

Title: **Purchase Order Flow Down Requirements**

*** ALL ITEMS ARE SUBJECT TO BLUE AEROSPACE INSPECTION

*** PLEASE PROVIDE EXPORT CLASSIFICATION: ECCN OR USML CATEGORY FOR THE ITEM(S). PLEASE EMAIL TO: CLASSIFICATION@BLUEAERO.COM

*** IN ACCORDANCE WITH 22 CFR 122.1, ALL U.S. MANUFACTURERS OF DEFENSE ARTICLES ARE REQUIRED TO BE REGISTERED WITH THE DIRECTORATE OF DEFENSE TRADE CONTROLS (DDTC). EVEN THOSE MANUFACTURER'S WHO DO NOT ENGAGE IN EXPORTING, MUST NEVERTHELESS REGISTER.

*** ALL ELASTOMER (RUBBER) PRODUCTS AND GASKETS / O-RINGS / PACKINGS MUST BE FLAT AND INDIVIDUALLY PACKAGED IN LIGHT PROTECTED CONTAINER. ONLY STOCK WITH A MINIMUM OF 80% SHELF LIFE REMAINING WILL BE ACCEPTED. STOCK OUTSIDE THIS LIMIT WILL BE RETURNED FOR CREDIT AT SUPPLIER'S COST. CURE DATE AND SHELF-LIFE INFORMATION MUST BE NOTED ON SUPPLIER'S DOCUMENTATION.

*** ALL SUPPLIERS AND/OR REPAIR FACILITIES MUST DECLARE IF THEY ARE DEBARRED/PROHIBITED BY THE US STATE DEPT. FROM EXPORTING PARTS

*** ALL LOCKHEED APPROVED VENDORS:

- MUST ADHERE TO ALL APPLICABLE LOCKHEED MARTIN AERONAUTICS QX QUALITY REQUIREMENTS.
- MANUFACTURE PARTS IN ACCORDANCE WITH THE LATEST DRAWING REVISIONS AND ENGINEERING MATERIALS & APPROVED PRODUCTS (EMAP).
- UTILIZE ONLY LM AERO APPROVED SOURCES FOR PROCESSES FROM THE QCS001 DIRECTORY.
- SUPPLIER MUST HAVE ESTABLISHED AND MAINTAIN A FOREIGN OBJECT DEBRIS (FOD) PREVENTION PROGRAM IN ACCORDANCE LOCKHEED MARTIN CLAUSE Q4R.

*** SHIPPING INSTRUCTIONS:

UNLESS OTHERWISE STATED ON PURCHASE ORDER THE FOLLOWING SHIPPING INSTRUCTIONS ARE TO BE STRICTLY FOLLOWED:

- SHIPMENTS OVER 100 LBS AND/OR OVERSIZED SHIPMENTS EXCEEDING 108" IN LENGTH, PLEASE CONTACT BUYER (WITH DIMENSIONS & WEIGHT) FOR ALTERNATE SHIPPING INSTRUCTIONS.
- PURCHASE ORDER NUMBER MUST BE REFERENCED ON AIRWAY BILL.
- BLUE AEROSPACE IS NOT RESPONSIBLE FOR FEES INCURRED BY USING UNAPPROVED SHIPPING METHODS.
- PLEASE DO NOT INSURE THIS SHIPMENT AT TIME OF TRANSIT BACK TO BLUE AEROSPACE WITHOUT PRIOR AUTHORIZATION. INSURANCE CHARGES WILL NOT BE PAID BY BLUE AEROSPACE UNLESS APPROVED PRIOR TO SHIPMENT.

*** TERMS: IF TERMS DIFFER FROM THOSE STATED ON PURCHASE ORDER, PLEASE NOTIFY BUYER.

*** PAYMENT:

- PLEASE NOTE, A PRO-FORMA INVOICE, COPY OF CERTIFICATES AND PICTURES OF THE PARTS (BEFORE AND AFTER PACKAGING) WILL BE REQUIRED FOR ANY PREPAYMENT TERMS.
- TO FACILITATE PAYMENT FOR AN ORDER, ALL PACKING SLIPS AND INVOICE MUST REFERENCE: PO NUMBER, MATERIAL NUMBER AND LINE NUMBER.
- ALL INVOICES ARE TO BE SUBMITTED ELECTRONICALLY TO: FINANCE@BLUEAERO.COM

Title:

Purchase Order Flow Down Requirements

*** PURCHASE ORDER ACKNOWLEDGEMENT:

SELLER REPRESENTS AND WARRANTS THAT THERE IS HEREBY CONVEYED TO BUYER GOOD, MARKETABLE, LEGAL, AND BENEFICIAL TITLE TO THE EQUIPMENT, FREE AND CLEAR OF ALL LIENS, ENCUMBRANCES, AND RIGHTS OF OTHERS, OF ANY NATURE WHATSOEVER, AND THAT THE SELLER SHALL DEFEND SUCH TITLE AGAINST THE CLAIMS OF ALL OTHERS. SEND FORMAL ORDER ACKNOWLEDGEMENT TO: PURCHASING@BLUEAERO.COM

