

The **EADS** Company
GENERAL TERMS AND CONDITIONS OF PURCHASE

The term "BUYER" as used in this document shall mean The Eads Company. The term "SELLER" as used in this document shall mean the Company selling or providing the goods, materials, equipment or other services as described in the Purchase Order. Collectively BUYER and SELLER are referred to as the "Parties" and individually as "Party". Any purchase order issued by BUYER shall be deemed as accepted by SELLER, but such acceptance is made EXPRESSLY CONDITIONAL on assent by SELLER to the terms and conditions contained herein.

1. Entire Agreement: This Purchase Order, including any and any quotations, proposals, and/or correspondence incorporated herein by reference, embodies the entire agreement between BUYER and SELLER. The Parties shall not be bound by nor liable for any statement, representation, promise or understanding not set forth or referenced herein. Nothing contained in proposals, correspondence, discussions or negotiations prior to the date of this Purchase Order shall alter or amend the terms of this Purchase Order unless specifically incorporated herein. No changes, amendments, substitutions or modifications of any of the terms and conditions hereof shall be valid unless reduced to writing and signed by both parties in accordance with the Changes clause of this Purchase Order.

2. Changes: BUYER and SELLER, through their assigned respective representatives, may at any time make, subject to approval by both Parties and in writing, changes, including but not limited to changes in any one or more of the following: (1) Drawings or specifications; (2) Additions to or deletions from quantities ordered; (3) Delivery schedule; (4) Method of shipment or packing; (5) Place of delivery. If any such change causes an increase or decrease in the cost of or the time required for performance of any part of the work or affects warranties and guarantees, an equitable adjustment may be made in the price or delivery schedule, or both, and the Purchase Order shall be modified by written Amendments or Revisions executed by the Procurement Representatives of BUYER and authorized representative of SELLER. Notwithstanding the foregoing, NO changes in pricing will be accepted unless and until specifically approved and accepted in writing by BUYER.

3. Price and Payment: Prices are considered firm and may NOT be changed without notice (see section 2 above, titled "Changes") and are conditioned upon SELLER's acceptance of the terms and conditions herein specified. Any changes in freight rates or transportation charges used by SELLER in computing prices and charges shown on this Purchase Order occurring after the date hereof will be for the SELLER's account unless specifically agreed to in advance by BUYER in writing. SELLER shall not be liable for any transportation charges incurred at destination such as spotting, switching, drayage, demurrage, pier unloading charges, etc. unless such charges are the result of errors, omissions, and/or negligence of SELLER. SELLER shall be paid, except as otherwise stated in this Purchase Order, upon submission of proper invoices, the prices stipulated herein for Goods delivered and accepted or services rendered and accepted. Payment terms are net thirty (30) calendar days after receipt of invoice or as agreed to and accepted in writing by BUYER prior to issuance of this Purchase Order. Those provisions of this Purchase Order that by their very nature survive final acceptance under the Purchase Order shall remain in full force and effect after such acceptance and payment.

4. Delivery: Any and all Goods delivered under this Purchase Order shall be identified on the item, on the packing list, and on the invoice with the BUYER's part number shown on this Purchase Order. Delivery of products shall be made F.O.B. shipping point (*ex works*), in strict accordance with the shipping instructions included in or attached to this Purchase Order. SELLER will not be liable for delays in performing its obligations to the extent such delays are caused by any unforeseeable condition which is beyond SELLER's reasonable control and which could not be avoided by the exercise of ordinary diligence. Acts of God, such as storms or floods, as well as government priorities, acts of civil or military authorities, fires, epidemics, war or riot, work stoppages, accidents, casualties, inability to procure supplies and raw materials, delays in transportation, shortage of cars are examples of events which will be excusable for being beyond SELLER's reasonable control, only upon fulfillment of the following conditions: (a) Within fourteen (14) calendar days of the discovery of the commencement of any excusable delay, SELLER shall provide BUYER with written notice of the cause and extent thereof as well as a request for a schedule extension for the estimated duration thereof; and, (b) Within fourteen (14) calendar days of the discovery of the cessation of the event causing such delay, SELLER shall provide BUYER with written notice of actual delay incurred, upon receipt of which the date of promised delivery shall be extended for the time actually lost by reason of an excusable delay. Notwithstanding the above, in the event of such delay, BUYER shall retain the right to cancel, without penalty, cost, or charge, this Purchase Order, or any part thereof, if such delay renders any Goods and/or Services included in this Purchase Order unsellable by BUYER.

