

## PURCHASE ORDER GENERAL TERMS AND CONDITIONS

These Purchase Order General Terms and Conditions (“**Terms and Conditions**”) are applicable to all Purchase Orders, Scopes of Work, Specifications, and other similar documents (collectively referred to as the “**Purchase Order**”) entered into between Alaska Airlines, Inc., Horizon Air Industries, Inc., or any other party identified on the Purchase Order (“**Buyer**”) and the party contracting with Buyer on the Purchase Order (“**Vendor**”). The Purchase Order and these Terms and Conditions shall be collectively referred to as the “**Agreement**.”

1. **Goods and Services.** Vendor agrees to perform work (“**Services**”) and/or provide goods (“**Goods**”) in accordance with the applicable Purchase Order and these Terms and Conditions.

2. **Price.** Buyer’s order shall be filled at the price specified on the Purchase Order. All amounts referred to in the Purchase Order are in United States Dollars, unless otherwise agreed to in writing by Buyer and Vendor. The price on the Purchase Order shall include all costs, packaging, labeling, insurance, and freight to Buyer’s facility, unless otherwise specifically noted in the Purchase Order. When the Purchase Order notes that the price is based on or is to be adjusted according to “net landed weights,” “delivered weights,” or “out turn” quantity or quality, the Purchase Order will only reflect a reasonable estimate of the price. The actual price paid will be equitably adjusted based upon Goods and Services actually received by Buyer. The price specified on the Purchase Order, along with any applicable taxes as specified on the Purchase Order or in accordance with Section 3 of these Terms and Conditions, are intended to be all-inclusive compensation for the Goods and Services. No additional charges shall apply unless agreed to in writing by the parties.

3. **Taxes.** In addition to the purchase price, Buyer shall pay any sales, use, or similar taxes imposed on account of the purchase of the Goods or Services that Vendor is required by applicable legal requirements to collect from Buyer. Buyer shall not be responsible for any other taxes, including but not limited to taxes based on Vendor’s income, gross receipts, business and occupation, or similar taxes, import taxes or fees, and other local, state, or federal taxes normally paid by businesses similar to Vendor’s business. Vendor shall indemnify, defend, and hold Buyer harmless from any claims, costs (including attorneys’ fees), and liabilities that relate to such taxes and fees. If Buyer provides Vendor a valid exemption certificate, Vendor shall not collect the taxes covered by such certificate. If legal requirements require Buyer to withhold taxes from payment to Vendor, Buyer may withhold those taxes and pay them to the appropriate government authority.

If requested by Buyer in writing, Vendor shall not pay any tax or fee assessed which is the responsibility of Buyer under the Agreement except under protest, and if payment is made, Vendor shall use its best efforts to obtain a refund thereof, or at Buyer’s request, permit Buyer to protest such tax or fee in Vendor’s name. If all or any part of such tax or fee is refunded, Vendor shall repay to Buyer so much thereof as Buyer would have paid, including any and all interest paid thereon. Buyer shall pay to Vendor, within thirty (30) calendar days of a written request, Buyer’s proportionate share of all out-of-pocket expenses incurred by Vendor in protesting payment of any such tax or fee and in endeavoring to obtain such refund at Buyer’s request, provided that such expenses are reasonable and agreed to by Buyer in advance. If Buyer paid the expenses and the refund applies to customers of Vendor other than Buyer, then Vendor shall make certain that Buyer receives a reimbursement for a proportionate share of such costs.

4. **Payments.**

4.1. As full consideration for the delivery of the Goods, performance of the Services, and the assignment of rights or other transfers as provided in the Agreement, Buyer shall pay Vendor the amount specified in the Purchase Order. All payments shall be by Buyer’s corporate check or electronic transfer, at Buyer’s option.

- 4.2. Each invoice submitted by Vendor must be provided to Buyer within ninety (90) days of the delivery of the Goods or completion of the Services. Buyer will be entitled to a two percent (2%) discount of the invoiced amount for all invoices that are submitted more than ninety (90) days after delivery of the Goods or completion of the Services. All undisputed amounts payable shall be made within sixty (60) days, or as otherwise agreed to by Buyer, after receipt and acceptance by Buyer of a correct invoice. Payment is considered made when Buyer's check is mailed or electronic transfer is initiated. Buyer shall not be liable for any unbilled or under-billed amounts payable for Goods or Services which are invoiced more than twelve (12) months after such Goods are delivered or Services are performed. Unless otherwise agreed to by Vendor and Buyer, no advance payment shall be made for the Goods or Services.
- 4.3. Vendor shall accompany each invoice with a cover page, or other appropriate written report, setting forth a description of the Goods and Services with respect to which such amounts are payable in sufficient detail to permit Buyer to determine the accuracy of payments required by such invoice. Applicable taxes and other charges shall be stated separately on Vendor's invoice. Vendor shall invoice Buyer only for Goods actually delivered and Services actually performed.
- 4.4. Buyer reserves the right to reject and return all incorrect invoices. An incorrect invoice is one that includes charges for Goods not delivered to Buyer, Services not performed for Buyer, Goods delivered or Services performed not to specification, or where the price and/or quantity stated on the invoice differs from the price and/or quantity stated on the Purchase Order. Buyer reserves the right to withhold payment of any invoiced amount which is disputed in good faith by Buyer. In such event, Buyer shall provide a reasonably detailed explanation of its basis for withholding such amounts, and the parties shall use commercially reasonable efforts to resolve such dispute. Any withholding of disputed amounts will not be deemed a breach of the Agreement by Buyer.
- 4.5. For at least three (3) years after the Goods are delivered and/or the Services are performed, Vendor shall keep all usual and proper records and books of account relating to its performance under the Agreement and the amounts billed to Buyer. Buyer has the right to audit Vendor's records related to performance under the Agreement, at Buyer's expense, at any reasonable time and upon reasonable notice, to determine if Buyer was billed appropriately. In the event such audit or audits reveal overpayment by Buyer in any amount whatsoever, Vendor shall pay Buyer the amount of any such overpayment within fifteen (15) calendar days of notice from Buyer. If such audit reveals an overpayment in excess of ten percent (10%) of the amount that should have been billed to Buyer, Vendor shall also reimburse Buyer's audit expenses, including any outside expert fees, legal fees, and accounting fees, within fifteen (15) calendar days of notice from Buyer.

