

## Accurus Aerospace Corporation and Ferra Aerospace, Inc. General Purchase Order Terms and Conditions

1. **ACCEPTANCE:** This purchase 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 terms or conditions which are different from or in addition to the provision of this purchase order. Seller's commencement of performance or acceptance of the purchase order in any manner shall conclusively evidence Seller's acceptance of the purchase order as written. Buyer may revoke any purchase order prior to Buyer's receipt of Seller's written acceptance or Seller's commencement of performance.
2. **DEFINITIONS:** Wherever used in this purchase order, (A) "Product" means (1) goods purchased and described on any purchase order and (2) services purchased and described on any purchase order; (B) "FAR" means the Federal Acquisition Regulations in effect at the date of the purchase order; (C) "Purchase Order" means this purchase contract, including the provisions on its face, these general provisions, and all of the specifications, technical descriptions, statements of work, drawings, designs, documents, and other requirements and provisions attached to, incorporated into or otherwise made a part of this purchase contract by Buyer; (D) "Buyer" shall mean Accurus Aerospace Corporation or Ferra Aerospace, Inc.; and (E) "Seller" shall mean the legal entity to whom this purchase order is issued; (F) "Parties" shall mean Buyer and Seller collectively.
3. **QUALITY SYSTEM:** Seller shall maintain an effective Quality System based upon the product complexity and Buyer contractual requirements. Responsibility for control of Quality shall be clearly designated within the Seller's organizational structure. The system shall provide controls capable of maintaining design conformance, product quality and integrity. The system shall also comply with all applicable requirements of this purchase order and all applicable flow down requirements of the Buyer's Customer.
4. **SHIPMENT:** The Free On Board (FOB) point shall be designated on the purchase order. Risk of any loss and/or damage to Products occurring before receipt at the delivery point specified shall be Seller's responsibility. Title shall pass to Buyer upon acceptance (except as otherwise specified within the purchase order); however, passing of title shall not relieve Seller of any other obligations under this purchase order.
5. **DELIVERIES:** Seller deliveries shall be strictly in accordance with the specified quantities, without shortage or excess; the specified schedules; and other requirements of this purchase order. Seller shall promptly notify Buyer in writing of any anticipated or actual delay, the reasons therefore, and the actions being taken by Seller to overcome or minimize the delay. If requested by Buyer, Seller shall at Seller's expense ship via air freight or other fast transportation to minimize the delay to the maximum extent possible. NOTE: PARTS TO BE SHIPPED NO SOONER THAN TWO (2) WEEKS PRIOR TO THE PURCHASE ORDER ON DOCK DATE (Unless otherwise agreed with Buyer).
6. **PACKAGING / SHIPPING:** Seller shall prepare and pack the goods to prevent damage and deterioration, to conform to any specified packing requirements if listed on the purchase order; and to comply with carrier tariffs. Charges for preparation, packaging, etc., are included in the price unless separately specified in the order. The risk of loss of the goods shall remain with Seller until delivery of the goods in an acceptable condition to the destination specified herein.
7. **PRICE WARRANTY:** The price of each item on this purchase order shall be the lower of the price shown on the face of the order or the Seller's price to other customers for like quantities and specification.
8. **INVOICE AND PAYMENT:** Unless otherwise noted in the applicable purchase order, a separate invoice in duplicate shall be issued for each shipment of goods and no invoice shall be issued prior to shipment of the products. Payment due date will be computed from date of receipt of goods or correct invoice, whichever is later. All original invoices are to be mailed and not shipped with the goods. A valid purchase order number and pack slip number must appear on all invoices.
9. **PART CONTROL:** Seller agrees not to make any changes in material or design, which would affect the part, or any component thereof. Seller is to notify Buyer of any changes in Seller's process or location. Changes in Seller's process or location will require Seller to submit an amended or new First Article Inspection Report to Seller for review. Seller shall notify Buyer of any changes in product or process definition. No substitutions will be allowed of any kind, without the written consent of Buyer. Traceability, when required, must be maintained throughout the Seller's process for each part piece.
10. **PRODUCT WARRANTY:** Seller warrants to Buyer that the products shall conform in all respects to all the requirements of this purchase order; be free from all defects in materials and workmanship, and to the extent not manufactured pursuant to detailed designs furnished by Buyer; be free from all defects in design and fit for the intended purpose.