5. Title and Risk of Loss: Except as otherwise provided for elsewhere herein, title to all Goods furnished by SELLER hereunder shall transfer to BUYER upon shipment in accordance with the shipping instructions included in or attached to this Purchase Order. Notwithstanding the foregoing, SELLER shall be responsible for and shall bear any and all risk of loss or damage to the Goods until delivery thereof in accordance with the delivery provisions of this Purchase Order. Upon such delivery, risk of loss or damage shall pass to BUYER.

6. Expediting: The Goods furnished under this Purchase Order, including all warranty work, shall be subject to expediting by BUYER. BUYER's representatives shall be afforded reasonably free access during normal working hours to SELLER's plants or facilities, and SELLER agrees to procure a similar right for BUYER, for expediting purposes with respect to SELLER's subcontractors and vendors. As required by BUYER, SELLER shall supply schedules, progress reports and unpriced copies of SELLER's Purchase Orders and subcontracts for BUYER's use in expediting. SELLER shall notify BUYER in writing of any actual or anticipated delays within a reasonable time period after discovery, as set out more fully in section 4 above, titled "Delivery." Such

notice shall include an estimated period of delay, cause, and corrective actions being taken.

7. Quality Standards: SELLER shall comply with the standards of quality specified by this Purchase Order. BUYER's authorized representatives shall be afforded free access during normal working hours to plants or facilities of SELLER and/or of SELLER's sub-suppliers in order to monitor compliance with quality requirements. BUYER's right to inspect, examine, and test the Goods shall extend through the manufacturing process, the time of shipment and for a reasonable time after arrival at the final destination.

8. Warranties and Guarantees: SELLER warrants that the Goods are free from liens and defects in title, and shall conform in all respects to the terms of this Purchase Order and the specifications applicable to the Goods. All Goods shall be furnished subject to SELLER's standard manufacturing practices. Unless the warranty period is otherwise extended, the conditions of which are provided elsewhere in this Purchase Order, the following warranty shall apply: if, at any time prior to twelve (12) months from the date of delivery it appears that the Goods, or any part thereof, do not conform to these warranties or to the specifications applicable thereto, and SELLER is so notified in writing upon discovery, SELLER shall promptly correct such nonconformity or, if the nonconformity cannot be resolved or corrected to the satisfaction of BUYER, shall issue full credit to BUYER for the invoiced value of any such defective Goods. If required by SELLER, any such nonconforming Goods may be returned to SELLER at SELLER's expense.

9. Infringement: SELLER shall, at its own expense, hold harmless and defend BUYER under this Purchase Order against any claim, suit, or proceeding brought against BUYER which is based upon a claim, whether rightful or otherwise, that any equipment, process or material, or any part thereof, furnished by SELLER under this Purchase Order, constitutes an infringement of any patent and SELLER shall pay all damages and costs awarded against BUYER, resulting therefrom. The indemnity is given upon the condition that BUYER shall promptly notify SELLER of any claim or suit or proceeding involving BUYER in which such infringement is alleged, and BUYER shall permit SELLER to control completely the defense or compromise of any such allegation of infringement, and BUYER shall render such reasonable assistance at SELLER's cost in the defense thereof as SELLER may require.

10. Compliance: SELLER warrants that all Goods sold hereunder shall have been produced, sold, delivered and furnished in compliance with all applicable laws and regulations to which the Goods are subject.

11. Assignment: Neither Party to this Purchase Order shall assign, transfer or sublet the Purchase Order, any portion thereof or any of the obligations, benefits or interests contained therein or created thereby in any manner whatsoever without the prior written consent of the other Party.

12. Non-Waiver: Failure by either Party to insist upon strict performance of any of the terms and conditions hereof, or failure to delay to exercise any rights or remedies provided herein or by law shall not release the other Party from any of the obligations of this Purchase Order and shall not be deemed a waiver of any right of the Parties to insist upon strict performance hereof or any of its rights or remedies set forth in this Purchase Order.

13. Indemnities: Notwithstanding anything to the contrary contained elsewhere herein, SELLER shall be liable in any case of illness, injury or death to SELLER's employees and in any case of loss or damage to SELLER's property arising out of or relating to the provision of the Goods or services under this Purchase Order and **REGARDLESS OF WHETHER CAUSED OR BROUGHT ABOUT BY BUYER'S NEGLIGENCE (INCLUDING ACTIVE, PASSIVE, SOLE, JOINT OR CONCURRENT NEGLIGENCE) OR ANY OTHER THEORY OF LEGAL LIABILITY, INCLUDING STRICT LIABILITY** and SELLER shall defend, protect, indemnify and hold harmless BUYER, its parent, subsidiary and affiliated companies, any assignees of BUYER, including officers, directors, employees and representatives, from and against any loss, cost, claim, obligation to indemnify another, suit, judgment, award or damage (including reasonable attorney's fees) on account of such illness, injury, death, loss or damage.

