

1. Acceptance of Purchase Order

- (a) This Purchase Order integrates, merges, and supersedes any prior offers, negotiations, and agreements concerning the subject matter hereof and constitutes the entire agreement between the Parties.
- (b) Supplier's acknowledgement, acceptance of payment, or commencement of performance, shall constitute Supplier's unqualified acceptance of this contract.
- (c) Unless expressly accepted in writing by Buyer, additional or differing terms or conditions proposed by Supplier or included in supplier's acknowledgment are objected to by Buyer and have no effect.

2. Specifications

Supplier shall comply with all specifications stated in this Purchase Order and contained in Supplier's product literature or proposal to the extent that the latter are not consistent with the specifications stated in this Purchase Order.

3. Quantity

The quantities specified for delivery in this Order are the only quantities that Buyer wishes to purchase. If Supplier delivers quantities in excess of those specified in this Order, the Buyer shall not be required to make any payment for the excess goods and, at the Buyer's election, may keep or return the excess goods at Supplier's sole risk and expense.

4. Delivery

Supplier's timely performance is critical to the success of this Purchase Order, and time will be deemed of the essence. Supplier will make deliveries strictly in accordance with the delivery schedule contained in this Purchase Order. If the Supplier suspects or determines that deliveries will not be made in accordance with that schedule, the Supplier will advise Buyer in writing of the possible delay, the cause, and the proposed recovery schedule as soon as possible, and shall continue to notify Buyer of any material change in the situation. In the event (a) that Buyer receives such a notification; or (b) that an actual failure by Supplier to comply with the schedule occurs, Buyer may, in addition to all other remedies, require Supplier, at Supplier's expense, to ship goods via air freight or other expedited routing to avoid or minimize delay.

5. Schedule Acceleration/Deceleration

- (a) Notwithstanding the section regarding "Changes", Buyer may revise the delivery schedule provided on the first page of this Purchase Order without additional cost or change to the unit price stated in the applicable order if Buyer provides Supplier written notice of such changes. Upon receipt of the written notice of the change, Supplier shall make its best effort to implement the change as soon as possible, but in no event shall the change be implemented later than 3 months after notification of a schedule acceleration 2 months after notification of a schedule deceleration.
- (b) Except for the delivery schedule provided on the first page this Purchase Order, any other planning schedule, forecast, or any such quantity estimate provided by Buyer shall be used by Supplier solely for production planning. Buyer may purchase Goods and Services in different quantities and specify different delivery dates as necessary to meet Buyer's requirements. Any such estimate shall be subject to adjustment from time to time, and such adjustment shall not constitute a change for purposes of the section regarding "Changes".

6. Packing, Declaration of Origin, and Shipment

- (a) Supplier will comply with instructions received from Buyer and make deliveries as ordered, without additional charges for boxing, crating, carting, or storage.
- (b) Unless otherwise specified, items will be suitably packed for their protection during transportation and shipped via the lowest cost means that are otherwise appropriate for the item in accordance with the requirements of common carriers. Supplier is responsible for contacting Buyer to resolve any questions regarding proper packing or shipment under this Purchase Order.
- (c) Supplier will describe items in bills of lading in accordance with current national mode of freight or uniform freight classification, whichever is applicable. Buyer's Purchase Order number, symbols, and identification numbers must be plainly marked on all packages, bills of lading and shipping orders. Supplier will not declare any value on bills of lading if Buyer is responsible for shipping charges. If Supplier does declare a value without the permission of Buyer, all insurance charges will be deducted from the Supplier's invoice.
- (d) Packing lists will accompany each box or package shipped, showing Buyer's Purchase Order number, symbols, item number, and description of items. Buyer's count or weight will be final and conclusive on shipments not accompanied by packing lists.
- (e) When goods provided under this Purchase Order originate outside of the United States, prior to its first shipment of goods to Buyer, Supplier shall provide Buyer a Certificate of Origin specifying the Country of Origin, including supplier name, Buyer Purchase Order number, Buyer part number, and, as requested, any other documentation that is reasonably required for Customs compliance.

- (f) Without limiting the generality of Buyer's other rights hereunder, Supplier shall be responsible for all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Supplier, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

7. Quality Control, Inspection, Acceptance, and Rejection

- (a) Supplier shall tender to Buyer for acceptance only Goods that have been inspected and have been found by Supplier to be in conformity with all requirements of this Order. Supplier shall provide with all shipments the following evidence of acceptance by its quality assurance department: (i) certified physical and metallurgical or mechanical test reports where required by controlling specifications, or (ii) a signed, dated statement on the packing sheet certifying that its quality assurance department has inspected the Goods or Services and they adhere to all applicable drawings and/or specifications.
- (b) As part of the inspection system, Supplier shall prepare records evidencing all inspections made under the system and the outcome of such inspections. These records shall be complete and made available to Buyer and Buyers' customers during performance of this Order and for as long afterward as required by this Order or applicable laws and regulations, but in no event shall such period expire prior to: (i) ten years after delivery of the last of the Goods or Services to be delivered hereunder/or (ii) final resolution of any dispute involving the Goods delivered hereunder, whichever is later. Upon the lapse of such period, Supplier will notify Buyer prior to any destruction of such records, and Buyer shall have the right to obtain possession of such records at no cost to Buyer.
- (c) If Supplier discovers that a non-conformance exists, or is suspected to exist in any Goods or Services provided to Buyer, Supplier shall provide written notification to Buyer within one day of becoming aware of this situation. This notification shall include:
 - (i) the number and name of the affected Good or Service;
 - (ii) a description of the non-conformance;
 - (iii) the quantity, dates, and destination of shipment delivered;
 - (iv) suspected/affected serial number(s) or date codes, when applicable; and
 - (v) whether a previous disclosure of the same non-conformance had previously been made to Buyer.
- (d) Buyer may perform reviews and evaluations as reasonably necessary to ascertain compliance with this Section. Such reviews and evaluations shall be conducted in a manner that will not unduly delay work under this Purchase Order. Buyer's right of review, whether exercised or not, does not release Supplier of any of its obligations of testing, inspection, quality control, and associated documentation.
- (e) Buyer and Buyer's customer shall have the right to inspect and test the material and workmanship of all Goods at all places and times including, when practical, during the period of manufacture or provision of Services. If any such inspection or test is made on the premises of Supplier, Supplier shall furnish, without additional charge, all reasonable facilities and assistance for the safe and convenient performance of the inspection or test.
- (f) Inspections and tests by Buyer do not relieve the Supplier of responsibility for defects or other failures to meet contract requirements discovered before acceptance.
- (g) If Goods or Services are not accepted by Buyer, Buyer, in addition to any other rights and remedies provided by law, or under other provisions of this contract, shall have the right to require the Supplier:
 - (i) to correct or replace the defective or nonconforming Products Goods at no increase in contract price and in accordance with a reasonable delivery schedule as determined by Buyer; or
 - (ii) if Buyer elects not to require correction or replacement and to return such Goods to Supplier, within a reasonable time after receipt by the Supplier of notice of defects or nonconformance, Supplier shall repay such portion of the purchase price that relates to the rejected items. When Goods are returned to the Supplier, the Supplier shall bear the transportation cost from the original point of delivery to the Supplier's plant or to the original point if that point was not the Supplier's plant.
 - (iii) If the Supplier fails to perform or act as required and does not remedy such failure within a period of 10 days after receipt of notice from Buyer specifying such failure, Buyer shall have the right to replace or correct such Goods or Services and charge to the Supplier the cost incurred by Buyer thereby.
- (h) Supplier will not redeliver corrected or rejected items without disclosing the former rejection or requirement for correction. Supplier will disclose any corrective action taken. Repair, replacement, and other correction and redelivery will be completed within the original delivery schedule or such later time as Buyer reasonably direct.

