

COMPONENT SERVICES GENERAL TERMS AND CONDITIONS

WHEREAS, Aviation Technical Services, Inc., located in Everett, WA and ATS Components, Inc., located in Fort Worth, TX, collectively referred to herein as "ATS" is a certified Air Agency with appropriate FAA and EASA certificates, provides certain aircraft and component maintenance, repair, overhaul and modification services. As described herein, the "CUSTOMER" is the entity requesting parts or services from ATS and such parts or service shall be as identified in ATS's repair quotation or order confirmation.

WHEREAS, CUSTOMER desires ATS to provide certain goods and services on aircraft components owned, operated or managed by CUSTOMER as may be requested by CUSTOMER from time to time.

WHEREAS, ATS desires to provide such goods and services under the terms and conditions set forth herein.

ACCEPTANCE & AGREEMENT

This agreement ("Agreement") is entered into between ATS and CUSTOMER (hereinafter each a "Party" and, collectively, the "Parties"). This Agreement supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral between the Parties. No course of prior dealings between the Parties and no usage of the trade shall be relevant to determining the meaning of this Agreement.

ALL ACKNOWLEDGEMENTS, SALES, ACCEPTANCES, AND SERVICES BY ATS ARE EXPRESSLY LIMITED TO AND MADE CONDITIONAL UPON THE TERMS AND CONDITIONS CONTAINED HEREIN AND NO OTHERS, AND ANY OF CUSTOMER'S TERMS AND CONDITIONS WHICH ARE IN ADDITION TO OR DIFFERENT FROM THOSE CONTAINED HEREIN ARE HEREBY OBJECTED TO IN ADVANCE AND NOT INCLUDED IN THIS AGREEMENT. AS SUCH, FULFILLMENT OF CUSTOMER'S ORDER/REQUEST DOES NOT CONSTITUTE ACCEPTANCE OF ANY OF CUSTOMER'S TERMS AND CONDITIONS AND DOES NOT SERVE TO MODIFY OR AMEND THIS AGREEMENT, UNLESS SPECIFIC AND EXPLICIT REFERENCE TO CHANGES TO THIS AGREEMENT ARE MADE IN WRITING BY AN AUTHORIZED REPRESENTATIVE OF ATS.

NOW THEREFORE, in consideration of the mutual promises, obligations and rights contained herein and for other good and valuable consideration, the sufficiency of which is acknowledged, ATS and the CUSTOMER agree as follows:

1. **SCOPE.** This Agreement is being entered into by the Parties to establish and memorialize their agreement and understanding with respect to certain services to be provided by ATS as further described herein. ATS shall offer Component inspection, repair, modification and overhaul services to CUSTOMER, and CUSTOMER shall order and accept such services under the terms and conditions set forth in this Agreement.
2. **DEFINITIONS.** In this Agreement the following definitions shall have the meanings set out below.
 - 2.1. **"Agreement"** means this Component Services General Terms and Conditions including any Appendices either now existing or later added in accordance with terms herein.
 - 2.2. **"BER" (Beyond Economical Repair)** means the state of a Component for which the repair Quotation is, per the CUSTOMER's sole determination, a significant enough percentage of market value for CUSTOMER to cancel the Service request.
 - 2.3. **"Component(s)"** means the parts and/or assemblies requested in writing by CUSTOMER to be serviced by ATS.
 - 2.4. **"Equivalent Component"** means a Component with a part number fully interchangeable with the Component it replaces.
 - 2.5. **"Expendable Parts"** means miscellaneous common parts and materials necessary for the Inspection, Repair or Overhaul of a Component.

