nature carried out by Seller and to verify specifications. Accordingly, if Buyer exercises its right to witness inspection hereunder, Seller shall inform Buyer in advance of the date on which such tests or corrections are to be performed. Any deficiencies in manufacturing repair or engineering which result in the Good's failure to conform to Buyer's specification shall be corrected by Seller promptly and without additional cost to Buyer.

(f) ANY GOODS REJECTED SHALL BE CONSIDERED AS 'NOT DELIVERED'.

(g) Buyer's approval of Seller drawings, procedures, and or manuals, furnished by Seller shall in no way change Seller's obligation to deliver Goods in accordance with the requirements and specifications referenced in the PO, applicable laws and regulations, including, but not limited to FAA regulations.

(h) Buyer's failure to inspect the Goods shall neither relieve Seller from responsibility for such Goods which are not in accordance with the PO requirements and specification nor impose liabilities on Buyer therefor. The inspection or test of any Goods by Buyer shall not relieve Seller from any responsibility regarding defects or other failures to meet PO requirements and specifications, which may be discovered subsequently.

(i) Buyer may, at its sole discretion, reject all or any part of Goods not conforming to the requirements/specifications stated in this PO.

(j) Late Delivery Fees: If Seller fails to have the Goods delivered in the time period stated in the PO or proposal, Buyer has the option to enforce the following late fees: 2% of invoice price after 14 days, 5% after 30 days, 9% after 45 days and 15% of final invoice price after 60 days.

8. CHANGES

Buyer reserves the right at any time without notice to the sureties, to make changes or modifications in the Goods covered by this PO. Buyer will issue such change in writing ("Change Order"). Any increase or decrease in price or time for performance resulting from such Change Order shall be equitably adjusted and the PO shall be modified in writing accordingly. Seller must assert its right to an adjustment under this provision in writing, delivered to Buyer's contracting representative within fifteen (15) days from Seller's receipt of the Change Order. Failure to agree on the adjustment shall be deemed a Dispute hereunder and such Dispute will not excuse Seller from continuing performance as changed.

9. STOP GOODS ORDER

Buyer may at any time and by written order to Seller require Seller to stop all, or any part of, the Goods being provided hereunder for a period not to exceed ninety (90) days ("Stop Goods Order"). Upon receipt of the Stop Goods Order Seller will immediately comply with the terms of the Stop Good Order and will take all reasonable steps to minimize the incurrence of costs allocable to the Goods covered by the Stop Goods Order. Within the ninety-day period, Buyer will either (i) cancel the Stop Goods Order; or (ii) terminate the Goods covered as provided in the Termination provisions of this PO. If the Stop Goods Order is canceled or the ninety-day period expires, Seller shall resume Goods and an equitable adjustment as to cost and/or schedule shall be made in accordance with the Changes provision.

10. AUDIT, RECORDS AND RIGHT OF ENTRY

(a) Buyer shall have the right to conduct audits of Seller's records for a period of up to twenty-four (24) months subsequent to the effective date of termination or cancellation of this Agreement.

(b) Unless a longer period is specified in this PO or by law or regulation, Seller shall retain all records related to this PO for three (3) years from the date of final payment received by Seller or according to the applicable customer or regulatory requirements. Records related

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to this PO include, but are not limited to, financial, proposal, procurement, specifications, production, inspection, test, quality, shipping and export, and certification records. At no additional cost, Seller shall make available within 72 hours of request and provide access to such records to the US Government and/or Buyer.

(c) Buyer (and Buyer representatives, customers, US Government and regulatory agencies) shall have the right of entry, upon at least twenty-four (24) hours advance (written, electronic or telephonic) notice to Seller and at Buyer's own expense, to inspect Seller's facilities, their sub tiers, and any other location or facility operated by Seller in connection with its obligations and duties under this Agreement in order to ensure Seller's compliance with such obligations and duties.

11. REPRESENTATIONS AND WARRANTIES

(a) Seller represents and warrants that Seller has power, authority, rights and licenses, enter into this Agreement and to provide the Products, Services and Deliverables.

