AIR FRAME Mfg. & Supply Co., Inc.
26135 WEST TECHNOLOGY DRIVE, VALENCIA, CALIFORNIA 91355-1138
TEL (661) 257-7728 FAX (661) 257-7910 WWW.AFMSUPPLY.COM
ISO 9001:2008

PURCHASE ORDER TERMS AND CONDITIONS

1. ACCEPTANCE.
Written acknowledgement of this order confirming prices and delivery or shipment of any part of the material, equipment, items or services (hereinafter "items") ordered shall constitute acceptance of this order and all of the terms and conditions herein set forth and should be sent immediately to Air Frame Mfg & Supply Co., Inc. ("Buyer"). The terms of this order contain the entire agreement of the parties. No modification of the terms of this order shall be valid unless accepted in writing by the Buyer and the Buyer shall not be bound by any printed matter on the Seller's acknowledgement forms or invoices which is a variance with such terms. All specifications, drawings, and data submitted to Seller with this order are hereby incorporated herein and made a part hereof. Seller represents and warrants that Seller is (a) an authorized supply source with the U.S. Government for the items and (b) licensed to obtain any and all export licenses required by the U.S. Government. Debarment of Seller as an authorized supply source or Seller's inability to obtain export licenses for whatever reason shall be considered a "Default" as provided in Article 10.

2. PRICE.
Buyer shall not be billed at prices higher than stated on this purchase order unless authorized by a Purchase Order Change Notice issued and signed by Buyer. Seller represents that the price charged for the items or services covered by this order is the lowest price charged by the Seller to buyers of a class similar to Buyer under conditions similar to those specified in this order and that prices comply with applicable government regulations in effect at time of quotation, sale or delivery. Seller agrees that any price reduction made to others within such class in items covered by this order subsequent to the placement of this order will be applicable to this order. Except as may be otherwise provided in this contract prices included all applicable direct federal, state and local taxes in effect on the contract date. No charges will be made for boxing, packing or crating unless specified herein.

3. INVOICES.
Seller shall mail invoices promptly to allow the Buyer sufficient time for processing and payment. Invoices must be identified with this order number. Payment will be accepted by Seller, less the cash discount on the 10th of the month, following the date of invoice, or where the invoice date is agreed upon, on the 10th of such date.

4. DELIVERY SCHEDULES & DELAYS.
Deliveries are to be made both in full quantities and at times specified in any schedules furnished by the Buyer. Buyer will have no liability for payment for items delivered to Buyer which are in excess of quantities specified. Buyer may from time to time change delivery schedule or direct temporary suspension of scheduled shipments. Buyer reserves the right to return, shipping charges collect, all items received at Buyer's plant after the schedule shown in this order. Seller may request Buyer's written consent to advance manufacture and/or delivery at time of returning acknowledgement of this order.
Time is of the essence of this contract, and if delivery of items is not in accordance with Buyer's delivery schedule or is not otherwise completed by the time promised, the Buyer reserves the right, without liability, in addition to its other rights (including approval of a revised schedule) and remedies to terminate this contract by notice effective when received by Seller as to stated items not yet shipped and to purchase substitute items elsewhere and charge the Seller with any loss incurred. Any provisions herein for delivery of articles by installments shall not be construed as making the obligations of Seller severable. Shipments sent C.O.D. without Buyer's written consent will not be accepted and will be at Seller's risk. Seller will be liable for direct and consequential damages in case of failure to meet delivery schedule.

5. INSPECTION/REJECTION.
(a) All items, including without limitation raw materials, components, services, intermediate assemblies, end products and data shall be subject to inspection and test by Buyer and/or its customer to the extent practicable at all times and places including the period of manufacture and in any event prior to acceptance.

