

AERO DESIGN
GENERAL PURCHASE ORDER PROVISIONS

1. ACCEPTANCE - ENTIRE AGREEMENT - MODIFICATION. This order is for the purchase and sale of goods and services described on the face of this order (hereinafter "articles"). Acceptance of this order shall be limited to the terms and conditions contained herein and incorporated herein by reference. This order shall be deemed accepted upon the return of the acknowledgment copy of this order or the commencement of performance by Seller. Buyer rejects any additional or inconsistent terms and conditions offered by Seller at any time, whether or not such terms or conditions materially alter the order and irrespective of Buyer's acceptance of or payment for Seller's items or services. These terms and conditions constitute the entire agreement between the parties and no change to or modification of this order shall be binding upon Buyer unless in writing and signed by an authorized representative of Buyer's procurement or purchasing office at Buyer's place of business issuing this order.

2. NEW MATERIAL. Seller warrants that none of the articles furnished under this order are surplus, used, remanufactured or reconditioned or of such age or so deteriorated as to impair the usefulness or safety thereof, unless otherwise specifically stated on the face of this order. Unless otherwise provided on the face of this order, THE PRICES APPEARING HEREIN INCLUDE ALL PACKAGING, CRATING AND FEDERAL, STATE AND LOCAL TAXES, IF APPLICABLE, AND ARE FIRM FOR THE DELIVERY PERIOD SHOWN.

3. MATERIAL, EQUIPMENT, TOOLS AND FACILITIES. Title to property furnished to seller by Buyer or paid for by Buyer under this order, as well as any replacements thereof, (all hereinafter referred to as "Property") shall be vested in Buyer with the right to demand possession at any time. Seller will use said Property only in the performance of work for Buyer. Seller shall bear the risk of loss of all Property while in Seller's custody or control and while in the custody or control of Seller's suppliers. All Property is subject to removal and return at Buyer's written request, in which event Seller, at Buyer's expense, will prepare such Property for shipment and deliver them to Buyer in the same condition as originally received by Seller, reasonable wear and tear expected. Seller will maintain all Property in good condition and repair or replace them to the extent necessary for performance of this order. Seller shall establish and maintain a system to control, protect, preserve and maintain all buyer-owned property. Buyer shall have the right to enter Seller's premises at all reasonable times to inspect its property and Seller's records with respect thereto. Buyer does not warrant any aspect of the Property which it furnishes and all articles delivered by Seller must be in strict accordance with the requirements of this order. Upon completion or termination of this order, all Property will be retained by Seller at its expense until disposition directions are received from Buyer. Seller will pay personal property taxes on all articles in its possession.

Notwithstanding any other provision of this clause, such property may be used by Seller in the manufacture of articles for direct sale to the U.S. Government to the extent the U.S. Government has the right to authorize such use and discloses to Seller that it has such right; provided that such use will not interfere with Seller's performance of this order and any other order with Buyer and provided further that Seller shall (i) give Buyer written notice of each such proposed use at least ten (10) days prior to acceptance of a contract for such articles from the U.S. Government and, in the event Buyer objects to such use, forward Buyer's objection to the U.S. Government, (ii) to the extent practicable, prominently identify each article as being manufactured by Seller in performance of contracts for the U.S. Government, (iii) advise Buyer of the method of identification used, (iv) make no claim against Buyer that arises out of the use by Seller of such property, and (v) indemnify Buyer and hold Buyer harmless from and against any and all claims or liabilities resulting from performance of contracts for the U.S. Government. Where such property is furnished to Seller's suppliers for use in performance of Buyer's orders, Seller shall insert the substance of this provision in all such orders to Seller's subcontractors. Nothing herein shall be construed as restricting the U.S. Government's use of Government-owned Articles or Articles it is authorized to use.

4. DESIGNS, DRAWINGS AND DATA.

A. With respect to articles for which any technical information, written, oral or otherwise, i) has been supplied to Seller by or on behalf of Buyer; or ii) Seller has designed at Buyer's expense; or iii) Seller has designed specifically to meet Buyer-furnished technical requirements (hereinafter designated "Information"), Seller, in consideration of Buyer's furnishing of such Information and/or design funding, agrees that it will not sell such articles (or similar interchangeable or substitute articles, or parts thereof, for use in Buyer's products) to anyone other than Buyer, either as production, spare or repaired articles, without Buyer's prior written consent, except as provided in Paragraph C., below.

