

## Terms and Conditions Sales

### 1. Acceptance

The shipment by Buyer of any goods returned to Composite Technology, Inc. ("Seller") for repair services, the furnishing or commencement by Seller of any services called for hereunder, or any other conduct by Buyer that recognizes the existence of a contract pertaining to the subject matter hereof, may, at Seller's election, be treated as an unqualified acceptance by Buyer of this Order and all terms and conditions hereof.

Any terms and conditions proposed in Buyer's acceptance or in any acknowledgement, invoice, or other form of Buyer that add to, vary from, or conflict with the terms herein are hereby rejected. Any such proposed terms shall be void and the terms and conditions of the Order shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties and shall apply to each shipment received by Seller from Buyer hereunder. In the event any such proposed terms would, if accepted by Seller, vary the liability or warranty aspects of these terms then such proposed terms will be null and void unless the acceptance by Seller is made in writing.

### 2. Delivery, Risk of Loss and Shipping

All prices and deliveries are quoted EX WORKS, Seller's facilities. Seller assumes the risk of loss or damage to Buyer's property upon its delivery to Seller at Seller's facility. Seller's liability for the loss or damage to Buyer's property shall cease upon Seller's giving custody to the carrier designated by Buyer or in the absence of such designation, to the carrier selected by Seller for shipment to the Buyer.

All goods shall be prepared for shipment and packed to prevent damage or deterioration, secure lowest transportation rates, and comply with carrier tariffs. Seller shall make no declaration concerning value of goods shipped, except on goods where the tariff rating or rate is dependent upon the released or declared value, in which event such value shall be released or declared at the maximum value for the lowest rating or rates.

### 3. Quality Assurance and Inspection

The component specified in the order will be repaired and/or overhauled in accordance with current regulations of the Federal Aviation Administration or other applicable airworthiness authority, Seller Repair manuals, documentation and specifications. Seller shall be authorized to make Material Review Board disposition of nonconforming material if the items delivered to Buyer are not affected as to form, fit, function, durability, reliability, interchangeability, effective use or operation, weight or appearance (where a factor) or safety. If upon receipt of the goods by the Buyer at destination the same shall appear not to have been overhauled or repaired in accordance with this order, the Buyer shall within sixty (60) days after shipment from Seller notify Seller of such condition and afford the Seller a reasonable opportunity to inspect the goods and make any appropriate adjustment or replacement. The remedies afforded the Buyer under the paragraph hereof entitled "Warranties, Remedies and Limitation" shall be exclusive for defects discovered upon inspection but shall not be limited by reason of the Buyer's failure to discover the defects within the inspection period provided in the paragraph. The Buyer shall not delay payment for the overhaul and repair of the goods pending their inspection.

### 4. Warranties, Remedies, and Limitations

Seller warrants to Buyer that each rotor blade repair applied by Seller to be free from defect in material and workmanship. Seller's sole obligation under this warranty is limited to repairing or replacement of any repairs determined to Seller's reasonable satisfaction to have been defective within 2,000 hours of operation or three (3) years after installation, whichever occurs first. After 500 hours of use, there will be a prorated charge to the Buyer for repair costs (prorating the hours of total use against the then applicable part life or 2,000 hours, whichever is the lesser). Defective repairs must be reported in writing to Seller's Customer Service Department within 90 days of being found defective.

Note: Corrosive conditions may exclude any warranty consideration and corrosion is not considered a workmanship issue.

THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE AND ACCEPTED IN LIEU OF (i) ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; AND (ii) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN CONTRACT OR TORT, WHETHER OR NOT ARISING FROM SELLER'S NEGLIGENCE, ACTUAL OR IMPUTED. ADDITIONALLY, THE BUYER AGREES THAT THE USE OR INCORPORATION OF ANY PARTS OR REPAIRS INTO A SELLER PRODUCT WHICH ARE NOT SELLER APPROVED WILL RESULT IN A DISCLAIMER BY SELLER OF RELATED WARRANTY OBLIGATIONS AND IN INDEMNIFICATION OF SELLER FOR ANY AND ALL DAMAGES AND LIABILITY RESULTING FROM THE USE OR INCORPORATION OF SUCH PARTS OR REPAIRS. THE REMEDIES SET FORTH HEREIN ARE THE SOLE AND EXCLUSIVE REMEDIES OF BUYER FOR ANY CLAIMS, EXPENSES, DAMAGE OR ECONOMIC LOSS ARISING OUT OF OR RELATED TO DELIVERED PARTS. IN NO EVENT SHALL SELLER BE LIABLE IN TORT OR CONTRACT OR UNDER ANY OTHER LEGAL OR EQUITABLE THEORY OF LAW, FOR ANY INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES.