(b) In case any items or lots of items are defective in material or workmanship or otherwise not in conformity with the requirements of this Order, Buyer shall have the right either to reject them with or without instructions as to their disposition or to require their correction or to require their replacement items or lots of items which have been rejected or required to be corrected shall be removed or if permitted or required by Buyer corrected in place by and at the expense of the Seller promptly after notice and shall not thereafter be tendered for acceptance unless the former rejection or requirement of correction is disclosed. If Seller fails promptly to remove such items or lots of items which are required to be removed or promptly to replace or correct such items or lots of items, Buyer either (1) may be separate contract or otherwise replace or correct such items and charge to the Seller the additional cost incurred by Buyer thereby, or (2) may cancel this Order for default as provided in the Article 10 entitled "Default". Unless Seller corrects or replaces such items within the delivery schedule, Buyer either (1) may pay for such items at a reduced price which is equitable under the circumstances; or (2) may cancel this Order or default as provided in Article 10 of this Order entitled "Default".

(c) If any inspection or test is made by Buyer and/or its customer on the premises of Seller or a lower tier subcontractor, the Seller without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of Buyer and/or customer inspectors in the performance of their duties. Acceptance or rejection of items shall be made as promptly as practicable after delivery, but failure to inspect or accept or reject items shall neither relieve Seller from responsibility for such items that are not in accordance with the requirements of this Order nor impose liability on Buyer therefore.

(d) The Seller shall provide and maintain an inspection system acceptable to Buyer covering the items hereunder. Records of all inspection work by Seller shall be kept complete and available to Buyer and/or customers during performance of this Order and for such longer period as may be specified elsewhere in this Order.

(e) Unless otherwise provided herein, final inspection and acceptance shall be after delivery to Buyer's facility.

(f) The inspection and test by Buyer or its customer of any items or lots thereof does not relieve the Seller from any responsibility regarding defects or other failures to meet Order requirements which may be discovered prior to acceptance or during the warranty period.

(g) If prior to and/or at the time of final acceptance and/or within the warranty period, it was known or should be known by Buyer that said items would not and did not conform to any/or all of the requirements of this Order final acceptance and/or motive of particulars notwithstanding, the failure of Buyer to inform the Seller of such non-conformance shall be construed as a waiver of any rights Buyer may have with respect to items purchased under this Order.

(h) If machine work or labor of any kind is undertaken by Seller for Buyer, Seller agrees to pay for any material which is mis-machined or rendered unusable by Seller for any reason.

(i) Items rejected hereunder will be returned to Seller and Seller will be liable and shall pay for any and all transportation charges.

6. WARRANTIES.
Seller warrants that all materials or services delivered hereunder are free from defects in materials and workmanship and conform strictly to the specifications, drawings or samples specified or furnished to Seller. To the extent that such materials or services are not furnished pursuant to design furnished by Buyer, they will be free from defects in design suitable for their intended purposes and free from any industrial property rights. If the goods, parts or materials ordered are to be manufactured or supplied in accordance with drawings and specifications which are furnished by Buyer and which are not based on drawings or specifications of Seller, or upon Seller's design, Seller agrees to grant and hereby does grant to Buyer a non-exclusive fully paid-up and irrevocable license to make, have made, use and sell any improvement in the goods, parts and the materials, which is made or introduced by Seller in its work hereunder. These warranties shall survive any inspection, delivery, acceptance, payment or use by the Buyer or its customers of the materials or services and shall run to the Buyer, its successors, assigns, customers and users of its products. Seller shall defend, indemnify and hold harmless Buyer, its successors, assigns, customers and users of its products against any and all loss, injury and damage suffered by any of them and against any and all suits, proceedings of law or in equity and any and all liability for losses, injuries and damages, including all reasonable attorney's fees, arising out of or in connection with any claim by any person, firm or organization, including the Buyer, its successors, assigns, customers, and users of its products, that the material or services furnished by Seller are or were defective, infringing, or injurious in any manner. Seller shall be liable for all indirect, incidental, special and consequential damages.

7. SUPPLEMENTARY INFORMATION.
Any specifications, drawings, notes, instructions, engineering change notices, or technical data referred to in this order shall be deemed to be incorporated herein by reference as if set forth in full. In case of any discrepancies or questions refer to Buyer for decision or instructions or for interpretation.

8. CHANGES.
Buyer shall have the right to make from time to time and without notice to any sureties or assignees, changes as to packaging, testing, destination, specifications, design, quantity, methods of shipment and delivery schedule (postponements only).