5. **Packaging.** All Goods shall be prepared and packaged in accordance with generally accepted industry practices suitable for the means of transportation chosen by Buyer and in accordance with Buyer's instructions. Vendor shall mark all packages and shipping documents with Buyer's applicable Purchase Order number. Seller shall include with each shipment a complete packing list identifying each Good enclosed and the quantity thereof.

6. **Delivery.**

- 6.1. If no delivery schedule is specified in the Purchase Order, the order shall be filled promptly and delivered expeditiously. If no method of shipment is specified in the Purchase Order and the Purchase Order places the cost of shipping on the Buyer, the Vendor shall use the least expensive carrier that does not compromise Vendor's ability to deliver the order promptly.

- 6.2. In the event of Vendor's failure to deliver or perform as and when promised, Buyer may exercise any or all of the following rights, in addition to any other remedy available to Buyer under the Agreement, at law, or in equity: (a) return all or part of any shipment made and charge Vendor for any loss or expense as though the Agreement had been terminated for cause, or (b) consider the Agreement breached and terminate it for cause.
- 6.3. Unless otherwise specified in the Purchase Order, transportation of Goods will be free on board to Buyer's facility as identified on the Purchase Order.

7. **Inspection, Acceptance, and Risk of Loss.**

- 7.1. All Goods and/or Services shall be received subject to Buyer's inspection, approval, count, and testing ("**Inspection**"). Buyer shall have a reasonable amount of time after receipt of the Goods and/or Services to conduct an Inspection. Buyer may reject any or all Goods and/or Services that are, in Buyer's sole judgment, nonconforming. Buyer shall pay all costs of Inspection but may recover such costs from Vendor if the Goods and/or Services are nonconforming. Actual delivery, Inspection, and acknowledgement of conformance shall constitute acceptance by Buyer. Vendor assumes all risk of loss until Buyer's acceptance of the Goods and/or Services.
- 7.2. Acceptance by Buyer of any part of the Goods and/or Services covered by a Purchase Order shall be without prejudice to Buyer's right to reject any other Goods and/or Services if, in Buyer's sole judgment, such Goods and/or Services are nonconforming. Payment for Goods and/or Services provided under the Agreement shall not constitute Buyer's acceptance of the Goods or Services.
- 7.3. Failure by Buyer to inspect or test the Goods or Services shall not affect Vendor's obligations, including but not limited to any warranties.
- 7.4. If Buyer rejects any Goods or Services, Buyer may, in its sole discretion and without prejudice to any other rights or remedies, exercise any or all of the following, in addition to any other remedy available to Buyer: (a) return such rejected Goods to Vendor at Vendor's risk and expense (including all freight charges) for replacement or repair; (b) return all or any part of the Goods delivered for full credit of the purchase price; (c) retain the rejected Goods and repair such Goods at Vendor's expense; or (d) consider the Agreement breached and terminate it for cause.

8. **Services at Worksite.** Unless otherwise instructed by Buyer, Vendor will provide for receipt, unloading, storage, and protection of all materials introduced to Buyers' worksite, whether such materials are purchased by Buyer or Vendor. Vendor shall at all times keep the worksite reasonably neat and clean and, upon completion of the Services, shall remove and dispose of all rubbish, trash, and refuse. Vendor shall be responsible for the proper use and storage of all hazardous substances, as defined in 40 CFR 302.3, and all hazardous chemicals, as defined in 29 CFR 1910.1200. Vendor shall not generate any hazardous wastes on Buyer's worksite, as defined in 40 CFR 261.3, without the prior written authorization of Buyer. In the event Vendor generates such hazardous waste, Vendor must notify Buyer of the type and quantity and arrange with Buyer for proper storage and disposal, at Vendor's sole expense. If Vendor causes or discovers the release of any hazardous substances on Buyer's premises, Vendor will immediately notify Buyer.

9. **Changes.**

- 9.1. The charges identified in the Purchase Order are intended to be fixed for the duration of the Agreement. Buyer may from time to time change shipping instructions and schedules or direct

temporary suspension of scheduled shipments or services, or make other changes to the Agreement (a “**Change**”). If a Change causes an increase or decrease in cost or time required for performance, an equitable adjustment shall be made and the Agreement shall be modified accordingly.

- 9.2. Prior to delivery of any Goods or performance of any Services, Seller shall incorporate those design modifications or engineering changes required to comply with any new industry-wide regulatory standards imposed subsequent to the date of the Agreement. Vendor shall notify Buyer immediately upon determination that such modifications or changes are to be incorporated. If any such modification or change results in an increase in the cost of, or time required for, performance of a Purchase Order, or weight of a Good, an equitable adjustment shall be negotiated in the price or delivery schedule and weight, as applicable. After agreement regarding the equitable adjustment is reached between Vendor and Buyer, Vendor and Buyer shall within twenty (20) business days sign a Change order to incorporate the price, delivery, and/or weight adjustment into the Agreement.

