



STANDARD PURCHASING TERMS AND CONDITIONS (page 1 of 3)

By delivering to the purchaser VaughanAir Canada ULC (herein VaughanAir) the goods and/or services described in this purchase order, Seller agrees that the sale of such goods and/or services to VaughanAir will be governed exclusively by the terms of this purchase order and any attachments to it (together, the Order).

1. PRICE AND TERMS OF PAYMENT. To be valid, Seller's invoices must contain VaughanAir's Order number and part number, the manufacturer's part number, a full description of the goods/services, the quantity, unit price and total price, and the delivery address. Valid invoices of Seller will become due for payment by VaughanAir in forty-five (45) days unless otherwise indicated on the face of the Order, in the amount shown on the invoice. VaughanAir may deduct any amounts owing by Seller to VaughanAir pursuant to any other agreements between the parties. The date of invoice will not predate the date of delivery of the relevant goods. Seller will send invoices to VaughanAir's address designated on the face of the Order or to such other address as VaughanAir may specify. Currency shall be identified on the face of the Order. Payments of invoices shall not constitute acceptance of deliverables and shall be subject to adjustment for shortages, defects and other failure of Seller to meet the requirements of this Agreement. VaughanAir or any of its affiliated companies may set off or set up compensation for any amount owed by Seller or any of its affiliated companies to VaughanAir or any of its affiliated companies against any amount owed by VaughanAir hereunder. VaughanAir shall not be obligated to pay for any Deliverable if the invoice for such Deliverable is received more than twelve (12) months after the receipt of the Deliverable.

2. TAXES AND DUTIES. All applicable sales, use, excise and similar taxes (excluding withholding taxes), payable by VaughanAir will appear as separate items on invoices.

3. PACKAGES. Packages must bear VaughanAir's Order number, show quantity or gross and net weights, and conform to VaughanAir's marking requirements. No charges for packaging will be allowed by VaughanAir unless otherwise agreed in writing. Seller shall include an itemized packing slip with all shipments that will adequately identify the Goods shipped, including VaughanAir part number. All wood products used in packaging shall be ISPM 15 compliant.

3.1 Marking: Unless otherwise agreed in writing, exterior containers shall be marked with the following: (1) Address of VaughanAir site and Seller; (2) Order number; (3) Part number; (4) Special markings called for on the Order; (5) Quantity; and (6) (where applicable) Vendor Code or other vendor identification number. Every article of foreign origin (or its container), if any, imported into Canada and comprising part of the Deliverables shall be marked in accordance with all applicable marking laws, rules and regulations.

4. TRANSPORTATION. Goods will be shipped in accordance with the transportation instructions on the face of this Order. The goods will be shipped collect, F.O.B. Seller's facility or via seller's truck, F.O.B. VaughanAir's facility, unless other transportation arrangements are pre-approved by VaughanAir. A paid freight bill or equivalent must support charges for such other transportation arrangements. Unless otherwise instructed, all daily shipments to one destination will be consolidated on one bill of lading.

5. TITLE, PROPERTY AND RISK. All title to, property in and risk in goods will pass to VaughanAir on delivery of the goods as set out in Section 4.

6. DELIVERY/LATE SHIPMENTS. Seller will deliver the goods at the place, date and time specified in this Order, unless otherwise agreed by both parties. If Seller fails to meet the delivery schedule, then notwithstanding Section 12(a), VaughanAir will be entitled to either (a) terminate the Order for such goods and for any other goods the intended use of which has consequently been delayed or prevented; or (b) make alternate arrangements for the transportation of the goods. Seller will reimburse VaughanAir for any additional costs identified by VaughanAir which VaughanAir incurs in purchasing replacements goods or in arranging for alternate transportation.

7. Notice Of Delay. Whenever an actual or potential reason for delay (including but not limited to labor disputes), delays or threatens to delay the timely performance of the Order, Seller agrees to immediately notify VaughanAir in writing of all relevant information and, subject to the *force majeure* provision set forth herein, to make and pay for all necessary changes to fulfill its obligations under the Order and mitigate the potential impact of any such delay. VaughanAir has the right without incurring any liability to cancel any Deliverables affected by the delay in performance.

8. Cessation of Production. Seller shall give VaughanAir at least one hundred eighty (180) days prior written notice of the permanent discontinuance of production of Deliverables covered by the Order, provided however that compliance with this provision shall in no way relieve Seller from its obligations under the Order.