B. Information prepared by Seller specifically in connection with performance of this order, including original works of authorship created by Seller, are considered "works made for hire" under U.S. Copyright Law. Buyer shall be deemed the author of such works. If any such work is determined by a court of competent jurisdiction not to be a work made for hire, this agreement shall operate as an irrevocable assignment by the author of such work to Buyer, of the copyright in the work, including all right, title and interest throughout the world.

C. Notwithstanding any other provision of this clause, such Information may be used by Seller in the manufacture of articles for direct sale to the U.S. Government to the extent the U.S. Government has the right to authorize such use and discloses to Seller that it has such right; provided that such use will not interfere with Seller's performance of this order and any other order with Buyer and provided further that Seller shall (i) give Buyer written notice of each such proposed use at least ten (10) days prior to acceptance of a contract for such articles from the U.S. Government and, in the event Buyer objects to such use, forward Buyer's objection to the U.S. Government, (ii) to the extent practicable, prominently identify each article as being manufactured by Seller in performance of contracts for the U.S. Government, (iii) advise Buyer of the method of identification used, (iv) make no claim against Buyer that arises out of the use by Seller of such Information, and (v) indemnify Buyer and hold Buyer harmless from and against any and all claims or liabilities resulting from performance of contracts for the U.S. Government. Where such Information is furnished to Seller's

suppliers for use in performance of Buyer's orders, Seller shall insert the substance of this provision in all such orders to Seller's subcontractors. Nothing herein shall be construed as restricting the U.S. Government's use of Information which the Government owns or is authorized to use.

5. **CHANGES.** Buyer may at any time, by a written change order, without notice to any sureties, make changes in any one or more of the following: (i) drawings, designs, specifications, where the articles to be furnished are to be specially manufactured for the Buyer in accordance therewith; (ii) method of shipment or packing; (iii) place or time of inspection, delivery, or acceptance; and (iv) the amount of any Buyer furnished property. If any such change causes an increase or decrease in the cost of or time required for performance of this order, whether or not changed by the order, an equitable adjustment shall be made in the price or delivery schedule or both and this order shall be modified accordingly. No claim by Seller for adjustment hereunder shall be allowed unless made in writing for a specified amount within twenty (20) days from the date notice of any such change is received by Seller. If Seller considers that the conduct, statement or direction of any of Buyer's employees constitutes a change hereunder, Seller shall notify Buyer's Subcontract Administrator and take no action on the perceived change pending written approval of Buyer's Subcontract Administrator. Only Buyer's Subcontract Administrator has authority to approve a change. Any change made by Seller without such written approval shall be deemed voluntary by Seller and not compensable in the cost of or time required for performance. Nothing in this clause shall excuse Seller from proceeding with performance of this order as changed.

Notwithstanding the above or any other provision of this order, the Seller hereby agrees that no changes to the articles that may be required in order to meet the specified performance requirements of this order shall entitle the Seller to any adjustment in either price or delivery.

The Seller shall notify the Buyer and obtain written authorization prior to changing the product and/or process definition. The notification shall be made via E-Mail or other such traceable means and shall be sent to the Sellers point of contact with the buyer.

6. **DELIVERIES AND SHIPMENTS.** Delivery of the articles and related data and/or documentation in accordance with the schedule is a material requirement of this order. **TIME IS OF THE ESSENCE.** Seller shall not, without Buyer's prior written consent, manufacture or procure materials in advance of Seller's reasonable flow time. Seller will at its expense ship by express or air shipment or by the most expeditious way if the delivery schedule is endangered for any reason other than Buyer's fault. Buyer reserves the right to reject all or any part of any delivery that varies from the quantity authorized by Buyer for shipment. All articles shall be packaged in accordance with Buyer's instructions or, if none are specified, in accordance with good commercial practice in a manner sufficient to ensure arrival in an undamaged condition. Items shipped in advance of Buyer's delivery schedule may be returned at Seller's expense. Seller shall give notice of shipment to Buyer at the time of delivery of any shipment of articles to a carrier for transportation. Title and risk of loss to articles shall pass to Buyer at the f.o.b. point specified on the face of this order, unless earlier passed pursuant to other provisions of this order.

7. **PERFORMANCE ASSURANCE PLAN** At Buyer's direction, Seller will provide Buyer with a Performance Assurance Plan prepared in accordance with procedures established by Buyer showing Seller's work in process and yield factors for each major process step. This plan will be imposed by Buyer where, in Buyer's opinion, there is a significant risk in meeting performance or delivery requirements. The Performance Assurance Plan will demonstrate Seller's work in process and yield factors in Seller's format.

