

## AERO PRECISION INDUSTRIES LLC. – PURCHASE AND REPAIR ORDER TERMS AND CONDITIONS

1. **APPLICABLE TERMS AND CONDITIONS:** Unless otherwise agreed in a signed writing by the Buyer's authorized representative, these Purchase And Repair Order Terms and Conditions ("**Order Terms**") govern the terms of procurement between the vendor, including any applicable person, firm, company, or entity providing the supply (collectively "**SUPPLIER**") of goods and/or services ("collectively "**Goods**") and Aero Precision Industries LLC and/or its Subsidiaries, successors or assigns (collectively "**Buyer**" or "**AERO PRECISION**"). In accordance with the foregoing, these Order Terms together with any specifications, drawings, or other documents referred to or incorporated herein by reference represent the entire agreement between the Buyer and the SUPPLIER for the Goods to be supplied. These Order Terms shall supersede all prior oral and written communications, representations, promises, or negotiations, whether oral or written, between the parties hereto (each a "**Party**" or collectively the "**Parties**") regarding the procurement of services or products from the SUPPLIER, and may not be modified or waived except in a writing signed by an authorized representative of the Party.
2. **INTERPRETATION.** If any provision of these Order Terms is held invalid, all other provisions shall remain valid. Should any provision of this Purchase Order be held unenforceable by a court of law or other tribunal having jurisdiction over both Parties, such provision shall be interpreted so as to be enforceable (modifying or eliminating any concerning words to arrive at the Parties intentions), unless both Parties elect to strike the unenforceable article or terminate the Order Terms with respect to an applicable repair or purchase order.
3. **ACCEPTANCE.** These Order Terms are made only upon and subject to the terms and conditions set out hereunder. Unless expressly agreed to in writing by the Buyer, any terms and conditions and any special conditions of purchase prescribed in writing by the SUPPLIER are expressly rejected and shall have no force and effect. These Order Terms shall prevail over any terms and conditions of the SUPPLIER whether contained in or referenced to in a quotation, catalogue, price list, order acknowledgement, invoice, or any other document. The performance of the respective repair or purchase order in whole or in part shall constitute acceptance by the SUPPLIER of all the terms and conditions contained in these Order Terms.
4. **PRICING; SUPPLIER QUOTATION:** Except as set forth herein, the pricing for the Goods is the SUPPLIER's then-current Goods pricing at the time of an accepted repair or purchase order. From time to time the SUPPLIER may provide in advance of an accepted purchase or repair order negotiate pricing for the Goods or provide a quote, each such negotiated pricing or quote shall be valid for no less than ninety (90) days from the date that the SUPPLIER provided the pricing quote to the Buyer ("**Quote Validity Period**"). The prices for Goods included in a purchase or repair order submitted to the SUPPLIER during the Quote Validity Period, irrespective of when the SUPPLIER has accepted such order, shall for the Goods covered in any negotiated pricing or quote be based off of the negotiated pricing provided to the Buyer. All prices are stated in U.S. Dollars and shall stay firm during the entirety of the purchase order. Any price increases after the SUPPLIER has accepted the Buyer's repair order or purchase order will be absorbed by the SUPPLIER.
5. **QUOTATION DOCUMENTS:** These purchase order terms shall not affect any lower purchase price for products set forth in a vendor's quotation or response to a request for quotation ("**RFQ**"), and Aero Precision may in its sole discretion seek to enforce any other terms of sale set forth in such vendor documents. The SUPPLIER's shipment of any goods or services or commencement of performance to fulfill the Buyer's purchase order or repair order requirements shall be deemed the SUPPLIER's acceptance or assent of these Order Terms, including the terms of the respective purchase order or repair order.
6. **CONFIRMATION OF ORDER:** The SUPPLIER must acknowledge the order and accept AERO PRECISION's offer within eight (8) business days after SUPPLIER's receipt thereof.
7. **SHIPMENT SHORTAGES.** No variance in quantity is acceptable unless specifically agreed to in writing by AERO PRECISION. Should a shipment be received with less than the quantity stated on the purchase order, AERO PRECISION shall pay the amount calculated by the price and quantity stated on purchase order for the Goods less the price and quantity of Goods not delivered to the Buyer after the SUPPLIER has given AERO PRECISION a recovery date for the quantity remaining in writing.
8. **IMPORT/EXPORT COMPLIANCE:** SUPPLIER shall provide to AERO PRECISION at its earliest convenience, but in no event less than twenty-four (24) hours before shipment, the following information for all Goods: (1) the applicable United States Munitions List ("**USML**") category or Export Control Classification Number ("**ECCN**"); (2) the Harmonized Tariff Schedule code; and (3) the Country of Origin. If an item is controlled by the International Traffic in Arms Regulations ("**ITAR**"), SUPPLIER shall also advise AERO PRECISION if the item is Significant Military Equipment ("**SME**"), a Major Component, or under the Missile Technology Control Regime ("**MTCR**"). For orders shipping from outside of the United States, SUPPLIER shall strictly follow all AERO PRECISION shipping instructions and shall provide copies of the following documents to AERO PRECISION prior to, but in no case no later than the time of shipment: (1) FAA/EASA/TCCA or other civil aircraft certification, if applicable; (2) Commercial Shipping Invoice; (3) Packing List; (4) Airway Bill; (5) Foreign Sales Declaration, if applicable; and (6) any other document required per commodity type (e.g. Bearing Summary Worksheet). If the SUPPLIER is engaged in the United States of America in the business of exporting, manufacturing, brokering, or any other value added service of Goods controlled by the ITAR, the SUPPLIER represents that it is registered with the Directorate of Defense Trade Controls ("**DDTC**"), directly or through an affiliate registration covered by ITAR Regulation(s) § 120.40, as may be required by 22 C.F.R. 122.1 and/or 22 C.F.R. 129.3 of the ITAR and that it maintains an effective export/import compliance program in accordance with DDTC guidelines.
9. **ADDITIONAL GOVERNMENT TERMS:**
  - 9.1 **US GOVERNMENT PROCUREMENT:** Whenever AERO PRECISION has advised the SUPPLIER that any Good part number(s) purchase is for the United States Government ("**USG**"), any of the USG agencies, Foreign Military Services ("**FMS**") customer(s), or otherwise is procured with USG funds, the Additional Terms And Conditions Of Purchase For Government Contracts set forth on Exhibit A shall apply only to the order of such part number(s) along with any other applicable flow-downs required by the FAR or DFARS or any other Federally published Supplement (as communicated by AERO