## 10. **Representations and Warranties.**

- 10.1. **Goods.** Vendor warrants that all Goods will be new and will not be used or refurbished unless explicitly authorized in the Purchase Order. Vendor warrants that it has good and marketable title to the Goods, has the right and authority to transfer such Goods, and that such Goods are free of any security interest, lien, or encumbrance. Vendor warrants that the Goods shall meet all applicable regulatory requirements of the FAA in effect on the date of shipment, and Goods intended to be installed in, or become part of, an aircraft will be accompanied by the appropriate FAA documentation of serviceability. Vendor hereby agrees that it will make spare parts available to Buyer for a period of four (4) years from the date of shipment of the Goods, or such longer period of time that Vendor offers spare parts to any of its customers, and that it will make spare parts used on aircraft available to Buyer for as long as the part is used on the aircraft. Vendor warrants that unless more stringent specifications are provided by Buyer in the Purchase Order, all Goods will comply with American standards, including but not limited to ANSI, ASME, ASTM, and NEMA. Upon request by Buyer, when Goods are manufactured or produced outside the United States or its territories, Vendor shall furnish documents stating the foreign manufacturers’ or producers’ names and addresses and provide written assurances of compliance with American standards. Vendor warrants that when any Purchase Order identifies a Good as having a part number corresponding to an aircraft manufacturer’s Illustrated Parts Catalog (“**IPC**”) or Buyer’s supplement to the IPC, that such replacement part or good will also correspond to the IPC, as supplemented and approved by Buyer.
- 10.2. **Services.** Vendor represents and warrants that all Services shall be completed in a professional and workmanlike manner, consistent with Buyer’s service philosophies, and with the degree of skill and care that is required by current, good, and sound professional procedures. All Services shall be performed under responsible supervision and in accordance with the highest standards and best practices of Vendor’s industry. Vendor represents and warrants that all personnel providing Services shall be fully qualified, trained, equipped, uniformed, well-groomed, diligent, and competent and shall perform their duties in a safe and courteous manner. Vendor hereby represents and warrants that, prior to accepting a Purchase Order for completion of work at Buyers’ worksite, it has inspected the worksite and is familiar with all working conditions which exist there, including subsurface conditions, and that it has made due allowance for such conditions in all aspects of the Agreement, specifically including its price calculation and estimate of time for completion.

- 10.3. **Goods and Services.** The ordered Goods and Services are intended for use in the airline industry and any defect may result in special damages to Buyer. Vendor expressly warrants that all Goods and Services (a) shall conform to the Agreement (including any samples, drawings, models, specifications, and other descriptions provided to Vendor) and to any representations or promises made by Vendor; (b) shall be fit and sufficient for the purpose intended; (c) shall be merchantable, of good material and workmanship, and free from defects; and (d) Goods and Services of Vendor's design will be free from defect in design. This warranty shall run to Buyer, its successors, affiliates, assigns, customers, and users of the Goods or Services.
- 10.4. Vendor represents and warrants that all Goods and Services provided, and their sale, performance, use, or disposal (alone or in combination with other Goods) will not infringe upon any United States or foreign patent, copyright, or trademark or otherwise infringe upon any right of any third party.
- 10.5. If Vendor is not the manufacturer of the Goods or included parts, Vendor will transfer to Buyer whatever transferable warranties and indemnities Vendor receives from the manufacturer of the Goods and parts.
- 10.6. In addition to other remedies available to Buyer in the Agreement, at law, or in equity, Vendor agrees to replace or correct defects in any Goods or Services not conforming to the foregoing warranties promptly and without expense to Buyer. In the event Vendor fails to correct defects in or replace nonconforming Goods or Services promptly, Buyer may make such corrections or replace such Goods or Services and charge Vendor for the costs incurred by Buyer.
- 10.7. No implied or express warranties shall be deemed disclaimed or excluded unless specifically evidenced in a Purchase Order or specifically evidenced in a writing executed by an authorized agent of Buyer.
- 10.8. Representations and warranties provided by Vendor in any form shall be continuing representations and warranties.

11. **Compliance with Laws.** Vendor agrees, represents, and warrants that it will comply with all federal, state, and local laws and regulations with respect to the Goods and Services to be provided, including but not limited to the following:

- 11.1. **Compliance with Legal Requirements.** Vendor shall (a) secure and maintain at all times any and all applicable permits, authorizations, consents, approvals, licenses, tests, and inspections required by governmental authorities as it relates to the performance of the Agreement, and (b) comply, and cause each of its employees, subcontractors, and agents to comply, with all laws, statutes, ordinances, rules, regulations, and orders of governmental authorities as are applicable to the performance of the Agreement.
- 11.2. **Compliance with Buyer Requirements.** Vendor shall advise all personnel who perform under the Agreement of the terms of the Agreement and ensure each person's compliance with such terms. Vendor shall comply, and cause each of its employees, subcontractors, and agents to comply, with all provisions of the latest version of the following documents, or any successor document: (a) Buyer's Supplier Code of Conduct, available at [www.alaskaair.com](http://www.alaskaair.com); (b) all other reasonable rules, regulations, procedures, and work requirements of Buyer that are brought to Vendor's attention; and (c) the reasonable directions and instructions given by Buyer, in each case as may be modified by Buyer from time to time. Vendor shall cooperate with and provide all necessary assistance to Buyer in order to ensure compliance with this Section.

- 11.3. Compliance with Employment-Related Laws. Vendor shall, at its own cost, comply with all employment-related legal requirements, including but not limited to wage and hour, equal employment opportunity, occupational safety and health, employment standards, workers' compensation, unemployment insurance, labor, retirement benefits, employee benefits, and leave laws. Vendor represents and warrants that it offers minimum essential coverage that is affordable and minimum value, in accordance with the Internal Revenue Code and regulations thereunder, to (a) all of its employees, to the extent required by law, whom Vendor employs in connection with Vendor's performance under this Agreement; and (b) to their dependent children through the end of the month in which the child attains age 26. Vendor shall offer such coverage and shall also ensure that any subcontractors it uses offers such coverage to their employees and dependent children regardless of whether Vendor or subcontractor treats any individual as its full-time employee within the meaning of Treasury Regulations Section 54.4980H-1(a) (21). Vendor shall also ensure that it and any subcontractors it uses satisfy the reporting requirements under the Internal Revenue Code for each of its employees (including, without limitation, Sections 6055 and 6056).
- 11.4. Federal Contracting and Subcontractor Requirements. **Unless exempt and if applicable, Vendor and its subcontractors shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a), and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, and national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identification, national origin, protected veteran status, or disability. If applicable, Vendor and any of its subcontractors shall also abide by the requirements of 41 CFR § 61-300.10 regarding veterans' employment reports and 29 CFR Part 471, Appendix A to Subpart A regarding posting a notice of employee rights.**
- 11.5. Compliance with U.S. Foreign Corrupt Practices Act. Vendor understands and shall comply with the provisions of all applicable legal requirements governing anti-corruption, including but not limited to the U.S. Foreign Corrupt Practices Act of 1977, as amended, in performing the Agreement and any other agreement or understanding between the parties. Vendor warrants and represents that it and its officers, directors, stockholders, employees, and agents have not and shall not pay, offer, or promise to pay, or authorize the payment, directly or indirectly, of money or anything of value to (a) any government, official, agent, employee of any government department or agency, whether or not acting in an official capacity; (b) any political party or official thereof or any candidate for political office; (c) any person knowing that all or any portion of such money or thing of value will be given or promised, directly or indirectly, to persons described in (a) or (b), for any purposes prohibited by such applicable legal requirements, in order to obtain or retain business with, or directing business to, Buyer or to any person or entity.
- 11.6. Hazardous Communication Standard. If any of the Goods are subject to the OSHA Hazard Communication Standard, 29 CFR Part 1910, or to such other state hazard communications laws, regulations, or standards as OSHA may have approved (the "**Standard**"), Vendor shall provide Buyer with a complete and accurate electronic Safety Data Sheet for each of the Goods sold and shall label each of the Goods as required by the Standard. Vendor's failure to supply such sheet or to so label the Goods shall be deemed to constitute Vendor's warranty, representation, and covenant that each of the Goods sold is exempt from the Standard.

