

TERMS AND CONDITIONS OF SALE

APPLICABILITY:

Unless and to the extent that a general terms agreement executed between Buyer and Seller applies to supersede any of these terms, any purchase order covering the sale of any product ("Product") will be governed solely by these Conditions of Sale, whether or not these Conditions of Sale are referenced in the Order. Except as provided in the "Buyer's Orders" section below, all provisions on Buyer's purchase order and all other documents submitted by Buyer are expressly rejected. Seller will not be deemed to have waived these Conditions of Sale if it fails to object to provisions submitted by Buyer. Buyer's silence or acceptance or use of Products constitutes its acceptance of these Conditions of Sale. Any modification or addition to these Conditions of Sale must be in writing and signed by an authorized representative of Buyer and Seller. Seller reserves the right to reject any Order submitted for its acceptance.

CONTROLLING PROVISIONS:

This Agreement shall apply to and shall govern all transactions between Buyer and Seller concerning the sale of products by Seller to Buyer. No terms and conditions other than the terms and conditions contained herein shall be binding upon Seller unless accepted by it in a writing signed by an officer of Seller. All terms and conditions contained in any oral or written communication, including, without limitation, Buyer's purchase order, which are different from or in addition to the terms and conditions herein are hereby rejected and shall not be binding on Seller, whether or not they would materially alter this document, and Seller hereby objects thereto. Buyer will be deemed to have assented to all terms and conditions contained herein if any part of the products described herein are shipped or an invoice is presented in connection with the said products.

ORDERS:

All orders must be in writing delivered by mail, fax, or e-mail. All orders must specify the name of the OEM and description of the part. Orders must specify any age or, if applicable, cycle limitations. All orders are subject to Seller's acceptance and shall not be considered a contract until this acknowledgment is furnished. Any acceptance of Buyer's order is limited to acceptance of the express terms hereof. No order that has been accepted by the Seller may be cancelled by the Buyer, except with the agreement in writing of the Seller and on terms that the Buyer shall indemnify the Seller in full against all loss (including loss of profit), costs (including the cost of labor and materials used), damages, charges and expenses that may be incurred by the Seller as a result of cancellation.

BUYER'S ORDER FORM:

Although Buyer may use its standard purchase order form to give any order or notice provided for hereunder, said order or notice will be governed by the terms and conditions of this Agreement, and any term or condition set forth in any such standard form which is inconsistent with or in addition to the terms and conditions of this Agreement are proposals only, shall have no force or effect, and are objected to and rejected by Seller.

PRICE; TERMS OF PAYMENT:

The purchase price of the products shall be the Seller's quoted price or, where no price has been quoted (or a quoted price is no longer valid), the price listed in the Seller's then current published price list at the date the Seller accepts the order for the products. Buyer agrees to pay for the products according to the Seller's payment terms. Shipments to a Buyer who has not established and maintained credit terms to the satisfaction of Seller will be made on a C.O.D. basis or charged to a credit card (VISA, Mastercard, or American Express, only). Where credit terms have been established, the amount of credit or terms of payment may be changed or credit withdrawn by Seller at any time. In the event Buyer fails to make any payment to Seller when due, Buyer's entire account(s) with Seller shall become immediately due and payable without notice or demand. All past due amounts are subject to service charges at the rate of 1 ½ percent per month. Buyer will assist Seller in taking the necessary action to perfect and protect Seller's security interest. The Buyer's obligations under this paragraph will continue as obligations to any successors or assigns.

SECURITY INTEREST:

Buyer does hereby grant to Seller, and Seller retains, a purchase money security interest in the products (and replacements) and all proceeds and products thereof until the full until such time as Seller is fully paid (including interest, taxes and additional charges). Buyer will assist Seller in taking the necessary action to perfect and protect Seller's security interest. Buyer's failure to pay any amount when due shall give Seller the right to repossess and remove the products. Such repossession and removal shall be without prejudice to any of Seller's other remedies at law or in equity.