If any such change causes an increase or decrease in the cost of or the time required for performance of this contract, an equitable adjustment shall be made in the contract price or the delivery schedule or both. Any claim by Seller for adjustment under this clause shall be deemed waived unless asserted in writing within ten (10) days from receipt by Seller of the change. Price increases or extensions of time for delivery shall not be binding on Buyer unless evidenced by a Purchase Order Change Notice issued and signed by Buyer.

9. AUDIT - INSPECTION OF RECORDS.
Seller shall keep adequate records of payable hours of direct labor and all costs of the performance of this Order, which shall be subject to audit by Buyer in the event of termination or other equitable adjustment or with respect to any Order for which the price is based on time and cost of materials.

10. DEFAULT.
(a) Buyer may cancel this Order in whole or in part by written or facsimile notice; (1) if the Seller shall become insolvent or make a general assignment for the benefit of creditors or (2) if a petition under any Bankruptcy Act or similar statute is filed by or against the Seller, or (3) if the Seller fails to make delivery of the item(s) or to perform the services within the time specified in this Order or any increments thereof or extensions thereto; or (4) if the Seller fails to perform its obligations under any of the other Articles of this Order or so fails to make progress so as to endanger performance of this Order in accordance with its terms, or (5) if Seller's financial condition shall become such as to endanger completion of performance, provided with respect to (4) and (5), Seller shall fail to remedy any such condition within seven (7) days from the date of receipt of a notice from Buyer concerning the existence of the condition.

(b) In the event Buyer cancels this Order in whole or in part as provided in paragraph (a) of this Article, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, items or services similar to those cancelled, and the Seller shall be liable to Buyer for any excess costs of such similar items or services provided, that the Seller shall continue the performance of this Order to the extent not cancelled under the provisions of this Article.

(c) After receipt of notice of such cancellation, the Seller shall transfer title and delivery to Buyer satisfactorily completed work in process as may be directed by Buyer.

(d) The rights and remedies of Buyer provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Purchase Order.

11. PRODUCTS, METHODS AND MANUFACTURING PROCESSES.
Any knowledge or information which the Seller shall have disclosed or may hereafter disclose to the Buyer incident to the placing and filling of this order, shall not, unless otherwise specifically agreed upon in writing by the Buyer be deemed to be confidential or proprietary information, and accordingly shall be acquired free from any restrictions (other than restrictions which may result from a claim for patent infringement).

12. PATENTS.
By accepting this order, Seller guarantees that the items ordered which are of Seller's design or selection and the sale, lease or use of them will not infringe any United States or Foreign Letters Patent, or constitute the misappropriation of a third party's proprietary information and Seller agrees to defend, protect and save harmless Buyer, its successors, assigns, customers and users of its products, against all suits at law or in equity and from all damages, claims and demands for actual or alleged infringement of any patent or claim for misappropriation by reason of the sale, lease, rental or use of the items hereby ordered and to reimburse Buyer for reasonable attorney's fees incurred in connection therewith, unless the items to be furnished hereunder by the Seller are to be manufactured in accordance with drawings and specifications furnished by the Buyer in which event the Buyer agrees to hold and save Seller harmless from liability for claims or suits involving patent infringement or misappropriation.

13. NON-ASSIGNMENT.
Neither this order nor any monies due or to become due hereunder shall be assigned or transferred without Buyer's prior written consent. Seller agrees that it will not subcontract the furnishing of any completed or substantially completed items required by this order, nor subcontract the performance or any technical or test function or service required by this order, without Buyer's prior written consent.

14. SET OFF.
All claims for monies due or to become due from the Buyer under this Agreement including claims of assignees shall be subject to the deduction by the Buyer of any set-off or counter claim arising out of this or any other of the Buyer's purchase orders with Seller whether such set-off or counter claim arose before or after such assignment.