11. **TOOLS:** If Buyer furnishes Seller equipment (such as special dies, molds, jigs, tools, gages, tapes, 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 or 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 purchase order. Buyer also reserves the right to request and receive a list of Buyer owned tools in seller's possession and to audit said list against actual tools at seller's facility.
12. **MATERIALS:** If Buyer furnishes any material for fabrication hereunder Seller agrees: (A) not to substitute any other material in such fabrication without Buyer's consent; (B) title to such materials shall not be effected by incorporation or attachment to any other property, (C) to maintain strict accountability to ensure positive individual lot integrity of finished product, and (D) all such material "except that which becomes normal industrial waste or is replaced at the Sellers expense" will be returned in the form of product or unused material to Buyer. In addition, Seller shall inspect any Buyer furnished material and shall have the right to reject any non-conforming material, but in the event of losses or addition thereafter Seller shall be responsible for replacing such material at Seller's expense. Inaccuracies, out of tolerance condition or inadequacies in quality of materials accepted by the Seller shall not excuse performance in strict accordance with the applicable specifications and/or drawings.
13. **MATERIAL AND SCRAP ALLOWANCE:** Scrap Allowance is defined as two percent (2%) of the total purchase order quantity or one (1) part, whichever is greater. Cost figures to be debited to Seller are calculated as follows: (A) If Buyer has labor and subcontract costs into the job at the time that Seller scraps parts in excess of the Scrap Allowance, then total debit to Seller will be equal to [(Time into part)(\$80/hour)+(Cost of material)+(Subcontract cost)][1.18]; and (B) If Buyer has material cost only into the job at the time of Seller scraps parts in excess of the Scrap Allowance, then total debit to Seller will be equal to (Cost of Material)(1.18).
14. **CHANGES:** Buyer may at any time, by a written change order, issued by an authorized representative of Buyer, make changes within the general scope of this order at no cost as follows: (A) schedule, provided that at least three (3) months notices is given to Seller in which any deceleration or acceleration in the delivery schedule is to take effect; (B) drawings, designs or specifications; or (C) place of delivery. If any such change causes an increase or decrease in the cost of, or in the time required for the performance of any part of the work under this order, an equitable adjustment shall be made in the price or delivery schedule, or both, and this order modified in writing accordingly. The amount of the price adjustment for each product shall be determined by multiplying the original unit price plus any negotiated changes which are incorporated into the individual product price by three tenths of one percent (.3 of 1%) for each month that falls outside the changes at no cost period set forth above. No claim by Seller will be valid unless submitted in writing within sixty (60) days from the receipt of any change notice, provided, however, that the Buyer may in its discretion, receive an act upon any such claim so made at any time prior to that payment under this order. Nothing in this clause shall excuse the Seller from proceeding without delay to perform this order as changed.
15. **RIGHT OF ACCESS:** Seller shall allow right of access by Buyer and Buyer's Customers and regulatory authorities to all facilities involved in the order and to all applicable records. Seller shall permit Buyer's inspectors, government inspectors, or Buyer's customer to have access to Seller's plant at all reasonable hours for the purpose of inspecting any item procured on this order, related materials, work in process or applicable quality and inspection systems. Seller, without additional cost to Buyer unless otherwise specified herein, shall provide all reasonable facilities and assistance for their safety and convenience.
16. **STOPWORK:** Buyer may, at any time, by written order to Seller, require Seller to stop all, or any part, of the work called for by this purchase order for a period of up to ninety (90) days after the stop work order is delivered to Seller, and for any further period to which the Parties may agree. Upon receipt of a Stop Work notice, Seller shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Stop Work notice during the period of work stoppage. Within the period of the work stoppage, Buyer shall either (A) cancel the Stop Work notice, or (B) terminate the work covered by such Stop Work notice as provided in the Termination Without Clause term within this purchase order. If the Stop Work notice is cancelled, the Seller shall resume work. An equitable adjustment shall be made to the delivery schedule or purchase order price, or both, and the purchase order shall be modified in writing accordingly.
17. **TERMINATION:** (A) Without Cause: Buyer may terminate this contract in whole or from time to time in part, effective as of the date specified by Buyer, in accordance with the provisions of the termination clause in FAR 52.249-2, which provisions are incorporated herein by reference, however, in FAR 52.249-2, "Contractor" shall mean "Seller", and "Contracting Officer" and "Government" shall mean "Buyer", throughout paragraph (d) substitute six (6) months for one (1) year; in paragraph (k) substitute forty-five (45) days for ninety (90) days, and paragraph (c) is deleted.