- (i) Buyer's rights under this Section shall be in addition to and shall not be deemed to diminish its rights under this Purchase Order or under applicable law, including without limitation, rights under the section hereof entitled "Warranty" or under any other warranties, express or implied, provided by Supplier.
- (j) Buyer may request one or more meetings with senior management or other employees of Supplier for the purpose of discussing any aspect of Supplier's performance of this Order. Supplier shall make such persons available to meet with representatives of Buyer as soon as may be practical following a request for any such meeting by Buyer, and Supplier shall make available to Buyer any additional information, reports, or other materials in connection therewith as Buyer may reasonably request.
- (k) Supplier acknowledges that the Goods and Services will be utilized in the aerospace industry and that substantial consequential damages are foreseeable in that industry, including without limitation, liquidated damages and penalties imposed on Customer by its own customers.

8. Invoicing and Payment

- (a) Concurrent with each shipment under this Purchase Order, Supplier will transmit one original invoice to Buyer's Accounts Payable Department at the address or email address shown on the face of this Purchase Order. Unless otherwise specified elsewhere in this Purchase Order, the invoice will be payable in U.S. dollars. This invoice will be payable within the specified number of days from date of invoice. Delays in receiving invoices, errors or omissions on invoices, or lack of supporting documentation will be cause for Buyer withholding payment without losing any applicable discount privileges. Payment for the items delivered under this Purchase Order will be made in accordance with Purchase Order terms, following receipt of a valid invoice, or acceptance of such delivered items, whichever is later.
- (b) Payment shall be deemed to have been made as of the date of mailing of Buyer's payment or electronic funds transfer.
- (c) Unless otherwise specified, prices include all applicable federal, state, and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice. Prices shall not include any taxes, impositions, charges, or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption.
- (d) If Supplier commits any breach under this agreement, including without limitation the delivery of non-conforming goods, untimely or incomplete delivery, or breach of any representation or warranty hereunder, until such time as (i) the breach is fully remedied; and (ii) Supplier has instituted a remedy plan satisfactory to Buyer to insure that such breach will not re-occur, Buyer shall be entitled to a discount of five percent from all amounts owing under all invoices outstanding on the date the breach occurred, and any additional invoices issued during the period until the remedy plan is fully implemented.
- (e) Without limiting the generality of Buyer's other rights hereunder, Buyer has the right of set-off against any payments due or at issue under the Order or any Order between Buyer and Seller. Buyer may withhold from payment to Seller in an amount sufficient to reimburse Buyer for any loss, damage, expense, cost, or liability relating to Seller's failure to comply with any requirements of the Order.

9. Warranty

- (a) Supplier warrants that, for a period of forty-eight months from acceptance by Buyer, all items furnished under this Purchase Order will conform to all specifications and requirements of this Purchase Order, be fit for their intended use, be free from defects in materials and workmanship, and be free from all liens and encumbrances. To the extent items are not manufactured pursuant to detailed designs and specifications furnished by Buyer, the items will be free from design and specification defects. With respect to all items delivered to Buyer in digital format (including without limitation data and software), and any electronic media, Supplier represents and warrants that they will be free of viruses, Trojans, spyware and any other type of malware or other programming not disclosed to Buyer. All warranties under this Purchase Order will survive inspection, test, acceptance, and payment for the items, will run to Buyer and its successors, assigns, and customers, and will begin after Buyer's acceptance of the items.
- (b) Buyer may, at its option, either: (i) return the items for credit or refund, or (ii) require prompt correction or replacement of the defective or non-conforming items. The return to Supplier of defective or non-conforming items and redelivery to Buyer of corrected or replaced items will be at Supplier's expense.
- (c) If Buyer elects to have an item corrected (whether for non-conformance or breach of warranty), the following terms shall apply:
 - (i) the following warranty shall apply to the corrected Good or Service:
 - (A) With respect to a defect in material or workmanship or conformity to this Purchase Order, a correction will be free of such defects for the remainder of the initial warranty period

set forth in clause (a) above, or for a period of 18 months from the date of return shipment of the corrected Good or Service by Supplier to Buyer, whichever ends later.

- (B) As to a defect in design, the corrected Good will be free from such defects for the remainder of the initial warranty period set forth in clause (a) above, or for a period of 24 months from the delivery of such corrected Good or Service by Supplier to Buyer, whichever ends later.

- (ii) The turnaround time (beginning with receipt by Supplier) for corrections to Goods will be:
 - (A) 14 calendar days or less for electronic Goods.
 - (B) 28 calendar days or less for other Goods
- (iii) During the warranty period, Buyer will not be charged for Supplier's tests on Goods returned for correction for which Supplier is unable to locate any fault.
- (iv) Supplier shall be responsible for all freight, insurance, customs, and other transportation-related charges for Goods returned for correction.
- (d) Regardless of whether the parties disagree about the existence of a breach of this warranty, Supplier will promptly comply with Buyer's direction to: (i) repair, rework, or replace the items, or (ii) furnish any materials, parts, and instructions required for Buyer to successfully correct the defect or nonconformance, or have it corrected at Supplier's expense. If Buyer later determines that Supplier did not breach this warranty, future payments will be adjusted for actual costs incurred by Supplier.
- (e) Buyer's rights under this Section shall be in addition to and shall not be deemed to diminish its rights under this Purchase Order or under any applicable law, including without limitation, rights relating to non-conforming goods delivered by Supplier, regardless of when such non-conformity is discovered.

10. Price Warranty

Supplier warrants that the prices for the Goods or Services provided to Buyer hereunder are not more than those currently extended to any other customer for the same or similar Goods or Services in similar quantities. In the event Supplier reduces its price for such Goods or Services during the term of this order, Supplier agrees to reduce the prices charged to Buyer hereunder correspondingly.

11. Changes

- (a) Buyer may, at any time and without notice to third parties, including sureties (if any), unilaterally make changes to this Purchase Order, including, but not limited to, changes in whole or part and to any one or more of the following: (i) shipping or packing instructions, (ii) place of delivery, (iii) any drawings, designs, or specifications, (iv) the statement of work, (v) the method or manner of performance of the work, and (vi) Buyer-Furnished Items, properties, facilities, equipment, materials, or Services. Any such change shall be requested in writing by Buyer, and Supplier shall perform any changes so ordered by Buyer.
- (b) If any change under this clause causes an increase or decrease in the cost of or the time required for performance, an equitable adjustment shall be made in price or delivery schedule or both, and the Purchase Order shall be modified in writing accordingly. Any claim by Supplier for adjustment, must be asserted in writing not later than 15 calendar days after the date of receipt by Supplier of the change order or shall be deemed to be waived. Supplier's complete change proposal, fully supported by factual information, shall be submitted to Buyer within 30 days of Supplier's receipt of the written notice of change, provided, however, that no claim for equitable adjustment hereunder shall be allowed if it is asserted after final payment of this Purchase Order.
- (c) If the cost of property or material made obsolete or excess as a result of a change is included in Supplier's claim for adjustment, Buyer shall have the right to prescribe the disposition of such property or material.
- (d) Buyer's engineering and technical personnel may from time to time render assistance or give technical advice or discuss or affect an exchange of information with Supplier's personnel concerning the work hereunder. Any such action shall not be deemed to be a change under this clause and shall not be the basis for equitable adjustment.

12. Parts Obsolescence

When Supplier has knowledge that any hardware item or material to be provided in performance of this Order is obsolete, is marked for impending obsolescence, or has an established end of production date, Supplier shall immediately give written notice thereof, including all relevant information with respect thereto, to Buyer. Such notice shall include, but not be limited to (i) complete details of which parts are affected, including rated Mean Time Between Failure (MTBF), where available; (ii) date of obsolescence; (iii) end of production date; (iv) reason for obsolescence; (v) pricing and availability of last-time buy; (vi) supportability terms (repair and warranty) for last-time buy; and (vii) Supplier's recommendation for replacement hardware inclusive of known impacts to performance, pricing, availability, and lead time. Supplier's initial notifications of obsolescence shall be made through the end of the

contracted warranty period for the items provided under this order. Supplier shall bear all costs related to parts obsolescence.