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This warranty is the only warranty made by Seller. The Buyer's sole remedy for a breach of this warranty is the repair of the helicopter rotor blade. Seller excludes liability, whether as a result of a breach of contract or warranty, negligence or strict product liability, for incidental or consequential damages including without limitation, damage to the helicopter or other property, costs and expenses resulting from required changes or modifications to helicopter components and assemblies, changes in retirement lives and overhaul periods, local customs fees and taxes, costs or expenses for commercial losses or lost profits due to loss of use or grounding of helicopters or otherwise.

**Warranty Exclusion**

This warranty does not apply to:

- A. Components which are not maintained, operated or repaired in accordance with the procedures recommended by the OEM, and/or
- B. Components which are subject to erosion and corrosion.

**5. Patent Infringement**

Seller shall conduct, at its own expense, the entire defense of any claim, suit, or action alleging that, without further combination, the use or resale by Buyer or any subsequent purchaser or use of the parts delivered hereunder directly infringes any United States patents (or patents of the nation whose territory the Buyer's principle office is situated) but only on the conditions that (a) Seller receives prompt written notice of such claim, suit, or action and full opportunity and authority to assume the sole defense thereof, including settlement and appeals, and all information available to Buyer and defendant for such defense; (b) said parts are made according to a design or specification furnished by Seller, or if a process patent is involved, the process performed by parts is recommended in writing by Seller; and (c) the claim, suit, or action is brought against Buyer or one expressly indemnified by Buyer. Provided all of the foregoing conditions have been met, Seller shall, at its own expense, either settle said claim, suit, or action or shall pay all damages (excluding consequential damages) and costs awarded by the court therein, and if the use or resale of such parts is finally enjoined, Seller shall, at its option, (i) procure for defendant the right to use or resell the parts, (ii) replace them with equivalent non-infringing parts, (iii) modify them so they become non-infringing but equivalent, or (iv) remove them and refund the purchase price (less a reasonable allowance for use, damage, or obsolescence). No indemnity is granted by Seller under patents of any nation other than those specified above, nor with respect to any of the parts or components thereof manufactured according to a design or specification of anyone other than Seller. If a claim, suit, or action is based on a design or specification furnished by Buyer, or on the performance of a process not recommended in writing by Seller, or on the use or sale of the parts delivered hereunder in combination with other goods not delivered to Buyer by Seller, Buyer shall indemnify and save Seller harmless therefrom.

**6. Modification/Captions**

No modification of this order shall be binding unless agreed to in writing and signed by both parties hereto. Captions as used in these terms and conditions, are for convenience of reference only and shall not be deemed or construed as in any way limiting or extending the language of the provision to which such captions may refer.

**7. Excusable Delays**

Seller shall not be liable for any delay or failure to perform if such delay or failure is due to causes beyond the control, and without fault or negligence, of Seller including, but not limited to, acts of God or of the public enemy, acts of Government, insurrections, fires, floods, epidemics, quarantine restrictions, strikes or freight embargoes.

**8. Taxes and Governmental Requirements**

In addition to the agreed purchase price of the goods, any and all taxes (not including any income and excess profit taxes) which may be imposed by any taxing authority, arising from the sale, delivery, or use of Seller's products and for which Seller may be held responsible for collection or payment, either on its behalf or that of Buyer, shall be paid by Buyer to Seller upon Seller's demand. Buyer shall also be responsible for obtaining any necessary clearances, including but not limited to import, export, and foreign exchange licenses, which may be required by any Government. For any goods returned from outside the United States (U.S.) import value must be the fair market value of the item, stated in U.S. dollars. Seller's performance is subject to all applicable U.S. Government laws and regulations and the Government laws and regulations of the place of manufacture and/or point of distribution. Nothing set forth herein or in any resulting order shall require any performance on the part of Seller which can not be lawfully done pursuant to said laws and regulations.