(B) With Cause: If Seller fails to make delivery of the products, or fails to perform the services, in accordance with the delivery dates specified in the purchase order, or fails to perform with any other provisions 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 seven (7) 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 costs incurred by Buyer. Seller shall continue performance of this order to the extent not terminated pursuant of this Section. If this order is terminated as provided in this Section, the Buyer, in addition to any other rights provided herein may require Seller to transfer title and deliver 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.

18. **TERMINATION LIABILITY:** Notwithstanding any other clause of this order, including but not limited to the termination-convenience and changes clauses, Buyer shall not in any event be liable for any costs associated with the production of the goods herein incurred in advance of one-hundred twenty (120) calendar days prior to the purchase order on dock date/dates set forth in this order. Any such costs incurred will be at the Seller's risk and expense.
19. **RESPONSIBILITY FOR PERFORMANCE:** Seller must exercise reasonable business judgment in performing the terms of this order with consideration given to changes which may from time to time be required and subject to the conditions set forth in the "CHANGES" Section above. Buyer's issuance of this order is based in part on Buyer reliance upon Seller's ability, expertise, and awareness of the intended use of the goods and in the use of good business practices in manufacturing those goods.
20. **SUBCONTRACTING:** Seller may subcontract a portion or its entire obligation under this purchase order to a sub-tier provided all Seller subcontracts and purchase orders provide the Buyer the same rights and protection by flowing down the terms and conditions of the Buyer's purchase order, including the quality requirements in and referenced in this purchase order. Neither the P.O. nor any interest under it shall be assignable nor any duties delegable by the Seller. No major or critical portion of the P.O. shall be subcontracted without the written consent of the Buyer. The Supplier shall request, in writing, to the Buyer, approval to use a sub-tier supplier for Buyer parts. If written approval is given by Buyer, the Supplier shall flow down all Buyer requirements in the purchasing documents, including the quality requirements in this document, and key characteristics, if applicable. a) obtain organization approval for nonconforming product disposition, b) to notify the organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location, and where required, obtain organization approval, c) flow down to the supply chain all customer requirements, d) allow right of access at any level in the supply chain.
21. **DOCUMENT CONTROL:** Seller shall control all documents supplied by Buyer pertaining to this order. It is the responsibility of the Seller to destroy any documents provided by Buyer that are obsolete or superseded.
22. **EXPORT AND IMPORT COMPLIANCE:** Seller shall comply with the laws and regulations of the United States relating to exports and foreign transactions, including, but not limited to, the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR). Specifically, Seller shall not disclose any technical data, nor deliver or export any product manufactured by use of technical data, out of the United States, or to any foreign entities within the United States, without proper written authorization from the United States Government.
23. **HAZARDOUS MATERIAL** - The Seller shall ensure that all materials and chemicals, which are harmful to human health, safety, or property, are properly contained in accordance with applicable local, state, and federal specifications. All containers shall be plainly marked with chemical labels displaying appropriate warnings, precautions, instructions, and storage conditions as required by DOT and OSHA. Material safety data sheets (MSDS) must be provided with any chemicals as required by OSHA standards 1910.1200. Mercury and radium shall not be used in the processes or manufacture of materials for the P.O.
24. **SELLER'S DISCLOSURE:** Seller will immediately notify Buyer in writing when discrepancies in Seller's processes or product are discovered or suspected for Products Seller has delivered or will deliver under this purchase order.
25. **ASSIGNMENT:** Seller shall not assign any of its rights under this purchase order without Buyer's prior, written consent, except as specifically stated in this clause. Seller may assign to a bank, trust company, or other financing institution including any federal lending agency, claims for money due or to become due to Seller from Buyer under this purchase order, provided: (A) the Assignment is limited to one (1) party, covers all amounts payable under the purchase order and not already paid, is not subject to further assignment, and is made specifically subject to reduction and set-off or recoupment for any present or future claim or claims or indebtedness which Buyer may have against Seller, and (B) Seller furnishes to Buyer written notice of assignment and a true copy of the instrument of assignment. Buyer may make direct settlements or adjustments in price, or both, with Seller under the terms of this purchase order notwithstanding any assignment of claims for money due or to become due under this purchase order and without notice to any assignee.