PRECISION on the purchase or repair order), which are hereby incorporated by reference. The SUPPLIER shall ensure that all such applicable flow-down clauses are included in each lower tier subcontract with the SUPPLIER's authorized vendors. Additionally, the SUPPLIER shall satisfy for USG procurement one of the following conditions:

- (i) Have executed a dealer/distributorship agreement with AERO PRECISION;
- (ii) Have executed a letter of authorization from the approved source (i.e. the manufacturer or the SUPPLIER, if it is the manufacturer's authorized supplier) authorizing AERO PRECISION to supply the Products; or
- (iii) Has supplied AERO PRECISION with a link to an official website maintained by the approved source, which shall clearly identify AERO PRECISION as an authorized dealer/distributor.

9.2 **DEBARMENT OF SUPPLIER:** If the SUPPLIER (or any of its subcontractors) is debarred by a government organization from participating in transactions, it shall promptly notify AERO PRECISION. Upon AERO PRECISION's receipt of notice of the SUPPLIER's debarment, AERO PRECISION has the option of immediately cancel in whole or in part any Products procured under these Terms, including any repair or purchase order without liability of any kind to the SUPPLIER. In such instances, If AERO PRECISION only becomes aware of such status of SUPPLIER (or any of its subcontractors) after receipt of the ordered items, AERO PRECISION may return such items to SUPPLIER within twenty (20) days of shipment, and SUPPLIER shall immediately refund all amounts paid by AERO PRECISION, if any, for such items. It is SUPPLIER's responsibility to determine if its subcontractors meet the requirements of this paragraph.

10. **DELIVERY; DELAYS:** Time is of the essence hereof. If any goods are not delivered within the time specified in this order, AERO PRECISION, in addition to other remedies provided by law, may either (i) refuse to accept such goods and cancel this order or (ii) cause SUPPLIER to ship the goods by the most expeditious means of transportation, with any additional transportation charges for SUPPLIER's account. However, SUPPLIER shall not be liable for delays in delivery or failure to manufacture or deliver due to acts of God, acts of civil or military authorities, Government priorities, fires, strikes, floods, epidemics, war or riot, provided that the cause for such delay is reported in writing to AERO PRECISION within seven (7) days from the commencement of such delays.

11. **RISK OF LOSS:** Risk of loss of goods purchased hereunder shall be borne by SUPPLIER until goods are delivered at the F.C.A. (Incoterms, 2010) point specified in this order or, if no point is given, until delivery to AERO PRECISION; provided however, if the goods purchased are explosive, flammable, toxic, or otherwise hazardous the SUPPLIER shall hold AERO PRECISION harmless against all claims asserted against AERO PRECISION for any personal or property damaged caused by such goods or by the transportation thereof before unloading at AERO PRECISION's plant or warehouse. This Section does not relieve the SUPPLIER is from its responsibility to address claims for hidden damages discovered after AERO PRECISION's acceptance of the Goods.

12. **TRANSPORTATION:** Unless otherwise indicated, transportation and pricing will be FCA SUPPLIER'S FACILITY (INCOTERMS, 2010). Contact AERO PRECISION before shipping orders weighing more than 40 LBS or if total volume is greater than 5 cubic feet (L" x W" x H" divided by 1728). Less than truckload shipments should be sent to AERO PRECISION, Freight Collect, using AERO PRECISION's designated carrier. Small parcel shipments shall be made using AERO PRECISION's designated carrier and account number, as provided on the purchase order. Extra charges resulting from noncompliance with this requirement will be deducted from SUPPLIER's invoice. Unless AERO PRECISION has authorized particular air Shipments in a separate writing signed by or sent in a separate email from the applicable AERO PRECISION purchasing representative, each air shipment is at the SUPPLIER'S sole cost and expense. Any additional costs, fees, or expenses whatsoever associated with unauthorized air shipments expenses may be deducted by AERO PRECISION from the amounts AERO PRECISION otherwise owes or is payable to the SUPPLIER.

13. **TRANSPORT INSURANCE:** AERO PRECISION will insure the Goods for transport from SUPPLIER to AERO PRECISION, or other destination as may be directed by AERO PRECISION. Any transport insurance taken out by the SUPPLIER will be deducted from SUPPLIER's invoice provided to AERO PRECISION. AERO PRECISION'S purchase order number must be referenced on all shipping documents.

14. **INSPECTION; REJECTION AND RESCISSION.**

14.1 **INSPECTION:** All goods ordered shall be subject to inspection by AERO PRECISION or its duly authorized representatives. Payment for any Goods shall not be deemed acceptance thereof or waiver of any right to test or inspect such goods. No inspection, test, approval, or acceptance of Goods relieves SUPPLIER from responsibility for warranty or any latent defects, fraud, or negligence.

14.2 **REJECTION AND RESCISSION:** If the Goods do not comply with these Terms and Conditions or it is the Buyer's opinion that the SUPPLIER will be unable to perform its obligations or any of them under these Terms and Conditions, the Buyer shall at its discretion be entitled (but not obliged) to treat these Terms and Conditions as repudiated or reject the Goods and/or rescind these Terms and Conditions (notwithstanding that property in the Goods may have passed) by giving written notice to the SUPPLIER and the following conditions shall apply:

- (i) the SUPPLIER shall repay to the Purchaser any monies paid by the Buyer in respect of rejected Goods;
- (ii) the SUPPLIER shall be fully accountable to the Buyer for any direct or indirect loss the Buyer may have suffered arising from or out of such repudiation, rejection and/or rescission including (but not limited to) the reasonable costs incurred by the Buyer in obtaining replacement Goods from a third party; and
- (iii) Any such repudiation, rejection, and/or rescission shall be without prejudice to the accrued rights of either party.