8 **INSPECTION.** Notwithstanding (i) payment, (ii) passage of title, or (iii) prior inspection or test, all articles are subject to final inspection and acceptance or rejection by Buyer at Buyer's facility. At all reasonable times including the period of manufacture, Buyer, its customers, and/or representative of the Federal Aviation Administration or other cognizant aviation regulatory bodies may inspect and/or test the articles to the furnished hereunder at the places where the work is being performed, including those of the Seller's suppliers, and Seller shall provide, without additional charge, reasonable facilities and assistance for safe and convenient inspection and test. Buyer may inspect 100% or a sample of all articles or any lot of articles at Buyer's option, and buyer shall have the right to reject all or any portion of the articles or lot of articles if any such inspection reveals them to be, in Buyer's sole opinion, defective or nonconforming. Seller shall provide and maintain a test and inspection system acceptable to the Buyer and its customers, if required. Records of all inspection work by Seller shall be kept complete and available to Buyer and its customers during the performance hereof and **for life** after final payment by Buyer.

Where specified in the contract, the supplier's customer or the customer's representative shall be afforded the right to verify at the subcontractor's premises and the supplier's premises that subcontracted product conforms to specified requirements. Such verification shall not be used by the supplier as evidence of effective control of quality by the subcontractor. Verification by the customer shall not absolve the supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.

9. **WARRANTY.**

A. Seller warrants to Buyer, its successors and customers that for a period of twenty-four (24) months after delivery of products or completion of services or for such longer period offered by Seller, that all articles furnished to Buyer will be free from defects in material and workmanship, will conform to applicable drawings, designs, specifications and samples, will meet all functional and performance requirements and, to the extent this order calls for services to be performed, that such services will be free from defects in workmanship, will meet all of the requirements of this order and will be performed to the highest standards of workmanship in the industry (all of which are hereinafter collectively called "conforming products and/or services")

B. In the event conforming products and/or services are not furnished, within twenty (20) days after the nonconforming product is returned to Seller or notice to Seller of a products and/or correct such nonconforming products and/or to correct such nonconforming services within such thirty (30) day period shall entitle Buyer at its election and in addition to any other rights or remedies it may have at law or in equity, to have such nonconforming products repaired or replaced or such nonconforming services corrected at Seller's expense. In addition to the costs of repairing or replacing such nonconforming products and/or correcting such nonconforming services, Seller shall be responsible for the costs of removal, disassembly, failure analysis, fault isolation, reinstallation, reinspection and retrofit required to deliver conforming products and/or services.

C. The warranty period shall be suspended upon notice that nonconforming products have been furnished until they have been repaired or replaced and redelivered to Buyer postage or freight prepaid, or in the case of nonconforming services, have been corrected. The unexplored portion of the warranty shall be applicable to the repaired, replaced or corrected conforming products and/or services.

D. The seller shall at no time deliver product and/or services which are known to be nonconforming to applicable drawings, designs, specifications and samples without first notifying the buyer and receiving written authorization to deliver said product and/or service. It is also understood that this written authorization does not relieve the seller of any of the remaining provisions of the "Warranty" clause of this document. Should the seller discover that product previously delivered is or may be nonconforming, the seller shall notify the Buyers within 48 hours of the discovery. The notification shall be made via E-Mail or other such traceable means and shall be sent to the Sellers point of contact with the buyer and also to the Buyers Quality Assurance Management personnel. Said Notification does not relieve the seller of any of the remaining provisions of the "Warranty" clause of this document.

10. TERMINATION.

A. Buyer may terminate this order in whole or in part at any time by written or telegraphic notice stating the extent and effective date of such termination. In such event, the rights of the parties shall be governed by the provisions of the clause set forth in Subsection 52.249-2 of the Federal Acquisition Regulations ("FAR") as in effect on the date of this order, which clause is incorporated herein by reference; provided, however, that (i) all references to "1 year" in Paragraph (d) of such clause shall be revised to read "6 months", (ii) Paragraph (i) of such clause shall be deemed to require all disputes to be resolved under Article 21 of these General Purchase Order Provisions, (iii) the "90 days" time period in Paragraph (k) of such clause shall be revised to read "45 days", and (iv) all references therein to the Government or the Contracting Officer shall mean Buyer or its designees (including the Government or its representatives if so designated by Buyer). Buyer shall have the right to audit all elements of any termination claim and Seller shall make available to Buyer or Buyer's representative on request all books, records, and papers relating thereto.