Notwithstanding anything to the contrary contained elsewhere herein, SELLER shall be liable in any case of illness, injury or death to BUYER's employees and in any case of loss or damage to BUYER's property arising out of or relating to the provision of the Goods or services under this Purchase Order in the event that such illness, injury or death, and/or such loss or damage to BUYER's property **IS CAUSED OR BROUGHT ABOUT BY SELLER'S NEGLIGENCE (INCLUDING ACTIVE, PASSIVE, SOLE, JOINT OR CONCURRENT NEGLIGENCE) OR ANY OTHER THEORY OF LEGAL LIABILITY, INCLUDING STRICT LIABILITY** and SELLER shall defend, protect, indemnify and hold harmless BUYER, its parent, subsidiary and affiliated companies, any assignees of BUYER and its and all of their officers, directors, employees and representatives from and against any loss, cost, claim, obligation to indemnify another, suit, judgment, award or damage (including reasonable attorney's fees) on account of such illness, injury, death, loss or damage.

14. Insurances: During the performance of this Purchase Order, SELLER, at its sole expense except as specifically set forth to the contrary below, shall maintain the insurance coverages or their substantial equivalents and endorsements set forth in this

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Paragraph 14 and with the insurance underwriters and upon terms reasonably satisfactory to BUYER. Where applicable, each insurance policy described below shall be endorsed as follows: (1) Underwriters shall waive their rights of subrogation against BUYER, its subsidiary and affiliated companies, any assignees of BUYER and its and all of their employees and officers but only to the extent of SELLER's indemnification obligations under this Purchase Order; (2) To provide thirty (30) calendar days' prior written notice of cancellation, material change or reduction of coverage to BUYER and any assignees of BUYER; (3) To provide adequate territorial limits, and (4) except for the Workmen's Compensation policy, BUYER shall be named as an additional assured under such policies, but only to the extent of SELLER's indemnification obligations under this Purchase Order.

SELLER shall maintain a Workmen's Compensation policy complying with all of the statutory benefits required by the Workmen's Compensation and Occupational Disease laws of the state where operations are being conducted. The policy shall be endorsed to provide Employers Liability coverage for the following: (1) endorsements to cover all states in which the work is performed; and (2) "Borrowed Servant" endorsement, stating that a claim brought against BUYER as a "borrowed servant" by an employee of SELLER shall be treated as a claim against SELLER.

SELLER shall maintain a Commercial General Liability insurance policy covering all operations of the SELLER within the United States and its offshore waters. This policy shall include the following: (1) Premises and Operations; (2) Contractual Liability, insuring the indemnity agreements contained in the Purchase Order; (3) SELLER's Protective Liability, covering work-let or sublet; and (4) Limits of coverage as required by excess liability or umbrella insurance company as provided hereunder. SELLER shall also maintain a Comprehensive Automobile Liability insurance policy providing coverage for all owned, hired, and non-owned automobiles with the coverage limits as required by the Excess Liability or Umbrella insurance company. SELLER shall maintain an Excess Liability Insurance or Umbrella Insurance policy supplementing the primary coverages of the policies required above with a limit of \$1,000,000. Certificates of all of the above insurances shall be provided by SELLER to BUYER within five (5) calendar days of the date of this Purchase Order.

15. Vendor Data: SELLER shall provide to BUYER any and all Vendor Data as set out in this Purchase Order, in the size, configuration, and/or quantities indicated. Failure on the part of SELLER to provide such data, or any part thereof, may be cause to withhold or delay payment to SELLER until such data is received and accepted.

16. Inspection: SELLER shall allow BUYER to undertake an inspection of the Goods being fabricated, assembled or shipped and the facilities for such. SELLER shall provide to BUYER a minimum of ten (10) days prior notice of any inspection or test to which the Goods are being subjected to allow BUYER to attend such inspection or test.

17. Arbitration: All claims, disputes or controversies arising out of, or in relation to the interpretation, application or enforcement of this Purchase Order shall be decided by resort of either SELLER or BUYER to arbitration utilizing a single arbitrator in accordance with the Commercial Rules of the American Arbitration Association. The arbitration shall be held in Houston, Texas. The decision of the arbitrator shall be final, binding and enforceable in any court of competent jurisdiction and SELLER and BUYER agree that there shall be no appeal from the arbitrator's decision. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding. The right to arbitrate shall survive the termination of the Purchase Order. The Parties acknowledge and agree that this Agreement includes activities in Interstate Commerce and that the Federal Arbitration Act, 9 U.S.C. §1 et. seq. shall control and apply to all arbitrations conducted hereunder, notwithstanding any state law provisions to the contrary.