*** PACKAGING

- URETHANE OR PLASTIC CHIPS (POPCORN) ARE NOT TO BE USED FOR MATERIAL BEING SHIPPED TO BLUE AEROSPACE OR ITS CUSTOMERS.
- ALL ITEMS BEING SHIPPED IN A WOODEN CRATE MUST CONFORM TO ISPM NO. 15 AND HAVE THE APPROPRIATE STAMP ON THE CRATE MATERIAL. WOODEN CRATES NOT CONFORMING TO THIS SPECIFICATION WILL BE EITHER REJECTED AT OUR FACILITY AND RETURNED OR RE-PACKAGED AT THE EXPENSE OF THE SUPPLIER.
- ALL CLASS 1, 2, OR 3 ELECTONIC STATIC SENSITIVE PARTS DELIVERED AGAINST THIS ORDER MUST BE PACKAGED PER DOD-STD-1686 AND DOD-HDBK-263. ALL NON-SENSITIVE PARTS SHALL BE PACKAGED USING ANTI-STATIC MATERIAL (AS REQUIRED).

*** HAZARDOUS / CHEMICAL PRODUCTS;

- MFR./SUPPLIER MUST SPECIFY IF THERE ARE ANY GOVERNMENT AGENCIES' REGULATIONS REQUIRING REPORTING PRIOR TO EXPORT OF THEIR PRODUCTS.
- IF APPLICABLE, PLEASE PROVIDE MSDS AND NOTIFY PRIOR TO SHIPPING
- FOR LITHIUM BATTERIES/CELLS OR EQUIPMENT CONTAINING LITHIUM BATTERIES, PLEASE PROVIDE THE REQUIRED TESTING CERTIFICATES AS PER UN 38.3 REQUIREMENT

*** AS AN AS 9120 CERTIFIED AND REGISTERED COMPANY BLUE AEROSPACE IS REQUIRED TO COMMUNICATE TO OUR EXTERNAL PROVIDERS THE FOLLOWING REQUIREMENTS.

A. THE EXTERNAL PROVIDER NEEDS TO:

- IMPLEMENT A QUALITY MANAGEMENT SYSTEM;
- USE CUSTOMER-DESIGNATED OR APPROVED EXTERNAL PROVIDERS, INCLUDING PROCESS SOURCES (E.G., SPECIAL PROCESSES);
- NOTIFY BLUE AEROSPACE OF NONCONFORMING PROCESSES, PRODUCTS, OR SERVICES AND OBTAIN APPROVAL FOR THEIR DISPOSITION;
- PREVENT THE USE OF SUSPECTED UNAPPROVED, UNAPPROVED, AND COUNTERFEIT PARTS BY MAINTAINING COMPLIANCE WITH AS 6174 FOR COUNTERFEIT MATERIALS AND AC 21-29D FOR DETECTING AND REPORTING SUSPECTED UNAPPROVED PARTS;
- KNOW THAT PROVIDING COUNTERFEIT AND/OR UNAPPROVED PARTS AND/OR ASSEMBLIES TO BLUE AEROSPACE IS STRICTLY PROHIBITED. EXTERNAL PROVIDERS WHO PROVIDE COUNTERFEIT AND/OR UNAPPROVED PARTS AND/OR ASSEMBLIES WILL BE REPORTED TO THE APPLICABLE GOVERNMENT AUTHORITIES AND GIDEP.
- ESTABLISH AND MAINTAIN A FOREIGN OBJECT DEBRIS (FOD) PREVENTION PROGRAM IN ACCORDANCE WITH THE NATIONAL AEROSPACE STANDARD NAS-412;
- NOTIFY BLUE AEROSPACE OF CHANGES TO PROCESSES, PRODUCTS, OR SERVICES, INCLUDING CHANGES OF THEIR EXTERNAL PROVIDERS OR LOCATION OF MANUFACTURE, AND OBTAIN BLUE AEROSPACE'S APPROVAL;
- FLOW DOWN TO THEIR EXTERNAL PROVIDERS APPLICABLE REQUIREMENTS INCLUDING BLUE AEROSPACE REQUIREMENTS;

Title:

Purchase Order Flow Down Requirements

- PROVIDE A CERTIFICATE OF CONFORMITY, TEST REPORTS, OR AUTHORIZED RELEASE CERTIFICATE, AS APPLICABLE;
- RETAIN DOCUMENTED INFORMATION FOR A MINIMUM OF 10 YEARS OR AS REQUIRED BY CUSTOMER AND/OR APPLICABLE REGULATIONS.
- B. PROVIDE RIGHT OF ACCESS BY BLUE AEROSPACE, OUR CUSTOMER, AND REGULATORY AUTHORITIES TO THE APPLICABLE AREAS OF FACILITIES AND TO APPLICABLE DOCUMENTED INFORMATION, AT ANY LEVEL OF THE SUPPLY CHAIN.
- C. THE EXTERNAL PROVIDER MUST HAVE AWARENESS THAT THEY CONTRIBUTE TO PRODUCT OR SERVICE CONFORMITY, PRODUCT SAFETY AND THE IMPORTANCE OF ETHICAL BEHAVIOR.
- D. ANY PRODUCT MALFUNCTIONS, DEFECTS, AND UNAIRWORTHY CONDITIONS WILL BE REPORTED TO THE CONCERNED STAKEHOLDERS.
- E. DELIVERY DOCUMENTATION PACKAGE MUST INCLUDE:
 - A UNIQUE DOCUMENT NUMBER IS REQUIRED TO TIE ALL VENDOR DOCUMENTATION TO RESPECTIVE PACKING SLIPS & INVOICES.
 - ALL MATERIAL: SUPPLIER CERTIFICATE OF CONFORMANCE INCLUDING MANUFACTURE DATE, LOT/BATCH NUMBERS AND SERIAL NUMBERS (IF APPLICABLE).
 - FOR FACTORY NEW MATERIAL: MANUFACTURER'S CERTIFICATION INCLUDING MANUFACTURE DATE, LOT/BATCH NUMBERS AND SERIAL NUMBERS (IF APPLICABLE)