B. Buyer reserves the right to terminate this order in whole or, from time to time, in part for Seller's default (i) if Seller fails or refuses to perform in accordance with any of the requirements of this order or to make progress so as to endanger performance hereunder or (ii) if Seller becomes insolvent or suspends any of its operations or if any petition is filed or proceeding commenced by or against Seller under any state or federal law relating to bankruptcy, arrangement, reorganization, receivership or assignment for the benefit of creditors. Any such termination will be without liability to Buyer except for completed articles delivered and accepted by Buyer, payment for which can be set off against damages to Buyer. Buyer may require Seller to transfer title and delivery to Buyer any or all property produced or procured by Seller for performance of the work terminated and Seller shall be credited with the reasonable value thereof not to exceed Seller's cost or the contract price, whichever is less. Seller will be liable for damages caused by or resulting from its default including but not limited to excess costs of reprourement. If, after a default termination, it is determined that Seller was not in default, the termination shall be considered to have been made pursuant to subparagraph A of this clause. Buyer or its designee shall have the right to audit all elements of any termination claim and Seller shall make available to Buyer or Buyer's designee on request all books, records, and papers relating thereto. Termination of the Order for default shall be without prejudice to any other rights and remedies of the Buyer under statute or common law.

C. To the extent this order is not terminated pursuant to subparagraphs A or B above, Seller shall continue performance.

11. **EXCUSABLE DELAYS.** Neither party shall be in default for any delay or failure to perform hereunder due to causes beyond its control and without its fault or negligence; provided, that any delay or failure to perform caused by the default of a supplier of the Seller at any lower tier shall be excused only if it is beyond the control of both Seller and such supplier and without the fault or negligence of either and the articles to be furnished are not obtainable from other sources in sufficient time to permit Seller to meet the delivery schedule; and provided further, that Seller furnishes prompt written notice to Buyer of the occurrence of any such cause which will or may delay Seller's performance. If delivery of any article is delayed by any excusable delay for more than three (3) months, Buyer may without any additional extension cancel all or part of any Order with respect to the delayed product, and exercise any of its remedies in accordance with Article 11 (B), provided, however, that the Buyer shall not be entitled to monetary damages or specific performance where Seller's breach is the result of an Excusable Delay.

12. **PATENT, TRADEMARK AND COPYRIGHT INDEMNITY.** Seller shall indemnify and hold harmless Buyer from any and all damages, costs, including legal fees, losses, and liabilities resulting from a suit or proceeding from infringement of any patent, trademark or copyright by reason of the sale or use of any product sold to Buyer hereunder, and from reasonable expenses incurred by Buyer in defense of such suit or proceeding if Seller does not undertake the defense thereof; provided, that Seller is promptly notified of any such suit and, except for suits against the U.S. Government, Buyer offers Seller full and exclusive control of the defense of such suit or proceeding when products of Seller only are involved therein or the right to participate in the defense of such suit or proceeding when products other than those of Seller are also involved therein; except that, this indemnity shall not extend to infringement resulting solely from Seller's compliance with Buyer's specific designs, processes or formulas. In the event of an injunction or restraining order, Seller shall, at its own expense, either procure for Buyer the right to continue to sell and use the product, or replace or modify the product so that it becomes non-infringing. Seller shall also indemnify Buyer's customers and agents for such infringement if and to the extent that Buyer has agreed so to indemnify them, but to no greater extent than Seller has indemnified Buyer herein and under the same conditions as set forth herein.

13. **INDEMNIFICATION AND INSURANCE.** Seller will indemnify and save harmless Buyer, its directors, officers, employees, agents and invitees from and against all liability, demands, claims, losses, costs, damages and expenses, including but not limited to attorney's fees, by reason or on account of property damage, death and personal injury of whatsoever nature or kind arising out of, as a result of, or in connection with the performance of this order that is occasioned by the actions or omissions of Seller or its subcontractors or suppliers of any tier. Seller will maintain and carry liability insurance which includes but is not limited to commercial general liability (including product liability and for services to be performed, completed operations liability) in a sum no less than \$5 million, automobile liability in a sum no less than \$5 million, workmen's compensation in an amount no less than the applicable statutory minimum requirement and employer's liability in an amount of no less than \$1 million, with insurance carriers acceptable to Buyer. Seller will, if requested by Buyer, furnish certificates of insurance from its carrier on the foregoing coverage's, which shall provide that such coverage shall not be changed without thirty (30) days advance written notification to Buyer from the carrier.