(b) Seller warrants that Seller shall use all commercially reasonable efforts to fulfill Seller's obligations under this PO, and that time is of the essence.

(c) Seller warrants that all Products, Services, and Deliverables shall be provided to Buyer free from any claims of any nature, including, without limitation, defects in title, and free of all liens, claims, or encumbrances.

(d) Seller shall warrant that all persons, whether employees, agents, subcontractors, or anyone acting for or on behalf of the Seller, are lawfully permitted, properly licensed, certified or accredited as required by applicable law and are suitably skilled, experienced and qualified to perform the Services.

(e) Seller warrants that its directors, employees, agents, representatives, contractors and subcontractors and any other person acting on its behalf will not: a. offer, give or agree to give or receive, request or accept any financial or other advantage of any kind as an inducement or reward for doing or not doing any improper act or for the improper performance of any function associated with the order or the Goods or Services; nor b. act in any way which would constitute an offence by Seller or would cause Buyer to commit an offence under any anti-bribery legislation; nor

(f) If Seller breaches any of the above warranties, Buyer shall be entitled to terminate the PO by written notice with immediate effect. Any termination shall be without prejudice to the accrued rights of the Buyer.

(g) Seller shall indemnify and hold harmless Buyer from any loss, damage and expense, including all legal fees, incurred or sustained by Buyer which is caused by or arises as a result of a breach of any of these warranties.

12. SECURITY AND CRISIS MANAGEMENT

(a) The Seller agrees to take all reasonable precautions to assure that the Good carried on hereunder shall be protected against theft, destruction, or unauthorized disclosure. Seller shall have and comply with a company security and crisis management policy. Upon Buyer's request, Seller shall provide Buyer a copy thereof. Seller shall revise and maintain the policy proactively, and as may be requested by Buyer, in anticipation of security and crisis risks relevant to the Buyer's business.

(b) Buyer reserves the right to inspect Seller's policy and to conduct on-site audits of Seller's facility and practices to determine whether Seller's policy and Seller's implementation of the policy are reasonably sufficient to protect Buyer's interests. If Buyer reasonably determines that Seller's policy and/or policy implementation is/are insufficient to protect Buyer's property and interests, Buyer may give Seller notice of such determination. Upon receiving such notice, Seller shall have fortyfive (45) days thereafter to make the policy changes and take the implementation actions reasonably requested by Buyer. Seller's failure to take such actions shall give Buyer the right to terminate this purchase order immediately without further compensation to Seller.

13. WORK ON BUYER'S AND THIRD PARTY PREMISES

(a) "Premises" as used in this clause means premises of Buyer, its customers, or other third parties where Services are being performed.

(b) Seller shall ensure that Seller personnel working on Premises comply with any on-premises policies and: (i) do not bring weapons of any kind onto Premises; (ii) do not manufacture, sell, distribute, possess, use or be under the influence of controlled substances or alcoholic beverages while on Premises; (iii) do not possess hazardous materials of any kind on Premises without Buyer's authorization; (iv) remain in authorized

areas only; (v) do not conduct any non-Buyer related business activities (such as interviews, hirings, dismissals or personal solicitations) on Premises, (vi) do not send or receive non-Buyer related mail through Buyer's or third party's mail systems; (vii) do not sell, advertise or market any products or memberships, distribute printed, written or graphic materials on Premises without Buyer's written permission or as permitted by law; and (viii) follow instruction from Buyer in the event of an actual or imminent safety or environmental hazard on Premises.

(c) All persons, property, and vehicles entering or leaving Premises are subject to search.

(d) Seller shall promptly notify Buyer and provide a report of any accidents or security incidents involving loss of or misuse or damage to Buyer, customer, or third party intellectual or physical assets, and all physical altercations, assaults, or harassment.