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- 2.6. **"EASA"** European Aviation Safety Agency.
 - 2.7. **"EXW"** Ex Works (INCOTERMS 2020 wherein CUSTOMER shall mean "Buyer" and ATS shall mean "Seller").
 - 2.8. **"FAA"** means the Federal Aviation Administration of the United States of America.
 - 2.9. **"FAA DER"** means FAA Designated Engineering Representative through which repair approvals are made approved by the FAA and documented through a FAA 8110-3 form.
 - 2.10. **"Fixed Price"** means full and complete price to Inspect, Repair or Overhaul a Component.
 - 2.11. **"Inspect"** or **"Inspected"** or **"Inspection"** means the performance of an examination, bench check or test of a Component necessary to determine its condition.
 - 2.12. **"Modify"** and **"Modification"** means the performance of an alteration or change to a Component or part in accordance with approved data.
 - 2.13. **"Non-Repairable"** means Component(s), which have defects, or discrepancies, considered to be beyond established and approved repair criteria.
 - 2.14. **"Order"** means a CUSTOMER issued order to initiate Inspection, Repair or Overhaul Services and are subject to terms of this Agreement.
 - 2.15. **"Overhaul"** means the disassembly, cleaning, inspection, repair, reassembly, and test as applicable, of a Component. Testing shall be in accordance with 14CFR Part 43.2 requirements.
 - 2.16. **"Quotation"** means a repair, service or overhaul quotation provided by ATS to CUSTOMER.
 - 2.17. **"Repair"** means the correction of discrepancies to the extent that a Component can be tagged airworthy, time continued, by ATS without performing an Overhaul.
 - 2.18. **"Replacement Parts"** means parts specific to a Component which are necessary for the Repair or Overhaul of such Component.
 - 2.19. **"Service(s)"** means goods and services provided to CUSTOMER by ATS, including Inspection, Repair, Modification and Overhaul of Components, pursuant to this Agreement.
- 3. ORDERS.** CUSTOMER shall request Services by submitting Order(s) to ATS. Each Order shall be subject to the terms and conditions of this Agreement and shall be governed by and deemed to include the provisions of this Agreement. ATS will, upon acceptance of a CUSTOMER Order, perform the ordered Services on Component(s). Specific requirements for the Component(s) Service shall be described in the associated Order.
- 4. PRICING.**
- 4.1. The prices for the Services shall be provided to CUSTOMER by ATS in a repair services quote ("Quotation") and are valid for a period of thirty (30) days from date of Quotation.
 - 4.2. The quoted Service prices are set forth in United States dollars. If during the term of this Agreement, the OEMs raise the price of Replacement Parts or the cost to ATS otherwise increases (including without limitation, shipping, taxes, duties and other costs and expenses), ATS reserves the right to make an adjustment to the Quotation prior to proceeding with the service request. CUSTOMER hereby grants to ATS a security interest in any part(s) CUSTOMER delivers to ATS for Services, as security for payment of ATS's fees for labor, materials, and other associated expenses, and in addition to any statutory liens that apply to

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secure payment for the services performed by ATS for CUSTOMER. Such security interest shall be considered discharged in full upon receipt by ATS of payment from CUSTOMER for any and all part(s) Serviced by ATS.

4.3 ATS is entitled, without the prior consent of CUSTOMER, but at CUSTOMER's expense, to perform additional Services that ATS considers necessary for the proper performance of Services set forth in the repair quotation if:

- a) CUSTOMER's prior consent cannot be obtained without causing delay in the completion of Services set forth in the repair quotation; and
- b) The price for the additional Services does not exceed ten percent (10%) of the value of the original repair quotation.

4.4 The final invoice issued for Services of any part(s) shall include any amounts owing (or paid by ATS) to any subcontractor if ATS deems it necessary to engage a subcontractor for the Service of such part(s).

5. TAXES. The agreed prices and any other charges payable by CUSTOMER hereunder are exclusive of any sales tax, use, excise, value added tax or similar charges, tariffs and duties (including but not limited to, amounts imposed upon the Products(s) or bill of material thereof under any Trade Act, including, but not limited to, the Trade Expansion Act, section 232 and the Trade Act of 1974, section 301) and charges (collectively "Taxes"), which are or may be levied or assessed on the prices and charges hereunder. CUSTOMER shall be responsible for the amount of any U.S. Federal, Washington State and local sales or use Taxes that result from the delivery or performance of the Services or the purchase, sale, lease, exchange, transfer, replenishment or maintenance of parts and supplies and other personal property for use in connection with the Services as contemplated hereby, except for transactions for which an appropriate tax exemption certificate is furnished to ATS by CUSTOMER. The amount of any such Taxes for which CUSTOMER is responsible, if paid by ATS, shall be billed to CUSTOMER and CUSTOMER shall promptly pay the billed amount to ATS. In no event will ATS be liable for Taxes paid or payable by Company. This clause will survive expiration or any termination of this Agreement.

6. INVOICING AND PAYMENT.

6.1. Unless otherwise agreed between ATS and CUSTOMER, ATS shall invoice Services after completion of the Inspection, Repair Modification or Overhaul of the Component(s) and upon shipment of the applicable Component(s) to CUSTOMER for redelivery.

6.2. The terms of payment are net thirty (30) days from date of invoice receipt. Payment of the entire invoice amount shall be made in United States dollars. Remit to account instructions for Aviation Technical Services, Inc. and ATS Components, Inc. shall be as per the associated invoice detail. ATS reserves the right to change these payment terms as indicated in advance in writing to Customer.

6.3. Any sum due ATS under this Agreement that is not paid when due shall thereafter bear interest until paid at the lesser of, (i) one and one-half percent (1.5%) per month, or (ii) the maximum rate of interest allowed by applicable law, commencing from the due date until the date the invoice amount plus any service charges are paid. CUSTOMER agrees to pay all costs of collection including reasonable attorney fees and expenses in the event it becomes necessary to enforce the payment thereof.

6.4. No set-off is permitted by CUSTOMER with respect to any Service provided to CUSTOMER hereunder against any amount owed by ATS to CUSTOMER unless ATS's authorized representative has provided written, signed consent to such set-off.

