

ALABAMA AIRCRAFT INDUSTRIES, INC. (AAIL) – BIRMINGHAM FACILITY
GENERAL
TERMS AND CONDITIONS

1. DEFINITIONS. As used throughout this Purchase order, the following terms shall have the meanings set forth below unless the context otherwise requires:
 - (i) "This Purchase order" means this Purchase Order, the Terms and Conditions herein set forth, and all supplemental sheets, schedules, specifications, exhibits, riders, regulations, laws or other data expressly stated in full text or incorporated herein by reference: "AAIL - Birmingham",
 - (ii) "Buyer" or "Purchaser" means AAIL - Birmingham an Alabama Corporation.
 - (iii) "Contractor", "Vendor", or "Offeror", means the party to whom this Purchase Order is issued.
 - (iv) "Subcontract" means Orders issued by Offeror under this Purchase Order;
 - (v) "articles", "supplies" or "services" as used either separately or severally refer to the materials, goods, articles, products, supplies, parts, assemblies, technical data, drawings, specifications, or services hereinafter referred to as items constituting the subject matter specified to be delivered by Offeror to AAIL - Birmingham under this Purchase Order;
 - (vi) "materials", unless otherwise stated, shall include raw materials, purchased parts, work in process and components;
 - (vii) a "Proprietary Information Agreement" (PIA) will be established when technical information is being provided to the offeror either during a solicitation or submission of a purchase order. The PIA will be maintained by the Director of Supply Chain Management. See para 19 below for additional information.
 - (viii) "tools" unless otherwise stated, shall include tools, dies, gigs, machinery, fixtures, molds, patterns, taps, gauges, and test equipment:
 - (ix) and "destination" shall mean the place specified in this Purchase Order to which delivery of the items purchased shall be made.
 - (x) Technical may require the establishment of a Proprietary Information Agreement.
2. ACCEPTANCE. In the absence of Offeror's written acceptance or acknowledgment of this Purchase Order, the commencement or performance of any portion of this Purchase Order or the shipment of any items hereunder shall constitute Offeror's acceptance of this Purchase Order. Offeror's failure to object to these terms and conditions prior to acceptance of this Purchase Order shall constitute Offeror's acceptance of all terms and conditions set forth herein. An acknowledgment by Offeror containing terms and conditions inconsistent with or in addition to the terms and conditions of this Purchase Order shall constitute a counter-offer by Offeror to AAIL - Birmingham, whether or not such terms materially alter this Purchase Order, and such counter-offer shall not be binding upon AAIL - Birmingham until specifically accepted by AAIL - Birmingham in writing. Suppliers upon request will provide:
 - (i) Anti-Lobby Certificate,
 - (ii) Statement of Political Contributions,
 - (iii) Confirmation of debarment status,
 - (iv) Copy of their approved Small Business Management Plan,
 - (v) Certificate for an approved cost accounting system (CAS)
3. APPLICABLE LAW. This Purchase Order shall be governed by and construed in accordance with the laws of the State of Alabama.
4. DELIVERY. Deliveries to be made in strict compliance with this Purchase Order. Offeror agrees to ship prepaid, via premium transportation, any material delayed in delivery by fault of Offeror, and to bear any increase in costs occasioned thereby. Title to items specified in this Purchase Order shall pass from Offeror to AAIL - Birmingham upon delivery at destination unless otherwise stated herein, but such passage of title shall not constitute acceptance of such items by AAIL - Birmingham.
5. INSPECTION AND ACCEPTANCE. All items ordered hereunder shall be subject to (i) inspection by AAIL - Birmingham on the premises of Offeror at all reasonable times during the period of Offeror's performance; (ii) inspection by AAIL - Birmingham prior to shipment and (iii) final inspection and acceptance by AAIL - Birmingham at destination. Notwithstanding prior inspection, acceptance, payment for, or use of the items delivered hereunder, AAIL - Birmingham shall have the right, exercisable within ninety (90) days of the receipt by it of the items called for, to reject any such items which do not conform to the requirements of this Purchase Order at the time of delivery. Rejected items may be returned at Offeror's risk and expense and replacement of non-conforming items will not be made by Offeror unless specified in writing by AAIL - Birmingham. At its option, AAIL - Birmingham may require Offeror to correct, repair or replace any defective or non-conforming item(s) with all possible speed at Offeror's expense, or to refund the entire price of such defective or non-conforming items, including shipping costs to destination: excepting, however, those items which Offeror and AAIL - Birmingham agree shall be corrected by AAIL - Birmingham at Offeror's expense. Offeror shall be responsible for all items covered by this Purchase Order until delivery at destination and shall bear all risks as to rejected items after notice of rejection. AAIL - Birmingham's rights under this clause are in addition to and shall not be deemed to diminish its rights under any other provision of this Purchase Order.