DEFAULT BY BUYER; REMEDIES OF SELLER:

Buyer agrees that any of the following shall constitute an event of default (an "Event of Default"): (a) the failure of Buyer to make any payment when due in accordance with the terms hereof or perform any term or condition contained herein; (b) any failure of Buyer to give required notice; (c) the insolvency of Buyer or its failure to pay debts as they mature, an assignment by Buyer for benefit of its creditors, the appointment of receiver for Buyer or for the materials covered by this order or the filing of any petition to adjudicate Buyer bankrupt; (d) the death, incompetence, dissolution or termination of existence of Buyer; (e) a failure by Buyer to provide adequate assurance of performance within ten (10) days after a justified demand by Seller; or (f) if Seller, in good faith, believes that Buyer's prospect of performance under this Agreement is impaired. Upon the occurrence of an Event of Default, Seller shall have the following rights and remedies:

Seller, at its option, may cancel any unexecuted portion of any orders;

Buyer's entire account(s) with Seller shall become immediately due and payable without notice or demand;

Seller may exercise any right or remedy which it may have at law or in equity

All rights and remedies of Seller herein are in addition to, and shall not exclude, any rights or remedies that Seller may have by law. In the event it becomes necessary to incur any expense for collection of any overdue account, reasonable collection charges, including reasonable attorneys' fees,

will be added to the balance due and Buyer shall pay all such charges, and Buyer agrees to reimburse Seller all attorney fees and court costs incurred by Seller in connection therewith.

GOVERNING LAW:

This transaction shall be governed in all respects by the laws of the State of North Carolina (excluding choice of law provisions). All actions, regardless of form, arising out of or related to this transaction or the products sold hereunder must be brought against Seller within the applicable statutory period, but in no event more than one (1) year after the date of invoice. The parties agree that any lawsuit filed to enforce such a contract of sale, and any lawsuit filed with respect to a claim arising out of such a transaction, whether arising in contract, tort, or other cause of action, shall be filed in a court located within 50 miles of Winston-Salem, NC.

DELIVERY:

Seller will make a good faith effort to complete delivery of the products as indicated by Seller in writing, but any such delivery date is approximate only and merely represent Seller's best estimate of the time required to make shipment. Seller assumes no responsibility or liability and will accept no backcharge for loss, expense or damage due to delay or inability to deliver, whether or not such loss or damage was made known to Seller, including, but not limited to, liability for Seller's non-performance caused by acts of God, war, labor difficulties, accidents, inability to obtain materials, delays of carriers, contractors or suppliers or any other causes of any kind whatever beyond the control of Seller. Under no circumstances shall Seller be liable for any special, consequential, incidental, indirect, or liquidated damages, losses including any losses of revenues, or expense (whether or not based on negligence) arising directly or indirectly from delays or failure to give notice of delay.

WARRANTY:

THE BUYER'S SOLE AND EXCLUSIVE WARRANTY, IF ANY, IS THAT PROVIDED BY THE PRODUCT'S MANUFACTURER OR THE MAINTENANCE, REPAIR, OR OVERHAUL COMPANY THAT PERFORMED WORK ON THE PRODUCT, AND WHICH CAN LAWFULLY BE ASSIGNED TO THE BUYER. SELLER MAKES NO EXPRESSED OR IMPLIED WARRANTIES WHATSOEVER. SELLER HEREBY DISCLAIMS ALL EXPRESSED OR IMPLIED WARRANTIES, WHETHER IMPLIED BY OPERATION OF LAW OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS OR FITNESS FOR A PARTICULAR PURPOSE. EXCEPT AS EXPRESSLY SET FORTH IN THIS PARAGRAPH, ALL PRODUCTS AND/OR SERVICES PROVIDED BY SELLER AND ITS EMPLOYEES AND AGENTS ARE PROVIDED "AS IS," "WHERE IS," AND "WITH ALL FAULTS AND DEFECTS."