(e) (1) Prior to entry on Premises, Seller shall coordinate with Buyer to gain access. Seller shall provide information reasonably required by Buyer to ensure proper identification of personnel, including, but not limited to verification of citizenship, lawful permanent resident status, protected individual or other status. (2) Seller personnel requiring unescorted access to Premises shall, prior to entry, be screened by Seller at no charge to Buyer through the Buyer Contractor Screen Program, or otherwise screened by Seller in a manner satisfactory to Buyer.

(f) Seller shall ensure that Seller personnel: (i) do not remove Buyer, customer, or third party assets from Premises without Buyer authorization; (ii) use Buyer, customer, or third party assets only for purposes of this Contract; (iii) only connect with, interact with or use computer resources, networks, programs, tools or routines authorized by Buyer; and (iv) do not share or disclose user identifiers, passwords, cipher keys or computer dial port telephone numbers. Buyer may periodically audit Seller's data residing on Buyer, customer, or third party assets on Premises.

(g) Buyer may, at its sole discretion, have Seller remove any specified employee of Seller from Premises and require that such employee not be reassigned to any Premises under this Contract.

(h) Violation of this clause may result in termination of this Contract in addition to any other remedy available to Buyer at law or in equity. Seller shall reimburse Buyer, customer, or third party for any unauthorized use of Buyer, customer, or third party assets.

(i) Seller shall advise the Buyer Procurement Representative of any unauthorized direction or course of conduct.

(j) Seller shall immediately report to Buyer all emergencies (e.g., medical, fire, spills or release of any hazardous material) and non-emergency incidents (e.g., job-related injuries or illnesses) affecting the Work. Seller shall provide Buyer with a copy of any reports of such incidents Seller makes to governmental authorities.

14. QUALITY STANDARDS

(a) The Seller shall implement and maintain a quality program acceptable to Buyer for the Goods delivered under this PO. When so requested Seller shall submit to Buyer, for Buyer's approval, the quality program documentation, including Seller's procedures, instructions, practices, processes and other related documents. Seller will have the continuing obligation to immediately notify Buyer of change or deviation from Seller's approved quality program and to notify Buyer of any Goods delivered during the period of such change or deviation.

(b) Buyer, its customers and its higher-level contractors, including government agencies, will have the right to inspect Seller and Seller's lower-tier subcontractor's manufacturing facilities, processes, inspection systems, quality assurance systems, data, and equipment as may be related to the Goods furnished under this PO.

(c) Upon request, Seller shall, where applicable, submit test specimens (e.g., production method, number, storage conditions) for design approval, inspection, investigation or auditing.

(d) Seller must have prior approval of Buyer for any change to the product configuration, including engineering design and fabrication processes for Goods covered by this PO or any previous POs.

(e) Seller shall notify, in writing, Buyer within twenty-four (24) hours of the discovery of any defect in the Goods furnished under this PO or any previous POs.

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(f) Seller shall ensure that all of its subcontractors are provided with any and all applicable requirements, specifications and standards required by Buyer, its Customers or regulatory authorities, with respect to the Goods furnished under this PO.

(g) Seller shall ensure to use customer designated or approved external providers, including process sources (i.e. special processes) if applicable.

15. SERVICE WARRANTY

Seller shall warrant all services against defects in performance for a period of one (1) year following delivery unless stated otherwise in the documents accompanying these terms and conditions. If this subcontract includes the provision of Services, Seller warrants that it has and will maintain sufficient trained personnel to promptly and efficiently execute the Services contemplated under this PO. Seller further warrants that the services shall be performed to at least the standard of performance reasonably expected of similar service providers in Buyer's geographic region. In the event of a service defect, the Seller shall, at Buyer's discretion, repair or re-perform the defective services at no cost to the Buyer.

16. GOODS WARRANTY

Seller warrants that all Goods furnished pursuant to this PO shall strictly conform to applicable specifications, drawings, samples, descriptions, and other requirements of this PO, and be free from defects in design, material, and workmanship. This warranty shall begin upon final acceptance and extend for a period of one (1) year. If any nonconforming Goods are identified within the warranty period, Seller, at Buyer's option, shall promptly repair or replace Goods. Transportation of replacement Goods and the return of nonconforming Goods shall be at Seller's expense. If repair or replacement of Goods is not timely, Buyer may elect to return, repair, replace, or re-procure the non-conforming Goods at Seller's expense. All warranties shall extend to Buyer and its customers.