6. QUALITY CONTROL. Offeror shall maintain and follow a quality control system acceptable by AAIL - Birmingham. Seller shall establish and maintain a quality control system acceptable to Buyer for the Services purchased under this contract. Offeror must notify Buyer of changes to manufacturing process's.

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7. RIGHTS OF BUYER'S CUSTOMERS AND REGULATORS TO PERFORM INSPECTION, SURVEILLANCE, AND TESTING. Buyer's rights to perform inspections, surveillance and tests and to review procedures, practices, processes and related documents related to quality assurance, quality control, flight safety- and configuration control shall extend to the customers of Buyer that are departments, agencies or instrumentalities of the United States Government and to the United States Government Federal Aviation Administration and any successor agency or instrumentality of the United States Government. Buyer may also, at Buyer's option, by prior written notice from Buyer's Authorized Procurement Representative, extend such rights to other customers of Buyer and to agencies or instrumentalities of foreign governments equivalent in purpose to the Federal Aviation Administration. Seller shall cooperate with any such United States Government-directed or Buyer-directed inspection, surveillance, test or review without additional charge to Buyer. Nothing in this contract shall be interpreted to limit United States Government access to Seller's facilities pursuant to law or regulation.
8. INSPECTION.
- At no additional cost to Buyer, Services shall be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' locations. Buyer shall perform inspections, surveillance and tests so as not to unduly delay the work.
 - Seller shall maintain an inspection system acceptable to Buyer for the Services purchased under this contract.
 - If Buyer performs an inspection or test on the premises of Seller or its subcontractors, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties.
9. ACCEPTANCE. Buyer shall accept the Services or give Seller notice of rejection within a reasonable time after delivery, notwithstanding any payment or prior test or inspection. No inspection, test, delay or failure to inspect or test or failure to discover any defect or other nonconformance shall relieve Seller of any of its obligations under this contract or impair any rights or remedies of Buyer or Buyer's customers.
10. REJECTION.
- If Seller delivers nonconforming Services, Buyer may require Seller to promptly correct or replace the nonconforming Services. Redelivery to Buyer of any corrected or replaced Services shall be at Seller's expense.
 - In addition Buyer may (i) correct the nonconforming Services or (ii) obtain replacement Services from another source at Seller's expense.
 - Seller shall not redeliver corrected or rejected Services without disclosing the former rejection or requirement for correction. Seller shall disclose any corrective action taken. All repair, replacement and other correction and redelivery shall be completed within the original delivery schedule or such later time as Buyer may reasonably direct.
- d. Seller shall immediately notify Buyer in writing when discrepancies in Seller's process or materials are discovered or suspected which may affect the Services delivered or to be delivered under this contract.
11. SCHEDULE
- Seller shall strictly adhere to the shipment or delivery schedules specified in this contract. In the event of any anticipated or actual delay, including but not limited to delays attributed to labor disputes, Seller shall: (i) promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; (ii) provide Buyer with a written recovery schedule; and (iii), if requested by Buyer, ship via air or expedited routing to avoid or minimize delay to the maximum extent possible, unless Seller is excused from prompt performance as provided in the "Force Majeure" article of this contract. The added premium transportation costs are to be borne by Seller.
 - Seller may deliver parts up to 30 days before requested delivery date without penalty.
12. RECORDS AND AUDIT. Seller shall retain all records and documents pertaining to the Services for a period of no less than three years after final payment. Such records and documents shall date back to the time this contract was issued and shall include, without limitation, catalogs, price lists, invoices and inventory records for purposes of verification of prices or rates charged by Seller for Services procured by Buyer. Buyer shall have the right to examine, reproduce and audit all such records related to pricing and performance to evaluate the accuracy, completeness and currency of cost and pricing data submitted with Seller's bid or offer to sell and related to "Changes," "Termination for Convenience" or "Cancellation for Default" articles of this contract.