9. RESCHEDULING/CANCELLATION. VaughanAir shall have the right at any time prior to the Delivery Date of Deliverables to make changes in drawings, designs, specifications, packaging, place of delivery, nature and duration of Services, and method of transportation, or require additional or diminished work. If any such changes cause an increase or decrease in the cost or the time required for the performance or otherwise affect any other provision of the Order, an equitable adjustment shall be made and the Order shall be modified in writing accordingly. Seller's claims for adjustment under this section shall be deemed waived unless asserted in writing (including the amount of the claim) and delivered to VaughanAir within thirty (30) days from the date Seller receives the change order. VaughanAir may cancel any outstanding order or part of an order without liability by giving one-week prior written notice to Seller. If VaughanAir cancels an order on less than one week notice and Seller cannot use the goods in the course of its business or dispose of them on reasonable commercial terms, VaughanAir will compensate Seller in an agreed-to amount not to exceed the actual purchase price of the goods. In no event will VaughanAir have any liability in respect of any order cancelled pursuant to Sections 6, 8 or 12.

10. INSPECTION/ACCEPTANCE/REJECTION.

10.1 All Deliverables being provided to VaughanAir's specifications covered by the Order may be inspected and tested by VaughanAir or its designee, at all reasonable times and places, including during manufacture. Seller shall provide, without additional charge, all reasonable facilities and assistance for such inspections and tests.

10.2 All inspection records relating to Deliverables covered by the Order and being manufactured to VaughanAir's specifications and/or drawings shall be available to VaughanAir during the performance of the Order and for such longer periods as specified by VaughanAir.

10.3 Deliverables furnished hereunder shall have zero defects, and Seller has the obligation to properly inspect such items prior to delivery to VaughanAir. If any Deliverables covered by the Order are defective or otherwise not in conformity with the requirements of the Order, VaughanAir may, (i) rescind the Order as to such Deliverables, and rescind the entire Agreement if such defect or non-conformity materially affects VaughanAir; (ii) accept such Deliverables at an equitable reduction in price, or (iii) reject such Deliverables and require the delivery of replacements. Deliveries of replacements shall



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be accompanied by a written notice specifying that such Deliverables are replacements. If Seller fails to deliver required replacements promptly, VaughanAir may (i) replace, obtain or correct such Deliverables and charge Seller the cost occasioned by VaughanAir thereby, and/or (ii) terminate the Order for cause.

10.4 Rejected Deliverables may be returned to Seller at Seller's cost.

11. SELLER'S REPRESENTATIONS AND WARRANTIES. Seller represents and warrants that as applicable, all goods/services will: (a) be free of defects in materials, workmanship and design; (b) comply with the specifications set out in this Order and any samples provided by either party to the other and agreed to by VaughanAir; (c) comply with VaughanAir's quality assurance procedures as provided to Seller from time to time; and (d) be manufactured, handled, packaged and transported in accordance with all applicable laws, regulations, guidelines and industry standards.

12. NON-COMPLYING GOODS. If VaughanAir notifies Seller in writing at any time within eighteen (18) months of delivery that the goods/services do not comply with the provisions of this Order, VaughanAir may, at its option, require that Seller either repair or replace the goods or reperform the services with all possible speed and without cost to VaughanAir (including any relevant freight and duty costs incurred). If VaughanAir gives such notice within thirty (30) days of delivery, VaughanAir shall have the additional option of returning the goods to Seller at Seller's cost and receiving a credit of the purchase price. These rights are in addition to any other legal or equitable rights and remedies available to VaughanAir.

13. INDEMNITY. (a) Seller will indemnify, save harmless and defend VaughanAir and its affiliates from any and all claims, actions, losses, expenses, costs or damages (including, without limitation, reasonable legal expenses collectively, Losses) which VaughanAir and its affiliates may suffer or incur as a result of (i) any negligent act or omission or willful misconduct of Seller, its employees, representatives, agents or subcontractors relating to this Order; (ii) any breach of Seller's representations, warranties or obligations under this Order; or (iii) any infringement by the sale or use of the goods of any intellectual property rights of any other person. (b) Seller will have no liability under Section 10(a) if the Losses arise solely and directly due to (i) the use of goods by VaughanAir in a manner for which they were not designed (unless such use was agreed to in advance by Seller); (ii) Infringement which cannot otherwise be avoided by Seller in complying with written specifications furnished by VaughanAir; or (iii) the negligence of VaughanAir, its employees, agents or subcontractors. (c) Each party will notify the other party of any proceeding or claim involving the goods of which it becomes aware. Seller will defend VaughanAir against any proceeding or claim described in Section 10(a) and keep VaughanAir apprised of all major developments. VaughanAir may participate in any such proceedings at its expense. (d) Section 10 will survive expiration or termination of this Order.