LIABILITIES OF SELLER:

UNDER NO CIRCUMSTANCES, AND IN NO EVENT, WILL SELLER BE LIABLE FOR PERSONAL INJURY OR PROPERTY DAMAGE OR ANY OTHER LOSS, DAMAGE, COST OF REPAIRS OR INCIDENTAL, PUNITIVE, SPECIAL, CONSEQUENTIAL, OR LIQUIDATED DAMAGES OF ANY KIND, WHETHER BASED UPON WARRANTY, CONTRACT, STRICT LIABILITY, NEGLIGENCE OR ANY OTHER CAUSE OF ACTION OR THEORY OF LIABILITY ARISING IN CONNECTION WITH THE DESIGN,

MANUFACTURE, SALE, TRANSPORTATION, INSTALLATION, USE OR REPAIR OF THE PRODUCTS SOLD BY SELLER. BUYER HEREBY ACKNOWLEDGES AND AGREES THAT UNDER NO CIRCUMSTANCES, AND IN NO EVENT, SHALL SELLER'S LIABILITY, IF ANY, EXCEED THE NET SALES PRICE OF THE DEFECTIVE PRODUCT(S); NO ADDITIONAL ALLOWANCE SHALL BE MADE FOR THE LABOR OR EXPENSE OF REPAIRING OR REPLACING DEFECTIVE PRODUCTS OR WORKMANSHIP OR DAMAGE RESULTING FROM THE SAME.

RECOMMENDATIONS BY SELLER:

Buyer acknowledges that Seller does not make and specifically negates, renounces and disclaims any representations, warranties and/or guaranties of any kind or character, expressed or implied, with respect to (i) the products sold, their use, design, application or operation, their merchantability, their physical condition or their fitness for a particular purpose, (ii) the maintenance or other expenses to be incurred in connection with the products, (iii) the engineering, design, fabrication work or any other work or service (whether gratuitous or for payment) supplied by Seller and/or its agents, suppliers and employees or (iv) the accuracy or reliability of any information, designs or documents furnished to Buyer. Seller neither assumes, nor authorizes any person to assume for it, any other obligation in connection with the sale of its products and/or rendering of its services. Any recommendations made by Seller concerning the use, design, application or operation of the products shall not be construed as representations or warranties, expressed or implied. Failure by Seller to make recommendations or give advice to Buyer shall not impose any liability upon Seller.

INDEMNIFICATION:

Seller shall not be responsible for any losses or damages sustained by the Buyer or any other person as a result of improper installation or misapplication of the products. Buyer shall defend, indemnify and hold harmless Seller and its agents, shareholders, and employees against any loss, damage, claim, suit, liability, judgment or expense (including, without limitation, attorney's fees) arising out of or in connection with any injury, disease or death of persons (including, without limitation, Buyer's employees and agents) or damage to or loss of any property or the environment, or violation of any applicable laws or regulations resulting from or in connection with the sale, transportation, installation, use, or repair of the products by Buyer or of the information, designs, services or other work supplied to Buyer, whether caused by the concurrent and/or contributory negligence of Buyer, Seller, or any of their agents, employees or suppliers. The obligations, indemnities and covenants contained in this paragraph shall survive the consummation or termination of this transaction.

INSPECTION AND ACCEPTANCE:

Claims for damage, shortage or errors in shipping must be reported within one (1) day following delivery to Buyer, and if such claims are not reported within this 1-day period, Buyer shall be deemed to have waived and released Seller from all claims based on damage, shortage or errors in shipping. Buyer shall have seven (7) days from the date Buyer receives any products to inspect such products and services for defects and nonconformance which are not due to damage, shortage or errors in shipping and notify Seller, in writing, of any defects, nonconformance or rejection of such products, together with a request for a Return Material Authorization (RMA) number. After such seven (7) day period, Buyer shall be deemed to have irrevocably accepted the products, if not previously accepted. After such acceptance, Buyer shall have no right to reject the products for any reason or to revoke acceptance. Buyer hereby agrees that such seven (7) day period is a reasonable amount of time for such inspection and revocation. Buyer's rejection shall not be effective unless the rejected products

are returned freight prepaid to Seller's designated site in the original shipping cartons with Seller's RMA number displayed on each carton within seven (7) days of receipt of said RMA number. The sole and exclusive remedy for properly rejected products will be the replacement of the products subject to the manufacturer's or MRO provider's inspection and warranty.