If CUSTOMER fails to pay any amount when due under this Agreement, ATS shall have the right upon notice to CUSTOMER to suspend performance of any other Services for CUSTOMER, pursue appropriate collection methods for all costs incurred, pursue the perfection of a security lien on the Component as per

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this Agreement. No forbearance or course of dealing shall affect these rights of ATS.

- 6.5. Should the CUSTOMER dispute any invoice, CUSTOMER shall notify ATS within twenty (20) business days of the reasons that it disputes the invoice or any part of that invoice. Any disputes after twenty (20) business days shall not be valid. Any adjustment of the invoice will be subject to mutual, written agreement. CUSTOMER shall not set off, withhold or deduct in whole or in part any undisputed portion of any invoice or any sums due on undisputed invoices in favor of disputed invoices.
- 6.6. CUSTOMER represents that it has all necessary authority to authorize the Services. Notwithstanding any agreements that CUSTOMER may have at any time with third parties, and without limiting ATS's rights or remedies upon CUSTOMER's default, CUSTOMER shall at all times remain primarily liable to ATS for all payment and performance obligations of CUSTOMER under this Agreement. CUSTOMER shall hold harmless and defend ATS from and against any claims or charges asserted by any third parties claiming an interest in the Components or questioning the purchase of the Services by CUSTOMER from ATS.

7. DELIVERY TO ATS

- 7.1. CUSTOMER shall pack the Component(s) in accordance with ATA 300 and good commercial practices for protection against damage and deterioration during shipment and storage. CUSTOMER shall be liable for any damage to Component(s) due to improper packing by CUSTOMER. Up until the delivery of the Component(s) to ATS's designated facility, CUSTOMER and its insurers, if any, will relieve ATS of responsibility for all risks of loss or damage.
- 7.2. CUSTOMER shall deliver the parts to be Serviced to the designated ATS facility. CUSTOMER will bear all costs incurred to ship the parts to the shipping destination (including costs of freight, taxes, and transit insurance) and will prepay such shipping costs. If CUSTOMER ships parts to ATS's facility from outside the United States, CUSTOMER will name itself as importer of record and nominate a customs broker. CUSTOMER is responsible for payment of all customs duties, taxes, and other charges.

8. SERVICE GENERALLY

- 8.1. Authorized Service. ATS shall perform Service on the Component(s) in accordance with CUSTOMER's Order, including quality requirements included in the Order. Services will be performed in accordance with (i) the current Original Equipment Manufacturers' (OEMs) Repair or Overhaul procedures; and/or (ii) FAA/EASA-approved Repair procedures; or (iii) FAA DER Repairs only with prior written approval of CUSTOMER; or (iv) other data approved by Customer in writing. The Services shall be performed at ATS's facilities or those of its approved subcontractors. Upon completion of Services, ATS shall return Component(s) to CUSTOMER and provide CUSTOMER with FAA 8130-3, EASA Form 1, FAA/EASA dual release certificates, as applicable.
- 8.2. Service Bulletins and Airworthiness Directives. Service Bulletins and ADs incorporated into Services as well as DER Repairs developed by ATS, which apply to Component(s) sent for Service shall be presented to CUSTOMER as quotations for Services and subject to CUSTOMER's written approval prior to performance by ATS.
- 8.3. Non-repairable/BER Components. ATS shall inform CUSTOMER promptly if a Component is deemed non-repairable. Such notification will take place prior to ATS's return shipment of the Component(s) to CUSTOMER. The Component(s) will be clearly identified and returned to CUSTOMER as non-repairable, unless CUSTOMER otherwise directs ATS in writing within thirty (30) days. ATS will charge CUSTOMER for Services rendering the non-repairable determination and return shipment. Should ATS provide a Quotation whereby the CUSTOMER considers the Component to be BER, the CUSTOMER is also required to disposition the Component(s) to be returned-as-is or scrapped at ATS facility. The CUSTOMER will have sole discretion determining whether Component(s) are determined to be BER. Should a CUSTOMER not respond to ATS with a disposition along with their BER determination within a thirty (30) day period, ATS shall have the right to scrap the Component at the ATS facility. ATS will charge the CUSTOMER for

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Services rendered prior to the BER designation and shipping of the unit back to Customer. Should ATS scrap the Component at ATS, only the Services rendered prior to BER designation shall be invoiced to Customer.