26. **INDEMNIFICATION AND INSURANCE:** Seller shall indemnify and hold Buyer harmless from and against any suits, liabilities, losses, damages, claims, cause of action and expenses (including attorney fees) arising out of or connected with any act or omission of Seller, its agents, employees, or subcontractors, excepting only such injury or damage due solely and direct to Buyer negligence. However, Seller specifically agrees to defend, indemnify and hold Buyer harmless from and against any suits, liabilities, losses, damages, claims, causes of action and expenses (including attorney fees) that may be made or incurred by Seller's employee or by public liability property damage, and workers compensation insurance as well as protect Buyer from any of said risks and from any claims under any applicable to this order and require Seller to secure and maintain said coverage. Adequate insurance shall be maintained by Seller to cover full replacement cost of all Buyer-owned tooling, raw materials, supplied components, drawings, and related items.
27. **DISPUTES:** Any dispute that may arise under or in connection with this purchase order with respect to the rights, duties, or obligations of the Parties shall be reduced to writing and submitted for resolution to ascending levels of management of the respective Parties up to the Senior Executive of Procurement for the Buyer, and Seller's equivalent executive level.
28. **APPLICABLE LAW:** The validity, performance and construction of this order shall be governed by the laws of the State of Washington. Venue for any action by the Buyer or Seller arising out of this purchase order shall be exclusively King County, Washington.
29. **COMPLIANCE WITH LAWS:** Seller warrants that it shall comply with all federal, state, and local laws, rulings, and regulations in effect on the date of this purchase order. Seller may not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
30. **TAXES:** Seller's prices include applicable federal, state, and local taxes. Items procured under this purchase order are for resale and are not subject to Washington State and local sales or use tax.
31. **CONFIDENTIALITY:** Seller shall not disclose any details of this contract to a third party without Buyer's written consent.
32. **ADVERTISING:** Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has furnished or contracted to furnish Buyer with the articles or services here mentioned or disclose any of the details including prices or terms connected with the Purchase Order to any third party except as may be required to perform the order.
33. **NON-DISCLOSURE:** Drawings, specifications, inventions, and technical information supplied by Buyer shall remain Buyer's property and shall be held in confidence by Seller. Such information shall not be reproduced, used, or disclosed to others by Seller without Buyer's prior written consent and shall be returned to Buyer upon completion of the P.O. or upon request. Any information which Seller may disclose to Buyer with respect to the design, manufacture, sale, or use of the items covered by the P.O. shall be deemed to have been disclosed as part of the consideration for the P.O., and Seller shall not assert any claim (other than a claim for patent infringement against buyer by reason of Buyer's use thereof all data generated or developed in the course of the P.O. shall be the sole property of buyer. Seller shall not use, duplicate, or disclose such data for any purposes other than the performance of the work required hereunder without the prior written consent of Buyer. The purchase price of the order is, in part, consideration for any design work performed by Seller and incorporated into the articles to be delivered. Seller, therefore, shall not supply such articles to others without Buyer's written permission, however, Seller may produce articles for direct sale to the U.S. Government where the U.S. Government also has the right to use the necessary equipment, tools, gauges, patents, designs, drawings, engineering data, and other technical or proprietary, information furnished by Buyer.
34. **AUDIT AND SURVEY:** Buyer shall have the right to periodically audit, or survey processes and methods used by Seller during fabrication or processing of items for the purpose of determining whether Seller is adhering to quality standards set forth by Buyer or its customers. All items of the purchase order are subject to surveillance/audit, including facilities, equipment, personnel, product, procedures, systems, and records at Seller's facility; such surveillance may be jointly performed by a representative of Buyer and its Customer, and/or the Federal Aviation Administration (or non-domestic equivalent agency).
35. **ATTORNEY FEES:** In the event of Seller's breach of any of the terms of this purchase order, Seller agrees to pay Buyer's actual attorney's fees and costs.
36. **NON-WAIVER AND PARTIAL INVALIDITY:** Any and all failure, delay or forbearance of Buyer insisting upon or enforcing at any time or times any of the provisions of this contract, or to exercise any rights or remedies under this contract, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies in those or any other instances, rather, the same shall be and remain in full force and effect. Further, if any provisions of this contract become void or unenforceable by law, the remainder shall be valid and enforceable.
37. **LABOR DISPUTES:** Seller shall immediately notify Buyer of any actual or potential labor dispute which may disrupt the timely performance of Seller's obligations hereunder. Seller shall insert the substance of this clause, including this sentence, in any permissible subcontract, if a labor dispute of the subcontractor would have the potential to delay the timely performance of Seller's obligations hereunder.