15. TITLE TO DRAWINGS AND SPECIFICATIONS.
Buyer shall at all times have title to all data, drawings, samples and specifications, including manufacturing processes, furnished or disclosed by Buyer to Seller and intended for use in connection with this order. Seller shall use such drawings and specifications only in connection with the order and whether or not the same are marked as "confidential" shall now show or disclose such drawings and specifications to any person, firm or corporation other than the Buyer's or Seller's employees, subcontractors or Governmental inspectors. Seller shall not make copies of such drawings or specifications without Buyer's written consent. The Seller shall upon Buyer's request or upon completion of the order promptly return all drawings and specifications to the Buyer.

16. APPLICABLE LAW.
This order shall be construed, interpreted and applied in accordance with the laws of the State of California. The venue of any litigation arising out of or in connection with this Agreement shall be the County of Los Angeles, State of California, and the parties hereto consent to personal jurisdiction in all the courts of said County.

17. TRAFFIC ROUTING.
Any losses resulting from deviation from the Buyer's routing instructions will be charged to Seller's account and may be set off against monies due to Seller under this Agreement.

18. COMPLIANCE WITH LAWS, REGULATIONS AND GOVERNMENT CONTRACT PROVISIONS.
Seller warrants, agrees and certifies that it will at all times in the performance of this contract comply with all Federal, State and local laws, rules, regulations, ordinances and Executive Orders at the time in effect, including any provisions with respect to nondiscrimination, labor, relations, minimum wages and hours and other matters relating to employment which are applicable to this contract and to the extent that said laws, rules, regulations, ordinances and Executive Orders require the incorporation herein of specific language in order to effect compliance therewith such language is incorporated herein by reference. Seller agrees, warrants and certifies that all items furnished hereunder shall comply with applicable standards issued pursuant to the Occupational Safety and Health Act and any amendments thereof. Seller certifies that these goods, their manufacture packaging, and transportation in commerce are in compliance with all federal, state and local environmental laws and regulations concerning toxic or hazardous materials, substance of articles, including but not limited to the Toxic Substances Control Act of 1976 and the Hazardous Materials Transportation Act of 1975.

Seller will provide Material Safety Data Sheets to Buyer for each chemical (a) to be supplied under this order prior to shipment and (b) to be used on Buyer's premises under this order prior to bringing them on Buyer's premises.

19. PACKAGING AND CRATING.
All items shall be packed by Seller in suitable containers for protection in shipment and storage. Prices set forth in this order include all charges for Seller's packing and crating and for transportation to f.o.b. point. Packaging shall conform to requirements specified by Buyer.

20. NOTICE OF LABOR DISPUTES.
Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay its timely performance under this purchase order. Seller will immediately give written notice thereof to Buyer.

21. EXPORT.
Seller must notify Buyer if the products ordered under this purchase order require validated licenses for shipment abroad under the U.S. Export Administration Regulations 15 CFR Part 772 and identify products on the Commodity List 15 CFR Part 799 or any other applicable law or regulation.

22. DAMAGES.
Buyer's liability for breach of this Agreement shall not exceed the difference between the resale price of any material or work in process, sold in good faith and in a commercially reasonable manner and the contract price for such materials or work in process, less expenses and costs saved in consequence of Buyer's breach. Buyer shall not be liable for any indirect, incidental, special or consequential damages. Seller's remedies contained herein are not optional and shall be Seller's exclusive remedies.

23. WAIVER.
No delay or failure by Buyer in exercising any rights under this Agreement and no partial or single exercise thereof shall constitute a waiver of such rights or any other rights hereunder.

24. PROOF OF SHIPMENT.
Seller shall forward to Buyer, with the invoice, the express receipt or bill of lading signed by the carrier, evidencing the fact that shipment has been made.

25. ATTORNEYS' FEES.
In the event any action is initiated for any breach of or default in any of the terms or conditions of this Agreement, then the party in whose favor judgment shall be entered, shall be entitled to recover from the other party all costs and expenses (including attorneys' fees) in any such action and any appeal therefrom.

26. ENTIRE AGREEMENT.
The entire agreement between the parties is set forth herein and supersedes all prior discussions and agreements between the parties relating to the subject matter hereof. There are no representations, warranties, covenants, agreements or collateral understandings, oral or otherwise, expressed or implied, affecting this Agreement which are not expressly set forth herein. This Agreement shall not be supplemented or modified by any course of dealing or trade usage.