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### **9. Diversification**

Seller's performance under this Order is subject to all applicable export authorizations which may be required by the United States Government. No export and/or re-export of the hardware and/or technical data supplied under this Order may be made without the proper United States government authorization. The Buyer shall be responsible for obtaining any necessary authorizations, including but not limited to import, export and re-export licenses which may be required by the United States Government.

### **10. Insolvency**

In the event that (a) Buyer files a voluntary petition in bankruptcy or, (b) proceedings in a bankruptcy are instituted against him and he is thereafter adjudicated bankrupt pursuant to such proceedings or, (c) a court takes and retains for a period of at least thirty (30) days jurisdiction of him and his assets pursuant to proceeding under the provisions of any Government act, or (d) a receiver of the assets of Buyer is appointed on account of insolvency and is not discharged within a period of thirty (30) days thereafter or, (e) Buyer makes a general assignment for the benefit of its creditors, or, (f) the Buyer suspends business or becomes insolvent, it shall constitute an anticipatory breach of contract by Buyer for the purpose of any determination of Seller's rights and remedies at law and under this Order.

### **11. Scrap Material**

Goods and parts thereof received from Buyer which in the opinion of Seller have no value other than as scrap will be disposed of by Seller and no accounting or liability therefore will be imposed on Seller by Buyer. However, Seller agrees to comply with instructions set forth on the face of Buyer's purchase order providing for immediate disposition of any such scrap at Buyer's expense.

### **12. Assignment**

With the exception of any entity owned or controlled by either party, the parties shall not voluntarily assign or otherwise transfer all or any part of this Order without the other party's prior written consent.

### **13. Prices**

The prices provided by Seller for the provision of any repair services will be quoted in U.S. Dollars, unless otherwise agreed.

### **14. Payment**

Payment in U.S. Dollars will be due on parts shipped according to standard terms of net thirty (30) days from date of invoice to accounts meeting Seller's credit standard with acceptance ratings and/or credit history. Seller shall have the right to impose a finance charge of 1 ½% or the highest legal rate of interest permitted by law, whichever is lower, on the unpaid balance from the date when such payment was due until paid. Payments should be mailed to the "Remit To" address shown on the Invoice. Seller reserves the right to modify or withdraw credit terms at any time without notice, and to require guarantees, security, or payment in advance for the amount of the order involved.

### **15. Governing Law**

This Order shall be subject to and interpreted in accordance with the laws of the State of Texas, excepting its choice of law statutes. All disputes, claims, controversies, and lawsuits arising in connection with this Order shall be subject to the exclusive jurisdiction of a competent court residing within the State of Texas. The provisions of the Convention of the International Sale of Goods shall not apply to this Order.

### **16. Limitation of Liability**

UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER INCLUDING WITHOUT LIMITATION, LOST PROFIT, REVENUE, CONTRACTS OR INCREASED COSTS OF PRODUCTION, ENGINEERING OR DESIGN, WHETHER OR NOT SUCH CLAIMS ARE BASED IN CONTRACT OR TORT, INCLUDING NEGLIGENCE (ACTUAL OR IMPUTED) STRICT LIABILITY OR UPON ANY OTHER LEGAL THEORY. THE PRICE ALLOCABLE IN THIS ORDER TO ANY PRODUCT OR SERVICE ALLEGED TO BE THE CAUSE OF ANY LOSS OR DAMAGE TO BUYER SHALL BE THE CEILING LIMIT ON SELLER'S LIABILITY WHETHER FOUNDED IN CONTRACT OR TORT (INCLUDING NEGLIGENCE) ARISING OUT OF OR RESULTING FROM (I) THIS ORDER OR CONTRACT OR THE

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PERFORMANCE OR BREACH THEREOF, (II) THE DESIGN, MANUFACTURE, DELIVERY, SALE, REPAIR, REPLACEMENT OR  
(III) THE USE OF ANY SUCH PRODUCT OR THE FURNISHING OF ANY SUCH SERVICE.