13. CHANGES: Buyer's Authorized Procurement Representative may, without notice to sureties and in writing, direct changes within the general scope of this contract in any of the following: (i) technical requirements and descriptions, specifications, statement of work, drawings or designs; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules or both; (v) amount of Buyer-furnished property; and, if this contract includes services, (vi) description of services to be performed; (vii) the time of performance (e.g., hours of the day, days of the week, etc.); (viii) place of performance, and (ix) terms and conditions of this contract required to meet Buyer's obligations under Government prime contracts or subcontracts. Seller shall comply immediately with such direction.

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- a. If such change increases or decreases the cost or time required to perform this contract, Buyer and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Buyer shall modify this contract in writing accordingly. Unless otherwise agreed in writing, Seller must assert any claim for adjustment to Buyer's Authorized Procurement Representative in writing within 25 days and deliver a fully supported proposal to Buyer's Authorized Procurement Representative within 60 days after Seller's receipt of such direction. Buyer may, at its sole discretion, consider any claim regardless of when asserted. If Seller's proposal includes the cost of property made obsolete or excess by the change, Buyer may direct the disposition of the property. Buyer may examine Seller's pertinent books and records to verify the amount of Seller's claim. Failure of the parties to agree upon any adjustment shall not excuse Seller from performing in accordance with Buyer's direction.
- b. If Seller considers that Buyer's conduct constitutes a change, Seller shall notify Buyer's Authorized Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Buyer's Authorized Procurement Representative, Seller shall take no action to implement any such change.
14. **ADDITIONAL QUANTITIES OF ITEMS.** Except as otherwise provided in this Purchase Order, no payment for additional quantities of items shall be made unless such additional quantities and the price thereof have been authorized in writing by AAIL - Birmingham.
15. **RESPONSIBILITY FOR PROPERTY.** Offeror shall bear the risk of, and be liable for, any loss or destruction of, or damage to, tools, materials, and other property of AAIL - Birmingham which is in Offeror's possession, and for the utilization of such property in accordance with the provisions of this Purchase Order, and shall be responsible for returning any such property in as good condition as when received, except for reasonable wear and tear. Seller assumes all risk of loss, destruction or damage of such property while in Seller's possession, custody or control. Upon request, Seller shall provide Buyer with adequate proof of insurance against such risk of loss. Seller shall not use such property other than in performance of this contract without Buyer's prior written consent. Seller shall notify Buyer's Authorized Procurement Representative if Buyer's property is lost, damaged or destroyed. Nothing in this article limits Seller's use, in its direct contracts with the Government, of property in which the Government has an interest.
16. **INSURANCE AND INDEMNIFICATION.** In the event Offeror, its employees, agents, subcontractors and/or lower-tier subcontractors enter premises owned, occupied or used by AAIL - Birmingham either exclusively or jointly with others, in the performance of this Purchase Order. Offeror agrees that it will indemnify and hold harmless AAIL - Birmingham, its officers and employees from any loss, cost, damage, expense or liability caused by Offeror, its agents, servants or employees, or any other persons, forms or corporations, by reason of property damage or personal injury of whatever nature or kind arising out of, or in connection with such performance and occasioned in whole or in part by the actions or omissions of Offeror, its employees, agents, subcontractors and/or lower-tier subcontractors; and Offeror agrees that it and its subcontractors and lower-tier subcontractors will maintain public liability, property damage and worker's compensation insurance in reasonable limits covering the obligations set forth above.
17. **SUBCONTRACTING.** Offeror may not subcontract any part of this Purchase Order other than for regularly purchased materials except as expressly authorized in writing by AAIL - Birmingham.
18. **ASSIGNMENT**
- a. Offeror may not assign this Purchase Order or any interest therein except as expressly authorized in writing by AAIL - Birmingham. Offeror may, however, with prior written consent of AAIL - Birmingham, assign claims for moneys due or to become due hereunder to a single assignee; provided that in such event Offeror immediately shall provide AAIL - Birmingham with two (2) copies of any such assignment and provided further that payment to an assignee of claims hereunder shall be subject to set-off or recoupment for any present or future claim or claim(s) which AAIL - Birmingham may have against Offeror.