9. REDELIVERY OF COMPONENTS.

- 9.1. Unless they have been explicitly and in writing declared as binding delivery dates, for Component(s) that have been Serviced delivery dates provided are provisional, non-binding and shall serve as general information only. ATS will endeavor to notify CUSTOMER in the event part(s) will be significantly different than the estimated delivery date.
- 9.2. Upon completion of Service, ATS shall redeliver the Component(s) as per the directions provided in the Order from CUSTOMER. Redelivery costs shall be paid for by CUSTOMER.
- 9.3. ATS shall pack the Component(s) in accordance with ATA 300 and good commercial practice. ATS shall only be liable for any damage to Component(s) in shipping solely due to improper packing.
- 9.4. Delivery terms are EXW – ATS designated facility “Ex Works” (INCOTERMS 2020) (where ATS means “seller” and CUSTOMER means “buyer”). CUSTOMER will pay all shipping and handling and other similar costs from ATS’s facilities including but not limited to the costs of freight, insurance, export clearances, import duties and taxes.
- 9.5. ATS will follow return shipping instructions provided by CUSTOMER in the body of each Order. Return shipping instructions will state a request to include internal freight codes in the “reference section” of the Airway Bill (AWB).

10. REPAIR STATION CERTIFICATE. ATS confirms that it is the valid holder of an FAA Repair Station Certificate, EASA Certification and will maintain the applicable certificates and all other necessary authorizations required to perform Services for CUSTOMER during the term of this Agreement.

11. EXPORT LAW COMPLIANCE.

- 11.1. CUSTOMER agrees to comply with all applicable U.S. export and import laws, rules regulations and requirements, including but not limited to the Arms Export Control Act (AECA), U.S. Dept. of State International Traffic in Arms Regulations (ITAR), as well as the U.S. Foreign Corrupt Practices Act and OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. CUSTOMER shall not, and shall not request ATS to, export, directly or indirectly, any technical data pursuant to this Agreement or any product utilizing any such data to any country for which the U.S. Government or any agency thereof at the time of export requires an export license or other governmental approval without first obtaining such license or approval. The Parties agree not to export, re-export, resell, transfer, or disclose directly or indirectly, any products or technical data, to any proscribed person, entity, or country or foreign persons thereof on the current U.S. export exclusion list or to any embargoed or terrorist countries as specified in the U.S. export laws unless properly and specifically authorized by the U.S. government and/or any other applicable and/or relevant government or regulatory body. Please consult the Bureau of Industry and Security web page www.bis.doc.gov before exporting ATS products from the U.S. Upon request, ATS will provide specific information regarding applicable restrictions. However, ATS assumes no responsibility for CUSTOMER failure to obtain necessary export approvals. CUSTOMER hereby agrees to indemnify fully and completely ATS for all liabilities, penalties, losses, damages, costs or expenses that may be imposed on or incurred by ATS in connection with any violation of the laws and regulations described hereinabove by CUSTOMER.
- 11.2. The export and re-export of Component(s) and technical information under this Agreement is subject to compliance with all applicable export/import control regulations and requirements. CUSTOMER and ATS shall both be responsible for complying with all applicable export control requirements. ATS reserves the right to refuse to offer, sell, or supply under this Agreement if it is unable to supply and/or export the

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Component(s) or Services consistent with all applicable export and import laws, rules regulations and requirements, including U.S. Dept. of State International Traffic In Arms Regulations (ITAR), as well as the U.S. Foreign Corrupt Practices Act and OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and under any UN Security Council Resolution and/or any other regulation, whether international or domestic in the event that the supply and/or export would amount to a contravention of the relevant legislation. CUSTOMER is responsible for obtaining such license(s) or taking such measures. Any supply or export made under this Agreement will be subject to the granting of the appropriate export license.

11.3. Customer represents and warrants it is not subject to the Entity List as identified by BIS or any other governmental agency or prohibited in any way for receiving some or all of the products being purchased from ATS. ATS reserves the right to terminate this Agreement, without notice should it determine customer is subject to any governmental restrictions. Further, Customer agrees to fully defend, indemnify and hold ATS harmless as a result of Customer's violation of this provision.

12. CERTAIN RECORD KEEPING AND REGULATORY RESPONSIBILITIES. Notwithstanding anything to the contrary contained herein, CUSTOMER shall have responsibility for and shall maintain all records, manuals and otherwise comply with all relevant aviation regulations applicable to its operations and shall maintain all required records and documents pursuant thereto. Without limiting the generality of the foregoing, CUSTOMER shall have sole responsibility for CUSTOMER's compliance with records relating to airworthiness directives, maintenance of training records and records relating to parts histories, and creation and maintenance of required manuals, policies, and procedures.

13. WARRANTY.

13.1. ATS warrants to CUSTOMER that all part(s) Serviced by ATS will conform to the appropriate technical data referenced by the FAA 8130-1 release form and in accordance with all other FAA requirements and will be free from defects in workmanship. The foregoing warranty shall not apply to test and inspect only Service requests, any parts, material or third-party services incorporated in such Services, and ATS makes no warranty, express or implied, with respect to such parts, material or services provided by a third party. ATS workmanship shall not be deemed defective if such workmanship was in compliance with applicable manufacturer's operating and maintenance instructions, quality instructions provided by CUSTOMER or procedures or applicable governmental regulations for such Service in effect at the time of such Service.