38. **GOVERNMENT CONTRACTS:** In the event this purchase order includes a government contract number, it shall be subject to all applicable provisions of the federal laws, regulations and the clauses set forth in the following paragraphs of the Federal Acquisition Regulations (FAR) and the Defense Federal Acquisition Regulation Supplements (DFAR) set forth herein by reference. The terms “government” and “contracting officer” or equivalent phrases shall mean Buyer. The term “contractor” shall mean Seller. The term “contract” shall mean purchase order. All notices, reports or other required data shall be furnished to Buyer for forwarding or action pursuant to the prime contract.

**FAR CLAUSES**

52.203-1	Officials Not to Benefit	52-223-1 and 2	Clean Air and Water
52.203-3	Gratuities	52.223-3	Hazardous Material Identification and Safety
52.203-5	Covenant Against Contingent Fees	52.225-3	Buy American Act
52.203-7	Anti-Kickback	52.225-10	Duty Free Entry
52.204-2	Security Requirements	52.225-11	Certain Communist Areas
52.208-1	Required Sources for Jewel Bearings	52.227-1-3, 10-15	Patents
52.209-1 and 2	Qualified Products	52.227-8 and 9	Reporting and Refund Royalties
52.209-3	First Article Approval	52.227-7018, 7050	Technical Data
52.210-5	New Material	52.228-3	Workers Compensation
52.214-22 and -25	Defective Cost or Pricing Data	52.230-7006	Accident Reporting and Investigation
52.215-1	Examination of Records	52.230-3 and -4	Cost Accounting Standards
52.215-24	Subcontractor Cost or Pricing Data	52.235-7002	Recovery of Nonrecurring Costs on Commercial Sales
52.220-3 and -4	Labor Surplus Area Concerns	52.245-17	Special Tooling
52.222-1	Notice to Government of Labor Disputes	52.245-18	Special Test Equipment
52.222-4	Contract Work Hours Stds. Overtime	52.246-24 and -25	Limitation of Liability
52.222-20	Walsh Healey Public Contracts Act	52.248-1	Value Engineering
52.222-26	Equal Opportunity	52.249-2	Termination for Convenience
52.222-35	Affirmative Action – Veterans	52.249-8	Default (Incl. Excusable Delays)
52.222-36	Affirmative Action - Handicapped		

