

AIM AEROSPACE, AUBURN / SUMNER OPERATIONS PURCHASE ORDER TERMS AND CONDITIONS

1. **ACCEPTANCE:** This order is Buyer's offer to Seller, and acceptance is strictly limited to its terms. Buyer shall not be bound by and specifically objects to any term or condition whatsoever which is different from or in addition to the provisions of this order, whether or not such term or condition will materially alter this order. Seller commencement of performance or acceptance of this Order in any manner shall conclusively evidence agreement to this order as written.
2. **PRICE AND DELIVERY:** Seller shall furnish the goods covered by this order or the services covered by this order in accordance with the prices and delivery schedule stated on the face of this order. All prices shall include applicable taxes, except sales taxes which are to be separately shown where applicable.
Seller warrants that the prices charged for the Goods or Services ordered will be as low as the lowest prices charged by the Seller to any customers purchasing similar goods or services in the same or smaller quantities and under like circumstances. Buyer may return, or store at Seller's expense, any Goods delivered more than five (5) days in advance of the delivery date specified for such Goods.
3. **PACKING AND SHIPPING:** No charge shall be made by Seller for packaging or storage. All Goods shall be packaged, marked, and otherwise prepared in accordance with good commercial practices to obtain lowest shipping rates and in accordance with all applicable federal, state and local packaging and transportation laws and regulations. Seller shall mark on containers handling and loading instructions, shipping information, order number, item and account, shipment date and names and address of Seller and Buyer. An itemized packing list shall accompany each shipment.
4. **IDENTIFICATION:** Parts, assemblies and components will be identified per the engineering drawing and applicable specification. When identification is not specified on the engineering drawing, the product will be identified with the part number specified on the Purchase Order. When items are too small to be easily identified, parts may be bagged or tagged, with the proper identification indicated on the bag or tag. Raw material procured to Federal, Military, Aerospace or other specifications will be marked per the identification specification, which is referenced, in the controlling specification.
5. **CERTIFICATE OF CONFORMANCE:** The Seller shall include with each shipment, one legible copy of a certificate statement which confirms to the Seller's compliance with all requirements of the purchase order. The certificate of conformance shall be signed by a responsible quality representative of the Seller. The required statement shall constitute certification by the Seller that the articles are in full compliance with all purchase order requirements and that the Seller holds available for review, documented evidence of such compliance.
As a minimum, the Certificate of Conformance shall contain the following information.
 - (a) AIM purchase order number.
 - (b) Part number, part description.
 - (c) Sellers shipping document number.
 - (d) Quantity of articles.
 - (e) Serial number or lot number of articles when applicable.
 - (f) The certificate of conformance statement.
 - (g) Signature of responsible quality representative.
6. **F.O.B. TITLE AND RISK OF LOSS:** Unless otherwise specified on the face of this order, the FOB point shall be Buyer's location designated on the face of this order. If transportation is FOB Seller's location, Seller shall bear all risk of loss or damage to the Goods, and title shall not shift to Buyer, until delivery of the Goods to the carrier. If transportation is FOB to buyer's location, Seller shall bear all risk of loss or damage to the Goods, and title shall not transfer to Buyer, until delivery of the Goods to Buyer's location.
7. **INVOICING:** After each shipment made or service provided under this order, Seller shall send a separate invoice, including item numbers, in duplicate, accompanied by a bill of lading or express receipt. Payment of invoice shall not constitute acceptance of the Goods or Services and shall be subject to appropriate adjustment for failure of Seller to meet the requirements of this order.
8. **INSPECTION:**
 - (a) All Goods may be inspected and tested by Buyer, its customers, higher tier contractors, and the U.S. Government, at all reasonable times and places. If such inspection or testing is made on Seller's premises, Seller shall provide, without additional charge, all reasonable facilities and assistance for such inspections and tests. In its internal inspection and testing of the Goods, Seller shall use an inspection system accepted by Buyer in writing. All inspection records relating to the Goods shall be available to Buyer during the performance of this contract, and retained for a minimum period of ten (10) years or for such longer periods specified by Buyer in its acceptance of the inspection system. Seller must have Buyer written approval before disposal/disposition of any records.