13. Buyer-Furnished and Buyer-Funded Items

- (a) Title to Buyer-Funded Items shall vest in Buyer upon any payment for such items. Title to any Buyer-Furnished Items shall remain with Buyer or Buyer's customer as the case may be.
- (b) Any Buyer-Furnished Items and any Buyer-Funded Items shall be used only for and in the performance of this Purchase Order unless otherwise directed by Buyer in writing.
- (c) Upon completion or termination of this Purchase Order, any Buyer-Furnished Items and any Buyer-Funded Items shall be dispositioned in accordance with instructions from Buyer. In the absence of any such instructions, Supplier will return all such items at Supplier's own expense to Buyer's facility listed on the first page of this Purchase Order within 45 days following the date of completion or termination of this Purchase Order.
- (d) Supplier agrees, as a condition of this Purchase Order, that it will: (i) properly mark/label, identify, and segregate any and all Buyer-Furnished Items and Buyer-Funded Items in connection with this Purchase Order in such fashion as to clearly identify such items as being the property of Buyer or Buyer's customer as the case may be, at all stages of its possession by Supplier; (ii) prevent the commingling of Buyer-Furnished Items and Buyer-Funded Items with other material in the Supplier's possession except in accordance with applicable Buyer specifications or Buyer's written approval; and (iii) be responsible for risk of loss or damage with respect to any Buyer-Furnished Items and Buyer-Funded Items at all times while they are in the custody, care, or control of Supplier, including Supplier's own suppliers, and while in the hands of carriers with responsibility for such materials; and (iv) shall be responsible to provide confirmation of the foregoing as requested by Buyer. If Buyer requests, Supplier agrees to enter a bonded stores agreement or a similar agreement containing such additional provisions as Buyer may reasonably request to protect the interests of Buyer and/or Buyers' customers in Buyer-Furnished Items and Buyer-Funded Items.
- (e) Supplier will maintain a policy or policies of insurance covering all property on Supplier's premises owned by Buyer against loss or damage. A certificate verifying such insurance will be submitted by Supplier to Buyer on request.
- (f) Supplier, upon request, will provide a schedule of all quantities on hand of Buyer-Furnished Items and Buyer-Funded Items.
- (g) When Buyer provides Buyer-Furnished Items for the manufacture of parts or assemblies, Supplier shall not substitute material from any other source nor shall Supplier or its subcontractors alter the Buyer-Furnished Item's physical or chemical properties except in accordance with applicable Buyer specifications or with Buyer's written approval.
- (h) Supplier agrees not to copy or duplicate any Buyer-Funded Items, special tooling, or special test equipment for any purpose other than performance of this or other Purchase Orders for Buyer, and further agrees that it shall not use or transfer to any person, firm, or corporation, copies or duplicates of any such Buyer-Funded Items, special tooling or special test equipment acquired or fabricated under any previous Purchase Order for the development or production of particular supplies or parts, or the performance of particular Services required under this Purchase Order, for any purpose other than performance of orders for Buyer.
- (i) If such Buyer-Furnished Items are not delivered to Supplier in sufficient time, the resultant delay of Supplier in delivering to Buyer shall be treated in accordance with Section 26, "Force Majeure", but Buyer shall not incur any liability to Supplier in connection with the delivery of Buyer-Furnished Items.

14. Special Tooling

Unless otherwise specified in this Purchase Order, the price includes the cost of gauges, jigs, fixtures, dies, molds, tools, patterns, and similar items of special tooling that may be manufactured or acquired by Supplier for use in the manufacture, fabrication, or assembly of the Goods called for herein, and these shall be considered Buyer-Funded Items.

15. Access to Supplier's Facilities

- (a) Buyer, Buyer's customers, and relevant regulatory authorities will have access to Supplier's, and all other, facilities involved in this Purchase Order, where they will have access to all procedures, practices, processes, associated documents, and records related to any aspect of the performance of this Purchase Order. This right of access shall include the rights to perform inspections, surveillance and tests, and the right to determine and verify the quality of work, records and material. No charge will be imposed by Supplier in connection with this right of access.
- (b) If Supplier is located in or subcontracts with Significant Supplier located in a country which does not have a bilateral airworthiness agreement with the United States, Supplier will obtain and maintain on file and require its affected Significant Supplier(s) to obtain and maintain on file,

subject to review by Buyer, a letter from the applicable government where the Goods or elements thereof are to be manufactured stating that Buyer, Buyer's customers, and the FAA will be granted access to perform inspections, surveillance, and tests, and to review procedures, practices, processes, and related documents related to quality assurance, quality control, flight safety, and configuration control.

- (c) Supplier will include a provision granting the same access rights to the same parties in all of its contracts with its Significant Suppliers.

16. Supplier Changes in Product, Manufacturing Location, or Process Definition

- (a) Buyer must be promptly notified in writing of changes in product, manufacturing location, or process definition that were not requested by Buyer. Such notification must be given as early as practicable, and should describe the change or changes that have been made or are being proposed. Buyer reserves the right to require its approval of the product, manufacturing location, or the process change before the Supplier forwards the product.
- (b) Supplier agrees not to make any change in materials or design details which would affect the Goods or any component part thereof with regard to (i) part number identification, (ii) physical or functional interchangeability, or (iii) repair and overhaul procedures and processes and material changes which affect these procedures without prior written approval of Buyer. If such approval is granted, all part numbers and the originals of all drawings and data shall be revised accordingly.
- (c) Supplier will place the above clause in its contracts with its Significant Suppliers.

17. Inspection of Records

Supplier shall maintain complete and accurate records showing the sales volume of all Goods and Services. Such records shall support all services performed, allowances claimed, and costs incurred by Supplier in the performance of this Purchase Order, including but not limited to those factors which comprise or affect direct labor hours, direct labor rates, material costs, burden rates, and subcontracts. Such records and other data shall be capable of verification through audit and analysis by Buyer and be available to Buyer and Buyers' customers at Supplier's facility for their examination, reproduction, and audit at all reasonable times upon written advance notice from the date of this Purchase Order until 3 years after final payment under such Purchase Order. Supplier shall provide assistance to interpret such data if requested. Such examination shall provide Buyer with complete information regarding Supplier's performance for use in price negotiations with Supplier relating to existing or future orders for Goods and Services, including but not limited to negotiation of equitable adjustments for changes and termination/obsolescence claims. Buyer and Buyer's customers shall treat all information disclosed under this Section as confidential, unless required by U.S. Government contracting regulations.

18. Insurance

- (a) In the event Supplier will be performing services on Buyer's premises, Supplier agrees to secure and carry as a minimum the following insurance covering all work to be performed under this Purchase Order:
 - (i) Workers' Compensation and Employer's Liability Insurance in an amount sufficient by virtue of the laws of the country, state, or other governmental subdivision in which the work or any portion of the work is performed;
 - (ii) General Liability Insurance in which the limit of liability for injuries, including accidental death, shall be \$1,000,000 for any one occurrence;
 - (iii) General Liability Insurance in which the limit of liability for property damage shall be \$1,000,000 for any one occurrence;
 - (iv) Automobile Liability Insurance in which the limit of liability for injuries, including accidental death, shall be \$1,000,000 for any one occurrence;
 - (v) Automobile Liability Insurance in which the limit of liability for property damage shall be \$1,000,000 for any one occurrence; and
 - (vi) Contractual Liability Insurance sufficient in scope of coverage and amount (in Buyer's reasonable discretion) to cover the liabilities herein assumed by Supplier.
- (b) In addition, Supplier shall obtain and maintain continuously in effect a property insurance policy covering loss, destruction of, or damage to all property in which Buyer does or could have an insurable interest pursuant to this Agreement, including but not limited to tooling, Buyer-Furnished or Buyer-Funded Items, raw materials, parts, work-in-process, incomplete or completed assemblies and all other Goods or parts thereof, and all drawings, specifications, data and other materials relating to any of the foregoing in each case to the extent in the possession or under the effective care, custody or control of Supplier or any agent, employee, affiliate, subcontractor or supplier of Supplier, in the amount of full replacement value thereof providing protection against all perils normally covered in an "all risk" property insurance policy (including without limitation fire, windstorm, explosion, riot, civil commotion, aircraft, earthquake, flood, or other acts of God).