TERMS AND CONDITIONS OF PURCHASE

The following BLUE AEROSPACE Terms and Conditions of Purchase shall apply to purchases of goods or services by BLUE AEROSPACE Corporation, its subsidiaries and/or affiliates, pursuant to a Purchase Order incorporating these Terms and Conditions of Purchase.

1. DEFINITIONS. (i) All capitalized terms used herein and not defined shall take on the meaning ascribed to such terms in the Purchase Order (the "Order") which incorporates these Terms and Conditions of Purchase by reference. (ii) For the purposes of these Terms and Conditions of Purchase the following terms shall take on the assigned meanings: (A) "Terms of Purchase" shall mean the Order and these BLUE AEROSPACE Terms and Conditions of Purchase collectively, (B) "Buyer" shall mean the affiliate of BLUE AEROSPACE Corporation identified on the Order as the Buyer, and (C) "Seller" shall mean the party identified on the Order as the Seller.

2. GOVERNING PROVISIONS - These Terms of Purchase will constitute the entire agreement and understanding between the parties (except for any additional warranties or service guaranties given by Seller, or specifications provided by Buyer) with respect to the goods or services covered by these Terms of Purchase, unless a written agreement expressly referring to these Terms of Purchase expressly modifies or supplements these Terms of Purchase is signed by Seller and Buyer's contract administrator. Seller's acceptance is limited to these Terms of Purchase. All previous or concurrent negotiations and agreements with respect to the goods and services covered by these Terms of Purchase are superseded by these Terms of Purchase. If any terms or conditions of these Terms of Purchase conflict with any terms and conditions expressly stated in the Order, the terms and conditions of the Order issued by Buyer shall prevail and govern. Buyer rejects any additional or inconsistent terms and conditions offered by Seller at any time, whether or not such terms or conditions materially alter these Terms of Purchase and regardless of Buyer's acceptance of or payment for Seller's goods or services. These Terms of Purchase shall be deemed accepted by Seller upon the return of the acknowledgment of the Order (or deemed approval) and/or a copy of these Terms of Purchase, complete or partial performance by Seller, or by any other expression of acceptance by Seller.

3. TIME OF PERFORMANCE -Time is of the essence of Seller's performance of these Terms of Purchase. Without limiting the generality of the foregoing, Seller shall strictly comply with the times, rates of performance and other provisions of these Terms of Purchase, all of which are material provisions of these Terms of Purchase. At Buyer's request, Seller will provide Buyer with a performance assurance plan prepared in accordance with procedures established by Buyer and showing Seller's work in progress and yield factors for each major process step. The performance assurance plan will demonstrate that, based upon Seller's work in progress and yield factors, there is no significant risk that Seller may not meet its performance or delivery requirements. Seller shall not procure or manufacture items in advance of Seller's reasonable schedule for delivery. Seller shall promptly notify Buyer of any actual or threatened labor dispute or other occurrence that may delay timely performance under these Terms of Purchase, along with such information about the dispute or other occurrence as Buyer may request. In the event Seller delivers goods or services after the scheduled delivery date, in addition to all other rights and remedies available to Buyer hereunder, Buyer shall be entitled to an equitable reduction in the invoice price. Seller shall insert a clause substantially in the form of this Paragraph 3 (including, specifically, the immediately preceding sentence) in any subcontract hereunder.

4. PACKING AND SHIPPING; RISK OF LOSS; DELIVERY - All goods shall be suitably packed, marked conspicuously with Buyer's order number, and shipped in accordance with shipping instructions specified in these Terms of Purchase or elsewhere by Buyer, from time to time, and otherwise in such a manner as to obtain the lowest transportation cost without jeopardizing the time of delivery. Goods shall be packaged as directed by Buyer and otherwise in accordance with good commercial practices in a manner sufficient to ensure arrival in undamaged condition. No charge shall be made to Buyer for packaging, transportation or insurance unless separately itemized on the Order. Immediately upon shipment, Seller shall notify Buyer of complete shipping information. Title and risk of loss to goods covered by these Terms of Purchase shall pass to Buyer upon receipt by Buyer at Buyer's facility unless otherwise provided under these Terms of Purchase. Seller shall, at its expense, ship by express mail or air shipment or by the most expeditious way if timely delivery is endangered for any reason, other than solely the Buyer's fault. Seller shall deliver the goods and perform the services, in the quantities and within the times provided in these Terms of Purchase. Goods received in advance of Buyer's delivery schedule may, at Buyer's option, be returned at Seller's expense or be retained, in which case payment shall become due at the same time as if the goods had been delivered on the scheduled date. Buyer may reject all or any portion of any delivery that varies from the quantity authorized by Buyer for shipment.