 - (b) Final inspection and acceptance by Buyer shall be at Buyer's plant or shipping destination unless otherwise specified in this order. Such inspection shall be in accordance with the customary established inspection procedures. If rejection of a shipment would result from Buyer's normal inspection level under such procedures, Buyer may, at its option, conduct an above-normal level of inspection, up to 100% inspection, and charge the Seller the reasonable costs thereof.
 - (c) Seller must perform First Article Inspection Report (FAIR) per AS9102 first article requirements and submit with shipment on the initial part or lot (as applicable) at the detail, subassembly, and / or assembly level. The results of the FAIR will be documented on data sheets and will indicate 100% conformance to engineering characteristics, special processes, functional test, and laboratory requirements. Subsequent FAIR's will be performed if tooling rework or modification and / or change (s) in supplier's manufacturing method
- (d) No inspection (including source inspection), tests, approval (including design approval), or acceptance of the Goods shall relieve Seller from responsibility for any defects in the Goods or other failures to meet the requirements of this order, or for latent defects, fraud, such gross mistakes as amount to fraud, and Seller's warranty obligations. If the Goods are defective or otherwise not in conformity with the requirements of this order, Buyer may, by written notice to Seller: (i) rescind this order as to such Goods; (ii) accept such Goods at an equitable reduction in price; or (iii) reject such Goods; and require the delivery of replacements. Deliveries of replacements shall be accompanied by a written notice specifying that such Goods are replacements. If Seller fails to deliver required replacements promptly, Buyer may: (i) replace or correct such Goods and charge the Seller any cost the Buyer incurred; or (ii) terminate this order for cause as provided in Section 28(b) hereof. Rights granted to Buyer under this Section 8 are in addition to any other rights or remedies provided elsewhere in this order or in law.
- (e) Any departure from drawing, specifications or other PO requirements will be documented by the Seller and submitted to the AIM Aerospace Auburn/Sumner Buyer for consideration and disposition. A copy of this dispositioned document will accompany each affected shipment.
- (f) Seller will, on request, on forms designed by Buyer, provide statements of corrective action on failures of Seller's hardware or Quality System. Corrective action statements, at Buyer's option, may require approval signature by Buyer, AIM Aerospace Auburn/Sumner Quality Assurance and Customer representatives.
9. **DIGITAL PRODUCT DEFINITION/MODEL BASED DEFINITION (DPD/MBD):**
When customer authority or derivative datasets are used for product manufacturing and/or acceptance, the Seller shall have processes in place to maintain configuration management as well as the security and integrity of the DPD/MBD throughout all manufacturing and inspection activities. Customer and regulatory agencies have the right to survey and/or review the DPD/MBD quality assurance and configuration management systems of the Seller and sub-tier suppliers. Examples or review may include but are not limited to DPD/BMD maintenance, change incorporation, use and security for manufacturing and/or inspection as applicable. (Reference Boeing document D6-51991 for system requirements.)
10. **GOVERNMENT SURVEILLANCE:** During performance on this contract, Seller's quality program or inspection system and manufacturing processes may be subject to review, verification, and analysis by authorized Government Representatives. Government inspection or release of product is required only if Seller is notified. A copy of the Buyer's Purchase Order will be furnished to the Government representative, upon request.
11. **WARRANTIES:** In addition to all other express or implied warranty, for a period of five (5) years. The Goods will be (i) free from defects in workmanship and materials; (ii) free from defects in design except to the extent that such Goods comply with the detailed designs provided by Buyer; (iii) suitable for intended use and for the purposes, if any, which are stated on the face of this order; and (iv) in conformity with all the other requirements of this order.
12. **TOOLS:** If Buyer furnishes Seller equipment (such as special dies, molds, jigs, tools, test equipment, masks, etc.) or pays for such equipment, title thereto shall remain or vest in Buyer, and Seller shall identify, maintain and preserve such equipment and shall dispose of it in accordance with Buyer's direction. Unless otherwise authorized in writing by Buyer, Seller shall use such equipment solely in the performance of purchase orders for Buyer. Seller shall be responsible for any loss, damage, or destruction to such equipment, but Seller shall not include any insurance cost therefore or cost to store in the prices charged under this order. Buyer also reserves the right to request and receive list of buyers' owned tools in suppliers possession and to audit said list against actual tools at suppliers facility. Buyer reserves the right, at its sole discretion, to remove any Buyer owned tooling, if Buyer feels work is in jeopardy.