14. INSURANCE. Seller will maintain in force, at its expense, comprehensive liability insurance, including product liability insurance, for personal injury and property damage with at least \$1,000,000 coverage per occurrence, with reputable insurance companies qualified to do business in the relevant jurisdictions. Seller will furnish evidence of such insurance to VaughanAir upon VaughanAir's request.

15. TERMINATION. VaughanAir may terminate this Order on notice with immediate effect if: (a) Seller commits a material breach of this Order and fails to remedy this breach within thirty (30) days of written notice requiring it to do so; or (b) Seller makes an assignment for the benefit of its creditors or a proposal under any applicable bankruptcy or insolvency legislation, is declared bankrupt or insolvent, has a trustee, receiver or receiver manager, liquidator or other officer with similar powers appointed for all or any material part of its property, or is the subject of an order or resolution for its winding up.

16. NOTICES. All notices must be in writing sent to the parties at their addresses and facsimile number set out in this Order or such other address or number as amended in accordance with this provision. A notice will be deemed to have been given on the third day after mailing if it is sent by mail, on the date of transmission in the case of facsimile or electronic data interchange, or on the date of delivery if it is delivered by hand.

17. CONFIDENTIAL INFORMATION. (a) Subject to the provisions of any confidentiality agreement signed by the parties, the parties may disclose information to one another (whether of a technical, financial or business nature, and whether belonging to the discloser or to a third party to whom the discloser owes a duty of confidence) which in all circumstances should reasonably be treated by recipient as confidential. Recipient shall use confidential information solely for the purpose for which it was disclosed or otherwise for the benefit of the discloser and shall use the same care and discretion to avoid disclosure, publication or dissemination of confidential information as it uses with its own similar information, but in no case will recipient use less than a reasonable standard of care and discretion. (b) Recipient may disclose confidential information of the other party only on a need to know basis to (i) employees and agents of recipient and its subsidiary, parent, and affiliated companies, and (ii) in the case of VaughanAir, its customers; provided that, in all such cases, recipient has a written agreement with such party sufficient to require that party to treat the information in accordance with this Order.

18. INDEPENDENT CONTRACTORS. The relationship between VaughanAir and Seller is one of independent contractors, and neither party will at any time or in any way represent itself as being a dealer, agent or other representative of the other party or as having authority to assume or create obligations or otherwise act in any manner on behalf of the other party.

19. SELLER'S EMPLOYEES. While on VaughanAir's premises, Seller's employees will at all times carry an identity pass supplied by VaughanAir. Seller's employees will not, for any purpose, be considered employees of VaughanAir. If Seller does not have Workers' Compensation Insurance, Employers' Liability Insurance or corresponding types of insurance in any relevant jurisdiction, Seller will indemnify VaughanAir against all damages sustained by VaughanAir resulting from Seller failure to have such insurance.

20. SUBCONTRACTING. Seller may not subcontract any of its obligations hereunder, in whole or in part, without the prior written consent of VaughanAir, which consent will not be unreasonably withheld.

21. PUBLICITY. Seller will not, without first obtaining VaughanAir's consent in writing, advertise or otherwise disclose that Seller has furnished or agreed to furnish goods/services to VaughanAir under this Order.

22. VAUGHANAIR PARTS/TOOLS. If VaughanAir provides parts or tools for use by Seller to perform work under this Order, Seller will use such parts or tools solely for that purpose and will repair and renew all tools at its expense unless otherwise agreed. All goods, tools, molds, parts, materials, documentation, information and other items furnished, procured or paid for by VaughanAir will at all times remain the property of VaughanAir, and will be returned promptly to VaughanAir upon termination of this Order, failing which VaughanAir may enter Seller's premises to take back possession of such property.

23. GIFTS. Seller will not make or offer a gratuity or gift of any kind to VaughanAir employees or their families that could be viewed as relating to an actual or potential business relationship with VaughanAir. Gifts include entertainment, personal services, favor, discounts and other preferential treatment of any kind. VaughanAir will interpret any such action as an improper attempt to influence VaughanAir employees, which will jeopardize VaughanAir's business relationship with Seller.