13.2. Warranty Period and Notice. Unless otherwise provided to CUSTOMER by ATS, parts Serviced are subject to ATS's standard warranty. For Repair, Modified and Overhaul Services, the foregoing warranty extends for a period of twelve (12) months from the date of the 8130 tag by ATS. CUSTOMER's remedy and ATS's obligation and liability under the warranty with respect to each workmanship defect, are conditioned upon CUSTOMER providing written notice to ATS of its warranty claim at the earlier of (i) the date which is thirty (30) days after the defect is discovered by CUSTOMER; or (ii) the expiration of the applicable Warranty Period.

13.3. Acceptance by ATS of any claims under the warranty shall be conditional upon the Component(s) being stored in accordance with the OEM recommended storage procedures and in a suitable warehouse environment for storage, custody, and safe keeping of Component(s).

13.4. The obligations of ATS under this warranty shall not be applicable in the event that the Component(s), or any part thereof, if: a) the part(s) are subjected to any further repair, maintenance, overhaul, or b) suffered any misapplication, misuse, accident, abuse, neglect, rust, corrosion, the entry of foreign materials, or any Force Majeure event or negligence or if CUSTOMER or CUSTOMER' agent, CUSTOMER, or representative installed, operated, maintained, stored, packed or transported the Component(s), other than in full accordance with the OEM's recommendations. Further the foregoing warranties do not extend to (a) any services, modifications or other work by parties other than ATS, (b) the installation or de-installation of the Component, whether in compliance with or in conflict with, or in contravention of, its manufacturer's specifications, including recommended maintenance; or (c) any act or omissions of CUSTOMER, its

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employees, contractors or agents in breach of this Agreement or in violation of applicable laws, rules or regulations.

13.5. In the event that ATS repairs or re-services an item under this warranty, the warranty provided hereunder shall extend to such repair or re-serviced item for the remainder of the original warranty period applicable to the item and no new warranty period shall be established therefore.

13.6. Return and Statement. CUSTOMER's remedy and ATS's obligation and liability under the Service and Component warranty with respect to each defect, are also subject to the following conditions: (a) CUSTOMER returns the Components or any part, accessory or component thereof which is subject to a warranty claim hereunder at its cost, transportation charges prepaid, as soon as reasonably practical to the ATS facility or another mutually acceptable location; and (b) CUSTOMER provides a written statement to ATS describing the nature of the claimed defect; and (c) ATS may request additional information from CUSTOMER to verify warranty claims that may include, but are not limited to, date of failure, pictures of damage, or utilization. In the event of a defect of workmanship, ATS will either, at its option, repair or replace the non-conforming part(s). In no event shall ATS's total liability for any warranty repair or replacement cost exceed the original invoice amount for the Services. No further extension of the warranty is given unless set forth in writing by ATS.

13.7. Warranty Assignment. To the extent assignable, ATS shall assign to CUSTOMER any warranties received by ATS with respect to parts and material transferred to CUSTOMER by ATS or incorporated into the Services. CUSTOMER shall have sole responsibility for processing and pursuing any applicable warranty claims against manufacturers and vendors of any such parts or material.

13.8. THE WARRANTY SET FORTH HEREIN AND THE OBLIGATIONS AND LIABILITIES OF ATS HEREUNDER, ARE IN LIEU OF, AND CUSTOMER HEREBY WAIVES AND RELEASES ALL OTHER WARRANTIES OR GUARANTEES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES PROVIDED, EQUIVALENT COMPONENTS AND THIS AGREEMENT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ATS SHALL NOT BE LIABLE FOR AND CUSTOMER HEREBY WAIVES AND RELEASES ANY AND ALL CLAIMS WITH RESPECT TO ANY (A) IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT; (B) IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE; (C) CLAIM IN TORT, WHETHER OR NOT ARISING IN WHOLE OR IN PART FROM ATS'S FAULT, NEGLIGENCE, STRICT LIABILITY OR PRODUCT LIABILITY; OR (D) CLAIM FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, CONSEQUENTIAL DAMAGES, COVER OR ANY LOSS OF PROFIT, REVENUE OR USE. ATS'S LIABILITY AND CUSTOMER'S SOLE REMEDY WITH RESPECT TO SERVICES PROVIDED HEREUNDER, INCLUDING BREACH OF THE WARRANTY SET FORTH HEREIN, WHETHER IN TORT, CONTRACT OR OTHERWISE, SHALL BE LIMITED TO, AT ATS'S OPTION, ATS'S REPAIR OR RE- SERVICE OF THE ITEM OR TASK AND IN NO EVENT SHALL ATS'S LIABILITY HEREUNDER EXCEED THE COMPENSATION PAID BY CUSTOMER TO ATS FOR THE SPECIFIC SERVICE PERFORMED. IN THE EVENT THAT THIS DISCLAIMER OR ANY PORTION HEREOF SHALL BE HELD TO BE INVALID OR UNENFORCEABLE, THE REMAINING PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT.