14.3 In the absence of a bankruptcy event or unauthorized assignment of these Terms and Conditions to the SUPPLIER's successor or assigns, the Buyer shall permit the SUPPLIER at least one opportunity to repair or replace, as appropriate, each non-conforming Good before exercising its remedy options under Section 14.2 (i) and (ii).

15. **ASSIGNMENT and SUBCONTRACTING:** SUPPLIER shall not obligate any duty or assign this order in whole or in part nor make any subcontract for furnishing goods or services hereunder nor assign any claim arising out of or these Order Terms or payable hereunder without prior written consent of AERO PRECISION. Any attempted delegation, subcontract or assignment shall be void. Any permitted delegation, subcontract, or assignment is expressly conditioned upon the SUPPLIER having any authorized subcontractor, vendor, or individual agree to abide by these Order Terms.

16. **TERMINATION:**

16.1 Should AERO PRECISION's need for the goods or services to be supplied hereunder be reduced or eliminated, AERO PRECISION may terminate this order in whole or in part. Excluding any terminations or cancellations under Section 9 (Debarment of SUPPLIER), if the SUPPLIER is unable to make other deposition of the goods, AERO PRECISION shall pay SUPPLIER the responsible value of the work performed by SUPPLIER in respect of such goods to the time of written notification or termination by AERO PRECISION. AERO PRECISION's liability under this paragraph shall not exceed the aggregate price for such impacted good(s) specified in this order.

16.2 In the event that SUPPLIER breaches its obligations under this Purchase Order, which can include but not limited to, providing late delivered goods or services or delivering non-conforming Goods, AERO PRECISION can terminate the Purchase Order in whole or in part. AERO PRECISION may charge SUPPLIER for any additional cost it incurs in performing SUPPLIER's obligations or in having such obligations performed by a third party.

17. **INVOICES:** Invoices for goods or services purchased hereunder shall be submitted in duplicate and shall contain the following information: (a) name of the SUPPLIER, (b) payment terms, (c) AERO PRECISION's purchase order number, (d) item numbers, (e) description of goods or services, (f) size, (g) quantities, (h) unit prices, (i) extended totals, (j) shipping dates, (k) time and material charges and subcontract charges, if applicable. AERO PRECISION'S Payment of invoice does not constitute acceptance of the Goods and the invoice is subject to appropriate adjustment should SUPPLIER fail to meet the requirements of the applicable repair or service Order.

18. **PAYMENT:** All invoice payments will be issued in accordance with agreed payment terms after the receipt and acceptance of Goods. If no payment terms are specified in the Purchase Order documents all invoices shall be paid by the SUPPLIER within forty-five (45) days of the SUPPLIER'S receipt of BUYER'S undisputed invoice. If the order requirements are not met, payment, including COD shipments, may be delayed a corresponding amount of time until such requirements are met.

19. **PRICE; OFFSET:** Any price decrease announced by SUPPLIER for the same or similar goods or services shall automatically reduce the price of the goods or services purchased hereunder by a comparable amount or percentage. AERO PRECISION shall have the right (but no duty) to withhold monies payable by it hereunder and apply them to the payment of any obligation that SUPPLIER owes to AERO PRECISION or any other party arising in any manner out of this order.

20. **WARRANTIES:** SUPPLIER warrants to AERO PRECISION, its customers, and end users that upon delivery, and during the entire warranty period set forth in the SUPPLIER's documentation (and if not stated in such documentation for the earlier of (i) twelve months from the date of AERO PRECISION's shipment to its customer, or (ii) twenty four (24) months from the date the Goods were delivered to AERO PRECISION's facility) : that (a) Goods when delivered pursuant hereto will be merchantable and free from defects in workmanship or material will conform strictly to the specifications, drawings, samples or other description specified herewith, and will be fit for their ordinary intended purposes and any special purpose specified by AERO PRECISION; and (b) the SUPPLIER (i) has good title to the goods free from all encumbrances; and (ii) shall comply with all applicable laws and regulations with respect to the manufacture and distribution of the Goods. If the Good is produced in the United States, it will be produced in compliance with the Fair Labor Standards Act of 1938, as amended. The warranties set forth herein are in addition to and not in limitation of all expressed or implied warranties of SUPPLIER and all warranties provided by applicable laws and regulations.

21. **QUALITY:** SUPPLIER shall maintain a quality management system which is acceptable and appropriate for the Goods supplied hereunder and shall comply with general industry standards. Goods and all associated items supplied by the SUPPLIER shall meet the requirements in the applicable technical specifications and documentation (drawings, specifications, standards, etc.) The SUPPLIER shall be solely responsible for monitoring and ensuring that the Goods adhere to any technical specifications regarding materials, methods, form, fitness, and function. The SUPPLIER's performance obligations under these Order Terms are non-delegable and shall apply irrespective of whether or not the Goods have been manufactured by SUPPLIER or by any of SUPPLIER's subcontractors. If no specific requirements are stated, good industry and craftsman-like practice shall be observed. Goods are to be manufactured in accordance with any mutually agreed to guidelines.

**21.1 The following quality and supply clauses apply to the purchase/repair orders:**

i. **Approval of product, procedures, process and equipment:**

The SUPPLIER shall follow all requirements stated on the purchase or repair order, drawing, data specifications and process instructions to ensure product, procedure, process and equipment conformity.

**ii. Qualification of Personnel**

The SUPPLIER shall employ competent personnel to ensure any AERO PRECISION requirements are met with respect to the approval of the Goods, equipment used, manufacture of the product, supply processes and procedures.