- b. Seller shall not delegate any of its duties or obligations under this contract. Seller may assign its right to monies due or to become due. No assignment, delegation or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller of any of its obligations under this contract or prejudice any of Buyer's rights against Seller whether arising before or after the date of any assignment. This article does not limit Seller's ability to purchase standard commercial supplies or raw materials.
19. **NON-WAIVER.** Failure of AAIL - Birmingham to insist upon strict performance of any term or condition of this Purchase Order shall not be deemed a waiver of any rights or remedies that AAIL - Birmingham shall have and shall not be deemed a waiver of any subsequent default under this Purchase Order. Shipping or receiving of any item(s) under this Purchase Order shall not constitute a waiver of any right of AAIL - Birmingham hereunder or of any of Offeror's obligations to comply with any of the provisions hereof.
20. **PATENT INDEMNITY.** Except for drawings and specifications furnished by AAIL - Birmingham, Offeror agrees to indemnify, hold harmless and protect AAIL - Birmingham. its agents, customers and users of its products from all loss, damage and liability which may be incurred by reason of alleged or proven

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infringement of any patent or trademark with respect to items delivered hereunder, and shall at its own expense, defend all claims, suits, and actions, whether judicial or administrative, at law or in equity, against AAIL - Birmingham, its agents, customers and users of its products in which such infringement is either actual or alleged and further agrees to promptly pay and discharge any obligations imposed or agreed to in connection with the resolution thereof. However, AAIL - Birmingham expressly reserves the right to employ its own legal counsel to protect its interests with respect to any such claim, at its own expense, without diminishing or waiving any of the undertakings of the Offeror as set forth above. AAIL - Birmingham agrees to duly notify Offeror of all such suits, claims or actions filed against AAIL - Birmingham. Indemnification

- a. Negligence of Seller or Subcontractor. Seller shall indemnify and hold harmless The Boeing Company, its subsidiaries, and their directors, officers, employees and agents from and against all actions, causes of action, liabilities, claims, suits, judgments, liens, awards and damages of any kind and nature whatsoever for property damage, personal injury or death (including without limitation injury to or death of employees of Seller or any subcontractor thereof) and expenses, costs of litigation and counsel fees related thereto or incident to establishing the right to indemnification, arising out of or in any way related to this contract, the performance thereof by Seller or any subcontractor thereof or other third parties, including, without limitation, the provision of services, personnel, facilities, equipment, support, supervision or review. The foregoing indemnity shall apply only to the extent of the negligence of Seller, any subcontractor thereof or their respective employees. In no event shall Seller's obligations hereunder be limited to the extent of any insurance available to or provided by Seller or any subcontractor thereof. Seller expressly waives any immunity under industrial insurance, whether arising out of statute or source, to the extent of the indemnity set forth in this paragraph.
- b. Commercial General Liability. If Seller or any subcontractor thereof will be performing work on Buyer's premises, Seller shall; (i) provide a copy of their insurance certificate which names AAIL – Birmingham the insured, (ii) carry and maintain, and ensure that all subcontractors thereof carry and (iii) maintain, throughout the period when work is performed and (iv) until final acceptance by Buyer. Commercial General Liability insurance with available limits of not less than one million dollars (\$1,000,000) per occurrence and/or incident for bodily injury and property damage combined. Such insurance shall contain coverage for (i) all premises and operations, (ii) broad form property damage, (iii) contractual liability (including, without limitation, that specifically assumed under paragraph (a) herein) and (iv) goods and completed-operations insurance with limits of not less than one million dollars (\$1,000,000) per occurrence and/or incident for a minimum of 24 months after final acceptance of the work by Buyer. Such insurance shall not be maintained on a per-project basis unless the respective Seller or subcontractor thereof does not have blanket coverage.
- c. Automobile Liability. If licensed vehicles will be used in connection with the performance of the work, Seller shall; (i) provide a copy of their insurance certificate which names AAIL – Birmingham the insured, (ii) carry and maintain, and (iii) ensure that any subcontractor thereof who uses a licensed vehicle in connection with the performance of the work carries and maintains, throughout the period when work is performed and until final acceptance by Buyer, Business Automobile Liability insurance covering all vehicles, whether owned, hired, rented, borrowed or otherwise, with available limits of not less than one million dollars (\$1,000,000) per occurrence combined single limit for bodily injury and property damage.
