

Advanced Precision Machining, Inc.

Advanced To Meet Your Precision Machining Requirements

Purchase Order Terms & Conditions: This purchase order is an offer by Advanced Precision Machining, Inc. ("Buyer") for the purchase of the goods or services specified on the face of this purchase order (the "Goods") from the part to whom the purchase order is addressed (the "Seller"), in accordance with and subject to these terms and conditions (the "Terms", together with the terms and conditions on the face of this purchase order, the "Order"). This Order, together with any documents incorporated herein by reference, constitutes the sole and entire agreement of the parties with respect to the Order, and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral, with respect to the subject matter of the Order. The Order expressly limits Seller's acceptance to the terms of the Order. These Terms prevail over any terms or conditions contained in any other documentation and expressly exclude any of Seller's general terms and conditions of sale or any other document issued by Seller in connection with this Order.

1. CHANGES. No modification of this Order shall be binding on Buyer unless made by a Change, executed in writing by Buyer's authorized representative. Buyer may at any time, by written Change make changes in any of the following:

- 1) Drawings, design or specifications,
- 2) Method of shipment or packing,
- 3) Place of inspection, delivery or acceptance,
- 4) Reasonable increases or decreases in quantities,
- 5) Reasonable changes in delivery schedules, and
- 6) Changes in the quantities of Buyer furnished materials, tooling, and et.al.

Seller shall proceed immediately to perform this Order as changed. If any change causes any increase or decrease in the cost or in the time required in the performance of the work, an equitable adjustment will be made in the price or schedule. Seller must make all claims for adjustments prior to make changes at the Buyer's request. Expedite charges, if any, will be negotiated based on actual costs incurred. If Seller fails to meet agreed upon delivery date, Buyer will not be required to pay any expedite charges.

2. NONCONFORMING MATERIAL/PRODUCT. Seller shall maintain a documented process that identifies and controls nonconforming goods and material. Shipment of goods containing nonconformities is not allowed until all disposition actions have been properly completed. When nonconforming material is identified, seller shall notify Buyer of nonconforming product as well as of any proposed "Repair" or



Advanced Precision Machining, Inc.

Advanced To Meet Your Precision Machining Requirements

"Use-as-is" dispositions. Seller is required to obtain Buyer approval for nonconforming product disposition. Should the supplier detect that nonconforming material has been delivered to Buyer, it is the suppliers' responsibility to notify buyer immediately. Should the supplier detect any nonconforming material during any point of product realization, or in the event that nonconforming material has been delivered to Buyer, it is the supplier's responsibility to notify buyer within 24 hours of detection of non-conforming material.

3. SUSPECT AND COUNTERFEIT PARTS PREVENTION. The seller shall plan, implement, and control processes appropriate to the organization and the product, for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product delivered to Advanced Precision Machining, Inc.

4. CORRECTIVE ACTION. Buyer requires timely and effective response to corrective action requests. Initial corrective response is required within fifteen (15) days of nonconformance. Failure to achieve these actions may result in withholding payment until the issue is resolved and/or removal of the Seller from the Approved Vendor List. Documented corrective action statements shall include the nature of the defect, immediate corrective action; root cause and root cause correction taken to prevent recurrence. In an event that an audit of the Seller's quality system (either by Buyer or Buyer's Customer) reveals non-conformances, the Seller shall take appropriate action to correct those nonconformance's to the satisfaction of the Buyer or Buyer's Customer.

5. SPECIFICATIONS AND CERTIFICATIONS. All material, parts and or assemblies ordered herein shall be to the latest applicable engineering, drawings and/or specifications, unless specific revision numbers or drawing issues are shown in the text of the Order. By accepting this Order, Seller verifies that Seller is authorized, per the latest qualified producer list, to provide material and/or to produce and/or to utilize processes per Order specifications. Material certifications and certification of inspection operations are required with each shipment. In addition, mill certifications are required with each shipment of raw material. Material accountability is an Order requirement.

6. DOCUMENT CONTROL. All planning, drawings, digital data and/or derivatives, sketches, etc. issued with purchase order/contract are of the revision in effect on the date of the purchase order/contract and must be returned to Buyer upon completion. No planning, drawings, digital data and/or derivatives, sketches, etc. shall be copied without the express written consent of Buyer. Supplier shall keep confidential and protect from disclosure all information and property obtained from Buyer. Unless authorized, Supplier shall use Buyer supplied information and property only in the performance and purpose of the purchase order/contract. Upon request by Buyer and the completion, termination, or cancellation of purchase order/contract, Supplier shall return all such information and property to Buyer.



Advanced Precision Machining, Inc.