**iii. Quality Management System**

The SUPPLIER shall have a Quality System acceptable to AERO PRECISION. AERO PRECISION reserves the right to verify said system.

**iv. Identification and Revision Status**

The SUPPLIER shall maintain the identification and revision status of AERO PRECISION's specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data.

**v. Product Acceptance**

The SUPPLIER shall follow all requirements stated on the purchase order, design, test, inspection, verification, use of statistical techniques for product acceptance and related instruction for acceptance by organization.

**vi. Notification of Nonconformance Product**

SUPPLIER must notify the AERO PRECISION of any nonconforming products verbally and in writing as soon as nonconformance is detected.

**vii. Product Disposition**

Supplier must obtain AERO PRECISION written approval for nonconforming product disposition.

**viii. Notification of Product/ Process Changes**

Supplier must notify AERO PRECISION in writing of changes in product and/or process, changes of its suppliers concerning the Goods, changes of manufacturing facility location and, where required, obtain AERO PRECISION written approval.

**ix. Record Retention**

The Supplier shall maintain records regarding AERO PRECISION's purchase/repair order, specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data. Records shall be maintained by the Supplier for a minimum of seven years.

**x. Access to Facilities**

The Supplier shall permit access to the Suppliers facility and any sub-tier Suppliers for surveying/auditing. The survey/audits may include personnel from the AERO PRECISION, AERO PRECISION's customer representative and/or regulatory authorities, and shall include access to all records applicable to AERO PRECISION ordered Goods or performance of the order(s).

**xi. Counterfeit Parts Control**

Supplier shall have an effective counterfeit Parts Control Plan, and should comply with applicable counterfeit part prevention requirements of PO and/or RO. For Counterfeit Electronics Parts Detention and Avoidance SUPPLIER should have a system in place consistent with the requirements of latest dated version of SAE standard AS5553.

Supplier's performance will be evaluated semi/annually. If the SUPPLIER does not perform at an acceptable level by the end of year. (On Time Delivery and/or Quality), the SUPPLIER will receive a warning letter along with the supporting performance data. If the SUPPLIER's performance does not conform to the AERO PRECISION'S requirements for an additional two consecutive quarters, the SUPPLIER will be removed from AERO PRECISION's approved supplier list; exception would be an OEM /MFG or sole source of the product line.

Vendor scorecard evaluation will be done quarterly by using below performance criteria:

Metric		Rating
<b>MEETING MUTUALLY (A) AGREED DELIVERY TIME(S)</b>		
	On-time (%95 and Above), referring to 95% or more of the Supplier's Goods under this Order meeting mutually agreed delivery dates	A
	On-Time (Between 80% and 94%), referring to Supplier's Goods under this Order being delivered 80% to 94% within mutually agreed delivery date dates	B
	On-Time (Between 65% and 79%), referring to Supplier's Goods under this Order being delivered 65% to 79% within mutually agreed delivery date dates	C
	Below Acceptable Delivery On-Time (lower than 65% on time delivery of Supplier's Goods)	F
(B) GOOD QUALITY (Administrative and Product Quality will be evaluated separately)	Rejection Rate of Goods under the order Less than < %1	A
	Rejection Rate of Goods under the order within range of 1% to 3 %	B
	Rejection Rate of Goods under the order within range of more than <3 % to 6%	C
	More than 6% (Below acceptable Good quality level)	F

xii. **Nonconformance**

All SUPPLIER's who don't supply at least one order per quarter will not be evaluated.

SUPPLIER's should find a resolution (Path to resolve issues) to the reported Non-conformances in timely manner. The time frame to present resolution to the issues given below.

Reason for NCR's

Goal to find a resolution for NCR's

xiii. **Supplier Notifications.**

Type of Notice	DESCRIPTION	DAY'S NOTICE TO AERO PRECISION (unless the Buyer is expressly mentioned below in this table, the days are from the date the Supplier is first aware of an issue or should have reasonably been aware if an issue is noticeable on a repair or purchase order)
VENDOR RECALLS	The Supplier or any government authority has issued a recall notice on	2

	the Goods subject to these Order Terms	
QTY ERRORS	The Buyer has submitted a quantity for the Goods that is an excess of the Supplier's supply for such Goods	5
WRONG CONDITION CODE	The Buyer has submitted a condition code for the Goods that is different than the condition code required by the Supplier for services or supply of such Good	5
WRONG OR UNIDENTIFIED PART NUMBER	The Buyer has submitted an order for the Goods that includes the wrong part or serial number	5
FAILED TO FLOW DOWN CUSTOMER REQUIREMENTS	The Supplier or its personnel failed to adhere to the Buyer or its customer's flow down requirements that are included with or in the repair or purchase order.	5
PAPER WORK (NO COC, 8130, IMPORT DOC. ETC)	The Supplier has failed to provide documentations requested by the Supplier.	5
NO OPEN REPAIR ORDER or PURCHASE ORDER	Refers to the amount of days that the Supplier must accept Buyer's submitted repair or purchase order or provide notice to the Supplier of any additional extension needed, or the Supplier's rejection of the Buyer's purchase or service order(s).	7
SHELF LIFE EXPIRED OR NOT ENOUGH	Refers to Goods that the Supplier has in stock to address an order where shelf life has expired or is not enough to address the Buyer's requirements.	7
DAMAGE OR LOST DURING SHIPPING	Refers to that Goods damaged or lost during shipping due to the SUPPLIER or its personnel's fault.	7
SHIPPING/EXPORT ERRORS	Refers to any export or shipping errors caused by the Supplier with respect to the Goods under the order.	21
FAILED CUSTOMER PHYSICAL/FUNCTIONAL ACCEPTANCE	Refers to any quality errors caused by the Supplier's failure to adhere to the customer requirements that is (a) reported by the Buyer with respect to the Goods under the order, or (b) reported by the Supplier after a customer inspection of the Goods at the Supplier's facility.	21
OTHER	Refers to any required by law or other notices where the Supplier should notify Buyer of an issue with respect to the Goods	21
VISUAL NON-CONFORMANCE (CORROSION, DINGS ETC)	Refers to any quality errors caused by the Supplier's failure to adhere to the customer requirements that is (a) reported by the Buyer with respect to the Goods under the order	21

xiv. **CANCELLATION:** Aero Precision reserves the right to cancel these Order Terms, including cancellation of any undelivered Goods, and/or remove SUPPLIER from its approved supplier list if the SUPPLIER does not meet any of the above performance metrics.