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24. RESALE, IMPORT, EXPORT. Where applicable, VaughanAir will obtain all necessary licenses and consents for the resale, import or export of goods under the laws and regulations of any relevant jurisdiction.

25. WAIVER. No provision of this Order will be deemed waived and no breach or default excused unless the waiver or excuse is in writing and signed by the party issuing it.

26. SEVERABILITY. If any provision contained in this Order is, for any reason, held to be invalid or unenforceable in any respect under the laws of any jurisdiction where enforcement is sought, such invalidity or unenforceability will not affect any other provision of this Order and this Order will be construed as if such invalid or unenforceable provision had not been contained herein in that jurisdiction.

27. FORCE MAJEURE. If the performance by either party hereto is delayed or prevented by circumstances beyond the reasonable control of that party (including any act of God, any refusal of any import, export or other license or other governmental act, fire, explosion, strike or lockout) then the due time for performance will be extended by a reasonable period and VaughanAir will at its option be excused from accepting or paying for goods affected by such an event. VaughanAir reserves the right to cancel this Order without liability if the delay continues beyond a reasonable period of time.

28. ASSIGNMENT. Seller may not assign this Order or any part of this Order without prior written consent of VaughanAir.

29. ENTIRE AGREEMENT/AMENDMENTS. This Order constitutes the complete agreement between VaughanAir and Seller and supersedes any prior representation, promise or proposal. No other document, including Seller's proposal, quotation, and acknowledgement forms, will be part of this Order, even if referred to, unless specifically agreed to by VaughanAir in writing. This Order may not be amended unless the amendment is in writing and signed by both parties.

30. PRIME OR CUSTOMER CONTRACT REQUIREMENTS

When Seller's work hereunder will form a part of the work, whether Goods or Services, under a contract that VaughanAir has with another or others, Seller agrees, by its acceptance hereof, to be bound to VaughanAir in the same manner and to the same extent that VaughanAir is bound to its customer. Seller further agrees that VaughanAir's contract with its customer is incorporated herein and forms an integral part of this Agreement and that it has examined the drawings, specifications, terms and conditions of such contract and that it will be bound and shall abide by such drawings, specifications, terms and conditions. Access to all such documentation will be provided to Seller upon request.

31. WARRANTIES. Seller expressly covenants and warrants that all Deliverables shall conform to the specifications, drawings, samples or other description upon which the Order is based, shall be suitable for the purpose intended, merchantable, free from defects in material and workmanship, and free from liens, hypothecs, claims or encumbrances of title, and that Deliverables of Seller's design will be free from defect in design. Inspection, test, acceptance or use of Deliverables furnished hereunder shall not affect Seller's obligation under this warranty, and such warranties shall survive inspection, test, acceptance and use. This warranty shall run to VaughanAir, its successors, assigns, customers, and the users of the Deliverables. Seller agrees to replace or correct defects of any Deliverables not conforming to the foregoing warranty promptly, without expense to VaughanAir, when notified of such nonconformity by VaughanAir. In the event of failure by Seller to correct defects in or replace nonconforming Deliverables promptly, VaughanAir, after reasonable notice to Seller, may make such correction or replace such Deliverables and charge Seller for the cost incurred by VaughanAir thereby. Seller further warrants that all work will be performed in a professional manner in accordance with the highest industry standards.

32. Permits and Licenses. Except for permits and/or licenses required by statute or regulation to be obtained by VaughanAir, Seller agrees to obtain and maintain - at its own expense - all permits, licenses and other forms of documentation required by Seller in order to comply with all existing federal, national, state, provincial, territorial, municipal or local laws, ordinances, and regulations, or of other governmental agency, which may be applicable to Seller's performance of work hereunder. VaughanAir reserves the right to review and approve all applications, permits, and licenses prior to the commencement of any work hereunder.

33. Product Support Obligation Seller shall maintain, at its expense, the ability to, and shall, provide product support for the Deliverables for five (5) years after the last Order is placed by VaughanAir under this Agreement.

34. Test Reports. Any Seller test reports or other test results related to the Deliverables shall be provided to VaughanAir as set forth in the terms of the Order, or if not specified in the Order terms, upon VaughanAir's request.

Customer's Name
and Address

Authorized Person's signature

Name:
and Position: