

# Terms And Conditions Of Purchase

THIS ORDER IS SUBJECT TO THE FOLLOWING REVISED CONDITIONS

General Provisions

NMC Aerospace.

Reference to "Buyer" shall mean "NMC Aerospace.", a California corporation and its related entities. Reference to "Seller" shall mean the person or entity listed on the front of this Order under the heading "TO:". Reference to "Goods" shall mean any goods described on the front of this Order.

## GENERAL

This Order supersedes all prior quotations or offers unless otherwise indicated on the front of this Order. Buyer's agreement to purchase the Goods is exclusively on the following terms and conditions. To the extent that any of the terms contained herein differ from or are in addition to the terms contained in Seller's offer, the acceptance of such offer is conditioned upon Seller's assent to the terms set out herein. Seller's performance under this Order is rated on Price, 100% on-time Delivery, Quality and Quantity of Goods.

## QUALITY CLAUSES

Q1. Quality Control System: The supplier shall provide and maintain a Quality Control System that will ensure all parts/material are shipped free of defects.

A. Requirements relative to:

Supplier notification to organization of non-conforming product; and  
Arrangements for organizational approval of supplier non-conforming material

B. Requirements for the supplier to notify the organization of changes in product and/or process definition and, where required, obtain organizational approval

C. Requirements for the supplier to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required

Q2. Customer and NMC Source Inspection: All work under this order may be subject to NMC and NMC's customer source inspection at the supplier's facility during the performance of this order.

Q3. NMC Surveys: NMC reserves the right to survey the supplier's facility and Quality System.

Q4. Government Representative: The supplier shall permit access to and provide assistance, as necessary, to Government representatives to enable them to evaluate its facilities and to review procedural controls, process controls, and products.

Q5. Certification of Conformance: Supplier shall submit with each shipment a written statement signed by a qualified party certifying that items or services are in accordance with specified requirements. The document shall state that the supplier has objective evidence of compliance to applicable specifications, traceable to the material/equipment supplied and available for review upon request.

Q6. Test and Inspection Data: A legible copy of actual test and/or inspection results showing compliance with acceptable requirements of the applicable specification is required with each shipment.

Q7. Age Control Data: Materials furnished with age control limits shall be accompanied by a certificate showing date of manufacture (cure date) and recommended shelf life limitation.

Q8. Non-conforming Materials: The supplier shall establish and maintain a positive system of identification and segregation to ensure that non-conforming material cannot be intermingled with acceptable material.

Q9. Corrective Action: The supplier shall establish and maintain a corrective and preventive action system that will eliminate the causes of actual or potential non-conformities.

Q10. Quality Record Retention: The supplier shall retain all quality records for a period of ten years. Such records shall be subject to buyer's audit.

Q11. Lot Control: Product on this order is subject to lot control and shall be grouped into identifiable lots or batches. Each batch or lot shall consist of units of product of a single type manufactured under the same conditions. All means of identification will carry applicable lot or batch numbers and be traceable to records and documentation to substantiate any requirement.

Q12. Right of Entry: All NMC customers, including the FAA, have the right to visit and audit any NMC approved supplier as the customer deems necessary

Q13 Counterfeit Prevention: The supplier shall establish and maintain a process to prevent the use of counterfeit or suspect counterfeit product in the manufacture of materials or products for use in this order. This shall also include flowing counterfeit prevention requirements to any sub tier-suppliers.

Q14 Employee Awareness: The supplier shall have a process to ensure that employees are aware of:

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- Their contribution to product and service conformity
- Their contribution to product safety
- The importance of ethical behavior

#### ACCEPTANCE

Buyer's order shall not become a binding contract to purchase the Goods unless and until accepted in writing by Seller in California. Buyer does reserve the right to revoke this Order at any time prior to the receipt of Seller's written acceptance. MSDS, NAFTA Certificate, Manufacturer Affidavit or Country Of Origin sheets are required where applicable. Seller shall notify Buyer in writing of any non-conforming Goods or changes to definitions of non-conformance. Buyer shall have the right to enter Seller's premises to determine that the Goods are being manufactured in accordance with specifications.

#### PRICES AND TERMS OF PAYMENT

All prices are based on the purchase of Goods only. Additional charges for change orders, financing or other requirements ("Additional Charges") shall be made in a separate written agreement between Seller and Buyer. Unless otherwise provided in writing (a) all prices are cash prices; (b) the total purchase price will be paid by Buyer on the terms set forth on the front of this Order; (c) the Total Price stated on the front if this Order includes all applicable Federal, State and local taxes and duties; (d) Liability for any and all freight charges incurred in the shipment of the Goods shall be as stated on the front of this Order; and (g) price performance of this PO shall be at the prices no higher than specified on this document without prior written approval from Buyer.