xv. **CERTIFICATE OF CONFORMANCE:** All items must conform to the Original Equipment Manufacturers (OEMs) specifications and/or tests. Certification of Conformance issued by the SUPPLIER must accompany the Goods for Aerospace and other parts unless AERO PRECISION has notified the SUPPLIER otherwise, including a statement of the condition of the item, back-up data on file for inspection, and signed by an authorized representative of the SUPPLIER. Whenever the AERO PRECISION has not advised that a certificate of conformation is required, non-Aerospace parts can be accepted without a certificate of conformance. However, such Goods must be of apparent, acceptable, and commercial quality. Should such certification not accompany the shipment, Goods will be held in quarantine, the payment terms for the Goods are extended and shall commence once the proper certification is received, and AERO PRECISION

may withhold payment until the proper certification is received. AERO PRECISION reserves the right to be supplied with and/or audit such certification on all new Goods purchased. This may require traceability and full source documentation. All raw material, machining, and processing certifications shall be supplied at no cost to AERO PRECISION if requested. All Certifications and related documentation must be retained on file by the SUPPLIER for a period of at least seven (7) years after the supply of conforming Goods under these Order Terms. Repair Orders at a minimum require shop finding reports, test reports, serviceable tag or equal documentation as well, unless otherwise stated in AERO PRECISION receiving notes and/or stated in mutually agreed upon RO Terms and conditions.

xvi. **ELECTRONIC COMPONENT ANTI-COUNTERFEITING MEASURES:** All electronic components sold as spares or used in repairs must have a minimum Certificate of Conformance from Authorized Source. Authorized Sources are OEM/OCM's or OEM/OCM's authorized supplier, or authorized aftermarket manufacturers. Otherwise traceability to OEM/OCM and/or mandatory product test and inspection required to receive electronic parts to minimize risk for counterfeit parts. For repairs, records may be certified to be maintained at repair site for inspection by Aero Precision.

xvii. **CONDITION OF MATERIAL:** Goods shall be labeled as one of the following Condition Codes:

Code	Description	Notes
AI	As Is	Outright and/or return goods from repair stations. May or may not be traceable. Aero Precision is unable to confirm functionality and compliance of the part with the Buyer's requirements or specifications. The SUPPLIER assumes no responsibility for any repairs regardless of any oral statements about the Products or any parts thereof. For these parts neither warranties nor return rights apply, and Aero Precision expressly waives and disclaims any liability related to the Products or any parts thereof.
AR	As Removed	Refers to the condition of the Product or any part thereof as removed from any applicable aviation vehicle. THE PART IS PROVIDED OUTRIGHT. MAY OR MAY NOT BE TRACEABLE. The SUPPLIER assumes no responsibility for any repairs regardless of any oral statements about the Products or any parts thereof. Aero Precision is not able to confirm functionality and the compliance of the part with the Buyer's requirements or specifications. For these parts neither warranties nor return rights apply, and Aero Precision expressly waives and disclaims any liability related to the Products or any parts thereof.
EV	Evaluation	OH/REP COST FOR EVALUATION
EX	Exchange	EXCHANGE PARTS CUSTOMER OWNED
FN/NE	Factory New	OUTRIGHT PARTS (Never used parts, purchased from Authorized sources with traceable certificate to OEM or Mfg.)
NS	New Surplus	OUTRIGHT PARTS (Unused Parts purchased from sources other than distributors, OEM and MFGs with or without a full traceability to the OEM and/or MFG Aero Precision is unable to confirm functionality and compliance of the part with the Buyer's requirements or specifications. The SUPPLIER assumes no responsibility for any repairs regardless of any oral statements about the Products or any parts thereof. For these parts neither warranties nor return rights apply, and Aero Precision expressly waives and disclaims any liability related to the Products or any parts thereof.
OH	Overhaul	COST TO OVERHAUL OR OVERHAULED PARTS
OHC	Overhaul & Certified	OUTRIGHT PARTS WITH TRACEABLE CERTIFICATION TO THE REPAIR FACILITY
OHM	Overhaul Modification	COST TO OVERHAUL AND MODIFY OR OVERHAULED AND MODIFIED PARTS
OHU	Overhaul & Upgrade	COST TO OVERHAUL AND UPGRADE OR OVERHAULED AND UPGRADED PARTS
R&U	Repaired And Upgraded	OUTRIGHT OR COST OF REPAIRED AND UPGRADED PARTS

REP	Repair Cost	COST TO REPAIR FOR QUOTATION
RP	Repairable	COST OF REPAIR OR COST OF REPAIRED PARTS
RP & MO	Repaired and Modified	COST TO REPAIR AND OVERHAUL OR COST OR REPAIRED AND OVERHAULED PARTS
RP & OH	Repaired and Overhauled	COST TO REPAIR AND OVERHAUL OR COST OR REPAIRED AND OVERHAULED PARTS
SV	Serviceable	OUTRIGHT OR COST TO REPAIRED/OVERHAULED/TESTED TO MAKE THE UNIT SERVICEABLE
TT&E	Test, Teardown, and Evaluation	COST OF TEST, TEARDOWN AND EVALUATION
SCR	Scrap	PARTS WILL BE SCRAPPED AT AP OR SUPPLIER LOCATION
WAR	Warranty	PARTS RETURN TO AP UNDER WARRANTY
BER	Beyond Economic Repair	COST OF PARTS THAT IS BER
RFB	Refurbished	REFURBISHED PARTS BY AUTHORIZED SUPPLIER

Aero Precision has the right to define other conditions codes at PO/RO based upon specific circumstances of the transaction.