Advanced To Meet Your Precision Machining Requirements

7. **PROCESS CONTROL.** Supplier shall use process control techniques for all key characteristics identified on the purchase order/contract or on the drawing. Supplier shall notify the Buyer of any changes in product and/or process and, where required, obtain Buyer approval of such changes. Supplier is also required to notify Buyer of any changes in suppliers, changes to manufacturing facility location, and, where required, obtain Buyer approval of such changes. Supplier is responsible for flow down to the supply chain of any changes made to the applicable requirements. Supplier shall maintain records for at least 10 years and are subject to examination and furnish copies of charts or graphs used in the process control with shipments unless waived in writing by Buyer.
8. **DELIVERY.** All deliveries shall be strictly in accordance with the applicable quantities and schedules set forth in this Order. **TIME IS OF THE ESSENCE IN THE PERFORMANCE OF THIS ORDER.** Whenever it appears Seller will not meet the delivery schedule, Seller shall immediately notify Buyer of the reason and length of the delay. Any additional costs caused by delay, including subsequent expedite costs, lot charges, air freight costs incurred by Buyer in shipment to its customers, et.al., shall be borne by Seller.
9. **FOREIGN OBJECT ELIMINATION.** Seller shall take required steps to mitigate contamination by foreign objects/debris throughout the manufacture, assembly, test and/or shipping process.
10. **PACKING AND SHIPPING.** Seller shall package Product(s) for shipment to prevent damage or deterioration, in compliance with Buyer's requirements at its own cost, unless otherwise stated in this Order. Unless otherwise specified, the FOB point shall be Buyer's location designated on the face of this Order.
11. **RIGHT OF ENTRY.** Buyer retains the right of entry to Seller's facility for purposes of administering this Order or, with advance notice at reasonable times and intervals. Seller also gives Buyer's customers and regulatory authority's right of access to the applicable areas of all facilities, at any level of the supply chain involved in the order.
12. **SCRAP.** Seller is required to obtain Buyer approval for nonconforming product disposition as scrap. Should Seller shall be fully responsible for all Buyer furnished materials. Unless specified otherwise in this Order(s), Seller will reimburse Buyer, at Buyer's cost for replacement material, for materials damaged or scrap for any reasons, including non-conforming goods, process scrap, et al. Seller shall be entitled to the scrap value for scrap material, including process scrap.
13. **SELLER'S WARRANTY.** Seller warrants that each Product and corrected Product will be free from all defects in materials and workmanship and will strictly conform to the requirements of this Order, including, but not limited to the applicable descriptions, specifications and drawings; and to the extent not manufactured pursuant to detailed designs furnished by Buyer, be free from all defects in design



Advanced Precision Machining, Inc.

Advanced To Meet Your Precision Machining Requirements

and fit for the intended purpose. The warranty set forth above shall remain in effect for twelve (12) months after delivery to Buyer, unless otherwise stated in this Order.

14. AWARENESS. Seller shall ensure that persons are aware of their contribution to product or service conformity; their contribution to product safety; and the importance of ethical behavior.

15. EXPIRABLES. Vendors who supply expirable must ship all items with cure date having at least 84% shelf life remaining prior to sale to Buyer. Expiration date shall be identified on the product.

16. INVOICE AND PAYMENT. Seller shall send a separate invoice for each shipment. The invoice shall include: Order number, item number, part serial number (if serialized), and part number shown on the face of this Order. Payment shall not constitute acceptance of Product(s). Payment terms are Net 30 calendar days from the later of receipt of Product or invoice.

17. TERMINATION FOR DEFAULT. Buyer may by giving written notice to Seller, immediately cancel this Order, in whole or in part for any failure by Seller to deliver any Product, failure to provide reasonable assurance of performance, failure of Seller to comply with any other obligation under this Order; in the event Buyer revokes Seller's Quality Assurance System approval, or in case of the suspension, dissolution or winding up of Seller's business, its insolvency or inability or nonpayment of debts as they become due.

18. RESTRICTIONS ON USE AND DISCLOSURE OF DATA. All information provided with the Order is proprietary and confidential. No part of this information shall be used for any purpose other than accomplishing Order requirements without Buyer's written authorization. Seller shall not, without prior written consent of Buyer, make any disclosure, news release or public announcement, denial or confirmation of same, concerning this work.

19. PRODUCTION AND QUALITY RECORDS. Seller agrees to retain all production and quality control records for a period of ten (10) years after final payment, at which time Seller shall request disposition instructions from Buyer and shall transfer or dispose of such records as Buyer requests. Quality records may be hard copy, electronic version, or other media. All quality records must be legible and stored in a suitable environment to prevent damage, deterioration, or loss. Seller also gives Buyer's customers and regulatory authority's right of access to all applicable records.

20. ASSIGNMENT AND SUBCONTRACTING. Seller shall not assign any part, or subcontract any substantial part, of this Order without Buyer's prior written consent.



Advanced Precision Machining, Inc.

Advanced To Meet Your Precision Machining Requirements

21. COMPLIANCE WITH LAWS. Seller warrants that it shall comply with all applicable Federal, State and local laws, rulings, and regulations in effect on the date of this Order, including applicable requirements of the Fair Labor Standards Act and Federal Acquisition Regulations.
22. PARTIAL INVALIDITY. If any provision of this Agreement or this Order is, or becomes, void or unenforceable by force or operation of law, all other provisions shall remain valid and enforceable.
23. CHOICE OF LAW. The substantive and procedural laws of the State of Idaho, disregarding its Conflict of Law provisions hereunder, shall govern this Agreement and this Order and any dispute arising pursuant to them. Venue shall reside in Ada County, Idaho.
24. COMPLETE AGREEMENT. This Agreement and this Order are intended by the Parties as a final expression of their agreement and are the complete and exclusive statement of all terms and conditions of agreement. No course of prior dealings between the Parties, and no usage of trade, shall be relevant to supplement or explain any term used in this Agreement or in this Order.
25. ETHICS. Supplier shall comply with the Aerospace Industries Association of America (AIA) Global Principles of Ethics in the Aerospace & Defense Industry, available for review here: <http://asd-europe.org/business-ethics>
26. SUPPLIER PERFORMANCE. We do track quality and on-time delivery performance. A corrective action may be issued for poor performance. We require special processors to maintain 90% On Time Delivery and 99% Quality. All other suppliers are required to maintain 95% On Time Delivery and 99% Quality.