All such insurance shall be issued by companies satisfactory to Buyer, authorized to do business under the laws of the applicable governmental authority for the place in which the Goods are manufactured and/or in which all or part of the Services are to be performed, shall be in form satisfactory to Buyer, and shall contain a provision prohibiting cancellation except upon at least 10 days' prior notice to Buyer. Such policies shall also (i) provide for payment of loss thereunder to Buyer, as loss payee, as its interests may appear, and (ii) contain a waiver of any rights of subrogation against Buyer, its subsidiaries, and their respective directors, officers, employees, and agents. All such insurance policies will be primary in the event of a loss arising out of the Supplier's performance of work. Certified copies of said policies or certificates evidencing such insurance and naming Buyer as an additional insured shall be provided to Buyer upon request within 30 days after the date of this Purchase Order and within a reasonable time after any renewals or changes to such policies are issued.

- (c) Supplier shall give prompt written notice to Buyer's Authorized Procurement Representative of the occurrence of any damage or loss to any property required to be insured herein. If any such property shall be damaged or destroyed, in whole or in part, by an insured peril or otherwise, and if no event of default shall have occurred and be continuing under this Purchase Order, then Supplier may, upon written notice to Buyer, settle, adjust, or compromise any and all such loss or damage not in excess of \$250,000 in any one occurrence and \$500,000 in the aggregate. Supplier may settle, adjust, or compromise any other claim by Supplier only after Buyer has given written approval, which approval shall not be unreasonably withheld.

19. Confidential, Proprietary, and Trade Secret Information and Materials

- (a) Buyer and Supplier will each keep confidential and protect from unauthorized use and disclosure all (i) confidential, proprietary, or trade secret information; (ii) tangible items containing, conveying, or embodying such information; and (iii) tooling identified as being subject to this provision and obtained, directly or indirectly, from the other in connection with this Purchase Order (collectively referred to as "Proprietary Information"). Buyer and Supplier will each use and disclose Proprietary Information of the other only in the performance of and for the purposes of this Purchase Order.
- (b) The restrictions on disclosure and use of Buyer's Proprietary Information by Supplier will apply to all materials derived therefrom by Supplier. Upon Buyer's request at any time, and in any event upon the completion, termination or cancellation of this Purchase Order, Supplier will return to Buyer all of Buyer's Proprietary Information and all derivative materials and copies unless specifically directed otherwise in writing by Buyer. Supplier will not, without the prior written authorization of Buyer, sell or otherwise dispose of (as scrap or otherwise) any parts or other materials containing, conveying, embodying, or made in accordance with any of Buyer's Proprietary Information. Prior to disposing of such parts or other materials as scrap, Supplier will render them unusable. Buyer will have the right to audit Supplier's compliance with this provision.
- (c) Supplier may disclose Buyer's Proprietary Information to its subcontractors as required for the performance of this Purchase Order, provided that legends are maintained on each disclosure and subcontractors first agree in writing to the same obligations imposed on Supplier by this provision. Supplier will be liable to Buyer for any breach of this obligation by a subcontractor. The requirements of this provision will take precedence over any inconsistent restrictive legends or notices applied to Proprietary Information and will survive the performance, completion, termination, or cancellation of this Purchase Order.
- (d) Notwithstanding any other provisions of this Purchase Order, upon prior written notice to Buyer and to the extent that such use will not interfere with Supplier's performance of purchase orders with Buyer, Supplier with the Government's authorization, may use any Proprietary Information or items, which the Government owns or for which it has the right to authorize use on other Government contracts or subcontracts.

20. Intellectual Property Rights

- (a) All (i) technical work product, including inventions (whether patented or not), information, data, documents, drawings, software, software documentation, designs, specifications, and processes produced by or for Supplier, and (ii) all works of authorship, including documents, drawings, software, software documentation, photographs, videotapes, sound recordings, and images created by Supplier, either alone or with others, using funds paid by Buyer under this contract will be the exclusive property of Buyer and will be delivered to Buyer promptly upon request. Supplier will (i) promptly disclose all such inventions to Buyer in writing and (ii) execute all papers, cooperate with Buyer, and perform all acts necessary in connection with the filing, prosecution or assignment of related patents or patent applications on behalf of Buyer. To the extent permitted under United States copyright law, all such

works will be works made for hire, with the copyrights therein vesting in Buyer.

- (b) Supplier grants to Buyer, and to Buyer's subcontractors and customers, in connection with work being performed for Buyer, an irrevocable, nonexclusive, paid-up, worldwide license to disclose, reproduce, distribute copies of, perform publicly, display publicly, and make derivative works of all of Supplier's Proprietary Information and intellectual property (including without limitation patents, copyrights, industrial designs, mask works, software, and software documentation, owned or controlled by Supplier at any time and existing prior to or during the term of this Purchase Order). The license granted to Buyer includes the right to grant sublicenses to its customers as reasonably required in connection with customers' operation, maintenance, overhaul, and modification of any. All copies and derivative works made pursuant to the foregoing license or any sublicense to a customer will automatically become the property of Buyer or customer, and Buyer agrees to preserve Supplier's copyright notice thereon to the extent that such notice was included with the original Intellectual Property. Supplier acknowledges that Buyer is the owner of all copies of software and software documentation provided to or made by Buyer or customers pursuant to this Purchase Order, and Supplier authorizes Buyer and customers to dispose of, and to authorize the disposal of, the possession of any such copies by rental, lease, or lending, or by any act in the nature of rental, lease, or lending.
- (c) In addition to the license granted under clause (b) above, Supplier hereby grants to Buyer an irrevocable, nonexclusive, paid-up, worldwide license to practice and/or use, and license others to practice and/or use on Buyer's behalf, all of Supplier's Intellectual Property related to the development, production, maintenance, or repair of Goods. Buyer hereafter retains all of the aforementioned license rights in Licensed Property, but Buyer hereby covenants not to exercise such rights except in connection with the making, having made, using, and selling of Goods or Goods of the same kind, provided that such undelivered quantity of Product cannot, in Buyer's sole determination, be reasonably obtained in the required time frame at a reasonable price from commercially available sources (including Buyer) without the use of Supplier's Licensed Property and if one or more of the following situations occur:
- (i) Supplier discontinues or suspends business operations or the production of any or all of the Goods;
 - (ii) Supplier is acquired by or transfers any or all of its rights to manufacture any Product to any third party, whether or not related, without Buyer's prior written concurrence;
 - (iii) Buyer terminates this Purchase Order for cause;
 - (iv) In Buyer's judgment it becomes necessary, in order for Supplier to comply with the terms of this Agreement or any Purchase Order, for Buyer to provide support to Supplier (in the form of design, manufacturing, or on-site personnel assistance) substantially in excess of that which Buyer normally provides to its suppliers;
 - (v) Supplier's trustee in bankruptcy (or Supplier as debtor in possession) fails to assume this Agreement and all Purchase Orders by formal entry of an order in the bankruptcy court within 60 days after entry of an order for relief in a bankruptcy case of the Supplier, or Buyer elects to retain its rights to Licensed Property under the bankruptcy laws; or
 - (vi) Supplier is at any time insolvent (whether measured under a balance sheet test or by the failure to pay debts as they come due), or the subject of any insolvency or debt assignment proceeding under state or non-bankruptcy law; or Supplier voluntarily becomes a debtor in any case under bankruptcy law or, in the event an involuntary bankruptcy petition is filed against Supplier, such petition is not dismissed within 30 days.
- As a part of the license granted under this clause (c), Supplier shall, at the written request of Buyer and at no additional cost to Buyer, promptly deliver to Buyer any and all intellectual property licensed hereunder considered by Buyer to be necessary to satisfy Buyer's requirements for Goods, Services, and their substitutes.
- (d) Supplier acknowledges that its performance of its obligations under this Purchase Order may involve its receipt of proprietary or confidential information and/or other intellectual property of Buyers' customers or other third parties, and agrees to execute such non-disclosure agreements, licenses, or other agreements as such third parties may reasonably require.