12. **Indemnification.** Vendor agrees to defend (with counsel designated by Buyer), hold harmless, and indemnify Buyer and its directors, officers, employees, customers, and agents (the “**Buyer Parties**”), from and against any and all claims, damages, losses, suits, actions, demands, proceedings, expenses, costs, and liabilities of any kind (including but not limited to investigation costs and expenses, government fines, and reasonable attorneys’ fees incurred and/or those necessary to successfully establish the right to indemnification) (collectively, “**Claims**”), arising out of Vendor’s performance under the Agreement, including but not limited to (a) a defect in the design or manufacture of the Goods, or the failure to warn any person regarding risks associated with the Goods or Services; (b) any injury or death of any person (including employees, subcontractors, and other personnel of Vendor); (c) any Claim brought against Buyer by or on behalf of one or more of Vendor’s employees, subcontractors, or other personnel; (d) any Claim by a government agency or third party alleging that Buyer or Buyer Parties is a joint, controlling, or other employer of Vendor’s employees, subcontractors, or personnel; (e) the contamination of the environment and any associated clean-up costs; (f) any damage to, destruction of, or loss of property; (g) any claim by a regulatory agency or by Vendor’s employees, subcontractors, or other personnel that is attributable to or caused in whole or in part by Vendor’s failure to comply with federal, state, or local laws, ordinances, or regulations; (h) any payments assessed under Internal Revenue Code Section 4980H and regulations thereunder relating to Vendor’s employees, subcontractors, or other personnel, or any payments due as a result of Vendor’s or its subcontractor’s health plan failing to comply with the Patient Protection and Affordable Care Act and regulations thereunder; or (i) any other action or inaction arising out of Vendor’s breach of any representation, warranty, or obligation under the Agreement, or caused by the acts, omissions, negligence, or willful misconduct of Vendor or its officers, agents, employees, subcontractors, or other personnel; provided that, except for matters relating to subsection (h) of this section, in the case of negligence by both Vendor and Buyer or Buyer Parties, the foregoing indemnification shall only apply to any such claims or liability proportionately to the extent it does not result from the negligence or willful misconduct of Buyer or Buyer Parties. If any action is brought against Buyer or any Buyer Party in which indemnity is sought from Vendor, Buyer or Buyer Party shall (i) provide Vendor reasonably prompt notice of any such Claim, (ii) permit Vendor to answer and defend such Claim, and (iii) provide Vendor information and reasonable assistance at Vendor’s expense. Vendor further agrees to indemnify, hold harmless, and (at Buyer’s option) defend Buyer and Buyer Parties against all Claims arising out of or resulting from any actual or alleged infringement of patent, copyright, trademark or other intellectual property rights of any third party; provided, however, that this indemnity shall not apply to any such Claims arising out of compliance by Vendor with specifications furnished by Buyer.

Solely for the purpose of effectuating this indemnity, Vendor specifically and expressly waives any immunity that may be granted it under any workers’ compensation laws or industrial insurance act. The indemnification obligation under the Agreement shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under workers’ compensation acts, disability benefit acts, or other employee benefits acts. This indemnity specifically applies in the case of injuries to Vendor’s own employees and entitles Buyer to seek indemnity from Vendor if Vendor’s employees sue Buyer for injuries incurred while performing under the Agreement.

In no event shall Vendor settle any Claim under the Agreement unless such settlement completely and forever releases Buyer from any and all liability with respect to such Claim or unless Buyer provides its prior, written consent to such settlement. Without limiting the foregoing, Buyer shall be permitted, at its own expense, to participate in the defense of any Claim under the Agreement by counsel of its own choice.

13. **Insurance.** Vendor agrees to provide and maintain, at its sole cost and expense, for the duration of these Terms and Conditions and the applicable Purchase Order, the following required policies of insurance, in the forms, and with minimum limits and coverage terms, as set forth below. Vendor shall ensure a certificate of insurance along with any corresponding policy endorsements are on file and approved by Buyer prior to Buyer submitting payment for goods and or services ordered via Buyer Purchase Order:

## INSURANCE PROVISIONS – GOODS AND SERVICES

- 13.1. **Commercial General Liability:** USD\$5,000,000 each occurrence, USD\$5,000,000 general aggregate, USD\$5,000,000 personal and advertising injury, and USD\$5,000,000 products/completed operations aggregate. Coverage shall be written on an occurrence basis on ISO Form CG-00-01-12-07 or its substantive equivalent. For claims arising out of or in any way a part of the goods or services provided as part of these Terms and Conditions or the applicable Purchase Order, the policy shall provide coverage on a primary basis, and not contributory with or excess over any other insurance or self-insurance available to Buyer, shall provide cross-liability coverage as provided under standard ISO forms separation of insureds clause, and shall be endorsed with ISO Form CG-24-04, “Waiver of Transfer of Right of Recovery Against Others to Us,” or the substantive equivalent. There shall be no exclusion, limitation, or endorsement contained in the policy that serves to restrict or limit Contractual Liability coverage or Products/Completed Operations coverage.
- 13.2. **Aviation Products Liability Coverage:** If providing aircraft parts or services, Aviation Products Liability Coverage with limits of USD\$100,000,000 per occurrence.
- 13.3. **Worker’s Compensation and Employer’s Liability:** Worker’s Compensation coverage in accordance with the statutory requirements in all states in which these Terms and Conditions and the Purchase Order are applicable. Employer’s Liability coverage limits of USD\$1,000,000 bodily injury, each accident or disease. If Vendor utilizes a program of self-insurance, a Certificate of Authority from the State is required, along with a policy of Excess Worker’s Compensation insurance in excess of the self-insured limit, and including Employer’s Liability, each with limits of not less than USD\$1,000,000 each accident and USD\$1,000,000 each employee by disease/disease/aggregate. If Vendor provides evidence of Worker’s Compensation coverage under the mandatory fund of any State, Vendor must provide a Certificate of Insurance for Worker’s Compensation and “Stop Gap” Employer’s Liability insurance in such state.
- 13.4. **Business Auto Liability:** USD\$5,000,000 each accident, combined single limit bodily injury and property damage, for any auto, vehicle, or mobile equipment operated by Vendor in relation to the services or products provided in accordance with these Terms and Conditions and the Purchase Order. Coverage shall be written on ISO Form CA-00-01, or a form providing equivalent liability coverage, plus other specialty ISO CA coverage forms that may be required for the goods or services herein (i.e. Garage Keepers, Truckers, Motor Carrier, etc.). The policy shall apply to “Any Auto,” including without limitation all owned, non-owned, hired, rented, leased or borrowed motor vehicles and all mobile equipment used by Vendor and shall provide cross-liability coverage as provided under standard ISO forms separation of insureds clause.
- 13.5. **Professional Liability Insurance:** If providing professional services, Professional Liability Insurance (“Errors and Omissions” or “E&O”) in the minimum amount of USD\$5,000,000 per occurrence, covering losses from any act, errors, omissions, negligence, breach of duty or misrepresentations related to Vendor’s obligations under these Terms and Conditions and the Purchase Order. E&O insurance must be maintained for (a) so long as these Terms and Conditions and the Purchase Order are in effect (or a longer period if any Purchase Order or License Schedule has not yet expired or been terminated), and (b) for a period of two (2) years after the later of (i) the date these Terms and Conditions and the Purchase Order is terminated, and (ii) the date on which all Purchase Orders or License Schedules have expired or been terminated.

- 13.6. **Network Security and Privacy Liability:** Coverage with limits of at least \$10,000,000 per claim and in the aggregate including: (a) Coverage for loss or disclosure of electronic data, media and contents rights, software copyright infringement, and network security failure; and (b) Privacy and Network Security/Cyber Liability including coverage providing protection against liability for (i) systems attacks, (ii) denial or loss of service, (iii) attacks or spread of malicious software code, (iv) unauthorized access and use of Buyer's systems and (v) liability arising from the loss or disclosure of Buyer's electronic data or information.
- 13.7. **Umbrella Excess Liability:** The aforementioned required coverages may be met by any combination of primary and excess/umbrella liability policies.

#### **INSURANCE PROVISIONS – GOODS AND SERVICES PROVIDED OR PERFORMED ON-SITE AT BUYER AIRPORT LOCATIONS**

- 13.8. **Commercial General Liability (CGL) or Comprehensive Aviation or Airline Liability Insurance:** Coverage including but not limited to, premises, products and completed operations, contractual liability, and personal injury coverage, covering all Services performed by Vendor under this Agreement. Such coverage shall be in an amount of at least USD \$100,000,000 for each occurrence and in the aggregate as applicable, with no exclusions for aircraft damage or loss. Any self-insured retentions must be declared to Buyer's Risk Management department.
- 13.9. **Business Auto Liability Insurance:** Coverage for all owned, non-owned, and hired autos, and no fault coverage where applicable, with on-airport limits of at least USD \$25,000,000 per occurrence for bodily injury and property damage combined and off-airport limits of at least USD \$5,000,000 per occurrence for bodily injury and property damage combined;
- 13.10. **Worker's Compensation and Employer's Liability:** Worker's Compensation coverage in accordance with the statutory requirements in all states in which these Terms and Conditions and the Purchase Order are applicable. Employer's Liability coverage limits of USD\$1,000,000 bodily injury, each accident or disease. If Vendor utilizes a program of self-insurance, a Certificate of Authority from the State is required, along with a policy of Excess Worker's Compensation insurance in excess of the self-insured limit, and including Employer's Liability, each with limits of not less than USD\$1,000,000 each accident and USD\$1,000,000 each employee by disease/disease/aggregate. If Vendor provides evidence of Worker's Compensation coverage under the mandatory fund of any State, Vendor must provide a Certificate of Insurance for Worker's Compensation and "Stop Gap" Employer's Liability insurance in such state.
- 13.11. **Employee Theft/Employee Dishonesty Insurance:** Coverage for property belonging to Buyer or its subsidiaries or Affiliates, with limits of at least USD \$1,000,000 per occurrence;
- 13.12. **Network Security and Privacy Liability:** Coverage with limits of at least \$10,000,000 per claim and in the aggregate including: (a) Coverage for loss or disclosure of electronic data, media and contents rights, software copyright infringement, and network security failure; and (b) Privacy and Network Security/Cyber Liability including coverage providing protection against liability for (i) systems attacks, (ii) denial or loss of service, (iii) attacks or spread of malicious software code, (iv) unauthorized access and use of Buyer's systems and (v) liability arising from the loss or disclosure of Buyer's electronic data or information.
- 13.13. **Professional Liability Insurance:** If providing professional services, Professional Liability

Insurance (“Errors and Omissions” or “E&O”) in the minimum amount of USD\$5,000,000 per occurrence, covering losses from any act, errors, omissions, negligence, breach of duty or misrepresentations related to Vendor’s obligations under these Terms and Conditions and the Purchase Order. E&O insurance must be maintained for (a) so long as these Terms and Conditions and the Purchase Order are in effect (or a longer period if any Purchase Order or License Schedule has not yet expired or been terminated), and (b) for a period of two (2) years after the later of (i) the date these Terms and Conditions and the Purchase Order is terminated, and (ii) the date on which all Purchase Orders or License Schedules have expired or been terminated.