**DFAR CLAUSES**

252.203-7001	Prohibition on Persons Convicted of Fraud	252.203-7004	Display of Fraud Hotline Poster(s)
252.204-7012	Safeguarding Covered Defense Information	252.204-7015	Notice of Authorized Disclosure of Info for Litigation
252.208-7000	Intent to Furnish Precious Metals as GFM	252.209-7004	Subcontracting with Firms Owned/Controlled by Govt
252.211-7000	Acquisition Streamlining	252.215-7000	Pricing Adjustments
252.219-7003	Small Business Subcontracting Plan	252.222-7006	Restrictions on the Use of Mandatory Arbitration
252.222-7007	Representation Regarding Combating Trafficking	252.223-7001	Hazard Warning Labels
252.223-7002	Safety Precautions for Ammunition & Explosives	252.223-7003	Change in Place of Performance-Ammunition
252.223-7007	Safeguarding Sensitive Conventional Arms	252.223-7008	Prohibition of Hexavalent Chromium
252.225-7001	Buy American & Balance of Payments Program	252.225-7002	Qualifying Country Sources as Subcontractors
252.225-7007	Prohibition on Acquisition of Munitions from Chinese Military Companies	252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals
252.225-7012	Preference for Certain Domestic Commodities	252.225-7013	Duty – Free Entry
252.225-7015	Restriction on Hand/Measuring Tools	252.225-7016	Restriction on Ball/Roller Bearings
252.225-7021	Trade Agreements	252.225-7025	Restriction on Acquisition of Forgings
252.225-7028	Exclusionary Policies of Foreign Governments	252.225-7030	Restriction on Carbon, Alloy & Armor Steel Plate
252.225-7033	Waiver of United Kingdom Levies	252.225-7036	Buy American Free Trade Agreements
252.225-7040	Contractor Personnel Supporting U.S. Forces	252.225-7043	Antiterrorism/Force Protection for Contractors
252.225-7048	Export Controlled Items	252.226-7001	Utilization of Indian Organizations & Native Hawaiian
252.227-7013	Rights in Technical Data	252.227-7014	Rights in Noncommercial Computer Software
252.227-7015	Technical Data – Commercial Items	252.227-7016	Rights in Bid or Proposal Information
252.227-7019	Validation of Asserted Restriction-Computer	252.227-7025	Limitation on the Use of Govt Furnished Info
252.227-7026	Deferred Delivery of Technical Data/Software	252.227-7027	Deferred Ordering of Technical Data/Software
252.227-7030	Technical Data – Withholding of Payment	252.227-7037	Validation of Restrictive Markings on Data
252.227-7038	Patent Rights Ownership by Contractor	252.227-7039	Patents – Reporting of Subject Inventions
252.228-7001	Ground and Flight Risk	252.228-7005	Accident Reporting & Investigation
252.231-7000	Supplemental Cost Principles	252.235-7003	Frequency Authorization
252.239-7000	Protection Against Compromising Emanations	252.239-7010	Cloud Computing Services
252.239-7016	Telecommunications Security Equipment	252.243-7001	Pricing of Contract Modifications
252.244-7000	Subcontracts for Commercial Items	252.246-7001	Warranty of Data
252.246-7003	Notification of Potential Safety Issues	252.246-7007	Contractor Counterfeit Electronic Part Detection
252.246-7008	Sources of Electronic Parts	252.247-7023	Transportation of Supplies by Sea
252.247-7024	Notification of Transportation of Supplies by Sea	252.294.7002	Notification of Anticipated Contract Termination

**DODD Frank Act** – Section 1502 for Conflict Materials. Also, Buyer is committed to the responsible sourcing of materials and reporting of “Conflict Materials.” Suppliers that provide material that contains 3TG (tin, tantalum, tungsten or gold) (Casserite, columbite-tantalite, gold, wolframite or their derivatives) must notify Buyer with a formal declaration of source.

**DEFENSE PRIORITIES AND ALLOCATION SYSTEM (DPAS):** The defense priority rating of this purchase order, if applicable, is indicated on the face of this order. Seller shall follow the provisions of the DPAS regulation 5CFR350, Federal Acquisition Regulation 52.212-8, and all other applicable regulations in obtaining controlled materials and in ordering and manufacturing components and materials for the purchase order. Seller shall reference the defense priority rating on Seller's purchase orders and subcontracts.

**EXPORT COMPLIANCE:** In addition to Paragraph 22 of this document, Seller shall comply with Export Administration Regulations (EAR) promulgated and implemented by the Bureau of Industry and Security and designed to regulate the export of Dual use items, items of specifically restricted commercial technology and some Military Items now controlled by EAR. Also, Seller shall comply with International Traffic in Arms Regulation (ITAR) §122.1, Registration requirements, when warranted (this means when items or technical data is categorized under the United States Munitions List (USML). Seller understands that ITAR restricts Foreign National access to ITAR-controlled Technical Data and Hardware. The EAR restricts Foreign National access according to the Export Control Classification Number (ECCN) classification. Supplier certifies that it has established operating procedures and physical security measures designed to protect ITAR and EAR controlled Technical Data packages and Hardware from inadvertent release or disclosure to Foreign Nationals or other authorized third parties.

**PATENTS:** The FAR patents clauses incorporated by reference herein if a government contract number appears on the P.O. supersede this provision. Seller shall report to Buyer promptly any claim of patent infringement arising out of performance of the order. Seller shall furnish all details and evidence at request of Buyer at Buyer expense. The order does not grant Seller any license, express or implied, under the patents of any company other than the Buyer. License is granted under Buyer patents only to the extent necessary to perform the specific P.O. or as expressly provided herein to the extent that articles manufactured under the order are of designs not originated by Buyer, Seller shall indemnify Buyer from any expense, cost, or liability for alleged patent infringement. Seller grants Buyer an irrevocable non-exclusive, royalty-free license to make, use, or sell any inventions conceived or first actually reduced to practice under the order.