21. Intellectual Property Indemnity

Supplier shall indemnify, defend, and hold harmless Buyer and Buyer's customers and their respective officers, agents, and employees against liability and losses, including costs, for infringement of any United States or foreign patent, copyright, trademark, or other intellectual property arising out of the manufacture of delivery of supplies or performance of services under this

Purchase Order or out of the use or disposal by, or for the account of, Buyer, Buyer's customer and/or the Government, of such supplies or services.

22. Open Source Software

Without the prior written approval of Buyer, which Buyer may withhold in its sole discretion, Supplier shall not incorporate any Open Source software, including any source code governed by an Open Source license, into work to be performed and/or Goods delivered under this Purchase Order. Before Buyer will consider providing written approval for the incorporation of such Open Source software, Supplier shall first identify all Open Source software incorporated into the Goods or utilized in the work to be performed and/or delivered under this Purchase Order, including a complete source code listing of the software incorporated or utilized, with a description of the operation of the software in English and machine-readable form, together with copies of any licenses required to be accepted.

23. Indemnification

- (a) Supplier covenants and agrees to indemnify, defend, and hold harmless Buyer, its officers, directors, employees, agents, customers, and successors, and assigns ("Indemnified Party") from any and every liability, claim of liability, allegation, judgment, cost, expense, reasonable attorneys' fees, cause of action, loss, or damage whatsoever, including, without limitation, death or injury to any person or damage to any property, resulting from or arising out of Supplier's performance under this Purchase Order, howsoever arising, including, without limitation, by reason of negligence, breach of warranty, defect in design, material, workmanship or Service, or strict liability. In the event Buyer should bring an action for enforcement of this indemnification provision, Supplier agrees that Buyer shall be entitled to be awarded its reasonable attorneys' fees and costs if Buyer prevails in such proceeding.
- (b) Supplier agrees, in any instance where any claims, suits, actions, or legal proceedings, are brought against the Supplier that in any way affect any Indemnified Party's interests under this Purchase Order or otherwise, that:
 - (i) Supplier shall notify the Indemnified Party in a timely manner (not to exceed 5 business days) after learning of any actual or threatened claims, suits, actions, or legal proceedings, and shall not at any time consummate any settlement without the Indemnified Party's prior written consent;
 - (ii) Without releasing any obligation, liability, or undertaking of Supplier to indemnify the Indemnified Party hereunder, the Indemnified Party shall have the right to supersede Supplier in the defense of any such claim with respect to such of its interests as may be affected thereby.

24. Suspension of Work

- (a) Buyer may, by written notice, suspend all or part of the work to be performed under this Purchase Order for a period not to exceed 100 days. Within such period, Buyer may: (i) cancel the suspension of work; (ii) terminate the Purchase Order in accordance with the "Termination for Convenience" clause; or (iii) terminate the Purchase Order in accordance with the "Termination for Default" clause if cause for such termination exists.
- (b) The Supplier shall resume work whenever a suspension terminates or is canceled. Buyer and the Supplier shall negotiate an equitable adjustment in the price or schedule or both if: (i) the Purchase Order is not canceled or terminated, (ii) the suspension results in a change in the Supplier's cost of performance or ability to meet the Purchase Order delivery schedule, and (iii) the Supplier asserts a claim for such adjustment in writing within 25 days after the suspension terminates or is canceled. If Supplier has submitted a timely claim under the preceding paragraph, Supplier shall submit its fully supported request for equitable adjustment no later than 60 days after the suspension terminates or is canceled.

25. Termination for Convenience

- (a) Buyer may, at any time by written notice to Supplier, terminate all or any part of this Purchase Order for Buyer's convenience, in which event Supplier agrees to stop work immediately as to the terminated portion of this Purchase Order and to notify subcontractors to stop work, and protect and preserve property in its possession in which Buyer has an interest. If this Purchase Order is terminated, in whole or in part, for Buyer's convenience, Supplier shall be paid an amount, to be mutually agreed upon, which shall be adequate to cover any reasonable cost of Supplier's actual performance of work under this Purchase Order to the effective date of termination that has not been previously recovered from Buyer, plus a reasonable profit thereon provided that no amount shall be paid to Supplier for (i) any anticipatory profits related to work under this Purchase Order not yet performed, or (ii) costs incurred due to Supplier's failure to terminate work as ordered on the effective date of termination. Buyer shall have no obligation to make any of the aforementioned payments to Supplier, either for completed items or in connection with terminated work in process, unless Supplier shall establish to Buyer's satisfaction that such completed items, or the work in process, including materials, are unusable in connection with Supplier's other business. In

no event shall the termination charges and all previous payments made under this Purchase Order exceed the total Purchase Order value shown on the face of this Purchase Order.

- (b) Supplier shall submit to Buyer all claims resulting from such termination within 60 days after Supplier's receipt of Buyer's notice of termination. Buyer shall have, upon reasonable advanced notice, the right to inspect Supplier's records, facilities, work, and materials relating to performance of the Purchase Order for purposes of evaluating Supplier's claim.

26. Termination for Default

- (a) Buyer may terminate the whole or any part of this Purchase Order in any of the following circumstances:
 - (i) If Supplier fails to deliver the Goods or to perform the Services required by this Purchase Order within the time specified herein; or
 - (ii) If Supplier fails to perform any of the other provisions of this Purchase Order or so fails to make progress as to endanger performance of this Purchase Order in accordance with its terms, and in either of these 2 circumstances does not cure such failure within a period of 10 days after receipt of notice from Buyer specifying such failure; or
 - (iii) In the event of suspension of Supplier's business, insolvency, institution of bankruptcy, liquidation proceedings by or against Supplier, appointment of a trustee, or receiver for Supplier's property or business, or any assignment, reorganization, or arrangement by Supplier for the benefit of creditors; or
 - (iv) If otherwise expressly authorized under the provisions of this Purchase Order;
- (b) Buyer may require Supplier to transfer title and deliver to Buyer in the manner and to the extent directed by Buyer (i) any completed Goods, and (ii) such partially completed Goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights, (hereinafter called "manufacturing materials") as Supplier has produced or acquired for the performance of this Purchase Order including without limitation the assignment to Buyer of Supplier's subcontracts; and Supplier shall protect and preserve property in possession of Supplier in which Buyer has an interest. Payment for completed Goods delivered to and accepted by Buyer shall be at the contract price. Payment for manufactured materials delivered to and accepted by Buyer and for the protection and preservation of property shall be at a price determined in the same manner as provided in the section entitled "Termination for Convenience" above, except that Supplier shall not be entitled to profit. Buyer may withhold from Supplier monies otherwise due Supplier for completed Goods and/or manufacturing materials in such amounts as Buyer determines necessary to protect Buyer against loss due to outstanding liens or claims against said goods.
- (c) If this Purchase Order is entirely or partially terminated by Buyer under this section, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, goods or services similar to those so terminated, and Supplier shall be liable to Buyer for any and all re-procurement costs for such similar goods or services, including any price for such similar goods or services that is higher than this Purchase Order provided however, that Supplier shall continue the performance of this Purchase Order to the extent not terminated.
- (d) If after notice of termination under this section, it is determined that Supplier was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the section entitled "Termination for Convenience."

27. Force Majeure

- (a) Neither party shall be deemed in default of this Purchase Order to the extent that any delay or failure in the performance of its obligations results from an event of Force Majeure.
- (b) If any event of Force Majeure affects Supplier's ability to perform any part of this Purchase Order, Supplier shall give immediate notice to Buyer, and Buyer may elect to either: (i) Cancel at no cost to Buyer this Purchase Order or any affected part thereof, (ii) suspend this Purchase Order or any affected part thereof for the duration of the Force Majeure event, with the option to obtain elsewhere Goods and Services to be furnished under such Purchase Orders and deduct from any commitment under such Purchase Orders the quantity of the Goods and Services obtained or for which commitments have been made elsewhere or (iii) resume performance under such Purchase Orders once the Force Majeure event ceases, with an option in Buyer to extend any affected delivery date or performance date up to the length of time the Force Majeure event endured. Unless Buyer gives written notice otherwise within 30 days after being notified of the Force Majeure event, option (ii) shall be deemed selected.

28. Compliance with Applicable Laws and Regulations

- (a) Supplier will perform the requirements of this Purchase Order in compliance with all applicable laws, statutes, orders, acts, codes, rules,

and regulations, including without limitation the following laws of the United States and its individual states: Fair Labor Standards Act, Walsh-Healey Act, Occupational Safety and Health Act, Foreign Corrupt Practices Act, and Environmental Protection Acts. Upon request by Buyer, Supplier will certify in writing compliance with any applicable law. Supplier shall also notify Buyer in writing of any aspect of its performance, which becomes subject to any additional legal requirement, or which Supplier reasonably believes will become subject to additional regulation after the date of this Purchase Order, at the earliest opportunity, but in all events sufficiently in advance of Supplier's performance of such obligation, so as to identify and implement alternative methods of performance. Without limiting the generality of any other provision of this Purchase Order, Supplier will indemnify, defend and hold harmless Buyer and Buyer's customers against any and all loss, cost, liability, damage, or expense arising from or related to Supplier's failure to comply with this provision.

- (b) If this Purchase Order is issued under a United States Government prime contract or subcontract, the relevant regulations are incorporated by reference, along with and any other provision or requirement mandated as applicable to U.S. Government subcontracts by the Federal Acquisition Regulation and or applicable government department or agency supplement (including, without limitation, the Department of Defense FAR Supplement). Such government contract provisions shall be controlling over any conflicting terms and conditions set forth herein.
- (c) Supplier expressly acknowledges and agrees that it will, to the extent required by law or government contract requirements, provide information and verification concerning the citizenship or immigration status of Supplier's personnel or Supplier's subcontractor personnel entering onto Buyer's premises or the premise of Buyer's prime contractor or the U.S. Government.
- (d) Regulatory approval from the appropriate civil aviation authority may be required for Supplier to make direct sales of Goods as replacement parts to owners/operators of type-certificated aircraft. No Goods (or constituent parts thereof) shall contain any FAA-PMA markings and shall not be certified under an FAA PMA approval. Supplier shall not engage in any such direct sales of Goods or Services without all appropriate regulatory approval. Any breach of this provision will be deemed a material breach of this Purchase Order. For Supplier Designed Parts, Supplier agrees to notify Buyer of application for PMA or other applicable regulatory approval and subsequent approval or denial of same.

29. Government Import/Export Regulations

- (a) The goods and data provided under this Purchase Order may be subject to the provision of the Export Administration Act of 1979 (50 USC 2401-2420) and the Export Administration Regulations (15 C.F.R. § 768-799) promulgated thereunder; the Arms Export Control Act of 1976 (22 USC 2751-2779) and the International Traffic in Arms Regulation (22 C.F.R. § 120-128 and 130) promulgated thereunder. The Parties acknowledge that these statutes and regulations impose restrictions on import, export, and transfer to third countries of certain categories of data and goods, and that licenses from the U.S. Department of State and/or U.S. Department of Commerce may be required before such goods and data can be provided hereunder, and that such licenses may impose further restrictions on use of such goods and data. Disclosure of such goods and data to foreign persons is subject to the above regulations regardless if the export occurs in the U.S. or abroad. Supplier agrees to comply with all U.S. Governmental regulations mentioned above as they relate to the import, export, and re-export of goods and/or data, including, without limitation, the ITAR Registration requirements specified at 22 C.F.R. § 122.1.
- (b) With the exception of those Goods and Services that have been specifically identified in a written notice previously provided to Buyer's Authorized Procurement Representative, Supplier represents that (i) all the Goods and the parts and components thereof, it is providing under this Article are not "defense articles" as that term is defined in 22 C.F.R. § 120.6 of the ITAR and (ii) the Services are not "defense services" as that term is defined in 22 C.F.R. § 120.9 of the ITAR. Supplier agrees to notify Buyer in writing if any deliverable under this Purchase Order is, or becomes, restricted by export control laws or regulations.
- (c) Supplier shall immediately notify the Buyer's Procurement Representative if Supplier is, or becomes, listed in any denied parties list or if Supplier's export privileges are otherwise denied, suspended, or revoked in whole or in part by any U.S. Government entity or agency.
- (d) If Supplier is engaged in the business of either exporting or furnishing defense services, Supplier represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with the ITAR.

- (e) If Supplier is conducting the export or import of Goods or technical data in connection with its performance of the Purchase Order, it shall obtain all export or import authorizations which are required under the export/import laws. Each Party shall reasonably cooperate and exercise reasonable efforts at its own expense to support the other Party in obtaining any necessary licenses or authorizations required to perform its obligations under this Purchase Order. Reasonable cooperation shall include providing reasonably necessary documentation, including import, end-user, and retransfer certificates.
- (f) Where Supplier is a signatory under a Buyer export license or export agreement (e.g., TAA, MLA), supplier shall provide prompt notification to the Buyer's Procurement Representative in the event of changed circumstances including, but not limited to, ineligibility, a violation or potential violation of the ITAR, and the initiation or existence of a U. S. Government investigation, that could affect the Supplier's performance under this contract.
- (g) Supplier shall on the first shipment to Buyer, provide to Buyer a Certificate of Origin or a Manufacturer's Affidavit for each item, and either:
 - (i) for U.S. sources, the U.S. Munitions List Category or Export Control Classification Number; or
 - (ii) for non-U.S. sources, the Harmonized Tariff Schedule Classification Number.Supplier shall be responsible for promptly notifying Buyer in writing if any of the information covered by this certificate changes.
- (h) Supplier shall be responsible for all losses, costs, claims, causes of action, damages, liabilities, and expense, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of supplier, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

30. Notification of Toxic Chemicals

Where applicable, Supplier will comply with Section 313 of the Emergency Planning and Community Right to Know Act of 1986 (EPCRA) and 40 C.F.R. Part 372. Supplier will notify Buyer of the following information with the initial shipment of each item to Buyer:

- (a) A statement that the product contains chemicals which are subject to Section 313 of Title III of the Superfund Amendments and Reauthorization Act of 1986 and 40 C.F.R. 372.45.
- (b) The name and the associated Chemical Abstract Service Registry number of each chemical which has been incorporated in the product and which is listed in the specific Toxic Chemical Listings contained in 40 C.F.R. 372.65.
- (c) The percent by weight of each toxic chemical component of the product shipped. This notification must be attached to or otherwise incorporated into Supplier's Material Safety Data Sheet (MSDS) whenever the MSDS requirement applies.