13.14. **Environmental Liability Insurance:** If providing fueling and/or de-icing services, Environmental Liability Coverage with limits of at least USD\$5,000,000 per occurrence and in the annual aggregate or such higher limits as the Airport Authority may require at the location of Services provided.

13.15. Further, regarding each of the insurance policies:

13.15.1. Vendor shall name Buyer, its subsidiaries, and divisions, affiliates, directors, officers, agents, and employees as Additional Insureds under the Commercial General Liability, Comprehensive Aviation Liability, Comprehensive Airline Liability, Network Security and Privacy Liability, Environmental Liability and all Auto Liability policies, and following form on any Excess or Umbrella policies. The Additional Insured endorsement shall be ISO Form CG-20-26 (Designated Additional Insured), and ISO Form CG-20-37 (Designated Additional Insured-Completed Operations), or the substantive equivalent thereof. The Additional Insured endorsements shall have no added exclusions or limitations of coverage to limits of liability contractually required or percentage of negligence attributed to the named insured.

13.15.2. The Commercial General Liability, Comprehensive Aviation Liability, Comprehensive Airline Liability, Network Security and Privacy Liability, Environmental Liability, all Auto Liability, Worker’s Compensation/Employer’s Liability, and Excess Umbrella policies shall provide or permit a Waiver of Subrogation in favor of Buyer and Buyer Parties. To the extent permitted by law, Vendor hereby waives such rights of subrogation.

13.15.3. Each policy shall be underwritten by a duly licensed and admitted insurance carrier with a current minimum A.M. Best Rating of A- VIII or the substantive equivalent rating provided by Fitch, Standard & Poor’s, or Moody’s.

13.15.4. Vendor shall provide Buyer with written notification, within 30 days of the effective date, or the cancellation, non-renewal, or material change in coverage or coverage limits.

13.15.5. There shall be no deductible or self-insurance retention in excess of USD\$50,000 maintained by Vendor with respect to any of the foregoing insurance, without the prior written approval from Buyer’s Risk Management Department. All deductibles, self-insurance, and premiums associated with the required insurance shall be the responsibility of Vendor.

13.16. Vendor shall deliver, or cause to be delivered to Buyer, on or prior to the commencement date

of the Purchase Order and thereafter, not less than ten (10) days subsequent to the expiration dates of the policies, a new or renewal Certificate of Insurance, executed by a duly authorized representative of each insurer. Such certificate shall evidence compliance with the requirements stated herein and set forth below. All Certificates of Insurance are to be mailed to:

Alaska Air Group, Inc.  
Attn: Director, Risk Management / SEAZAAS  
PO BOX 68900  
Seattle, WA 98168  
david.beyer@alaskaair.com

- 13.17. Buyer makes no representation by requiring insurance herein, that the types, terms, or minimum acceptable limits of insurance stated herein are adequate to protect the interests of Vendor or its subcontractors. Nor shall such insurance required be deemed as the designated amount or limitation on liability.
- 13.18. Obligations of the parties under these Terms and Conditions and the Purchase Order shall survive any termination or suspension of the work or services contemplated herein, the expiration or termination of the Purchase Order, and shall also survive final payment.
- 13.19. Should Vendor fail to maintain or renew any insurance provided for hereunder, pay a premium, or comply with the requirements noted herein, Buyer, at its option, without obligation to do so, may upon (5) five days' notice to Vendor, procure such insurance and any sums so expended and reasonable administrative expense in procuring such insurance, shall be deducted from the compensation to Vendor.
- 13.20. Neither the approval, disapproval, or failure to act by Buyer regarding any insurance supplied by Vendor, nor the bankruptcy, insolvency or denial of liability by any insurance company shall relieve Vendor of full responsibility or liability for damages and accidents as set forth herein.
- 13.21. Buyer may delay payment if Vendor fails to adhere to any of the insurance requirements in Section 13 until Vendor rectifies said failure to the satisfaction of Buyer's Risk Management Department.

#### 14. **Confidentiality**.

- 14.1. "***Confidential Information***" shall mean all information designated by Buyer or Vendor as confidential or otherwise disclosed under circumstances in which the receiving party knows or should reasonably know such information to be considered confidential by the disclosing party, including but not limited to all information or data concerning or related to Buyer's products (including but not limited to the discovery, invention, research, improvement, development, manufacture, or sale of Buyer's products), processes, or general business operations (including but not limited to sales, costs, profits, pricing methods, organization, and employee lists), and any information obtained through access to any Buyer assets or systems, which, if not otherwise described above, is of such a nature that a reasonable person would believe it to be confidential or proprietary.
- 14.2. Each party agrees, with respect to the Confidential Information disclosed to it by the other party, as follows: (a) to use the Confidential Information only for the purposes described in the Agreement; (b) to not reproduce the Confidential Information and hold in confidence and protect such Confidential Information from dissemination to, and use by, any third party, except

as otherwise permitted herein; (c) to not create any derivative work from such Confidential Information; (d) to permit access to such Confidential Information only to such of its personnel, agents, or contractors, if any, who have a need to access such Confidential Information to perform such party's obligations hereunder and who have been advised of, and have agreed in writing to treat such information in accordance with, the terms of the Agreement; and (e) to return or destroy all Confidential Information in its possession upon termination or expiration of the Agreement. Each party shall take all reasonable precautions necessary to safeguard the confidentiality of the other party's Confidential Information including, at a minimum, those precautions taken by a party to protect its own Confidential Information, which will in no event be less than a reasonable degree of care. Vendor shall notify Buyer promptly – and in all cases within twelve (12) hours of Vendor becoming aware – of any breach of the Agreement or loss or probable (in Vendor's reasonable discretion) unauthorized disclosure of Buyer's Confidential Information of which Vendor becomes aware, and shall cooperate fully with Buyer to protect Buyer's Confidential Information and related rights.