17. INSURANCE

Seller shall provide, pay for, and maintain in full force and effect those insurance outlined here (if applicable) for coverages at not less than the prescribed minimum limits of liability, covering Seller's activities, those of any and all subcontractors, or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Aviation Liability including Premises, Products, Completed Operations and Contractual Liability in an amount of not less than \$50,000,000 per occurrence/annual aggregate for products/completed operations.

Commercial General Liability:

\$1,000,000 each occurrence

\$2,000,000 general aggregate with dedicated limits per project site.

\$2,000,000 products and completed operations aggregate.

Automobile Liability: \$1,000,000 combined single limit each accident

Workers' Compensation:

Statutory Limit Employer's Liability: \$1,000,000 bodily injury for each accident

Umbrella/Excess Liability: \$5,000,000 combined single limit and annual aggregate

Contractor's Pollution Liability: \$5,000,000 each occurrence and annual aggregate

Professional Liability: \$1,000,000 each claim and annual aggregate

Upon Buyer's request Seller will provide to Buyer a certificate of insurance naming Buyer as additional insured and certifying that at least the minimum coverages required here are in effect and specifying that the liability coverages are written on an occurrence form and that the coverages will not be canceled, non-renewed, or materially changed by endorsement or through issuance of other policy(ies) of insurance without 60 days advance written notice to Buyer. All coverages required of Seller will be primary over any insurance or self-insurance program carried by Buyer and shall include a waiver of subrogation. Failure of Buyer to demand such certificate will not be construed as a waiver of the Seller's obligation to maintain such insurance.

18. INDEMNIFICATION

Seller shall defend, indemnify and hold harmless Buyer and all of its directors, officers, employees, agents and representatives from and against all claims, losses, damages, attorney's fees, actions, liability, demands, judgments, costs and expenses arising from Seller's and its subcontractors', negligence or willful misconduct in performance of its obligations under this PO. Buyer shall not enter into any settlement agreement that contains any admission of liability on the part of Seller. Patent Indemnity. Seller shall indemnify and save Buyer and its customers harmless, in exercising the rights and licenses provided herein, from and against any expense or liability, including costs, fees and damages, arising out of any claim, suit or proceeding that the manufacture or furnishing of Goods under this PO, or the use of such Goods (without modification or further combination) or sales of such Goods

constitutes infringement of any patent, trade secret or copyright or other proprietary rights of any third party. If an injunction should issue, Seller shall procure for Buyer and its customers the rights to continue using said Goods, or modify them in a manner acceptable to Buyer so they become non-infringing, or with the written approval of Buyer, remove said Goods and refund the purchase price.

19. TERMINATION

(a) Convenience. Buyer shall have the right, at any time, upon written notice to Seller, to terminate all or any portion of the Goods ordered under this PO. Upon receipt of notice to terminate, Seller shall cease all production and provision of Goods. Buyer shall reimburse Seller for Goods completed up to the effective date of termination.

(b) Default. Buyer may by written notice of default to Seller (a) terminate the whole or any part of any order in any one of the following circumstances: (i) if the Seller fails to perform or deliver the Goods within the time specified in the PO or any extension Buyer grants thereof; or (ii) if Seller fails to perform any of the other provisions of any PO, or so fails to make progress as to endanger performance of any PO in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of fifteen (15) calendar days after receipt of Buyer's notice or such longer period as Buyer may authorize in writing; and (b) upon such termination Buyer may procure, Goods similar to those terminated, in which case Seller shall be liable for all cost of cover incurred by Buyer. In the event of partial termination, Seller shall continue performance of such PO to the extent not terminated. As an alternate remedy, and in lieu of termination for default, Buyer, at its sole discretion may elect to (1) extend the schedule; and/or (2) waive deficiencies in Seller's performance, in which case an equitable reduction in the PO price shall be negotiated. In the event Seller for any reason anticipates difficulty in complying with the required schedule, or in meeting any of the other requirements of any PO, Seller shall promptly notify Buyer in writing. The rights and remedies of Buyer provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under any Buyer PO. In the event Buyer wrongfully terminates this PO for default, in whole or in part, such termination becomes a termination for convenience under this Article.