22. **LIABILITY:** The SUPPLIER is liable for all defects in Goods delivered, including concealed defects, even if they are recognizable and discovered only upon processing, installation, and/or use, and this is not subject to any time limit for claim by AERO PRECISION. The SUPPLIER shall indemnify and hold AERO PRECISION harmless from all claims arising from infringement of industrial property rights, patents, copyrights, and other third-party rights, and SUPPLIER agrees that it will defend at its own expense any and all suits against AERO PRECISION for infringement of any United States or foreign patent, copyright, or other intellectual property right. AERO PRECISION has the option to reject nonconforming Goods. All rejected Goods will be returned at SUPPLIER's expense. In urgent cases or in the event of delay in supplying a replacement, AERO PRECISION shall, at the SUPPLIER's expense, have the right to remedy the defects, to have them remedied, or to procure a replacement elsewhere. This shall not affect AERO PRECISION's statutory warranty and liability claims, which are in addition to those expressly set forth herein. SUPPLIER shall maintain Aviation Product Liability Insurance in a reasonable amount, and shall provide a Certificate of such insurance to AERO PRECISION upon request.

23. **APPLICABLE LAW:** The definition of terms used, interpretation of this purchase order, and rights and liabilities of Buyer and the Supplier shall be constituted under, and governed by the laws of the State of California, USA.

24. **PACKAGING:** Unless otherwise specified, all packing and packaging shall comply with best commercial practice, preferably compliant with the latest version of ASTM D3951 (Standard Practice for Commercial Packing) The price includes all charges for such packing, packaging, and transportation to the FCA shipping point. All Goods must be packed in accordance with manufacturer specifications. All shipments to AERO PRECISION must be visually identified with the Purchase Order number on the exterior of package/box so that packages/boxes do not have to be opened to verify order. Unidentified shipments may be refused and returned to sender. All crating and pallet materials used in shipments to or on behalf of AERO PRECISION must comply with the International Plant Protection Convention's (IPPC) International Standards for Phytosanitary Measures (ISPM). Refer to the ISPM's publication Guide for Regulating Wood Packaging Material in International Trade located on the IPPC website at <http://www.ippc.int>. All Shipments must be packaged for international shipment, failure to do so will cause to repackage and assess SUPPLIER for any associated charges. All Hazardous Materials/Dangerous Goods shipped to or on behalf of AERO PRECISION, must be packaged, labeled, and shipped in accordance with, and comply with the International Air Transport Association (IATA) and Federal Aviation Administration (FAA) regulations, as well as any and all other applicable laws and regulations. UN number required with hazardous materials as per IATA and FAA regulations. The Supplier shall adhere to any terms in AERO PRECISION'S then-current SUPPLIER Routing Guide, which to the extent applicable, AERO PRECISION will provide to the SUPPLIER or SUPPLIER will be able to access on AERO PRECISION'S website.

25. **SHELF LIFE:** Unless otherwise specified in writing, all life-limited material supplied to AERO PRECISION must have a shelf life of 75% remaining upon receipt at AERO Precision. Any purchase or repair order issued by AERO PRECISION which references a US Government contract requires all ordered life-limited materials to have at least 85% shelf life remaining. Manufacture or Cure date as well as expiration or shelf life of Goods, where applicable, must be noted either at supplier part label and/or COC. Any material supplied which does not meet this requirement shall be returned to the SUPPLIER to be replaced with material conforming to the shelf life requirements.

26. **Additional Terms For Bearing Products:** Bearings must be individually packaged in original manufacturer's package. For bearings that are packed with grease-lubrication, the type of Lube/Grease that has been used, lube date, lot number and preferable re-lube date/shelf life should be noted on the manufacturer part label and/or COC. These bearings should be manufactured no later than six (6) months prior to receipt at Aero Precision, unless otherwise stated on AERO PRECISION Purchase Orders.

27. **MATERIAL SAFETY DATA SHEET (M.S.D.S.):** If an M.S.D.S. is required for this material, the SUPPLIER shall include one copy of the M.S.D.S., and it shall be identifiable and provided with each shipment of the Goods furnished under this order.

28. **COMPETENT APPROVAL AUTHORITY:** If an approval from a competent approval authority is required for shipment of the ordered item, such document must be included with the ordered item.

29. **TECHNICAL DOCUMENTS:** Drawings, samples, data carriers, and other documents provided by AERO PRECISION, or developed on behalf of AERO PRECISION, excluding any SUPPLIER intellectual property rights (collectively "AERO PRECISION's Assets") in compliance with a AERO PRECISION purchase or repair order are the sole property of AERO PRECISION or its licensors, do not become the SUPPLIER's property and may not be delivered to, or used for or by the SUPPLIER or any third parties that are not pre-approved in writing by AERO PRECISION. AERO PRECISION's Assets are protected by copyright, must remain confidential, and may not be copied or reproduced without AERO PRECISION's written consent. The Supplier assigns all rights and interest to AERO PRECISION it has in any AERO PRECISION ASSETS.

30. **TOOLING:** If SUPPLIER uses any technical specifications or drawings ("Data") furnished by AERO PRECISION in the fulfillment of this order, any personal property developed or manufactured from such Data is the property of AERO PRECISION. SUPPLIER may not use such Data for any purpose other than the fulfillment of orders for AERO PRECISION, and SUPPLIER shall retain possession of such personal property until such time that conforming Goods have been delivered to AERO PRECISION and the SUPPLIER has reason to know that AERO PRECISION will no longer procure Goods that pertain to such Data, and the SUPPLIER shall thereafter, return any personal property and Data to AERO PRECISION, unless AERO PRECISION has advised otherwise. Goods manufactured to technical specifications / drawings furnished by AERO PRECISION required for special fixtures, tooling, or particular procedures developed under this order will remain the property of AERO PRECISION and, unless otherwise instructed, are to be retained in SUPPLIER's possession for use exclusively in filling orders for AERO PRECISION. SUPPLIER may not scrap, sell, or otherwise dispose of such personal property without AERO PRECISION's prior written consent.