13. **MATERIALS:** If Buyer furnishes any material (such as extrusions, fasteners, bearings, bushings, etc.) for fabrication hereunder Seller agrees (i) not to substitute any other material in such fabrication without Buyers written consent (ii) title to such materials shall not be affected by incorporation in or attachment to any other property, and (iii) all such material (except that which becomes normal industrial waste or is replaced at the sellers expense) will be returned in the form of products or unused material to Buyer. In addition Seller shall inspect any Buyer furnished material and shall have the right to reject any nonconforming material but in the event of losses or attrition thereafter Seller shall be responsible for replacing such material at Sellers expense. Inaccuracies, out of tolerance conditions or inadequacies in quantity of materials accepted by the Seller shall not excuse performance in strict accordance with the applicable specifications and/or drawings.
14. **SHELF LIFE AND TEMPERATURE SENSITIVE MATERIALS:** The Seller will identify all materials and articles, which have definite characteristics of quality degradation with age or environment. Seller will affix this information directly on the material container or article. This identification will indicate the date useful life was initiated and the date or cycle at which the useful life will be expended. When environment is a factor in determining useful life, the identification will include the storage conditions (i.e. temperature, humidity, etc.) required to achieve the stated life. A minimum of 75% of the applicable material/ article shelf life will remain upon receipt by the Buyer or the material is subject to rejection and returned to Seller.
15. **MATERIAL TEST REPORTS:** A legible and reproducible copy of material test reports will accompany each shipment. Test reports will be identified with spec. number and heat and/cure lot number. Chemical and physical test reports will include actual numerical values for each property tested in accordance with the applicable specification. When more than one specimen is required, test results

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occur. Engineering drawing revisions affecting dimensional characteristics will require a new FAIR incorporating the differences and / or tool proofing inspection.

on each test report furnished.

- 16. TRACEABILITY/LOT AND BATCH CONTROL:** Seller will maintain lot and batch control of raw materials and detail parts to purchased items through the use of lot, batch, serial number, or date of manufacture, as applicable for all items in the shipment.
- 17. BUYER FURNISHED MATERIAL:** Parts or assemblies manufactured from Buyer furnished materials will be accompanied by a reproducible copy of a certification stating that parts and/or assemblies were produced from AIM Aerospace Auburn/Sumner furnished material. Certification will be identified with the part number and Seller's lot number, Material Manufacturer's name and material certification number if drop shipped from material manufacturer to Seller, or AIM Aerospace Auburn/Sumner Packing Slip number if shipped from AIM Aerospace Auburn/Sumner.
- 18. SUBCONTRACTS:** Seller shall obtain Buyer's prior written consent before issuing any next-tier subcontract under this agreement if (i) the next tier subcontract exceeds twenty five percent (25%) of the amount of this agreement; or (ii) the prior written consent is otherwise required by other express provision of this agreement.
- 19. APPROVED PROCESS REQUIREMENTS:** A legible and reproducible copy of special process certifications (i.e. testing, heat treat, non-destructive testing, ect.) will accompany each shipment of material, parts, or assemblies. Special processes will be performed by customer (process specification owner) approved sources.
- 20. QUALITY ASSURANCE RECORDS:** Seller will retain manufacturing planning, all certifications, and test reports required to assure that commodity conforms to the contractual and technical requirements for the Purchase Order for a minimum of 10 years after closure of Purchase Order, then contact Buyer for disposition instructions. Batch control of raw materials and detail parts to purchased items through the use of lot, batch, serial number, or date of manufacture, as applicable for all items in the shipment.