- 14.3. Notwithstanding the foregoing, the provisions of Section 14.2 shall not apply to Confidential Information that (a) is publicly available or in the public domain at the time disclosed, without breach of any confidentiality obligation; (b) is or becomes publicly available or enters the public domain, without breach of any confidentiality obligation; (c) is rightfully communicated to the recipient by persons not bound by confidentiality obligations; (d) is already in the recipient's possession free of any confidentiality obligations at the time of disclosure; (e) is independently developed by the recipient, without breach of any confidentiality obligation; or (f) is approved for release or disclosure by the disclosing party without restriction. Notwithstanding anything in the Agreement to the contrary, either party may disclose Confidential Information in response to an order of a court or other governmental body or if otherwise required by legal requirements to be disclosed, provided that the party making the disclosure pursuant to the order shall first have given notice to the other party and made a reasonable effort to obtain a protective order.
- 14.4. Vendor agrees not to publicize or disclose the terms of the Agreement or any relationship with Buyer without the prior written consent of Buyer.
- 14.5. Unless a longer period of time is applicable in a non-disclosure agreement entered into between Buyer and Vendor, the obligations of the parties under this Article 14 shall continue for twelve (12) months after the expiration or earlier termination of the Agreement. Upon any termination or expiration of the Agreement, Vendor shall (a) immediately discontinue any use of Buyer's Confidential Information; (b) delete any copies of Buyer's Confidential Information from its computer storage and any other of its media, including but not limited to online and off-line libraries; and (c) return to Buyer or, at Buyer's option, destroy, any of Buyer's Confidential Information remaining in tangible form.

## **15. Termination.**

- 15.1. Buyer may immediately terminate a Purchase Order or any part thereof for cause if Vendor (a) defaults or fails to comply with any portion of the Agreement (including late delivery of Goods or performance of Services); (b) makes a general assignment for the benefit of its creditors or admits in writing its inability to meet its debts as they mature; (c) files a petition in bankruptcy or commences voluntary dissolution; or (d) files a proceeding, petition, or answer seeking or consenting to its reorganization or the readjustment of its indebtedness under any present or future federal bankruptcy law or other federal, foreign, or state law of similar nature, or a receiver, trustee, or liquidator is appointed for all or substantially all of its property. In the event Buyer terminates the Purchase Order for cause, Buyer will not be liable to Vendor for any

amounts whatsoever, and Vendor shall be liable to Buyer for all actual and incidental damages and expenses it incurs, including costs of cover, resulting from the default that caused the termination.

15.2. Buyer and Vendor shall have the right to terminate a Purchase Order by giving the other party no less than thirty (30) calendar days' written notice, or such other period of advanced notice as may be expressly set forth in the applicable statement of work.

15.3. Any and all rights and remedies available under the Agreement shall be cumulative and in addition to any and all other rights and remedies which each party has or may have under any other provision of the Agreement, at law, or in equity.

16. **Injunctive Relief.** The parties acknowledge that irreparable injury will result from the failure of either party to comply with the terms of the Agreement. In the event of any actual or threatened default or breach of any of the provisions of the Agreement, the aggrieved party will have the right to specific performance or injunctive relief, as well as any monetary damages or other appropriate relief in accordance with the terms of the Agreement.

17. **Governing Law/Venue.** The Agreement and all matters arising out of or relating to the Agreement shall be interpreted and enforced under the laws of the State of Washington, including its statute of limitations, without regard to its choice of law rules and principles that would result in the application of the laws of a different jurisdiction. Any action or judicial proceeding to seek injunctive relief or otherwise enforce the Agreement shall be instituted and maintained only in King County Superior Court, in the City of Seattle, State of Washington, or the United States District Court for the Western District of Washington. Vendor expressly consents to personal jurisdiction of the state and federal courts above and waives any right to object to the exercise of personal jurisdiction by these courts. In the event any party institutes an action or proceeding against the other party with regard to the Agreement, the prevailing party of such action shall be entitled to recover from the non-prevailing party its attorney fees and costs incurred in such action or proceeding. Except as modified by these Terms and Conditions, any Purchase Order issued by Buyer shall be governed by the Uniform Commercial Code provisions applicable to transactions in goods, regardless of whether the Purchase Order is characterized as a transaction in goods or a transaction in services.

18. **Independent Contractor Classification.** The parties do not intend to create a partnership, joint venture, or employment relationship and nothing contained in the Agreement shall be deemed or construed by the parties or by any third person or entity to create the relationship of partnership, joint venture, employment, or joint employer. Vendor represents and warrants that it has properly classified its personnel as employees or independent contractors in accordance with applicable legal requirements. To the extent Vendor utilizes employees, Vendor represents and warrants that it is an independent company (not a temporary personnel agency) and the sole employer of its employees with exclusive control and complete responsibility for hiring, firing, disciplining, setting pay and benefits (including the method of payment), assigning and directing work, supervising, preparing payrolls, paying wages, training, and otherwise setting the employment conditions and managing the employment relationship with respect to it and its employees whom Vendor employs in connection with Vendor's performance of the Agreement. Vendor represents and warrants that no other person, business, or entity, including Buyer, has an employment relationship with Vendor or Vendor's employees. At all times, Vendor shall be deemed an independent contractor with respect to Vendor's rights and obligations under the Agreement.

19. **Electronic Transactions.** If Buyer and Vendor have mutually agreed to the use of an Electronic Data Interchange ("EDI") system to facilitate purchase and sale transactions, Vendor agrees (a) that it shall not contest any contract of sale resulting from an EDI transaction under the provisions of any law relating to whether agreements must be in writing or signed by the party to be bound, or the admissibility of copies of

EDI records under the business records exception to the hearsay rule, the best evidence rule, or any other similar rule, on the basis that such records were not originated or maintained in documentary form; (b) that it shall use proper security procedures to protect its EDI records from improper access; and (c) that the records maintained by Buyer regarding EDI Purchase Orders issued by Buyer shall be controlling.