5. TERMINATION - (i) Buyer may terminate the Order in whole or in part at any time and from time to time by written notice to Seller stating the extent and effective date of such termination. In the event of such a termination, Buyer shall pay to Seller (A) the price set forth in the Order for all goods delivered and services rendered which have, as of that date, been accepted by Buyer and not previously paid for,

(B) Seller's actual (and documented) costs reasonably incurred, unless it appears that Seller would have sustained a loss on the Order had it been completed. In no event shall the amount paid by Buyer to Seller under this clause (i) exceed the total Order price as reduced by the amounts of payments paid to Seller prior to the termination. Seller shall take all necessary action to reduce and avoid costs incurred on the terminated work and, to the extent not terminated, shall continue to perform any work not affected by the termination. Should the work be governed by the Federal Acquisition Regulations ("FAR"), upon delivery of notice of termination under this clause (i), the rights of the parties will be governed by Subsection 52.249-2 of the FAR as in effect on the date of the Order, which is incorporated into these Terms of Purchase by reference, *provided, however*, that: (w) all references to "1 year" in Paragraph (e) thereof shall be deemed to read "6 months", (x) Paragraph (j) thereof shall be deemed to require all disputes to be resolved pursuant to these Terms of Purchase, (y) the "90 days" time period in Paragraph

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Title: Purchase Order Flow Down Requirements	

(l) thereof shall be deemed to read "45 days", and (z) all references therein to the Government or the Contracting Officer shall mean Buyer or its designees (including the Government or its representatives if so designated by Buyer).

(ii) Buyer may terminate the Order in whole or in part at any time and from time to time for Seller's default if Seller: (A) does not perform strictly in accordance with these Terms of Purchase or fails to make progress so as to endanger performance hereunder, or (B) becomes insolvent or suspends any of its operations or if any petition is filed or proceeding commenced by or against Seller under any state or federal law relating to bankruptcy, reorganization, receivership or assignment for the benefit of creditors. Any such termination will be without liability to Buyer except for completed goods which were, as of that date, delivered and accepted by Buyer. Buyer may require Seller to transfer title and deliver to Buyer any or all property produced or procured by Seller for performance of the work terminated and Seller shall be credited with the reasonable value thereof not to exceed Seller's cost or the contract price, whichever is less. Seller will be liable for damages caused by or resulting from its default. If, after a default termination, it is determined that Seller was not in default, the termination shall be considered to have been made pursuant to Paragraph 5(i) above. Termination of the Order for default shall be without prejudice to any other rights and remedies of the Buyer under statute, common law, or otherwise.

To the extent the Order is not terminated by Buyer, Seller shall continue performance under these Terms of Purchase. Upon direction of Buyer, Seller shall also protect and preserve property in its possession in which Buyer or any of its direct or indirect customers may have an interest. Buyer shall have the right to audit all matters relating to any termination claim, or any potential termination claim and Seller shall make available to Buyer on request all books, records and information relating thereto.

6. INSPECTION AND REJECTION - Notwithstanding payment, passage of title, or prior inspection or test, all goods are subject to final inspection and acceptance or rejection by Buyer at Buyer's facility and goods shall not be deemed accepted until actually so inspected. Buyer, its direct and indirect customers, and representatives of the Federal Aviation Administration and other regulatory bodies may inspect and test the goods to be furnished under these Terms of Purchase at the places where the work is being performed, including those of the Seller's suppliers, and Seller shall provide, without additional charge, reasonable facilities and assistance for safe and convenient inspection and test. Buyer may inspect all or a sample of all goods at Buyer's option, and Buyer shall have the right to reject all or any portion of the goods if any such inspection reveals them to be, in Buyer's sole opinion, defective or nonconforming. Seller shall reimburse Buyer for any losses or damages incurred (including, but not limited to, shipping costs) in connection with such rejection. Seller shall provide and maintain a test and inspection system acceptable to Buyer and its direct and indirect customers. Records of all inspection work by Seller shall be kept complete and available to Buyer and its direct and indirect customers during the performance of these Terms of Purchase and for five years after final payment by Buyer or for such longer period as may be specified elsewhere in these Terms of Purchase or as may be required by applicable law or regulation. Buyer may inspect its property delivered to Seller and Seller's records relating to the goods and services furnished under these Terms of Purchase. Seller shall not replace goods returned as defective unless so directed by Buyer in writing. Seller shall keep adequate records of hours of direct labor and all costs incurred in the performance of these Terms of Purchase, which records shall be subject to audit by Buyer. All rejected materials will be held or returned at Seller's risk and expense. Without limiting Buyer's other remedies, all goods and services found nonconforming or defective as to material, workmanship, manufacture, or otherwise will immediately be repaired, corrected or replaced by Seller without expense to Buyer or, at the option of Buyer: (i) Seller will refund the price of (or issue a credit for) all such nonconforming or defective goods and services, (ii) such nonconforming or defective goods and services may be retained by Buyer subject to an equitable adjustment to price determined by Buyer, (iii) Buyer may have such nonconforming or defective goods and services repaired, corrected or replaced at Seller's expense, or (iv) the Order may be terminated in whole or in part for Seller's default. If Buyer, in its sole discretion elects, Buyer may repair defective material delivered by Seller if Buyer's delivery schedule requires such action and charge the cost thereof to Seller. Seller shall also be responsible for all costs relating to such defects or noncompliance, including, but not limited to, costs of removal, disassembly, failure analysis, fault isolation, reinstallation, re-inspection and retrofit. Buyer will not be required to return defective materials prior to replacement and Seller agrees to accept the report of Buyer and/or any government authority in respect to such defective items. Rejected items shall not be resubmitted for acceptance without a concurrent notice of the prior rejection.