14. AUTHORITY; NON-CONTRAVENTION. CUSTOMER warrants and represents that it has full power and authority to (a) accept this Agreement and all Appendices hereto and perform its obligations under this Agreement; (b) deliver all Components to ATS; and (c) authorize ATS to perform or procure all services hereunder on any Components delivered to ATS, and to obtain all material as directed by CUSTOMER.

CUSTOMER warrants that it has sufficient rights to provide all information and technical data to ATS and permit ATS's use thereof as contemplated by this Agreement without violating any law or breaching any other agreement to which CUSTOMER is a party or is bound or violating any obligation owed by CUSTOMER to any third party. CUSTOMER further represents and warrants that no action by CUSTOMER that is described in the foregoing sentence will violate, conflict with or result in a breach of any court order, injunction or law, or any agreement to which CUSTOMER is a party.

15. LIMITATION OF LIABILITY.

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15.1. All risk of loss or damage to each Component will remain with CUSTOMER at all times, including when any Component is in the possession, care, custody or control of ATS unless, when in the possession, care, custody or control of ATS, any loss or damage to the Component is caused solely by the negligence of ATS.

15.2. THE MAXIMUM LIABILITY OF ATS TO CUSTOMER UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE FEES PAID TO ATS FOR SAID COMPONENT ON CUSTOMER REPAIR ORDER THAT HAS BEEN REPAIRED UNDER THIS AGREEMENT DURING THE TWELVE MONTHS PRIOR TO WHEN DAMAGES FIRST AROSE. NO ACTION ARISING OUT OF ANY CLAIMED BREACH OF THIS AGREEMENT MAY BE BROUGHT MORE THAN ONE (1) YEAR AFTER THE EVENTS GIVING RISE TO THE CAUSE OF ACTION HAVE OCCURRED. CUSTOMER ACKNOWLEDGES AND AGREES THAT THE FEES AND RATES PROVIDED TO CUSTOMER ARE PREMISED IN SUBSTANTIAL PART ON THE PROVISIONS RELATING TO DISCLAIMERS OF WARRANTIES, LIMITATIONS OF LIABILITY AND EXCLUSIONS OF DAMAGES AND THAT SUCH DISCLAIMERS, LIMITATIONS AND EXCLUSIONS ARE SEVERABLE, UNRELATED, INDEPENDENT ALLOCATIONS OF RISK.

15.3. This limitation of liability shall not apply to liability resulting from ATS's willful misconduct.

16. EXCLUSION OF CONSEQUENTIAL LOSS. NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ANY THIRD PARTY FOR ANY INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF USE, DIMINUTION IN VALUE, COVER OR LOST PROFITS SUSTAINED OR INCURRED AS A RESULT OF THE SERVICES OR THE WARRANTY PROVIDED FOR IN SECTION 13 HEREOF OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE, AND REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE AND EVEN IF AVAILABLE REMEDIES ARE FOUND TO HAVE FAILED OF THEIR ESSENTIAL PURPOSE.

17. INDEMNITY. CUSTOMER shall defend, indemnify and hold harmless ATS, its affiliates and subsidiaries, and each of their respective officers, directors, employees, agents, successors, assigns ("Indemnities") from and against all liabilities, losses, judgments, , actions, damages, losses, costs and expenses (including attorneys' fees), demands, fines, and claims of any kind whatsoever, whether based upon alleged active or passive negligence, implied or express contract warranty, contribution, indemnity strict liability on the part of ATS Indemnitees, including all costs, expenses and reasonable attorney's fees incidental thereto, for property damage, diminution In value, lost profits, loss of use, injury to or death of any person, infringement of patents or trademarks or any misappropriation or violation of any proprietary right of any third party, including trade secrets, which results from any use by ATS of any technical data or other materials or information furnished to ATS by CUSTOMER, including without limitation information obtained in the process of ATS's compliance with any of CUSTOMER's requirements, specifications or instructions. Additionally, CUSTOMER shall also indemnify ATS Indemnitees from any other economic or statutory civil damages which arise out of or are in any way related to the use, operation, maintenance, or disposition of any good provided under this Agreement, provided, however, CUSTOMER shall not be required to indemnify for claims or liabilities arising from the gross negligence or willful misconduct of any ATS Indemnitee.