20. **Software Provisions**. In addition to these Terms and Conditions, if the Purchase Order involves software, including embedded software, the following terms shall apply:

20.1. **License for Off-the-Shelf Software**. Vendor hereby grants to Buyer, and Buyer hereby accepts, on the following terms and conditions, a nonexclusive and nontransferable, fully paid-up, world-wide, irrevocable, and perpetual license (unless otherwise specified in the Purchase Order or through agreement entered into by authorized signatories of both Vendor and Buyer) to use the software for the number of users or copies of the software provided on the Purchase Order (the “**License**”). Vendor and Buyer expressly agree that any software shrink-wrap and click-through software licensing agreements shall not apply to any software purchased under the Purchase Order unless the Buyer expressly agrees in writing to such shrink-wrap or click-through software licensing agreement.

20.2. **Use of Software and Documentation**. Buyer may make backup and archival copies of the software and documentation. Buyer, its agents, contractors, assignees, and employees shall have the right to use and operate the software within the scope of the License for Buyer’s business purposes.

21. **Logos, Trademarks, and Copyrights**. Vendor shall not use or display the name, trademarks, service marks, logos, trade names, taglines, copyrights, or other intellectual property of Buyer (including but not limited to Alaska Air Group, Alaska Airlines, Horizon Air Industries, or any variations thereof) in its sales promotions, advertising, press releases, or any other publications or public disclosure (including releases to existing or prospective customers) without explicit written permission from Buyer, except as required by law.

22. **Force Majeure**. Neither party shall be liable or responsible to the other party, nor be deemed to have breached the Agreement, for any failure or delay in fulfilling or performing any term of the Agreement, when and to the extent such failure or delay is caused by or results from the following force majeure events (each a “**Force Majeure Event**”): acts of God, flood, fire, earthquake or explosion, war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest, government order or law, actions, embargoes or blockades in effect on or after the date of the Agreement, action by any governmental authority, or national or regional emergency. A party impacted by any such Force Majeure Event shall give prompt notice thereof to the other party, stating the period of time the occurrence is expected to continue. The impacted party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The impacted party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. If the Vendor is unable to provide Goods and/or Services due to a Force Majeure Event, Buyer shall have the right, after a reasonable period of time, in its sole discretion to cancel the applicable Purchase Order at no cost, penalty, or fee to Buyer.

23. **Waiver**. Single or partial exercise of any right, remedy, power, or privilege by a party shall not preclude any other or further exercise of the same or any other right, remedy, power, or privilege. Failure or delay on the part of a party to exercise any right, remedy, power, or privilege under the Agreement with respect to any occurrence shall not be construed as a waiver of such right, remedy, power, or privilege with respect to any other occurrence.

24. **Assignments/No Subcontracting**. Vendor may not assign (by operation of law, through a change of control, or otherwise) any of Vendor’s rights or delegate any of Vendor’s duties or obligations under the

Agreement without Buyer's written permission. An assignment in violation of this provision will be null and void. The Agreement shall be binding upon Vendor's successors in interest and permitted assigns. Notwithstanding anything set forth to the contrary in the Agreement, except to the extent expressly permitted in a Purchase Order, Vendor shall not subcontract for performance of any of its obligations under the Agreement without the prior written consent of Buyer. If Buyer agrees to allow Vendor to utilize subcontractors to perform its obligations under the Agreement, Vendor shall provide a full list of all subcontractors and Vendor shall remain primarily liable for such obligations and shall be responsible for the acts and omissions of any subcontractor in connection with performance thereof.

25. **Successors and Assigns.** The Agreement shall be binding and shall inure to the benefit of the permitted successors and assigns of each party hereto.

26. **Notices.** Unless otherwise specified in the applicable Purchase Order, any notices or communications required or permitted to be given must be (a) given in writing; and (b) personally delivered or mailed, by prepaid, certified mail or overnight courier or transmitted by electronic mail transmission (including PDF), to the party to whom such notice or communication is directed, to the mailing address or regularly-monitored electronic mail address of such Party as provided in the Purchase Order. Any such notice or communication shall be deemed to have been given on (a) the day such notice or communication is personally delivered, (b) three (3) calendar days after such notice or communication is mailed by prepaid certified or registered mail, (c) one (1) business day after such notice or communication is sent by overnight courier, or (d) the day such notice or communication is sent electronically, provided that the sender has received a confirmation of such electronic transmission. A party, for purposes of the Agreement, may change his, her, or its address, email address, or the person to whom a notice or other communication is marked to the attention of, by giving notice of such change to the other party pursuant to this Section.

27. **Severability.** The provisions of the Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that, for any reason whatsoever, any other or others of them may be invalid or unenforceable in whole or in part.

28. **Survival.** These Terms and Conditions (except for the covenant to maintain insurance) will survive termination of the Agreement.

29. **Amendments.** These Terms and Conditions may not be modified, waived, terminated, or amended except as may be agreed upon by the parties in writing, signed by an authorized representative of Buyer.

30. **Miscellaneous.** The Purchase Order and these Terms and Conditions have been approved by the parties, contain the entire understanding between the parties with respect to the subject matter of the Agreement, and supersede all earlier agreements between the parties with respect to such subject matter. In the event of a conflict between the Purchase Order, these Terms and Conditions, and any Vendor-provided terms and conditions, the terms of the Purchase Order shall control, then these Terms and Conditions, and finally the Vendor-provided terms and conditions. Any pre-printed purchase orders, invoices, or forms issued by Vendor shall not be binding on Buyer unless Buyer executes the purchase order, invoice, or form, or subsequently ratifies the terms of the form, at Buyer's election. The headings in these Terms and Conditions are provided for convenience of reference only and shall in no way define, modify, or restrict the meaning or interpretation of the terms or provisions of these Terms and Conditions. The terms of the Agreement shall not be interpreted in favor of or against either party as the drafter.

[END OF TERMS AND CONDITIONS]