7. PRICE AND INVOICES; TAXES - Seller agrees to execute and perform in accordance with these Terms of Purchase at the price shown on the Order. If Seller at any time during the effectiveness of these Terms of Purchase quotes or sells similar materials or services under similar conditions to any other customer at lower prices than those stated herein, such lower prices shall from that time be substituted for the prices stated on the Order. Unless otherwise expressly provided on the Order, the price stated on the Order shall be deemed to include any and all taxes and other government charges, now imposed or hereafter becoming effective, upon the production, sale, shipment, or use of the goods and services and Seller shall pay and discharge all such taxes and charges without reimbursement from Buyer. Invoices shall be submitted in duplicate and shall contain the following information: order number, item number, description of goods and services, sizes, quantities and unit prices. Buyer will pay invoices submitted hereunder within 37 days after receipt of invoices and acceptance of delivered items. Buyer may make any adjustment in Seller's invoices due to shortages, late delivery, rejections or other failure to comply with the requirements of these Terms of Purchase before payment. Payment periods and cash discounts will be computed from either the date of delivery or acceptance or the date of receipt of correct and proper invoices prepared in accordance with the Order, whichever is latest. Buyer may extend the payment date by the same number of days that the goods or services were delivered later than called for under these Terms of Purchase. Seller shall be liable for any taxes, duties or other assessments in connection with the sale, delivery, transfer, export, import or transportation of the goods ordered or services performed, except as otherwise expressly provided on the Order. Seller shall be responsible for obtaining all required governmental approvals in connection with these Terms of Purchase, including import and export licenses and exchange permits.

8. REPRESENTATION AND WARRANTIES - In addition to its standard warranty and/or service guaranty, Seller represents and warrants to Buyer and Buyer's direct and indirect customers that: (i) Seller has good and merchantable title to all goods supplied hereunder and that such goods shall be free and clear of all liens and encumbrances, be in conformance with all functional and performance requirements, be free from any defects in design, material or workmanship, be of good and merchantable quality, conform to applicable specifications, drawings, samples and designs, and be fit for the known purposes for which purchased hereunder, and comply and have been produced, processed and delivered in conformity with all applicable federal, state or other laws, and administrative regulations and orders. All services performed under these Terms of Purchase shall be free from defects in workmanship, will meet all applicable requirements and specifications, will be performed to the highest standards in the industry in conformity with all applicable federal, state or other laws, and administrative regulations and orders. The foregoing shall survive inspection, delivery, payment, sale, resale and use until the end of the applicable statute of limitations. The warranty period shall be suspended and tolled upon notice to Seller that nonconforming goods or services have been furnished until they have been repaired, corrected or replaced and redelivered to Buyer or, in the case of nonconforming services until they have been corrected. Seller warrants that none of the goods furnished under these Terms of Purchase are surplus, used, remanufactured or reconditioned, and that none of such goods are of such age or so deteriorated as to impair the usefulness or safety of such goods. Buyer's release or approval of any data or drawings shall not release or diminish any warranty, and (ii) the manufacture, sale and use of goods furnished hereunder (other than goods designed by Buyer) and the provision of services hereunder will not infringe or contribute to an infringement of any patent, copyright, trademark or other intellectual property rights.

9. INDEMNITY - Seller shall indemnify and hold Buyer, its successors and assigns and their direct and indirect customers and their respective directors, officers, employees, affiliates, agents and invitees harmless from and against any and all losses, liabilities, damages and expenses (including reasonable attorneys' fees and other costs of defending any claim or action) which any of them may incur (by reason or on account of property damage, death, personal injury or otherwise) in connection with or relating to any actual or alleged: (i) claim of negligence, (ii) breach of representation and/or warranty, (iii) strict liability in tort, (iv) defect or fault in goods or services, or (v) other claim in connection with the performance of these Terms of Purchase. Seller and Buyer shall keep and hold one another harmless from all damages, costs and liabilities arising out of or in connection with the presence of their personnel on the other's premises pursuant to these Terms of Purchase, provided, however, that such damage, loss and liability shall not have been caused by the negligence of the personnel of the indemnified party.

10. INSURANCE - Seller will acquire and/or maintain liability insurance, including but not limited to commercial general liability (including product liability and for services to be performed, completed operations liability) in a sum no less than \$5 million, automobile liability in a sum no less than \$5 million, workers' compensation in an amount no less than the applicable statutory minimum requirement and employer's liability in an amount no less than \$1 million, with insurance carriers acceptable to Buyer, and such other additional insurance as reasonably requested by Buyer in the amount reasonably requested by Buyer. Seller will, if requested by Buyer, furnish certificates of insurance from its carrier for any of the types of coverage aforementioned, which shall provide that such coverage shall not be changed, non-renewed, or canceled without 30 days advance written notification to Buyer from the carrier.