14. **COMPLIANCE WITH LAWS.**

A. Seller shall comply with all applicable federal, state and local laws, executive orders, rules and regulations during performance of this order, including but not limited to the Occupational Safety and Health Act of 1970 as amended ("OSHA"); Toxic Substances Control Act as amended (TSCA"); the Fair Labor Standards Act of 1938 as amended ("FLSA"); the Clean Air Act as amended; the International Traffic in Arms Regulations as amended; and the Anti-Kickback Act of 1986 as amended.

15. **PAYMENT TERMS.** Payment periods and cash discount periods will be computed from either the date of delivery or acceptance of the articles ordered or the date of receipt of correct and proper invoices prepared in accordance with the terms of the order, whichever is later. The payment date will be delayed on a day of payment delay-for-day-of lateness basis for any article that is delivered later than called for by the contract schedule.

16. **DESIGN CHANGES.** During performance of this order, Seller shall not make any changes in the design of articles to be furnished by Seller under this order without advance written notification to and written approval of the Buyer. The above requirement applies whether or not there is a cost impact associated with the change and regardless of the type of change involved, including product improvements.

17. **ASSIGNMENT AND SUBCONTRACTING.** Any assignment or subcontract for a majority of the materials and/or labor by Seller of or under this order shall be void unless consented to by Buyer in writing.

18. **CHOICE OF LAW.** The construction, interpretation and performance hereof and all transactions hereunder shall be governed by the law of the state wherein Buyer's place of business issuing the order is located ("the State") excluding any such laws which may direct the application of the laws of another jurisdiction. Jurisdiction and venue shall be proper only in a state or federal district court of the State.

19. **DISPUTES.** Except as otherwise specifically provided in this order, any dispute concerning a question of fact and/or law arising under this order that is not disposed of by agreement of the parties shall be decided by arbitration under the rules and procedures of the American Arbitration Association. To the extent that the issue in dispute between Buyer and Seller is related to an issue in dispute between Buyer and its customer, Seller agrees to a stay in arbitration proceedings until Buyer's dispute with its customer is finally resolved, either through settlement or judgment. Pending settlement or final decision of any such dispute, Seller shall proceed diligently with the performance of this order in accordance with the directions of the Buyer.

20. **RELEASE OF INFORMATION TO PUBLIC.** Seller shall not, without the prior written consent of Buyer, make any release of information concerning this order or any other information related to the Buyer (other than to Seller's employees and subcontractors that is required for the performance of their duties), including providing copies of this order or identifying the Articles sold by Seller to Buyer, nor use the name of Buyer in any advertising or publicity, except as may be necessary to comply with a subpoena or other proper mandatory legal demand.

21. **SETOFF.** Buyer may setoff any amount due from Seller to Buyer, whether or not under this order, from any amounts due to Seller under this order.

22. **ORDER OF PRECEDENCE.** In the event of any conflict among the provisions of this order, the following order of precedence shall apply in interpreting this order:

- A. The text of the Purchase Order.
- B. Any special or Supplemental Terms and Conditions incorporated by reference in the Purchase Order.
- C. These General Purchase Order Provisions.
- D. Other Contract Documents.

23. **SPECIAL PROVISIONS FOR CALIBRATION PURCHASE ORDERS.** For all purchase orders for the calibration of measuring & test equipment, the following provisions shall apply:

- A. All certifications shall be traceable to N.I.S.T. or other recognized standard.
- B. Calibrations shall be performed to OEM requirements unless otherwise stated
- C. Any non-conformances discovered shall be immediately communicated to ADM

24. **DFARS COMPLIANCE**

A. All raw material consisting of, or product containing items made from "Specialty Metals" shall be compliant to the

- “Berry Amendment” as implemented by DFARS clause 252.225.7014 Alternate I.
- B. Compliance to the above clause shall be as defined within the clause including the definition of “Specialty Metals” & “Qualifying Countries”.
 - C. Immediate notification detailing Quantities, Purchase Order Numbers, Shipment Dates & the nature of the non-conformance shall be sent to the Quality Manager of Aero Design & Manufacturing when a non-conformance to the above requirements is discovered, either pre-delivery or post-delivery.

25. **QUALIFICATION OF PERSONNEL.** When required by statute, regulation, certification of governing body, or the Sellers internal Quality Managements Systems, the Seller shall ensure only Qualified Personnel perform process and/or services related to the product and/or services provided to the Buyer.

26. **FLOW DOWN REQUIREMENTS.** In the event the seller decides to sub-contract all or any portion of the requirements within the contract to a sub-tier supplier, the seller shall clearly flow down the applicable requirements in the purchasing documents of the contract to the sub-tier supplier including key characteristics where required

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