#### SHIPMENT

Unless otherwise provided in writing signed by Buyer, shipment will be made for the account of Seller, and risk of loss shall pass to Buyer at the place of delivery.

#### DELIVERY

The Promise date on the front of this Order is provided as a firm deadline and Seller acknowledges that Buyer may rely upon this date as a representation of Seller. Seller shall be liable for any damages incurred by Buyer if delivery of the Goods is not made within five (5) days after the Promise Date (the "Delivery Period"). In the event that Seller cannot deliver the Goods to Buyer within the Delivery Period, Seller shall be liable and pay to Buyer 1% per each week of delay commencing the day following the delivery date on the Purchase Order, up to a maximum of 10% of the Purchase price of the Products. The late delivery penalty will be calculated and paid within twenty (20) working days of the earlier of (i) the actual delivery date of the Products or (ii) reaching the maximum liquidated damage amount. (iii) If delivery penalty is not paid according to the terms stated, then a credit of the amount will be taken through the accounts payable function and deducted from the amount owned on future invoices.

SELLER AGREES THAT IT IS DIFFICULT TO ASCERTAIN THE MEASURE OF DAMAGES FOR LATE DELIVERY AND THAT THE REMEDY PROVIDED BY THIS SECTION IS FAIR AND SHALL CONSTITUTE ONE OF BUYER'S REMEDIES FOR LATE DELIVERY OF THE GOODS AND SELLER SHALL BE RESPONSIBLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM LATE DELIVERY.

In the event that Buyer cannot accept delivery of the Goods on the date when requested to do so by Seller, Seller may, at Buyer's sole option (i) store any portion or all of the Goods at its plant and hold buyer liable for the reasonable rental value for storage of such Goods, (ii) use any portion or all of the Goods ordered hereunder to fill other orders, or (iii) cancel this Order. Buyer's notification to Seller of its inability to accept delivery of the Goods and choice of option described above shall terminate all potential claims by Seller against Buyer for its failure to accept delivery.

#### ACCEPTANCE OF GOODS -- REVOCATION

Failure to reject the Goods tendered under this Order in writing received by Seller within fourteen (14) business days of delivery to Buyer constitutes acceptance of said Goods by Buyer. Seller agrees that this provision allows ample time to inspect the Goods and once having accepted the same, Buyer shall not be entitled to revoke acceptance thereof.

#### WAIVER

Buyer's waiver of any default by Seller under this Order shall not constitute or be construed as a waiver of any other or subsequent default.

#### ADVERTISING

Unless otherwise provided in writing, Seller may not advertise or publish the fact that Seller has furnished or has contracted to furnish to Buyer the Goods herein mentioned.

#### REMEDIES

The rights and remedies set forth above shall be cumulative and, except where expressly states as exclusive, in addition to any other remedy provided by law. The exercise of any remedy by Buyer shall not be deemed an election of remedies. Waiver by Buyer of a breach of any provision of this Order by Seller shall not be deemed a waiver of future compliance therewith and such provision, as well as other provision herein shall remain in full force and effect.

#### HEADINGS

Headings are for convenience only and shall not be used to interpret the intent of the parties hereto.

#### NON-DIVISIBILITY OF ORDER

This agreement is entire as to all of the performances to be rendered under it. Breach of any of the performances to be rendered by Seller shall constitute a breach of the entire agreement.

#### ENTIRETY OF ORDER

This Order shall constitute the entire agreement between the parties hereto and can only be amended by a writing signed on behalf of each of the parties.

#### APPLICABLE LAW

This Order shall be construed and enforced under the laws of the State of California.

#### ATTORNEYS' FEES

Should any action (including any Bankruptcy proceeding) be brought to enforce or interpret the provisions of this Order, the prevailing party in such action shall be entitled to reasonable attorneys' fees. In addition, Seller shall be entitled to the costs (including reasonable attorneys' fees) it incurs in the collection of any payments due to Seller hereunder whether or not an action is brought.

#### ARBITRATION

All disputes arising out of this agreement including, without limitation, those related to the interpretation of or performance by any party under it, shall be determined by binding Arbitration under the Commercial Arbitration Rules of the American Arbitration Association in Los Angeles, County CA.