11. DRAWINGS, PLANS, TOOLS, DATA, WORK FOR HIRE, ETC. - Any technical information, drawings, ideas, plans, works of authorship, inventions, proprietary information, discoveries, patents, specifications, tools and other materials: (i) supplied to Seller by or on behalf of Buyer, (ii) designed by Seller at Buyer's expense, or (iii) designed specifically to meet Buyer-furnished technical requirements, is referred to herein as "Buyer's Property". Seller agrees that it will not sell any of Buyer's Property or goods incorporating any of Buyer's Property or similar or interchangeable or substitute goods or parts thereof to anyone other than Buyer. All of Buyer's Property shall remain the property of Buyer and shall be returned upon demand at Seller's expense. Buyer makes no representation or warranty with respect to any of Buyer's Property. Seller shall keep all Buyer's Property that is tangible safe and in good condition and shall bear the risk of loss with respect to such Buyer's Property. Seller shall not use Buyer's Property except in connection with sales to Buyer. Any information disclosed by Seller respecting the Buyer's Property or the design, manufacture, sale or use of the goods ordered shall be deemed to have been disclosed as part of the consideration for these Terms of Purchase. The entire right, title and interest in and to any discoveries, inventions, ideas, knowledge or patents arising out of or in connection with the work performed by Seller in connection herewith shall vest in Buyer. All of the foregoing is considered "works made for hire" under U.S. law, and Buyer shall be the author of such works. If any such work is determined by a court of competent jurisdiction not to be a "work made for hire," these Terms of Purchase shall be deemed an irrevocable assignment by the author of such work to Buyer, of the copyright in the work and all related rights, title, interests and goodwill therein and in connection therewith throughout the world. During performance of these Terms of Purchase, Seller shall not make changes in the design of goods covered by these Terms of Purchase. After completion of these Terms of Purchase if Seller discontinues any products or makes any modifications in design at any time, Seller guarantees that it will supply replacement parts for any goods ordered hereunder at then current prices for a period of at least five (5) years from the date of shipment. Notwithstanding any other provision of this Paragraph 11, Buyer's Property may be used by Seller in the manufacture of articles for direct sale to the

U.S. Government to the extent the U.S. Government has the right to authorize such use and discloses to Seller that it has such right, provided that such use will not interfere with Seller's performance of these Terms of Purchase and any other order with Buyer and provided further that Seller shall: (i) give Buyer written notice of each such proposed use at least ten (10) days prior to acceptance of a contract for such articles from the U.S. Government and, in the event Buyer objects to such use, forward Buyer's objection to the U.S. Government, (ii) to the extent practicable, prominently identify each article as being manufactured by Seller in performance of contracts for the U.S. Government, (iii) advise Buyer of the method of identification used, (iv) make no claim against Buyer that arises out of the use by Seller of such Buyer's Property, and (v) indemnify Buyer and hold Buyer harmless from and against any and all claims or liabilities resulting from performance of contracts for the U.S. Government. Where such Buyer's Property is furnished to Seller's suppliers for use in performance of Buyer's orders, including, but not limited to these Terms of Purchase, Seller shall insert the substance of this provision in all their orders with such suppliers. Nothing herein shall be construed as restricting the U.S. Government's use of Buyer's Property which the Government owns or is authorized to use. Seller further agrees that with respect to articles that may be sold by Seller to third parties pursuant to these Terms of Purchase, Seller shall not sell to any third party (other than the U.S. Government) any such articles that may be used in Buyer's aircraft products unless: (i) Seller has obtained a Parts Manufacturing Approval (PMA) from the Federal Aviation Administration (FAA) pursuant to Part 21.303 of the Federal Aviation Regulations, (ii) such sales is to a third party holding a PMA, FAA Technical Standard Order Authorization or Type Certificate, or (iii) such articles have been permanently marked as being "Not Approved for Aircraft Use". Seller agrees not to use or disclose any Buyer's Property to manufacture such articles or to obtain such PMA approval.

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Approved by: Moti Markowicz

Title:

Purchase Order Flow Down Requirements

12. CHANGES; STOP WORK ORDERS - Buyer may at any time, by a written change order, without notice to any sureties, make changes in any one or more of the following: (i) drawings, designs, specifications, where the articles to be furnished are to be specially manufactured for the Buyer in accordance therewith, (ii) method of shipment or packing, (iii) place or time of inspection, delivery, or acceptance, and (iv) the amount and types of Buyer's Property. If any such change causes an increase or decrease in the cost of, or time required for, performance of these Terms of Purchase an equitable adjustment shall be made in the price or delivery schedule or both and these Terms of Purchase shall be modified accordingly. No claim by Seller for adjustment hereunder shall be allowed unless made in writing for a specified amount within twenty (20) days from the date such change order is received by Seller. If Seller considers that the conduct, statement or direction of any of Buyer's employees constitutes a change hereunder, Seller shall notify Buyer's contract administrator and take no action on the perceived change pending written approval of Buyer's contract administrator. Only Buyer's contract administrator has authority to approve a change. Any change made by Seller without such written approval shall be deemed voluntary by Seller and not compensable in the cost of or time required for performance and nothing in this clause shall excuse Seller from proceeding with performance of these Terms of Purchase as contemplated by the Purchase Order prior to the change. Notwithstanding the above or any other provision of these Terms of Purchase, the Seller hereby agrees that no changes to the goods or services provided under these Terms of Purchase that may be required in order to meet the specified performance requirements of these Terms of Purchase shall entitle the Seller to any adjustment in either price or delivery. Buyer may at any time by sending a stop work order to the Seller, which requires the Seller to stop all or any part of its work under these Terms of Purchase for a period of up to 90 days after delivery of such stop work order. Immediately upon receipt of such stop work order, Seller shall comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work stoppage. At any time during such period, Buyer may, in whole or in part, either cancel such stop work order or terminate the work in accordance with Paragraph 5 these Terms of Purchase. To the extent the stop work order is canceled or expires, Seller shall resume work. If a stop work order is the sole and exclusive cause of a material change in cost or delivery, an equitable adjustment shall be made in the price (excluding profit) or the delivery schedule, and the Order is modified accordingly, *provided, however*, that no adjustment in price or delivery shall be made under this provision if: (i) the work would have been otherwise interrupted or delayed, or (ii) such adjustment is available or expressly excluded under any other provision of these Terms of Purchase. No claim for adjustment shall be allowed unless submitted to Buyer in writing in a specified amount within twenty (20) days after the work is terminated or the stop work order expires or is canceled, whichever first occurs.

13. ASSIGNMENT; RIGHT OF SETOFF - Seller shall not assign or subcontract the work to be done hereunder without the prior written consent of Buyer, but this provision shall not restrict Seller in the procurement of parts or materials. To the extent that Seller procures any parts or materials to be furnished hereunder for which the Seller shall take full responsibility, Seller agrees to require compliance with these Terms of Purchase by its suppliers or subcontractors as though such suppliers or subcontractors were Seller. These Terms of Purchase and Buyer's rights under these Terms of Purchase may be assigned by Buyer without the consent of, or notice to, Seller. Buyer and its affiliated companies may setoff any amount due from Seller to Buyer or its affiliated companies whether or not under these Terms of Purchase, from any amounts due to Seller.

14. COMPLIANCE WITH LAWS - Seller agrees and certifies that the goods and services to be manufactured or furnished hereunder have been and/or will be produced in compliance with all applicable laws, executive orders, rules and regulations, including, but not limited to, the U.S. Department of Labor Fair Labor Standards Act (FLSA), under Section 14 thereof, as amended, and the regulations and orders of the Occupational Safety and Health Act of 1970, as amended ("OSHA"). Assurance that the goods and services were so produced shall be given to Buyer by Seller including a certificate to that effect in all invoices for the goods. The Contract Clause contained in Section 301 of Executive Order 10826 issued March 6, 1961, 26 F.R. 1977 as heretofore or hereafter amended is hereby incorporated by reference Seller shall file compliance reports at such times and in such form and substance as may be prescribed by applicable rules or regulations. Seller agrees to furnish information, within seven days of Buyer's request, regarding payment, offer, or agreement to pay "political contributions" or "fees or commissions" (as those terms are defined at 22 C.F.R. 130) with respect to any sale by the Buyer for which a license or approval is required from the Office of Defense Trade Controls, Department of State or any sale pursuant to a contract with the Department of Defense under Section 22 of the Arms Export Control Act (22 U.S.C. § 2762). Seller shall comply with all applicable laws, rules, regulations and orders of the United States of America and any and all agencies thereof, including the Federal Aviation Administration, in connection with all Terms of Purchase and all transactions contemplated hereunder. Seller agrees to comply with applicable Export Laws and Regulations of the United States and further agrees to comply with any and all export laws and regulations regarding the export and transfer of information. Seller further acknowledges that the transfer of aircraft components or information may require an individual validated export license from the U.S. government in order to export, re-export, transship or otherwise provide same to a non-U.S. person (even if such person is in the U.S. at the time of receipt). Such persons include, but are not limited to, employees of either party who are not U.S. citizens and non-U.S. divisions and subsidiaries of either party. Seller shall not export or otherwise transfer such covered components or information to a non-U.S. person without the Buyer's prior written permission. These Terms of Purchase incorporate by reference and are subject to the following regulations of the Office of Federal Contract Compliance Programs, US Department of Labor:

(i) 41 CFR §60-1.4 - Equal Opportunity Clause (race, color, religion, sex and national origin), (ii) 41 CFR §60-250.5 and 300.5 - Equal Opportunity Clause and Affirmative Action Clause for Applicable Veterans, and (iii) 41 CFR §60-741.5 - Equal Opportunity Clause and Affirmative Action Clause for Disabled Persons. Seller shall conform to the applicable requirements of the foregoing and impose these requirements upon applicable subcontractors.