31. Products Manufactured with and/or Containing Ozone Depleting Substances

If items to be delivered under this Purchase Order are manufactured with and/or contain Ozone Depleting Substances as defined by 40 C.F.R. Part 82, the appropriate warning label will be applied in accordance with 40 C.F.R. 82.100.

32. REACH Compliance

- (a) If any Goods supplied under this Purchase Order are Supplier-Designed Goods:
 - (i)
 - (A) Supplier represents and warrants that it has read and is familiar with the European Chemicals Agency candidate list of Substances of Very High Concern (SVHC) (viewable at <http://echa.europa.eu/web/guest/candidate-list-table>) and that, except as previously disclosed in writing to Buyer, none of the Goods or any parts of Goods covered by this document contain SVHCs > 0.1% by weight.
 - (B) Supplier further covenants and agrees that it shall continuously monitor the updates published by the European Chemicals Agency regarding revisions to the list of SVHC and it shall immediately notify Buyer if in the future any of the Goods or parts of Goods covered by this document contain SVHCs > 0.1% by weight.
 - (C) Any notification that any Goods or parts of Goods contain SVHCs shall include the name of the substance(s) and identify the part of the Goods in which the substance is located.
 - (D) Within 30 days of a written request, Supplier will provide Buyer with information or evidence demonstrating compliance with this subsection.
 - (ii) If Supplier is headquartered in, or produces any of the Goods at a facility located in, the European Union:

- (A) Supplier represents and warrants that no substance is utilized in the manufacture of the Goods, nor do the Goods contain any substance not authorized for Supplier's use if subject to authorization under Annex XIV of REACH as amended from time to time.
- (B) Supplier further represents and warrants that the Goods comply with all applicable conditions of restrictions under Annex XVII of REACH as amended from time to time.
- (iii) Supplier shall immediately notify Buyer if any of the representations and warranties in subsections (i) and (ii) above cease to be true. Failure to notify Buyer will constitute a breach of this document and may result in Buyer exercising any or all of its contractual and other legal rights relating to such breach, including without limitation Purchase Order cancellation and/or return of Goods.
- (b) Supplier will cause similar provisions to this section to be inserted in its contracts with any of its own Significant Suppliers.
- (c) Without limiting the generality of any other provision of this Purchase Order, any failure by Supplier to meet its obligations under this section will constitute a breach of this document and may result in Buyer exercising any or all of its contractual and other legal rights relating to such breach, including without limitation Purchase Order cancellation and/or return of Goods.
- (d) If Supplier is subject to the provisions of clause (b) or (c) immediately above, it will cause similar provisions to be inserted in its contracts with any of its own Significant Suppliers.

33. Electrostatic Discharge Control Requirements

Supplier will determine if any items ordered by Buyer are electrostatic discharge (ESD) sensitive and, if so, will comply with the following requirements: (a) Supplier will design, manufacture, test, and repair these items using good commercial ESD control practices at all related sites and facilities; (b) items supplied to Buyer that are susceptible to ESD damage as delivered will be properly handled and packaged to prevent ESD damage; and (c) packages containing ESD sensitive items will be marked with an appropriate caution label.

34. Counterfeit Goods Prevention

- (a) Supplier agrees and shall ensure that Counterfeit Goods are not contained in Goods delivered to Buyer through the implementation of policies that include prevention, detection, and risk mitigation methods to protect against the use of Counterfeit Parts.
- (b) Supplier shall purchase parts directly from the Original Component Manufacturer (OCM) / Original Equipment Manufacturer (OEM), or from the OCM/OEM authorized distributor. Procurement through an independent distributor or broker not authorized by the OCM/OEM is NOT authorized, unless first approved in writing by Buyer. A certificate of conformance shall accompany each shipment of Goods delivered. If an original OEM/OCM certificate is not available, distributor shall provide a de-lid and die verification report for the supplied parts verifying authenticity of the parts.
- (c) In the event Supplier becomes aware or suspects that it has furnished Counterfeit Parts, it shall immediately notify Buyer. When requested by Buyer, Supplier shall provide (if available) authorized supplier documentation that authenticates traceability of the parts to the applicable authorized supplier.
- (d) In the event that Goods delivered under this Purchase Order are, or include, Counterfeit Parts, Supplier shall promptly investigate, analyze, and report in writing to Buyer whether such Counterfeit Parts should be replaced with genuine parts conforming to the requirements of this Purchase Order, or whether an alternative solution is recommended to meet the Purchase Order requirements at Supplier's sole expense. The parties shall then agree upon the appropriate course of action.
- (e) Supplier shall include this clause or reasonably equivalent provisions in all subcontracts for the delivery of Goods that will be furnished to or included in Goods furnished to Buyer.
- (f) Without limiting the generality of any other provision of this Purchase Order, Supplier will indemnify, defend, and hold harmless Buyer and Buyer's customers against any and all loss, cost, liability, damage, or expense arising from or related to Supplier's failure to comply with the provisions of this section.

35. Gratuities

Supplier warrants that neither it nor any of its employees, agents, or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents, or representatives for purposes of securing this Purchase Order or securing favorable treatment under this Purchase Order. If it is found that gratuities (in the form of entertainment, gifts, or otherwise) are offered by Supplier, or any agent or representative of Supplier, to any employee of Buyer or its agents or representatives with a view toward securing favorable treatment with respect to the awarding or performing of any Purchase Order issued by Buyer to Supplier, Buyer may, by written notice to Supplier, terminate this Purchase Order in accordance with the section

entitled "Termination for Default", in addition to the exercise of any other rights or remedies provided to Buyer by law.

36. Offset Notification

Regardless of whether this Purchase Order is in direct support of a foreign sale, to the extent allowed by applicable law, Supplier agrees that it will assist Buyer and/or its customers to satisfy their Offset Agreements and Commitments. During the term of this Purchase Order in support of Buyer's and its customers' offset obligations, Supplier agrees to inform Buyer when it is considering procurement of products and services from non-United States sources in connection to the supply of products subject to this Purchase Order.

Offset credits arising out of or resulting from, directly or indirectly, this Purchase Order are for the exclusive use of Buyer or its customers, at Buyer's discretion, and may be used by Buyer, any of its affiliates and subsidiaries and any of its customers to fulfill all past, present, and future Offset Agreements. In addition, Supplier agrees to identify and retain for the use of Buyer and/or its customers any rights to offset credits generated by its own suppliers arising out of or resulting from this Purchase Order.

37. Governing Law and Interpretation

The requirements of this Purchase Order will be interpreted and construed in accordance with the laws of the State of Utah. Buyer's remedies described herein shall be cumulative and in addition to any remedies provided by law or in equity.

38. Disputes

Any dispute that arises under or is related to this Purchase Order that cannot be settled by mutual agreement of the Parties following consideration through ascending levels of their respective management, up to and including their Presidents or Chief Executive Officers, may be submitted to and decided by a court of competent jurisdiction in Washington County, Utah. Pending resolution of any dispute hereunder, Supplier shall proceed diligently with the performance of work, including the delivery of goods in accordance with Buyer's direction. Upon resolution of the dispute, this Purchase Order shall be equitably adjusted, if necessary, to reflect such resolution.

39. Entire Agreement

This Purchase Order contains the entire agreement of Buyer and Supplier with respect to its terms and supersedes any and all prior agreements, understandings and communications between them. No amendment or modification of this Purchase Order will be valid or binding unless it is in writing and is signed by Buyer's authorized Purchasing Department Representative. Headings set forth in this order are for convenience of reference only and are not intended to, nor do they alter the meaning, content, or enforceability of any Article hereof.