**COUNTERFEIT COMPONENTS:** Buyer requires all Sellers to take steps to eliminate the introduction of counterfeit components into the supply of goods and materials. Supplier shall maintain a working Counterfeit Control and Detection plan that includes: a) standards for procurement sources, including a database that tracks approved and disapproved suppliers, b) a training plan for Supply Chain and Receiving Inspection personnel that addresses detection and control of counterfeit components, c) a method of reporting the discovery of counterfeit goods, d) Government-Industry Data Exchange program (GIDEP) membership, d) traceability of goods, e) record retention standards. The Supplier's Counterfeit Control and Detection plan will be reviewed during Supplier audits.

**RUSSIAN ENTITIES:** Suppliers shall not subcontract with Russian entities for work related to this order or use material or goods originating from Russia in fulfillment of this order without first receiving written approval from Buyer. Russian Entities are defined as a) Russian persons, b) entities created under Russian law or owned, in whole or in part, by Russian persons or companies.

39. **ENTIRE AGREEMENT:** This order sets forth the entire agreement, and supersedes any and all other agreements, understandings and communications between the Buyer and the Seller and related to the subject matter of this order. The Buyer and Seller may amend, modify, or supplement the terms and conditions of this purchase order, provided that such amendment, modification, or supplement is in writing, duly executed by the Buyer.

# Accurus Aerospace Corporation and Ferra Aerospace, Inc.

## Quality Purchase Order Terms and Conditions

- 1. QUALITY SYSTEM:** Seller shall maintain an effective Quality System based upon the product complexity and Buyer contractual requirements. Responsibility for control of Quality shall be clearly designated within the Seller's organizational structure. The system shall provide controls capable of maintaining design conformance, product quality and integrity. The system shall also comply with all applicable requirements of this purchase order and all applicable flow down requirements of the Buyer's Customer. Seller shall immediately notify Buyer if their Quality System is revoked or expires.
- 2. LATEST REVISIONS:** Suppliers, at the start of manufacture, shall process / fabricate to the latest revisions of customer / design specifications and technical data unless otherwise directed on the order.
- 3. INSPECTION REQUIREMENTS:** Seller shall utilize receiving, in-process and final inspection and testing to the extent necessary to verify product conformance to all applicable requirements.
- 4. INSPECTION, MEASURING AND TEST EQUIPMENT (IM&TE):** Seller is expected to maintain a system (MIL-STD-45662 or comparable standard) to control and calibrate IM&TE. At a minimum, suitable calibration standards, traceable to N.I.S.T. must be maintained by the Seller, sufficient in kind and type to verify Seller's IM&TE is capable of performing accurate measurements to the extent necessary and ensure compliance to Buyer's purchase order requirements. Traceable calibration certifications for the calibration standards must be maintained on file and available for review by the Buyer.
- 5. FIRST ARTICLE INSPECTION:** Seller shall perform First Article Inspection on first unit, part or assembly for each item of this purchase order. Documented results shall show actual dimensions or values of each feature and be provided with the first shipment of each part. They shall also be available at the Seller's facility upon request. All first article documentation shall conform to the requirements of AS9102. After completion of first article inspection, if in Buyer's sole judgment Seller is incapable of performance hereunder, Buyer may at its option and without cost or liability to Buyer, terminate this purchase order. Approval of first article does not guarantee acceptance of subsequent deliveries.
- 6. INSPECTION AND ACCEPTANCE:** All products purchased are subject to inspection and test, where applicable, at all times and places, including the period of manufacture. Notwithstanding prior inspection or test or any prior payment, all products ordered are subject to final inspection and acceptance at Buyers plant or other point of destination. If any inspection or test is made on Sellers premises, Seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of Buyers inspectors. Such inspections and tests will be performed in such a manner as to not unduly delay the work.
- 7. SOURCE INSPECTION:** Seller shall support product source inspection performed by Buyer and their customers or customer's representative if required by this purchase order. Source Inspection does not relieve the seller of the responsibility for the quality of the product. At the time of Source Inspection, Seller shall make available to the inspector copies of all applicable drawings, specifications, required process sheets, and preservations and packaging data. Seller shall furnish any source inspection reports and specified certificates of conformance or test data whenever presenting or shipping items for inspection. Unless otherwise specified, all source inspected items will be subject to final inspection and acceptance by Buyer within ninety (90) days of receipt at Buyer's plant regardless of any prior payment or source inspection acceptance, subject to the warranty clause. Acceptance at Buyer's plant will be considered final except for latent defects, fraud, or gross mistakes as amount to fraud. Upon resubmittal, any defective items, which have been repaired or reworked, are subject to source inspection. Replacement or correction of rejected items shall not be made unless so authorized on Buyers returned-material shipping documents as Buyer may impose source inspection of previously rejected items without liability for additional source inspection charges.
- 8. REJECTION:** Buyer may reject, refuse acceptance, or revoke acceptance of any or all of the products which are not strictly in conformance with all of the requirements of this purchase order, and shall notify Seller of such rejection in a timely manner. At Sellers risk and expense, all such products shall be returned to Seller for immediate rework, replacement, or other corrective action and expense, Buyer may: (A) hold; retain or return such products, without permitting any rework, replacement or other correction by Seller; (B) hold or retain such products by rework by Seller as Buyer may require; (C) hold such products until Seller has delivered conforming replacements for such products; (D) hold such products until conforming goods are obtained from a third party; or (E) return such products with instruction to Seller as to whether the products shall be reworked or replaced and as to the manner of redelivery. All rework, replacement and other corrections and redelivery shall be completed within such time as Buyer may require. All costs and expenses (to include freight) and loss of value incurred as a result of or in connection with non-conformance and rework, replacement or other correction may be recovered from Seller by equitable price reduction, set-off or credit against any amounts which may be owed to Seller under this purchase order.

