

# ACE CLEARWATER ENTERPRISES

## TERMS AND CONDITIONS OF PURCHASE

### ACKNOWLEDGMENT

ACE Clearwater Enterprises (Seller) acknowledges this order and will advise when shipment will be made. Any change by the Buyer in shipping date, or scope of work listed herein requires a confirmation by the Buyer in writing.

### PACKING

All articles shall be suitably packed or otherwise prepared for shipment, so as to secure the lowest transportation and insurance rates, and to meet carriers' requirements.

### INVOICES

Invoices are mailed at time of shipping. Any cash discount periods must be agreed to in the contract, and begin at date of receipt of invoices. Freight and other charges must be shown if discount is not to be taken on full amount of invoice. Seller must show method of transportation, and if articles are sent prepaid or collect.

### CHARGES

No charges shall be made for cartons, wrapping, packing, boxing, crating, drayage or other cost unless authority for such charge is expressly incorporated in the P.O.

### DISCOUNT PAYMENTS

By paying your invoice before arrival or complete inspection of the material at our plant, we avail ourselves of the cash discount only and will hold your account subject to adjustment for any shortage in quantity, failure to make specified delivery or rejection for any reason.

### CANCELLATION

The Buyer reserves the right to cancel this P.O. or any part thereof if delivery is not made as specified. Furthermore, such cancellation shall incur no liability on the part of the Buyer.

### INSPECTION AND REJECTION

All articles or materials ordered will be subject to final inspection and approval by either the Buyer's inspectors, delegated source and/or the government's inspectors. Such inspection shall be made within a reasonable time after delivery. The Buyer may return any rejected articles to the Seller for full credit or reimbursement at the Seller's expense.

### CONFIDENTIAL

When deemed confidential, the Seller shall not, without first obtaining the written consent of the Buyer, in any manner advertise or publish the fact that the Seller has furnished or has contracted to furnish the Buyer, the articles herein mentioned. The Seller shall not disclose any of the details connected with this order to any third party except for the purpose of ordering materials necessary to the fulfillment of this order.

### THIS CONTRACT

This contract may not be assigned by the Seller without the Buyer's written consent. All work performed against this P.O. must be performed at the facility listed, and by the listed facility's employees. All work to be performed by a sub-tier of the facility listed must be approved by the Buyer in writing prior to the work being performed. If a sub-tier is approved by the Buyer, the facility listed must flow down all quality requirements to the approved sub-tier as listed herein. All aircraft related work and materials against this P.O. must be in accordance with one or more of the following quality requirements: AS9100, ISO 9001, or NADCAP certification. All non-destructive testing (NDT) listed herein must be performed by a level 2 inspection technician or greater. All heat-treating services listed herein must be performed by an accredited technician.

### INSOLVENCY AND CANCELLATION

In the event of any suspension of payment or the institution of any proceedings by or against either party, voluntary or involuntary, in bankruptcy or insolvency, or under the provision of Section 77B of the United States Bankruptcy Act, or for the appointment of a receiver or trustee or an assignee for the benefit of creditors, of the property of either party, or in the event of the breach of any of the terms hereof including the warranties of the Seller, the other party shall be entitled to cancel this contract forthwith.

### SPECIAL EQUIPMENT

Special dies, tools, patterns and drawings of said fixtures used in the manufacture of the articles contracted for herein, shall be the property of the Buyer if specifically contracted to be so. If not specified as such, these said fixtures, dies, tools, patterns and drawings shall remain the intellectual and physical property of ACE Clearwater Enterprises. They shall be kept in good condition and from time to time be replaced by the Seller without expense to the Buyer, except for actual costs of changes that are due to the Buyer's change of design or specifications, which shall be paid for by the Buyer, if such changes are made prior to the exhaustion of the useful life of the dies, tools or patterns changed. No dies, tools, patterns or drawings supplied to the Seller or used in the manufacture of articles contracted for herein shall be used in the production, manufacture or design of any other articles, nor for the manufacture or production of larger quantities, than specified, except with the express consent in writing of the Buyer, and at the termination of this contract they shall be stored or deposited of as Buyer directs.