40. Modifications

This Purchase Order shall not be modified by or interpreted by reference to any course of dealing or usage of trade and shall not be modified by any course of performance. No modification or amendment of this Purchase Order shall be effective unless in writing and signed by an authorized representative of both Buyer and Supplier.

41. Partial Invalidity/Unenforceability

If in any instance any provision of this Purchase Order shall be determined to be invalid or unenforceable under any applicable law, such provision shall be ineffective only to the extent of such prohibition or unenforceability. The remaining provisions shall be given effect in accordance with their terms.

42. No Waiver

Buyer's failure to seek a remedy for any breach by Supplier or Buyer's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege hereunder shall not thereafter be deemed a waiver for any such terms, conditions, or privileges or any other terms, conditions, or privileges whether of the same or similar type.

43. Order of Precedence

The various documents constituting this Purchase Order shall, insofar as is possible, be interpreted so as to be consistent with one another. In the event that a conflict or ambiguity arises in the interpretation of this Purchase Order, said conflict or ambiguity shall be resolved in accordance with the following order of precedence, with the first listed item having a higher precedence than later listed items: (a) provisions required by statute, regulation, or Government contract; (b) provisions set forth on the face page of this Purchase Order form; (c) this Terms and Conditions document; (d) the Statement of Work attached hereto, if any; (e) Specifications approved by Buyer; and (f) Drawing(s) approved by Buyer.

44. Assignment

Except as expressly provided in this section, the assignment by Supplier of any right, interest, or obligation under this Purchase Order, without the written permission of Buyer, will be void and totally ineffective, and will constitute a material breach of this Purchase Order. The Supplier may, with written consent of Buyer, assign claims for money due or to become due through a bank, trust company, federal lending agency or other financial institution. Any permitted assignment will provide that payment by Buyer to an assignee of any amount will be subject to set-off or recoupment for any present or future

claims which Buyer may have against Supplier and will be valid only after Supplier has provided Buyer with two properly executed copies of the assignment.

45. Subcontracting

- (a) Supplier agrees to obtain Buyer's written approval before subcontracting this Purchase Order or any substantial portion of this Purchase Order. However, this requirement will not apply to the purchase of standard commercial supplies or raw materials on which Supplier will perform further work. If Buyer grants such approval, Supplier shall maintain complete and accurate records regarding all subcontracted items and/or processes, and shall insure that such subcontractors shall comply with Supplier's quality assurance system approval for said subcontractors or suppliers. Unless Buyer's prior written authorization or approval is obtained, Supplier may not purchase completed or substantially completed Goods or Services (excluding, however, components of assemblies or subassemblies. No subcontracting by Supplier shall relieve Supplier of its obligation under this Order.
- (b) Supplier shall include as part of its subcontracts those elements of this Purchase Order that protect the rights of Buyer and Buyer's customers, including but not limited to right of entry provisions, proprietary information and rights provisions, and quality control provisions. In addition, Supplier shall provide to its subcontractor's sufficient information to document clearly that the work being performed by the subcontractor is to facilitate performance under this Purchase Order.

46. Notices

- (a) All notices required or permitted to be given to Buyer in connection with this Purchase Order shall be deemed to be properly given if in writing and delivered to the receiving party at the address (including to the attention of the individual representative, if specified) shown below, or to such other address as Buyer may designate in writing during the term of this Purchase Order:

Halley Bonfanti
Chief Financial Officer
dB Systems, Inc.
2005 Turf Sod Road
Hurricane, UT 84737
halley@dbsant.com

- (b) All notices required or permitted to be given to Supplier in connection with this Order shall be deemed to be properly given if in writing and delivered to the receiving party at the address (including to the attention of the individual representative, if specified) listed on the first page of this Purchase Order, or to such other address as Buyer may designate in writing during the term of this Purchase Order.
- (c) Notice shall be deemed effective upon receipt.

47. Survival

Supplier agrees that the Warranty, Indemnification, Inspection of Records, Intellectual Property Rights, Remedies, Offset, Intellectual Property Indemnity and Confidential, Proprietary and Trade Secret Information and Materials provisions of this Purchase Order and all provisions which relate to claims which may be made by Buyer under this Purchase Order shall survive and continue in full force and effect upon the termination of this Purchase Order, unless otherwise agreed to in writing by a duly authorized representative of the Supplier and Buyer's attorney.

48. Non-Endorsement Policy

- (a) Neither Buyer's purchase of Goods nor procurement of Services from Supplier shall be deemed in any way to constitute or authorize Buyer's endorsement of Supplier or of Supplier's Goods and/or Services. Accordingly, any release, advertisement, or publication of information, (whether oral or written, in whatsoever format, and regardless of medium) relating to this Purchase Order or to any Purchase Order and/or relating to Buyer's obtaining Goods and/or Services from Supplier shall require the advance written permission of Buyer, which Buyer may, in its sole discretion, elect to withhold for any reason or for no reason. This provision shall extend to, but shall not be limited to, the following: news bulletins, press releases articles, brochures, advertisements, marketing material, promotional material, and speeches. Further, Supplier shall not use any Buyer trademarks or trade names for any purpose, unless otherwise expressly authorized by Buyer in writing, which such authorization shall be at Buyer's sole discretion.
- (b) The Supplier further agrees to include this provision in any subcontract awarded as a result of this Purchase Order.
- (c) In the event of Supplier's breach of this provision, Buyer shall, in addition to other available remedies, have the right to terminate this Purchase Order in accordance with the provisions of section entitled "Termination for Default."

49. Independent Contractor Relationship

- (a) Supplier's relationship to Buyer shall be that of an independent contractor and this Purchase Order does not create an agency, partnership, or joint venture relationship between Buyer and Supplier or

Buyer and Supplier personnel. Supplier personnel engaged in performing Work under this Purchase Order shall be deemed employees of Supplier and shall not for any purposes be considered employees or agents of Buyer. Supplier assumes full responsibility for the actions and supervision of such personnel while engaged in work under this Purchase Order. Buyer assumes no liability for Supplier personnel.

- (b) Nothing contained in this Purchase Order shall be construed as granting to Supplier or any personnel of Supplier rights under any Buyer benefit plan.

50. Customer Communication

Buyer shall be solely responsible for all liaison and coordination with its customers and their customers, if any, as it affects this Purchase Order or any work hereunder or related thereto. Except as required by law, Supplier shall not communicate with any of Buyer's customers, and any higher tier customers, with respect to this Purchase Order or any work hereunder or related thereto, without prior approval of the Buyer's Authorized Procurement Representative. Supplier shall promptly notify Buyer of any communications initiated by any customer or any higher tier customers that affects this Purchase Order or any work related thereto.

51. Electronic Ordering

Buyer and Supplier agree that if this Purchase Order, or any ancillary agreement, or correspondence is transmitted electronically, neither Buyer nor Supplier shall contest the validity thereof, on the basis that this Purchase Order, acknowledgement, ancillary agreement, or correspondence exists only in electronic form, an electronic record was used in its creation or formation, or it contains only an Electronic Signature.

52. Additional Compliance Requirements

- (a) If Supplier ships, or causes any of its Significant Suppliers to ship, any Goods or components thereof from a facility outside the United States directly to Buyer or any of Buyer's customers, upon Buyer's written request Supplier shall, and shall cause any of its Significant Suppliers undertaking such a direct shipment, to comply with the requirements of the Customs Trade Partnership Against Terrorism (CTPAT) program within one year of the execution of the Purchase Order.
- (b) If Supplier performs any Services at, or otherwise has occasion in the course of its performance of this Purchase Order to go to, any facilities of any of Buyer's customers, Supplier agrees to conform with all applicable rules and procedures, and if requested, to execute such additional documentation as Buyer's customers may reasonably request.