20. INTELLECTUAL PROPERTY

(a) Except as mutually agreed upon in writing, Buyer shall retain control and ownership of all ideas, discovery, inventions, improvements, designs and processes, or other intellectual property owned, controlled or possessed by Buyer prior to the issuance of this PO. All Proprietary Data, tools, drawings, schematics, and other intellectual property owned by Seller at the commencement of performance hereunder, shall remain the property of Seller.

(b) Seller agrees that all tangible and intangible property, including, but not limited to tools, tool drawings, materials, drawings, documents or data furnished to Seller by Buyer, or any materials affixed or attached thereto, shall be and remain the personal property of Buyer, and, unless otherwise agreed to in writing by Buyer, shall be used by Seller solely to provide Goods to Buyer.

(c) Buyer hereby grants Seller a limited, revocable, paid-up license to use the drawings, specifications and other data and intellectual property (hereinafter collectively referred to as "Data") furnished to Seller hereunder for the sole purpose of Seller's performance under this PO. All Data is the property of Buyer and shall not be used, disclosed to others or reproduced for any other purpose without the prior written consent of Buyer, provided, however, Seller may provide Data hereunder to Seller's contractors for the sole purpose of enabling Seller's contractors to assist Seller in performing this PO. This license is non-assignable, and this license is terminable with or without cause by Buyer at any time. All Data shall be deemed to be the proprietary property of Buyer, whether or not it is marked with any restrictive legend.

(d) Buyer proprietary property, and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as being the property of Buyer or Buyer's designee, and shall be safely stored separate and apart from Seller's property. Such property while in Seller's custody or control shall be held at Seller's risk and shall be insured by Seller for replacement cost with loss payable to Buyer.

(e) If Seller is notified by Buyer that Goods ordered under this PO are patented, Seller agrees to mark such Goods with any patent numbers or other markings designated by Buyer, including updates to such numbers or markings.

(f) Seller shall, as promptly as practicable after becoming aware that any Buyer Data in its care, custody or control is lost, destroyed, damaged, defective or deficient, notify Buyer of the event or condition in writing and Seller shall be held responsible for same.

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(g) Seller hereby grants to Buyer, and to Buyer's subcontractors and customers, in connection with the use, offer for sale, or sale of products provided to or work being performed for Buyer, an irrevocable, non-exclusive, paid-up worldwide license under any and all intellectual property (whether domestic or foreign), including patents, copyrights, industrial designs and/or mask works owned or controlled by Seller at any time or licensed to Seller, provided such a sublicense does not conflict with any provisions of the license to the Seller.

21. BUYER FURNISHED PROPERTY

(a) Buyer may, by written authorization, provide to Seller property owned by either Buyer or its customer ("Furnished Property"). Seller agrees that Furnished Property shall be used only for performance under this PO.

(b) Title to Furnished Property shall remain with Buyer or its customer as applicable. Seller shall clearly mark (if not so marked) all Furnished Property to show its ownership.

(c) Except for reasonable wear and tear, Seller shall be responsible for, and shall promptly notify Buyer of, any loss or damage to Furnished Property. Without additional charge, Seller shall manage, maintain, and preserve Furnished Property in accordance with applicable law, the requirements of this PO and good commercial practice.

(d) At Seller's request, and/or upon completion of this Contract, Seller shall submit, in an acceptable form, inventory lists of Furnished Property and shall deliver or make such other disposals as may be directed by Buyer.

