USM Aerostructures, Corp
Aerospace & Commercial Metal Manufacturing and Integration
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PURCHASE ORDER TERMS AND CONDITIONS

1. ACCEPTANCE:

The Purchase Order (herein, The Order) shall become a contract, of which these terms and conditions shall be a part. Any exception to the contract by Seller (herein, the Supplier) must be negotiated with USM Aerostructures, Corp. (herein, USMA). Any exceptions to the Purchase Order and the Terms and Conditions, acceptable to the Buyer (USMA), must be listed in an Amendment to the Purchase Order. The materials, services, or other items covered by this contract are herein referred to as "Product".

2. SHIPMENT/DELIVERY:

Shipments or deliveries, as specified in The Order, shall be strictly in accordance with; the specified quantities, without shortage or excess; the specified schedules, neither ahead of nor behind schedule; and the other requirements of The Order. Supplier shall promptly notify USMA in writing of any anticipated or actual delay, the reasons therefor, and the actions being taken by Supplier to overcome or minimize the delay. If requested by USMA, Supplier shall, at Supplier's expense, ship via air or other fast transportation to avoid or minimize the delay to the maximum extent possible.

3. PACKING AND SHIPPING:

Supplier shall prepare and pack the product per specification requirements of USMA and/or its Customers listed on the Purchase Order. When no specific packing requirements are specified, Supplier shall:

a. Pack the product using enough dunnage to prevent damage from external forces (such as dropping, kicking or punctures), and deterioration during transit.
b. Using a cardboard/corrugated container that is sturdy with a Mullen Test rating of 200# (32 ECT) or better.
c. Packaging must comply with carrier regulation and tariffs.
d. Overall product weight must be less than 30lbs per single container.
e. Overall volume of a single container must be less than 2.5 cubic feet.
f. If the product weighs more than 30lbs, and its component parts can be separated, then multiple containers - with the above requirements - will be used to ship the product.
g. Large volume containers must be made of wood and shipped via LTL carrier mounted on a pallet.
h. Charges for preparation, packing, crating, and cartage must be included in the price, unless separately specified in the order.
i. Goods sold F.O.B. place of shipment, shall be forwarded collect.

j. Supplier shall make no declaration concerning value of goods shipped, except on goods where tariff rating is dependent upon released or declared value, in which event Seller shall release or declare such value at maximum value within the lowest rating.

4. INSPECTION AND REJECTION:

All material shall be received subject to Purchasers inspection and rejection. Defective material not in accordance with Purchasers specifications will be held for Supplier's instruction, and at Supplier's risk, and if Supplier so directs, will be returned at Supplier's expense. No product returned as defective shall be replaced without a new order. Payment for material on this contract prior to inspection shall not constitute an acceptance thereof.

5. WARRANTY:

Supplier warrants that at the time of delivery, material furnished by it, shall comply with the specifications of Purchase Order as to materials and workmanship, in the event of any breach of this warranty, USMA shall have the right to require Supplier to correct or replace all defective material promptly at the expense of Supplier. Supplier shall indemnify and save harmless USMA from any liability that it may incur to others, by reason of any breach of this warranty.

6. CANCELLATION/DEFAULT:

USMA may cancel this order in whole or from time to time in part, effective as of the date specified by USMA in accordance with the provisions of FAR 52.249-8, which provisions are incorporated herein by reference, in the event of a Supplier default, or in the event of Supplier's suspension of business, insolvency, reorganization or arrangement or liquidation proceedings, assignment for the benefit of creditors, or actual or constructive rejection by a bankruptcy trustee, or appointment of a receive for Supplier's property. In FAR 52.249-8, "Government" and "Contracting Officer" except in paragraph (c), shall mean USMA, "Contractor" shall mean Supplier, and all references into a "Dispute" clause are deleted. If USMA and Supplier fail to agree on the amount to be paid for manufacturing materials referred to in paragraph (f) of FAR 52.249-8, the amount shall be the reasonable value thereof but not to exceed that portion of the price of this order which is reasonably allocable to such materials.

7. RESPONSIBILITY FOR PERFORMANCE:

USMA issuance of this order is based in part on USMA reliance upon Supplier's ability, expertise and awareness of the intended use of the product, and Supplier's continuing compliance with all applicable laws and regulations during the performance of this order. Further, Supplier shall not, by contract, operation of law, or otherwise, assign any of its rights or interest in this order, including

but not limited to any right to monies due or to become due, or delegate any of its duties or obligations under this order, or subcontract all or substantially all of its performance of this order to one or more third parties, without USMA's prior written consent. No assignment, delegation or subcontracting by Supplier with or without USMA's consent shall relieve Supplier of any of its obligations under this order.

8. QUALITY REQUIREMENTS:

a. The Supplier shall implement a Quality Management System.
b. The Supplier Shall Notify USMA of changes in product and/or processes.
c. The Supplier is hereby notified of the right of access by USMA, USMA's customers, and regulatory authorities to all facilities involved in the performance of this contract and to all applicable records.
d. The Supplier is hereby notified of the requirement to flow down to the Supplier's sub-tier vendors of any applicable requirements within this contract (PO).
e. The Supplier shall notify USMA of any nonconforming products and shall make arrangement to obtain USMA's approval of supplier's nonconforming products.
f. The Supplier shall notify USMA of changes to:
    i. Manufacturing Processes,
    ii. Products key characteristics,
    iii. Manufacturing facility location.
g. The Supplier is hereby notified of the requirements of retaining all the documentation (Legal Records) pertaining to this contract for a minimum of 10 years.
h. The Supplier shall make sure that all its personnel is fully aware of:
    i. Their contribution to the Product/Service conformity & requirements (including but not limited to protecting against FOD and having a Clean-as-you-go housekeeping process)
    ii. Their contribution to the Product/Service safety,
    iii. Their importance of their ethical behavior while performing the work to realize the Product subject of this Contract.

9. COMPLIANCE WITH LAWS:

a. Supplier shall comply with all applicable statutory State, Federal, and Local Laws, Rules and Regulations
b. The purchased Product subject of this contract (P.O.) is intended to satisfy orders for Prime Contractors of the U.S. Department of Defense (DOD) and ultimately will be used by the DOD. Therefore, the Product, as a minimum, shall comply with the following regulations:

i. "Buy American Act", BAA 41 USC 10a to 10d, FAR 25.1 & 25.2

ii. "Specialty Metals Restrictions", SMR 10 USC 2533d

iii. "Qualifying Countries", QC DFAR 225.003(9)

c. The supplier shall have in place a system to prevent the use of Counterfeit Parts (Product).

10. EQUAL OPPORTUNITY & FAIR LABOR STANDARDS:

Supplier shall comply with all current Federal, State and Local Laws.

11. RIGHT TO AUDIT:

Supplier's records and facilities, or such parts thereof as may be engaged in the performance of this order, shall at all reasonable times be subject to audit by an authorized representative of the USMA OR ITS CUSTOMERS.

12. ADDITIONAL TERMS AND CONDITIONS:

The Term and Conditions of this document apply to all Purchase Orders issue by USMA and are in addition to the Terms and Conditions listed in The Order. Documentation provided with The Order, such as drawings, specification, or special instructions shall be use only once and for the purpose intended by The Order. Records shall be maintained for at least ten (10) years.