### PATENT PROTECTION

By accepting this order, Seller agrees to indemnify and hold harmless and protect the Buyer, its successors, assigns, customers and the users of its products, from and against all loss, liability, claims, demands and suits, at law or equity, for actual or alleged infringement of any Letter Patent, Trade Marks, or corresponding rights granted by the United States of America, or any of the states, by reason of the use or sale of articles hereby ordered. If any of the articles ordered are protected by one or more patents, and a degree of be entered in a court of competent jurisdiction holding any such patent or any of its claims invalid, or so limited in scope as to impair its protection commercially, this contract may forthwith be canceled by the Buyer.

### WARRANTIES

The Seller warrants that the articles to be supplied under this contract are fit and sufficient for the purposes intended; that they are merchantable, of good quality, and free from defects, whether patent or latent, in material and workmanship, and that material or equipment for aircraft construction conforms to the specifications (see below), and all specifications of Buyer applicable to said articles. Seller agrees at its own expense, and whenever and as often as requested by the Buyer so to do to furnish and deliver to Buyer evidence in form and substance satisfactory to the Buyer showing that each and all of said specifications have been fully and completely conforms to such specifications. The Seller warrants that it has good title to the articles to be supplied and that they are free and clear from all liens or encumbrances.

### SPECIFICATIONS

All specifications listed herein are to be performed and certified to according to the latest specification revision levels. For copies of any of the specifications listed herein please contact ACE Clearwater Enterprises. at 310-538-5380. All materials or equipment for aircraft construction listed herein to which U.S. Government Agencies or Commercial Aeronautics Authority specifications are applicable, Seller must comply with such specifications current as of the date of this purchase order. Should U.S. Government Agencies or Commercial Aeronautics Authority specifications of any material or equipment listed herein be revised prior to shipment, Seller, by first obtaining the written consent of the Buyer, may furnish such material or equipment in accordance with the revised specifications.

### RIGHT OF ACCESS

The Buyer, our customers and regulatory authorities shall have access to all facilities involved in this purchase order and to all applicable records.

### RECORD RETENTION

Seller acknowledges for all commercial aircraft, work performed and/or materials from this P.O., suppliers must retain all records a minimum of (7) years, unless otherwise noted. For all F-22 aircraft, work and/or materials from this P.O., suppliers must retain records a minimum of (24) years. For all F-35 aircraft work and/or materials against this P.O., suppliers must retain records a minimum of (30) years.

### WAIVER

Waiver by consent of purchaser in writing of any clause or part of these terms and conditions does not affect any other terms and conditions unless otherwise stated.

### EXPEDITING

Inasmuch as the material on this order is a component or a unit of item for which ACE Clearwater Enterprises is committed to a defined delivery schedule, and ACE Clearwater Enterprises is required to furnish progress reports, it is necessary to the fulfillment of this responsibility, that the vendor agrees as a condition of this order, to furnish ACE Clearwater Enterprises upon request with any pertinent information related to the production process of items on this order. The vendor also agrees to permit ACE Clearwater Enterprises at its discretion to check the information so furnished by permitting reference to purchase stock, production and other related records.

### THE SELLER AGREES

The Seller agrees to be bound by and to bring to the attention of all persons engaged in the performance of this order, including persons employed on subcontractors, the following provision of the Espionage Act: "... (d) whoever, lawfully or unlawfully having possession of, access to, control over, or being entrusted with any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance or note relating to the National Defense willfully communicates or transmits or attempts to communicate or transmit the same to any person not entitled to receive it... or (e) whoever being entrusted with or having lawful possession or control of any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance or note relating to the National Defense, through gross negligence permits the same to be removed from its proper place of custody or delivered to anyone in violation of this trust, or to be lost, stolen, abstracted, or destroyed, shall be punished by a fine of not more than \$10,000.00 or by imprisonment for not more than 2 years or both."

### NONDISCRIMINATION IN EMPLOYMENT

It is understood and agreed that the supplier shall comply with all requirements as set forth by the State of California Fair Employment Practice Commission in the performance of any agreement or contract resulting from these quotations, purchase order and contract.