22. EXPORT COMPLIANCE

The Seller will be the importer/exporter of record of the Goods and, unless we otherwise agree in writing, Seller will be responsible for obtaining all necessary import/export licenses, permits and other required authorizations. All delivered items (including technical data) shall at all times be subject to all applicable import and export regulations including, without limitation, the U.S. Export Regulations, International Traffic in Arms Regulations of the U.S., and applicable U.S. Customs Regulations. Seller will not dispose of USA-origin items furnished by Buyer (including technical data) other than in and to the country of ultimate destination specified in the PO, government license(s), and authorization(s), except as law and regulation permit.

23. DUTY DRAWBACK

If Seller is an importer of record, upon request and where applicable, Seller will provide Buyer customs form 7543 entitled "Certificate of Delivery" properly executed.

24. CONFIDENTIALITY

The Seller agrees to treat as strictly confidential all provisions of this PO and any information provided as a result of this PO including, without limitation, all drawings, specifications, schematics and formulae ("Confidential Information"). Confidential Information will not be disclosed to any person, corporation, or third party ("recipient"), other than to employees of the Seller who have a need to know for the performance of Seller's obligation hereunder, without the prior written consent of the Buyer. Consent shall not be withheld in the case of disclosure required for an investigation by a governmental authority or other mandatory legal process. The Seller further agrees not to use Confidential Information to independently develop, reverse engineer or produce a product which is similar to or imitates products which are the subject of the Confidential Information, or otherwise use the Confidential Information for its own benefit or the benefit of another. Notwithstanding any document marking to the contrary, any knowledge or information which Seller shall have disclosed or may hereafter disclose to Buyer incident to the placing and filling of any PO shall not, be deemed to be confidential or proprietary information and accordingly shall be acquired free from any restriction on use or disclosure.

25. MISCELLANEOUS

(a) Amendments and Notices. Any notice required by this PO and all amendment or waivers to this PO must be in writing and duly signed by the authorized representatives of both parties.

(b) Assignment. This PO may not be assigned or transferred to any person, firm, or corporation without the express, prior written consent of the other party, which consent will not be unreasonably withheld. Notwithstanding the foregoing, Buyer may assign its rights and/or obligations to an affiliate, parent of Buyer or successor in interest Seller shall promptly notify Buyer in writing of any organizational changes made by Seller, including name change or ownership changes, mergers or acquisitions.

(c) Attorney Fees. If Buyer brings an action or asserts a counterclaim for enforcement of the terms and conditions of this subcontract, then the Seller agrees that Buyer shall be entitled to an award of its reasonable attorney's fees and court costs associated with such enforcement or counterclaim proceedings.

(d) Audit Rights. Piedmont Aviation shall have the right to conduct audits of Seller's records for a period of up to twenty-four (24) months subsequent to the effective date of termination or cancellation of this Agreement.

(e) Compliance. Seller represents, warrants, and covenants that it shall supply all Goods in compliance with all applicable federal, provincial, international, national, state and local laws, legislation, rules, codes, regulations and governmental agencies standards, including, but not limited to anti-bribery, labor, environmental, health and safety laws and regulations, having jurisdiction over activities relating to this PO.

(f) English Language. Except as the parties may otherwise agree, this PO, data, notices, shipping invoices, correspondence and other writings shall be written in the English language. In the event of any inconsistency between any terms of this PO and any translation thereof into another language, the English language meaning shall control.

(g) Entire Agreement. This PO and any mutually agreed upon amendments shall constitute the entire agreement between the Parties with regard to the subject matter herein and supersede all other contracts, agreements or understandings of the matters herein subject, to include the issuance of any PO or invoicing terms provided by the Seller. Appendices shall be applicable as specified in the PO.

(h) Governing Law, Jurisdiction and Venue. This PO shall be governed by the laws of the State of North Carolina without reference to its conflicts of laws, provisions, and the Parties hereby attorn to the exclusive jurisdiction of the State of North Carolina unless otherwise agreed. All claims, disputes or controversies related to or arising out of this PO will be resolved in the State of Federal Court of competent jurisdiction located in the State of North Carolina. The Parties expressly agree that the United Nations Convention for the International Sale of Goods ("CISG") will not apply to this Agreement and is hereby expressed waived from such application. Parties shall each bear its own costs of processing any dispute hereunder. The rights and remedies of the Buyer are cumulative and in addition to any other rights and remedies provided by law or in equity.