- 21. CONFIDENTIAL OR PROPRIETARY INFORMATION AND PROPERTY:**
- (a.) Seller shall keep confidential and otherwise protect from disclosure all information and property obtained from Buyer in connection with this Order and identified as confidential or proprietary. Unless otherwise expressly authorized herein or by Buyer, Seller shall use such information and property, and the features thereof, only in the performance and for the purpose of the Order. Upon Buyer's request, and in any event upon the completion, termination or cancellation of this Order, Seller shall return all such information and property to Buyer or make such other disposition thereof as is directed by Buyer. Seller shall not sell or dispose of as scrap or otherwise any completed or partially completed or defective proprietary property before receiving written authorization from Buyer and before rendering such property unsuitable for use. In all lower tier subcontracts and purchase orders issued by Seller and involving subcontractor receipt of such information or property, Seller shall provide the Buyer the same rights and protections as contained in this clause.
- (b.) *This section is applicable only if noted on the Purchase Order.*
- The seller shall not release to anyone outside the Seller's organization any unclassified information, regardless of medium (e.g., film, tape, document), pertaining to any part of this contract or any program related to this contract, unless-
 - The buyer has given prior written approval; or
 - Then information is otherwise in the public domain before the date of release.
 - Requests for approval shall identify the specific information to be released, the medium to be used, and the purpose for the release. The Seller shall submit its request to the Buyer at least 50 days before the proposed date for release.
 - The Seller agrees to include a similar requirement in each subcontract under this contract. Subcontractors shall submit requests for authorization to release through the Seller to the buyer. (DFARS 252.204-7000)
- 22. COMPLIANCE WITH LAWS:** Seller shall comply with all federal, state and local laws, ordinances, rules and regulations in the manufacture and sale of the Goods and performance of the Services.
- 23. LIEN WAIVERS:** Seller shall furnish, upon Buyer's request, waivers by Seller and all other persons entitled to assert any lien rights in connection with the performance of this order.
- 24. PATENTS AND COPYRIGHTS:** Seller shall defend, at its own expense, any suit or claim that may be instituted against Buyer or any customer of Buyer for alleged infringement of patents or copyrights relating to the maintenance, sale or use of the Goods, except for any such infringement resulting from Seller's compliance with detailed designs provided by Buyer, and Seller shall indemnify Buyer and its customers for all costs and damages arising out of such alleged infringement. Buyer shall have the right, at no additional charge, to use and/or reproduce the Seller's applicable literature, such as operating and maintenance manuals, technical publications, prints, drawings, training manuals, and other similar supporting documentation and sales literature. Seller shall advise Buyer of any updated information relative to the foregoing literature and documentation with timely notifications in writing].
- 25. ASSIGNMENT:** Seller shall not assign this order or any rights under this control without the prior written consent of Buyer, and no purported assignment by Seller shall be binding on Buyer without such written consent.

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- 26. NOTICE OF LABOR DISPUTES:** Whenever an actual or potential labor dispute delays, or threatens to delay the timely performance of this order, Seller shall immediately notify Buyer in writing of all relevant information with respect to such dispute.
- 27. PUBLICITY:** Seller shall not make or authorize any news release, advertisement, or other disclosure which shall deny or confirm the existence of this order without the prior written consent of Buyer, except as may be required to perform this order.
- 28. CHANGES:** Buyer may, at any time, by written change order, suspend performance of this order, in whole or in part, make changes in the quantities, drawings, designs, specifications, method of shipment or packing, or time or place of delivery of the Goods, reschedule the Services, or require additional or diminished Services. If any such change causes an increase or decrease in the cost of, or the time required for performance of this order, an equitable adjustment shall be made in the contract price claim for adjustment under this Section 28 may, at Buyer's option, be deemed to be absolutely and unconditionally waived, unless asserted in writing (including the amount of the claim) and delivered to Buyer within thirty (30) days from the date of receipt by Seller of the change order. If the cost of property made obsolete or excess as a result of a change is paid by Buyer, Buyer may prescribe the manner of disposition of such property.
- 29. TERMINATION:**
- (a) **Without Cause:** Buyer may terminate, for its convenience, all or any part of this order at any time by written notice to Seller. Upon such termination, settlement shall be made in accordance with the principles contained in Federal Acquisition Regulations (FAR) 52.249-2 as in effect as of the date of this order, except that Seller must submit a written termination claim to Buyer within thirty (30) days after the effective date of termination, or such claim shall be absolutely and unconditionally waived.