31. **NONCONFORMING PRODUCT:** Nonconforming Goods that result from this purchase order, whether produced through manufacturing process, or a product from overhaul/repair maintenance activity, shall be demilitarized/destroyed if they cannot be repaired.

32. **RIGHT OF ENTRY:** SUPPLIER hereby grants to AERO PRECISION, its customers, and any applicable regulatory agencies, the right to enter on its premises as well as other necessary places, during normal business hours, for the purpose of inspection of SUPPLIER's facilities and systems to ensure SUPPLIER's compliance with the terms and requirements of this order, including the quality of the contracted work, records, and materials.

33. **INTERPRETATION AND ARBITRATION:** This order shall be governed by and construed in accordance with the Laws of the State of California, without reference to its conflict of laws rules and also excludes the UN Convention on Contracts for the International Sale of Goods. Any and all disputes, controversies, differences, or claims arising out of or relating to this order, which cannot be settled through the mutual consultation of AERO PRECISION and the SUPPLIER shall, under the rules of the American Arbitration Association, be settled by a single arbitrator selected in accordance with such rules. Arbitration proceedings shall be held in Livermore, California, USA. The award rendered by the arbitrator shall be binding, and judgment upon such award may be entered in any court having jurisdiction thereof, including as appropriate, the Superior Court, County of Alameda, State of California, USA. Should suit or any arbitration proceeding be brought to enforce or interpret any part of these Order Terms, the prevailing party shall be entitled pursuant to a final non-appealable decision to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court or arbitrator (including, without limitation, costs, expenses and fees on any appeal).

34. **OTHER:** The SUPPLIER will comply with all provisions of executive order 11246 as amended, and the provisions found in 41 C.F.R. SEC. 60-741.5 (disabled persons) and SEC. 60-250.4 (veterans), and all relevant rules, regulations, and orders of the secretary of labor. If the price of AERO PRECISION 's contract with its customer is reduced for a violation of the Procurement Integrity provisions of the Office of Federal Procurement Policy Act (41 U.S.C. 423) and if the violation is by or attributed to SUPPLIER, then SUPPLIER will indemnify and hold AERO PRECISION harmless. SUPPLIER shall abide with the Arms Export Control Act and the Export Administration Act, and their regulations, at all times under this purchase order.

35. **GENERAL INDEMNIFICATION:** SUPPLIER will, at its expense, defend and indemnify AERO PRECISION and its agents, customers from and against any and all loss, cost, expense, damage, claim, demand, or liability, including reasonable attorney and professional fees and costs, and the cost of settlement, compromise, judgment, resulting from or in connection with SUPPLIER's Goods or Services, or due to breach of the terms of Purchase Order.

36. **INTELLECTUAL PROPERTY INDEMNIFICATION:** For Goods provided under these Order Terms, the SUPPLIER will, at its expense, defend and indemnify AERO PRECISION and its agents, customers from and against any and all loss, cost, expense, damage, cost of settlement, compromise, judgment, resulting from or in connection with (a) patent, copyright, or trademark infringement; (b) unlawful disclosure, use or misappropriation of a trade secret; or (c) violation of any other third-party intellectual property right.

37. **SLAVERY AND HUMAN TRAFFICKING STATEMENT:** AERO PRECISION policy is not to condone or participate in any illegal human trafficking and any slavery activities. To verify the effectiveness of AERO PRECISION'S anti-slavery and human trafficking guidelines AERO PRECISION has and will continue to conduct internal and external audits verifying all applicable personnel, including its Supplier comply with AERO PRECISION'S Code of Conduct and not condone or participate in any performance for any purchase or repair order that is in violation of applicable human trafficking or slavery laws.

38. **NOTES & INSTRUCTIONS TO VENDOR:**

1. Our P.O. number must appear on shipping notices, invoices, packing slips, packages and correspondence.

2. Acknowledged copy must be properly filled in and returned at once. If SUPPLIER has not returned the signed acknowledgment in 7 business days, Aero Precision assumes the SUPPLIER agrees to the PO/RO terms and conditions.
3. A Packing Slip must accompany each case or parcel showing our P.O. number and complete description of contents.
4. No charges will be allowed of packing, handling or cartage unless otherwise expressly agreed.
5. Goods shipped not in conformity with this Purchase Order are returnable at the SUPPLIER's expense.
6. No substitutions are to be made against this order without written permission.
7. Unauthorized overages are returnable at SUPPLIER's expense.
8. Any deviation from routing specified on face of Purchase Order may be cause for penalty or other charges being back charged to SUPPLIER. Sub-vendors, if any, should be notified.
9. Prepaid freight charges, if for AERO PRECISION's account, must be rendered by invoice with copies of supporting documents attached.

## EXHIBIT A

## ADDITIONAL TERMS AND CONDITIONS OF PURCHASE FOR GOVERNMENT CONTRACTS

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given the full text. The full text of a clause may be accessed electronically at this/these address(es):

For contract clause which are contained in the Federal Acquisition Regulation (FAR) the address is <https://www.acquisition.gov?q=browsefar>. For the Defense Federal Acquisition Regulation Supplement (DFARS) and Procedures, Guidance, and Information (PGI) the address is <http://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>.