(i) Gratuities/Kickbacks. Seller shall not offer or give a kickback or gratuity (in the form of entertainment, gifts, or otherwise) for the purpose of obtaining or rewarding favorable treatment as a supplier to Buyer.

(j) Independent Contractor. It is understood that the Seller is an independent contractor of Buyer. Nothing in this PO shall constitute the Seller an employee, partner, or agent of, or attorney for Buyer for any purpose. Nor is the Seller granted any right or authority to assume or to create any obligation or responsibility, whether express or implied, on behalf of or in the name of Buyer or to in any way bind Buyer. The Seller shall not hold itself out as having any authority to bind Buyer.

(k) Releases and Publicity. No public release of information regarding this PO shall be made without the prior written approval of Buyer.

(l) Remedies. The rights and remedies of Buyer and Buyer affiliates set forth herein are not exclusive and are in addition to any other rights and remedies available to Buyer and Buyer affiliates at law or in equity.

(m) Severability and Interpretation. Each provision of this PO is severable from the other. In the event that any such provision is declared by a court of competent jurisdiction to be unenforceable, the validity of the remainder of the PO shall not be affected. Headings in this PO are for the purpose of convenience only and shall not be used in the interpretation of any part of this PO. In this PO, the use of the singular includes the plural and vice versa and the use of any one gender includes all genders.

(n) Survivability. If this PO expires, is completed or is terminated, Seller shall not be relieved of those obligations contained in the following clauses: Confidentiality, Counterfeit Goods, Disputes, Export Compliance, Governing Law, Indemnity, Insurance, Intellectual Property, Records and Right of Entry, Releases and Publicity, and Warranty

(o) Third Party Beneficiaries. This Agreement has been entered into by Buyer and Seller and is not intended to and shall not create any rights in or against any third party. Furthermore, if Buyer issues an order under a US government contract, Seller hereby acknowledges that any order placed by Buyer is solely a transaction between Buyer and Seller and Seller is prohibited against pursuing any claim directly against the U.S. Government and shall not acquire any direct claim or direct course of action against the

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US Government except as may be expressly set forth in this terms and conditions document with the Government Contracting Officer's express consent.

(p) US Government Orders. If the Goods or Services sought by Buyer are related to a US Government Order, Buyer shall include all applicable clauses set forth in the Federal Acquisition Regulation (FAR) and Department of Defense Federal Acquisition Regulation Supplement (DFARS), as the Government Purchasing Addendum Terms and Conditions attached to this order (hereinafter the "Addendum"). Such clauses are hereby incorporated and are applicable hereto by this reference except for those that are specially excepted by the FAR/DFARS text of each clause. Where necessary to make the context of these clauses applicable to this Agreement, the term "Contractor" shall mean "Supplier", the term "Contract" shall mean this "Order," and the Terms "Government," "Contacting Officer," and equivalent phrases shall include "Piedmont Aviation". The clauses listed shall be those in effect on the date such Order is issued and those clauses are hereby incorporated by reference, if and only to the extent they apply to the Goods or Services provided by Seller without exception or waiver based upon the type, nature, value and location for production of the Goods procured or Services performed under this Agreement. With regard to each clause, in the event this precondition does not exist, or a waiver or exception applies as set forth in the clause or its implementing regulation, such clause shall be self-deleting. In case of conflict between the body of the Agreement and the Government Purchasing Addendum Terms and Conditions ("Addendum"), the Addendum will prevail. Seller shall include in each lower-tier subcontract the appropriate flow down Addendum clauses as required by FAR and DFARS.

(q) Waiver. No waiver of any breach of this PO will extend to any subsequent breach. Failure by either Party to enforce any provision of this purchase order shall not operate as a waiver of the requirements of such provision or law, or as a waiver of the right of a party thereafter to enforce such provision or law.