18. PROPRIETARY RIGHTS: CONFIDENTIALITY. Except as otherwise expressly agreed in writing, each Party shall retain all of their own proprietary rights of any kind in and to their respective patents, trademarks, names, information, documents, procedures, methods or know-how that may be used or disclosed in respect of the Services. ATS will own all intellectual property and proprietary rights that it develops in connection with the performance of the Services. Any such items or information of a confidential or proprietary nature disclosed or made available by one Party to the other (including the pricing set forth in this Agreement) pursuant to this Agreement that are marked as confidential or otherwise would be understood by a reasonable person to be confidential ("Confidential Information") shall be held in confidence and shall not be disclosed or provided to any third party except as permitted herein without prior written approval of the disclosing party, and neither Party shall reproduce any documents reflecting the same except for copies necessary for its own internal usage and the performance of the Services. The receiving Party shall restrict disclosure of the Confidential Information to its officers, employees, agents, contractors, or its tax, legal or other advisors with a need to know and not disclose it to anyone else without the disclosing Party's prior written consent. The receiving Party will take reasonable

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measures to avoid disclosure, dissemination, or unauthorized use of Confidential Information. The receiving Party may disclose confidential information as required to comply with orders of governmental entities that have jurisdiction over it or as otherwise required by law, provided that the receiving Party gives the disclosing Party reasonable written notice to allow the disclosing party to seek a protective order or other appropriate remedy (except to the extent the receiving Party's compliance with the foregoing would cause it to violate a court order or other legal requirement). The term "Confidential Information" shall not include any information that (i) is generally publicly available to the public through no fault or action by the receiving Party or by its Agents, (ii) is available to the receiving Party on a nonconfidential basis from a source other than the disclosing Party or the disclosing Party's agents, which is not prohibited in any way from disclosing such items, or (iii) was within the receiving Party's possession prior to its being furnished to the receiving Party by or on behalf of the disclosing Party, provided that the source of such information was not bound to confidentiality, or was not subject to any duty, contractual or otherwise, prohibiting disclosure to the disclosing Party.

19. INSURANCE. CUSTOMER shall provide and maintain in full force and effect during the Term and until expiration of the warranty period (as defined in Section 13) which includes but is not limited to, commercial general liability (including products and completed operations liability) in a sum no less than five million dollars (\$5,000,000) each occurrence, aggregate with respect to products liability, and all risks property insurance in amounts sufficient to cover the replacement value of all components that are the subject of this agreement with insurance carriers having an AM Best rating of A- or better. All insurance, with the exception of all risks property required by this Section must cover ATS, its subsidiaries and affiliates, and their respective officers, directors, employees, and agents as additional insureds. Upon ATS request, CUSTOMER shall provide ATS with a certificate of insurance from CUSTOMER's insurer evidencing the insurance coverage specified in this Agreement. CUSTOMER shall provide ATS with thirty (30) days advance written notice in the event of a cancellation or material change in CUSTOMER's insurance policy. Except where prohibited by law, CUSTOMER shall require its insurer to waive all rights of recovery or subrogation against ATS, its subsidiaries and affiliated companies, and its respective officers, directors, employees, and agents. The amount of insurance carried in compliance with the above requirements is not to be construed as either a limitation or satisfaction of the indemnification obligation in this Agreement. In addition to the above, CUSTOMER shall carry and maintain such insurance in types and amounts as would be carried by prudent companies engaged in the CUSTOMER's industry.

20. TERMINATION.

20.1. Either Party may terminate this Agreement, including any Order, for cause upon the other Party's material breach of this Agreement, if the other Party fails to cure such breach within thirty (30) days after receipt of written notice specifying the breach. Notwithstanding, the termination of this Agreement shall not relieve either Party of its obligations hereunder up to and including the date of termination.

20.2. In addition, either Party may terminate this Agreement if: (a) the other Party applied for, or consents to, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (b) upon the other Party ceasing to conduct business, voluntary filing for protection from creditors under bankruptcy, insolvency or other similar laws, becoming or being declared by a federal bankruptcy court to be insolvent or bankrupt, or being the subject of any involuntary proceeding under the federal bankruptcy code or under any other law relating to relief from creditors generally that is not dismissed within sixty (60) days; or (d) the other Party's liquidation, dissolution or winding-up (other than in connection with an assignment permitted under Section 23.8)

20.3. The provisions of Sections 4-6, 11-19, and any provisions evidently intended to have continuing effect, shall survive any expiration or early termination of this Agreement.

21. FORCE MAJEURE. Neither Party will be liable for, or be considered to be in breach of or default under this Agreement on account of any delay or failure to perform as required by this Agreement (other than with respect to the obligation to make payments hereunder) as a result of any cause or condition beyond such Party's reasonable control, including, but not limited to: fire, explosions, earthquakes, storms, flood, wind, drought and acts of God or the elements; pandemics; court orders; acts, delays and failures to act by civil, military or other governmental authority; strikes, lockouts, labor interruptions or slowdowns, riots, terrorism or acts of terrorism,

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insurrections, sabotage and war; breakdown or destruction of, or damage or casualty to, any equipment, facilities or other property; interruption, suspension, curtailment or other disruption of utilities; unavailability of materials, supplies, parts, equipment, personnel or other necessary items, government-imposed tariff actions or related regulatory changes and, acts or omissions of persons or entities other than such Party (each such event being herein sometimes referred to as an event of "Force Majeure"). Upon the occurrence of an event or condition of Force Majeure affecting ATS, ATS shall have reasonable opportunity to make alternative satisfactory arrangements to perform its obligations under this Agreement.