RETURNS:

Any returns must be approved in advance of shipment back to Seller by an authorized Seller employee. The Buyer must obtain a RMA number by Seller prior to any return. Buyer must reference the RMA number on the packing list and must be listed on the returned package. Parts returned without authorization will not be accepted for credit. Buyer is responsible for all shipping charges for returned parts. A 20% restocking fee may apply if return is due to Buyer's convenience.

SHIPMENTS:

The products will be shipped in Seller's standard shipping packages to Buyer at Buyer's address set forth in Buyer's order. All products are shipped F.O.B., point of shipment. Risk of loss shall transfer to the Buyer upon tender of products to Buyer, Buyer's representative, or common carrier. Claims for products damaged or lost in transit should be made by Buyer to the carrier, as Seller's responsibility ceases upon tender of products to Buyer, Buyer's representative or common carrier.

TAXES:

The amount of any sales, excise or other taxes, if any, applicable to the products shall be added to the purchase price and shall be paid by Buyer unless Buyer provides Seller with an exemption certificate acceptable to the taxing authorities. Any taxes which Seller may be required to pay or collect under any existing or future law, upon or with respect to the sale, purchase, delivery, storage, processing, use or consumption of any of the products, including taxes upon or measured by the receipts from the sale thereof, shall be for the account of the Buyer, who shall promptly pay the amount thereof to Seller upon demand.

SEVERABILITY:

If any provision hereof is held to be illegal, invalid or unenforceable under any present or future laws, such provision shall be fully severable and the terms and conditions herein shall be construed and enforced as if such illegal, invalid or unenforceable provision had never been made a part hereof. The remaining provisions herein shall remain in full force and effect and shall not be affected by such illegal, invalid or unenforceable provisions or by their severance herefrom.

EXPORT RESTRICTIONS:

Customer agrees that it will not export or re-export any parts received from Seller except in full compliance with all United States laws and regulations including the Export Administration Regulations and the International Traffic in Arms Regulations. In particular, such products may not be exported or re-exported to a national or resident of any country to which the United States embargoes products without appropriate approvals or licenses, or to anyone on the U.S. Treasury Department's list of Specially Designated Nationals or the U.S. Commerce Department's Table of Denial Orders. In addition, Customer is responsible for complying with any local laws in Customer's country, which may impact Customer's right to import, export, or use the parts.

NOTICES:

Every notice between the parties relating to an Order will be made in writing, and, if to Buyer, to Buyer's authorized representative or, if to Seller, to Seller's authorized representative. Notices will be deemed received when delivered either:

1. Two (2) calendar days after mailing by certified mail, return receipt requested and postage prepaid; or
2. One (1) business day after deposit for next day delivery with a commercial overnight carrier provided the carrier obtains a written verification of receipt from the receiving party.

All notices must be addressed as follows:

Seller: Aero8, Inc.

 PO Box 11508

 Winston-Salem, NC 27116

Buyer: Buyer's address on the Order or to Buyer's purchasing representative

GENERAL TERMS:

Neither party shall have the right to assign or otherwise transfer its right and obligations under this Agreement except with the written consent of the other party, and any prohibited assignment shall be null and void. Provided however, that a successor in interest that acquires substantially all of Seller's assets and business (whether by asset purchase, merger, stock purchase or otherwise) shall acquire all interest of Seller hereunder. Provided further however, Seller shall be entitled to assign all or part of the payments from Buyer under this Agreement to any person or entity, and Buyer agrees to comply with any instructions from Seller to make payments directly to such persons or entities. Titles or captions of articles, paragraphs or sections contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument. No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or other governmental or judicial authority by reason of such party's having or being deemed to have prepared or imposed such provision.