

## Texas Air Composites, Inc. - Terms and Conditions of Sale - Limited Warranty

**LIMITED WARRANTY** Texas Air Composites, Inc., hereinafter referred to as "Seller", warrants to its customers that all goods and services rendered and sold by TAC to its customers relative to the manufacture, repair and/or overhaul of parts, components, equipment, appliances, structures or related fixtures or any other goods or services sold hereunder are free from defective material and workmanship. SELLER MAKES NO OTHER REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR ANY OTHER MATTER WITH RESPECT TO THE PARTS OR COMPONENTS REPAIRED OR OVERHAULED whether used alone or in combination with other components, parts, equipment or substances. Any suggestions made by Seller, its' agents, employees, sales representatives concerning uses or applications of said parts or components reflect Seller's opinion only and Seller makes no warranty of results to be obtained. The term of this limited warranty as to all goods and services sold and rendered shall be limited to and shall not exceed one year after date of shipment.

**LIMITATION OF LIABILITY** - In the event of a breach of warranty per paragraph one above, Seller, at its sole option, will either issue credit or repair the parts or components in question. Credit issued only under the following conditions: Seller must be notified in writing of any claims within 30 days after Buyer physically received the parts or components at Buyer's dock. Seller must be given the opportunity to examine and test any allegedly non-conforming work. No parts or components may be returned without Seller's prior authority. A Return Authorization Number must be obtained and referenced on all paperwork prior to returning parts or issuance of Seller's debit memo. At Seller's request, Buyer must return the part or component on which claim was based by packaging the item in the same manner as the original shipment, transportation charges collect by a carrier of Seller's choice. The returned part or component must be received at Seller's dock in the same condition as when received by Buyer. Seller will allow credit for unreturned parts to the extent required to properly evaluate the part. No claim shall be greater in amount than the overhaul / repair price of the part or the cost of the part or component, whichever is less.

**The remedies stated above are the only remedies available for failure of the work or services to conform to Seller's specifications; special, incidental or consequential damages shall under no circumstances be recoverable.** Buyer assumes the risk and liability for using Seller's material in combination with any other substances. No statement, recommendation or technical advice of Seller to Buyer's representatives, regarding use of the parts or components will be considered a waiver of these provisions or affect in any respect Seller's liability as outlined above.

**TERMS** - Domestic (U.S.) orders are due net 30 days from date of invoice F.O.B. Seller's place of origin, upon prior credit approval. For international orders Confirmed letter of credit, cash against documents or by other written agreement. Any other payment or delivery terms require the express mutual consent of the Buyer and Seller. All domestic and international sales are made in U.S. dollars and in accordance with Seller's pricing at the time orders are shipped.

**BUYER'S CREDIT** - Seller reserves the right, among other remedies, either to terminate this agreement or to suspend further deliveries in the event Buyer fails to pay for any shipment when due. Should Buyer's financial responsibility become unsatisfactory to Seller, cash payments or satisfactory security may be required by Seller for future deliveries and for goods theretofore delivered. Buyer agrees to pay all expenses that Seller incurs to obtain collection of any amounts owed to Seller under this agreement, including interest, collection agency expenses, court costs and reasonable attorney's fees.

**EXCUSE OF PERFORMANCE** Seller shall not be subject to any liability for delay in performance or nonperformance as a result of fire, flood, natural catastrophe, strike, labor trouble, accident, riot, act of governmental authority or compliance with government request, act of God, or other contingencies and circumstances beyond Seller's reasonable control interfering with the production, supply, or transportation of the parts or components covered by this agreement or with the supply of any raw materials at a commercially reasonable price, or in the event Seller ceases or suspends operation of any facility where it is overhauling or repairing any quantity of parts or components deliverable hereunder and such termination or suspension is made by Seller because said facility, the operation thereof, and/or the product therefrom violates or fails to comply with any applicable governmental law, regulation, ordinance, standard, order or decree relating to pollution, ecology, occupational safety and health or environmental matters. Parts or components so affected may be eliminated from the agreement without liability, but the agreement shall otherwise remain unaffected.

**UNLOADING AND DEMURRAGE** - If Seller's delivery equipment is furnished hereunder, Buyer will use all reasonable efforts to unload and return the same to delivering carrier within the tariff or contracted period free of demurrage or extra detention charges. Demurrage or extra detention charges on such equipment is for Buyer's account.

**ORDER REVISION** - Seller requires receipt of written notice of any order change prior to the scheduled repair / overhaul date. Buyer agrees to pay a charge for any subsequent change to Buyer's first acknowledged order. In the event that Buyer provides less than 7 working days' notice for any change of order for any reason, Buyer shall nevertheless take delivery and make payment for such work or material as has been completed and such as is in process on the date Seller receives notice from Buyer, provided, however, that if for any reason, Buyer cannot accept delivery of such material, Buyer will pay for it as though delivery has been made and accepted. In such case, Seller will store parts, components or material for Buyer for a reasonable period of time at Buyer's expense and risk.

**TERMINATION** - In the event the Seller is a Contractor or Subcontractor to the U.S. Government, then the termination clauses set forth in Part 52 of the Federal Acquisition Regulations control termination of this agreement. Otherwise, Buyer may not cancel this agreement without the express consent of the Seller.

**FREIGHT AND TAXES** - Any increase in freight rates paid by Seller on shipments covered by this agreement and any tax or governmental charge or increase in same here-after becoming effective increasing the cost to Seller of producing, repairing, overhauling, selling or delivering the goods or of procuring materials used therein, and any tax now in effect or increase in same payable by Seller because of the importation, production, sale or delivery of the goods, other than income or franchise taxes, may at Seller's option, be added to the purchase price herein specified.

**MISCELLANEOUS** - This agreement contains all the terms and conditions of sale and purchase of the materials named herein and constitutes the complete understanding of the parties with respect thereto. No modification, extension or release from any provision hereof shall be effected by mutual agreement, acknowledgement, acceptance of purchase order or shipping instruction forms, or otherwise, unless the same shall be in writing, signed by the party to be bound, and specifically described as an amendment or extension of this agreement only in accordance with the terms hereof. No waiver by either Seller or Buyer with respect to any breach or default or of any right or remedy and no course of dealing shall be deemed to constitute a continuing waiver of any other breach or default or of any other right or remedy unless such waiver is expressed in writing signed by the party to be bound. This agreement and performance hereunder shall be construed and governed by the laws of the State of Texas. Neither this agreement nor any interest therein shall be transferred or assigned by a party except upon the prior written consent of the other party, which consent shall not be unreasonably withheld. We hereby certify that these goods were produced, repaired or overhauled in compliance with all applicable requirements of Section 6, 7, and 12 of the Fair Labor Standards Act as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof. The Confidentiality, Non disclosure and Non-diversion agreement is incorporated by reference.