TITLE OF CLAUSE FAR APPLICATION TO ALL ORDERS	ADDITIONAL FAR/DFAR CLAUSES	Check Box
---	-----------------------------	-----------

• Pricing policy.	52.215-12	<input type="checkbox"/>
• Gratuities	52.203.3	<input type="checkbox"/>
• Covenant	52.203-5	<input type="checkbox"/>
• Restrictions on Subcontractor Sales To The Government	52.203-6	<input type="checkbox"/>
• Anti-Kickback Procedures	52.203-7	<input type="checkbox"/>
• Security Requirement	52.204-2	<input type="checkbox"/>
• Reporting Executive Compensation and First-Tier Subcontract Awards	52.204-10	<input type="checkbox"/>
• System for Award Maintenance (SA)	52.204-13	<input type="checkbox"/>
• Defense Priority and Allocations	52.211-15	<input type="checkbox"/>
• Delivery of Excess Quantities	52.211-17	<input type="checkbox"/>
• Subcontractor Certified Cost or Pricing Data.	52.215-12	<input type="checkbox"/>
• Utilization of Small Business Concerns	52.219-8	<input type="checkbox"/>
• Combating Trafficking in Persons	52.222-50	<input type="checkbox"/>
• Notice to the Government of Labor Dispute	52.222-1	<input type="checkbox"/>
• Hazardous Material identification and Material Safety Data	52.223-3	<input type="checkbox"/>
• Child Labor—Cooperation with Authorities and Remedies	52.222-19	<input type="checkbox"/>
• Privacy Act	52.224-2	<input type="checkbox"/>
• Buy American Act - Supplies	52.225-1	<input type="checkbox"/>
• Duty Free Entry	52.225-8	<input type="checkbox"/>
• Restrictions On Certain Foreign Purchases	52.225-13	<input type="checkbox"/>
• Authorization and Consent - Alternate 1	52.227-1	<input type="checkbox"/>
• Rights in Data - General	52.227-14	<input type="checkbox"/>
• Unenforceability of Unauthorized Obligations	52.232.39	<input type="checkbox"/>
• Providing Accelerated Payments to Small Business Subcontractors	52.232-40	<input type="checkbox"/>
• For the Acquisition of Products with Software Only: Commercial Computer Software-Restricted Rights	52.227-19	<input type="checkbox"/>
• Change Order Accounting	52.243-6	<input type="checkbox"/>
• Competition in Subcontracting	52.244-5	<input type="checkbox"/>
• Subcontracts for Commercial Items	52.244-6	<input type="checkbox"/>
• Government Property	52.245-1	<input type="checkbox"/>
• Inspections of Supplies - Fixed Price	52.246-2	<input type="checkbox"/>
• Higher Level Contract Requirement (only if AERO PRECISION has advised that the inclusion of a higher-level contract quality requirement is necessary)	52.246-11	<input type="checkbox"/>
• Responsibility for Supplies	52.246-16	<input type="checkbox"/>
• Removal of Government Identification From Non-Accepted Orders	52.246-9039	<input type="checkbox"/>
• As applicable, FOB Destination	52.247.34	<input type="checkbox"/>
• As applicable, FOB Origin	52.247-29	<input type="checkbox"/>
• Preference for U.S.-Flag Air Carriers	52.247-63	<input type="checkbox"/>
• Preference for U.S.-Flag Commercial Vessels	52.247-64	<input type="checkbox"/>
• Termination for Convenience of the Government (Fixed-Price)	52.249-2	<input type="checkbox"/>
• Whistleblower Rights As appropriate FAR subpart 3.9 or	252.203-7002	<input type="checkbox"/>
• Prohibition Of Hexavalent Chromium	252.223-7008	<input type="checkbox"/>
• For Subcontracts for Acquisition of Commercial Items Only	252.244-7000	<input type="checkbox"/>
• For the Acquisition of Ball and Roller Bearings Products Only	252.225-7016	<input type="checkbox"/>
• Safety Notifications For the Acquisition of (i) parts identified as critical safety items; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; or (iii) repair, maintenance, logistic support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system.	252.246-7003	<input type="checkbox"/>
• Requiring pricing documentation in accordance with the US Govt. standards (e.g. Certified cost or pricing data 15.403, unless AERO PRECISION has advised such requirement is exempt)	15	<input type="checkbox"/>

ORDERS OVER \$10,000 ALSO INCLUDE THE FOLLOWING

**ADDITIONAL TERMS AND CONDITIONS OF PURCHASE FOR GOVERNMENT CONTRACTS**

- Walsh-Healy Public Contracts Act 52.222.20
- Prohibition of Segregated Facilities 52.222.21
- Equal Opportunity 52.222.26
- Equal Opportunity for Workers with Disabilities 52.222.-36
- Encouraging Contractor Policies to Ban Text Messaging While Driving 52.223-18

**ORDERS OVER \$100,000 ALSO INCLUDE THE FOLLOWING**

- Restrictions on Subcontractor Sales to the Government 52-203-6
- Limitation on Payments to Influence Certain Federal Transactions 52.215-12
- Audit and Records Negotiation 52.215-2
- Authorization and Consent 52.227-1 
  - Integrity of Unit Prices 52.227-2
- Notice and Assistance Regarding Patent and copy write Infringement 52.227-2
- Equal for Special Disabled, Veterans of the Vietnam Era, and Other Eligible Veterans 52.222-35
- Employment Reports on Disabled Veterans of the Vietnam Era and other Eligible Veterans 52-222-37 
  - Value Engineering (not applicable when AERO PRECISION has advised of an exemption or for standard off the shelf commercial products (except if custom packaging or other special requirements then applicable) 52-248-1

**ORDERS OVER -\$500,000 ALSO INCLUDE THE FOLLOWING:**

- Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns 252.226-7001

**ORDERS OVER -\$700,000 ALSO INCLUDE THE FOLLOWING:**

- Small Business Subcontracting Plan-(Note to Seller: This clause requires adoption of small business subcontracting plan and reporting) 52-219-9

**Restrictions on Acquisition of Certain Articles Containing Specialty Metals** 252.225-7009

- Identification and Valuation. The contractor shall provide a unique item identifier for all delivered item the Government's unit acquisition cost is \$5,000.00 or more. 252-211-7003