9. **CERTIFICATE OF CONFORMANCE:** Seller shall furnish Certificate of Conformance or Certification for each shipment of product. The Certificate of Conformance must certify that the applicable product is in compliance with the purchase order requirements and the drawings/specifications in effect at the time of shipment.
10. **PROCESS CONTROL:** Seller shall use process control techniques for all identified characteristics noted on purchase order, engineering drawings, manufacture, and quality plans. Seller shall maintain records subject to Buyer review and furnish copies of charts or graphs used in process control with shipment. Seller shall utilize continuous improvement techniques relevant to their part and Quality System processes.
11. **TIME SENSITIVE MATERIAL:** When time sensitive materials are used, Seller shall include on all certifications or packing slips the following: (A) type of material, (B) expiration date, (C) lot or batch number.
12. **FOREIGN OBJECT DAMAGE:** Seller shall maintain a program to control foreign object damage or contamination during manufacturing, assembly, inspection, and shipment.
13. **SERIALIZATION:** As applicable, Buyer will assign serial numbers and Seller will apply to all products accordingly and record serial numbers on all documentation. Assigned serial numbers shall not be altered or replaced and shall remain properly identified for the entirety of Seller's liability for the parts. If serialization for any product(s) is in question, for any reason, Seller will notify Buyer immediately to determine a resolution.
14. **PROCESSING:** Certification is required for all special processes (heat treat, penetrant inspect, shot peen, etc.). Special processes shall only be performed by approved sources as specified in the applicable purchase order, drawing and/or specification. Functional test reports or results shall be furnished by Seller as required by the applicable purchase order specification or drawing. Specific instructions may be provided on the order prohibiting rework without Buyer and its Customer approval to comply with Customer specifications.
15. **QUALITY RECORDS:** All quality records must be legible, stored and retained in a suitable environment to prevent damage, deterioration, or loss. Quality records, hard copy, electronic or other media that demonstrate conformance to specified requirements and verify effective operation of the quality system must be retained a minimum of ten (10) years, unless otherwise specified on the purchase order.
16. **CERTIFICATION AND TEST DATA:** The Supplier shall provide certification of conformance and, where applicable, test data with each shipment. Certifications to specifications shall reflect the latest revision level unless otherwise noted on the purchase order.
17. **SELLER'S ORGANIZATION RESOURCES:** Seller and its subcontractors shall maintain the appropriate organizational structure, staffing levels, training, processes, procedures, and equipment to adequately perform at the designated level of capability. Seller is required to communicate to Buyer for evaluation of capability impact when changes to Seller's organizational structures, staffing levels, training, processes, procedures, or equipment occur. If Seller or its subcontractors are not capable of performing a required function, Seller shall contact Buyer for resolution.
18. **CORRECTIVE ACTION:** Upon notification of nonconformance and receipt of a request for corrective action by the Buyer, the Seller must respond within fourteen (14) days of noted nonconformance, with cause, corrective and preventive action.