18. Choice of Law: The laws of the State of Texas shall control the validity, construction and interpretation of this Purchase Order excluding any conflicts of law principles which would direct the substantive law of another jurisdiction to apply.

19. Independent Contractor: In the performance of its work under this Purchase Order, SELLER's status shall be that of an independent contractor and the relationship of the BUYER and SELLER shall in no event be construed or interpreted as being that of principal and agent, master and servant, or employer and employee, and the employees of each party hereto shall not be deemed to be employees of the other party hereto for any purpose.

20. Consequential Damages: Notwithstanding anything to the contrary contained elsewhere herein, neither SELLER nor BUYER shall be liable to the other for any consequential, incidental, indirect or punitive damages of any kind or character,

including, but not limited to, loss of use, loss of profit, loss of revenue whenever arising under this Purchase Order or as a result of, relating to or in connection with the goods, work or services hereunder, and no claim shall be made by either SELLER or BUYER against the other or their subcontractors of any tier, other contractors, or insurers REGARDLESS OF WHETHER SUCH CLAIM IS BASED OR CLAIMED TO BE BASED ON NEGLIGENCE (INCLUDING SOLE, JOINT, ACTIVE, PASSIVE, CONCURRENT OR GROSS NEGLIGENCE), UNSEAWORTHINESS, UNAIRWORTHINESS, FAULT, BREACH OF WARRANTY, BREACH OF AGREEMENT, STATUTE, STRICT LIABILITY OR OTHERWISE.

21. Taxes: The prices provided for herein are exclusive of any present or future Federal, State, Municipal or other sales or use tax with respect to the product covered hereby, of any other present or future excise tax upon or measured by the gross receipts from this transaction or any allocated portion thereof or by the gross value of the product covered hereby, and of any present or future property tax or similar charge with respect to the products covered hereby. If SELLER is required by applicable law or regulation to pay or collect any such tax or taxes on account of this transaction on the material or equipment or services covered hereby, then such amount of tax shall be paid by the BUYER in addition to the prices provided for herein.

22. Termination: In the absence of a breach of any of the conditions of this Purchase Order, this Purchase Order may not be canceled, terminated or modified by either Party, whether in whole or in part, except with the written consent of both Parties.

23. Export Control: BUYER is not typically an exporter. However, BUYER recognizes that certain Goods included in this Purchase Order may be exported, BUYER shall be responsible for communicating all export licensing requirements to its customer(s) as required by the laws of the United States of America, including, but not limited to, all United States Export Administration Regulations (15 CFR §730-774), the International Traffic in Arms Regulations (22 CFR §120-130) and all other statutes and regulations in force and effect as controlled by the United States Commerce Department – Bureau of Industry and Security, the United States Defense Department – Directorate of Defense Trade Controls, the United States Census Bureau – Foreign Trade Division and the United States Treasury Department – Office of Foreign Assets Control, the United States Department of Defense, the United States Department of Commerce, the United States Department of the Treasury, and any other department or agency of the United States Government that imposes any obligations relating to the export of goods, materials and/or intellectual property, including those of any foreign governments (i.e. non-United States governments). SELLER shall provide to BUYER the Export Control Classification Number (ECCN) and the Harmonized Tariff Code (HTC) for each item on this Purchase Order

Upon written request from BUYER, SELLER shall provide all necessary and sufficient technical information to assist BUYER, BUYER's agent, customer, or freight forwarder in determining the export classification status of the goods, materials and/or intellectual property.

Notwithstanding anything to the contrary contained elsewhere herein, SELLER shall not be responsible for filing for or obtaining any such export licenses and/or authorizations for any goods, materials and/or intellectual property relating to the sale of the goods by SELLER to BUYER and BUYER shall release, defend, protect, indemnify and hold harmless SELLER, SELLER's parent, subsidiary and affiliated companies, SELLER's contractors and subcontractors of all tiers and all of their respective officers, directors, managers, members, employees, representatives and agents from and against any loss, cost, claim, liability, suit, judgment, award or damage (including reasonable attorney's fees) on account of failing to file for and properly obtain all such export licenses and authorizations for all goods, materials and/or intellectual property relating to the sale of the goods by SELLER to BUYER.

24. Severability. If, in any legal proceeding, it is determined that any provision of this Purchase Order is unenforceable under applicable law, the unenforceable provision shall automatically be amended to conform to that which is enforceable under the law. In any event, the validity or enforceability of any provision shall not affect any other provision of this Purchase Order, and the Purchase Order shall be construed and enforced as if such provision had not been included.

25. Third Parties. Except as specifically provided for elsewhere in this Purchase Order, this Purchase Order shall not be construed to confer any benefit on any third party not a Party to this Purchase Order nor shall it provide any rights to such third party to enforce its provisions.