15. APPLICABLE LAW; ATTORNEYS' FEES IN EVENT OF DISPUTE - These Terms of Purchase shall be governed by and construed under the laws of the State of Florida without resort to Florida's conflicts of laws rules. The United Nations Convention on the International Sale of Goods (CISG) shall not apply to the Order, these Terms of Purchase, or any of the transactions contemplated by the Order or governed by these Terms of Purchase. Buyer and Seller hereto irrevocably submit to the jurisdiction of the courts of the State of Florida and the Federal courts of the United States of America located in Miami-Dade County in the State of Florida, in any action or proceeding arising out of or relating to these Terms of Purchase, or any document or agreement delivered in connection with or in furtherance of these Terms of Purchase, and Buyer and Seller hereby irrevocably agree that all claims in respect of any such action or proceeding must be brought and/or defended only in such courts, Buyer and Seller irrevocably waive, to the fullest extent each may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING HEREUNDER. The prevailing party in any litigation arising hereunder will be entitled to recover its reasonable costs thereof, including, without limitation, reasonable attorneys' fees and expenses. If Seller is incorporated outside the United States, to the extent that Seller or any of its property is or becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise from any legal action, suit or proceeding, or other legal process in any jurisdiction, Seller for itself and its property does hereby irrevocably and unconditionally waive, and agrees not to assert, plead or claim, any such immunity with respect to its obligations, liabilities or any other matters resulting from or arising under or in connection with these Terms of Purchase for the subject matter hereof. Pending the resolution of any dispute hereunder (whether prior to litigation, during litigation or upon appeal), at Buyer's option, Seller shall proceed diligently with performance under these Terms of Purchase.

16. FOREIGN MANUFACTURE OF U.S. MUNITIONS LIST ARTICLES - If Seller is other than a U.S. supplier and has received technical data or manufacturing drawings for articles on the U.S. Munitions List under a license from the U.S. Department of State, Office of Defense Trade Control, then the following shall apply: (i) the technical data and manufacturing drawings supplied shall be used solely for the purpose of manufacture of such Munitions List articles covered by these Terms of Purchase, (ii) disclosure of the technical data or manufacturing drawings to any person other than subcontractors of the Seller and Seller's nationality within Seller's country that are qualified and approved by Buyer is prohibited, (iii) any qualified and approved subcontractors within Seller's country shall adhere to all of the clauses included in these Terms of Purchase including the requirement that Seller and Seller's subcontractors destroy or return all of the technical data or manufacturing drawings furnished by Buyer under these Terms of Purchase upon completion of these Terms of Purchase, (iv) the delivery of the Munitions List articles manufactured by Seller may be made only to Buyer, U.S. persons designated by Buyer, or agencies of the U.S. Government, and (v) Seller shall return to Buyer the executed acknowledgment copy of these Terms of Purchase indicating its agreement to all of the terms and conditions hereof for delivery to the U.S. Department of State, Office of Munitions Control under the U.S. Department of State Export License indicated on the Order.

17. CONFIDENTIAL RELATIONSHIP - Except as required by law, Seller shall treat as confidential and proprietary to Buyer and not directly or indirectly disclose (or permit its employees, agents, subcontractors or suppliers to disclose) any and all information supplied by or on behalf of Buyer which Buyer deems to be confidential, valuable or proprietary or which Seller should reasonably believe to be confidential, valuable or proprietary to Buyer, including, but not limited to, the prices and terms hereof. Unless the written consent of Buyer shall first be obtained and except as required by law, Seller shall not in any manner advertise or publish or release for publication any statement mentioning Buyer or the fact that Seller shall have furnished or contracted to furnish to Buyer goods and services or quote the opinion of any employee of Buyer.

18. MISCELLANEOUS - The rights and remedies herein reserved to Buyer are cumulative and in addition to any further rights and remedies available to it at law or in equity. All notices, receipts or demands of any kind hereunder will be effective (i) when actually delivered (or attempted to be delivered if rejected) by certified mail or overnight courier to the parties' addresses set forth on the reverse side hereof, or (ii) upon receipt thereof if sent by facsimile transmission to the parties' telecopier numbers if specified on the reverse side hereof, provided such transmission is promptly confirmed by mail or courier as provided in clause (i) of this Paragraph 18. The failure or delay by Buyer to enforce any right hereunder will not be a waiver of such right or a waiver of any other right or provision hereunder, nor will any waiver constitute a continuing waiver, and any such waiver by Buyer shall be effective only if in writing and signed by Buyer making reference to these Terms of Purchase. These Terms of Purchase may not be changed orally. Buyer's employees are to refrain from receiving any gift from a supplier or would-be supplier of products or services to Buyer or from other organizations or individuals that have business relations with Buyer. Seller agrees to offer no such gratuities to any employees of Buyer. Buyer may, by written notice to Seller, terminate these Terms of Purchase in whole or in part if it is found that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by Seller, or any agent or representative of Seller, to any officer or employee of Buyer with a view toward securing a purchase order, including but not limited to these Terms of Purchase, or securing favorable treatment with respect to the awarding or the making of any determinations with respect to the performance of these Terms of Purchase.

19. SEVERABILITY - If any part of these Terms of Purchase shall be held invalid, illegal and/or unenforceable, it shall be deemed separable and the remainder of these Terms of Purchase shall continue in full force and effect, and in lieu of such invalid, illegal and/or unenforceable provision there shall automatically be added as part of these Terms of Purchase a provision as similar in terms to such invalid, illegal and/or unenforceable provision as may be possible which is valid, legal and enforceable. If Buyer deems that any provision automatically added to these Terms of Purchase pursuant to the immediately aforementioned sentence adversely affects it, Buyer may cancel, amend, and/or waive all, or any part, of these Terms of Purchase.