- (b) **With Cause:** If Seller fails to make delivery of the Goods, or fails to perform any other provision of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms, and does not cure such failure within ten (10) days after notice from the Buyer, Buyer may (in addition to any other right or remedy provided by this order or by law) terminate all or any part of this order by written notice to Seller without liability and purchase substitute goods elsewhere, and Seller shall be liable to Buyer for any excess cost to Buyer. Seller shall continue performance of this order to the extent not terminated pursuant to this Section 28(b). If this order is terminated as provided in this Section 28(b)), the Buyer, in addition to any other rights provided herein, may require the Seller to transfer title and delivery to the Buyer (i) any completed Goods, and (ii) such partially completed Goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights as the Seller has specifically produced or specifically acquired for the performance of this order.
- 30. WAIVER:** The failure of Buyer to insist upon the performance of any provision of this order, or to exercise any right or privilege granted to the Buyer under this order, shall not be construed as waiving such provision or any other provision of this order, and the same shall continue in full force and effect. If any provision of this order is found to be illegal or otherwise unenforceable by any court or other judicial or administrative body, the other provisions of this order shall not be affected thereby, and shall remain in full force and effect.
- 31. APPLICABLE LAW:** The validity, performance, and construction of this order shall be governed by the laws of the State of Washington.
- 32. DISPUTES/JURISDICTION & VENUE:** Buyer and Seller shall use their best reasonable efforts to resolve any and all disputes, controversies, claims, or differences between Buyer and Seller, arising out of or relating in any way to this Contract or its performance, including, but not limited to, any questions regarding the existence, validity or termination hereof ("Disputes"), through negotiation. Only upon failure by Buyer and Seller to resolve the Dispute through such negotiation may either Party institute legal action. Any dispute arising under this order which is not disposed of by agreement of the parties shall be decided by a court proceeding. The jurisdiction and venue of any dispute shall be submitted to the King County Superior Court, State of Washington and each party submits to the jurisdiction of that court for such purpose. Any removal to Federal Court shall be to the Western District, Seattle, Washington. Pending settlement of final decision of any such dispute, Seller shall proceed diligently with the performance of this order in accordance with Buyer's direction.
- 33. ANTI-KICKBACK:** Seller warrants that it is in full compliance with the provisions of the Anti-Kickback Act of 1986, 41 U.S.C. 51-58 and shall indemnify, protect, defend and hold Buyer harmless from any liabilities or monetary loss Buyer may suffer as a result from failure of such compliance by Seller.
- 34. INDEMNIFICATION:** When Seller is performing work at Buyer's facility, the Seller agrees to indemnify & save harmless the owner, its officers, agents & employees, from & against any and all suits, claims, actions, losses, costs, penalties & damage of whatsoever kind or nature including attorney fees, arising out of, in connection with, or incident to, the work of this contract, except that caused by the sole negligence of owner. In the event of litigation between parties to enforce rights under this paragraph, reasonable attorney fees shall be allowed to the prevailing party.
- 35. AUTHORIZED AGENT:** All Buyer's contractual directions (including, but not limited to, pricing, delivery, and configuration changes) shall be authorized in writing by Purchasing Agent only.

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| <p>36. HAZARDOUS MATERIAL: Where applicable all materials required by this purchase order shall meet applicable OSHA requirements as specified in 29 CFR 1910.1200 including providing complete and accurate material safety data sheets (MSDS's). Additionally, MSDS's shall identify chemicals by their chemical abstract system (CAS) numbers.</p> <p>37. EXPORT/IMPORTCONTROL: If Seller is a US company that engages in the business of either manufacturing or exporting defense articles or finishing defense services, the Seller hereby certifies that it has registered with the US Department of State Directorate of Defense Trade Controls and understands its obligations to comply with International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR).</p> <p>38. RIGHT OF ENTRY: The Buyer and/or regulatory agencies reserve the right of entry to monitor applicable records, goods and processes intended for sale to Buyer.</p> | |
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