22. NOTICES. Any notices, requests, consents, claims, demands, waivers, and other communications hereunder ("Notice") shall be in writing and addressed to the Parties at the addresses set forth on the face of the Order or repair quotation or to such other address that may be designated by the receiving Party in writing. All notices delivered in connection with this Agreement shall be in writing and shall be deemed to have been duly given upon receipt if delivered personally, by registered, prepaid mail, or by overnight delivery service (all fees prepaid). Except as otherwise provided in this Agreement, a Notice is effective only a) upon receipt of the receiving Party; and b) if the Party giving the Notice has complied with the terms of this section.

23. MISCELLANEOUS TERMS.

23.1. Waiver. No waiver of any provision hereof shall be valid or binding unless it is in writing dated subsequent to the date hereof and signed by the parties hereto. No waiver of any breach, term, or condition hereof by either party shall constitute a subsequent waiver of the same or any other breach, term or condition. No failure or delay of either party in exercising any right under this Agreement shall operate as a waiver thereof, nor shall any partial exercise by either party of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

23.2. Severability. In the event that any provision of this Agreement should become invalid due to e.g., legislation, only said provision shall be considered invalid while the remaining provisions shall remain in force. If any provision is held invalid or unenforceable with respect to particular circumstances, it nevertheless shall remain in full force and effect in all other circumstances.

23.3. Construction. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

23.4. Reclamation. This provision shall apply in the event that ATS has been engaged by CUSTOMER for the repair, reconditioning, overhaul of a part(s). In the event CUSTOMER becomes insolvent before redelivery of part(s) or CUSTOMER cannot make payments within the agreed upon payment terms for Services already provided, the foregoing invoice together with this Agreement shall constitute a demand by ATS for the security interest in any assets belonging to CUSTOMER as security for the performance of its obligations hereunder or to satisfy any obligation owed by CUSTOMER to ATS under any agreement.

23.5. Right of Set Off. CUSTOMER will have no rights of set off against any amounts which become payable to ATS under this Agreement or otherwise.

23.6. Further Assurances. Each of the Parties hereto shall execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

23.7. Remedies. Unless otherwise expressly limited in this Agreement, all rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the Parties or otherwise.

23.8. Assignment. Neither party may transfer or assign its rights or obligations under this Agreement without the

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written consent of the other party provided that ATS may assign this Agreement hereunder to any entity controlling, controlled by or under common control with ATS or in connection with a sale or other transfer of all or substantially all of the business or assets of ATS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and their permitted assigns.

- 23.9. Signatures, Authority. Anyone signing for CUSTOMER represents that they are employed by CUSTOMER in the capacity indicated and is unequivocally authorized to bind CUSTOMER to this Agreement. CUSTOMER's signature on this Agreement is not necessary for this Agreement to be effective.
- 23.10. Entire Agreement. This Agreement, including Appendices any or all Orders, is non-exclusive and constitutes the entire agreement and understanding between the Parties in relation to the subject matter hereof and replaces all previous agreements or understandings, verbal or written related hereto.
- 23.11. Order of Precedence. In case of conflicts between the provisions of this Agreement and its Appendices and an Order, this Agreement shall prevail, unless it is specifically stated in the appendix or attachment that it will overrule the Agreement. ATS makes specific exception to terms and conditions contained in any other document issued by the CUSTOMER including but not limited to: Order(s), acknowledgement(s), change order(s) or correspondence. Unless ATS accepts any CUSTOMER terms and conditions in writing, such terms and conditions shall not form a part of this Agreement
- 23.12. Applicable Law. The laws of the State of Washington shall govern this Agreement, without reference to any conflict of laws principles. No rule of construction based on which party drafted the agreement or certain of its provisions will be applied against either party
- 23.13. Independent Contractor. In performing its obligations hereunder, ATS shall in all respects be an independent contractor and shall not be deemed an employee, agent, partner, or franchisee of CUSTOMER. No partnership, corporation, or other entity or relationship is created by this Agreement.
- 23.14. Names, Advertising. Each party agrees that it will not, without the prior written consent of the other, make any use whatsoever of, or cause others to make or assist others in making any use whatsoever, of the corporate or trade names or trademarks of the other (or of the subsidiaries and affiliates thereof) or any portion thereof, in connection with any advertising, promotion, publicity or for any other business purpose that is not directly related to the performance of its obligations hereunder.