- d. Workers' Compensation. Throughout the period when work is performed and until final acceptance by Buyer, Seller shall, and ensure that any subcontractor thereof shall, cover or maintain insurance in accordance with the applicable laws relating to Workers' Compensation with respect to all of their respective employees working on or about Buyer's premises. If Buyer is required by any applicable law to pay any Workers' Compensation premiums with respect to an employee of Seller or any subcontractor, Seller shall reimburse Buyer for such payment.
- e. Certificates of Insurance. Prior to commencement of the work, Seller shall provide for Buyer's review and approval certificates of insurance reflecting full compliance with the requirements set forth in paragraphs (b) Commercial General Liability, (c) Automobile Liability and (d) Workers' Compensation. Such certificates shall become part of the contract between Offeror and Buyer, (i) be kept current and (ii) in compliance throughout the period when work is being performed and until final acceptance by Buyer, and (iii) shall provide for 30 days advance written notice to Buyer in the event of cancellation. Failure of Seller or any subcontractor thereof to furnish certificates of insurance, or to procure and maintain the insurance required herein or failure of Buyer to request such certificates, endorsements or other proof of coverage shall not constitute a waiver of Seller's or subcontractor's obligations hereunder.
- f. Self-Assumption. Any self-insured retention, deductibles and exclusions in coverage in the policies required under this article shall be assumed by, for the account of and at the sole risk of Seller or the subcontractor which provides the insurance and to the extent applicable shall be paid by such Seller or subcontractor. In no event shall the liability of Seller or any subcontractor thereof be limited to the extent of any of the minimum limits of insurance required herein.
- g. Protection of Property. Seller assumes, and shall ensure that all subcontractors thereof and their respective employees assume, the risk of loss or

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destruction of or damage to any property of such parties whether owned, hired, rented, borrowed or otherwise. Seller waives, and shall ensure that any subcontractor thereof and their respective employees waive, all rights of recovery against Buyer, its subsidiaries and their respective directors, officers, employees and agents for any such loss or destruction of or damage to any property of Seller, any subcontractor or their respective employees. At all times Seller shall, and ensure that any subcontractor thereof shall, use suitable precautions to prevent damage to Buyer's property. If any such property is damaged by the fault or negligence of Seller or any subcontractor thereof, Seller shall, at no cost to Buyer, promptly and equitably reimburse Buyer for such damage or repair or otherwise make good such property to Buyer's satisfaction. If Seller fails to do so, Buyer may do so and recover from Seller the cost thereof. Seller will indemnify, defend and hold harmless Buyer and its customer from all claims, suits, actions, awards (including, but not limited to, awards based on intentional infringement of patents known at the time of such infringement, exceeding actual damages and/or including attorneys' fees and/or costs), liabilities, damages, costs and attorneys' fees related to the actual or alleged infringement of any United States or foreign intellectual property right (including, but not limited to, any right in a patent, copyright, industrial design or semiconductor mask work, or based on misappropriation or wrongful use of information or documents) and arising out of the manufacture, sale or use of goods by either Buyer or its customer. Buyer and/or its customer will duly notify Seller of any such claim, suit or action; and Seller will, at its own expense, fully defend such claim, suit or action on behalf of indemnitees'. Seller will have no obligation under this article with regard to any infringement arising from (a) Seller's compliance with formal specifications issued by Buyer where infringement could not be avoided in complying with such specifications or (b) use or sale of goods in combination with other items when such infringement would not have occurred from the use or sale of those goods solely for the purpose for which they were designed or sold by Seller. For purposes of this article only, the term Buyer will include The Boeing Company and all Boeing subsidiaries and all officers, agents and employees of Boeing or any Boeing subsidiary.

21. **DEFAULT.** AAIL - Birmingham may terminate this Order, or any part thereof, by written or telegraphic notice or default to Offeror signed by AAIL - Birmingham under any of the following circumstances (i) if Offeror refuses or fails to make deliveries of items ordered within the time specified or extensions thereof agreed to in writing by AAIL - Birmingham; (ii) if Offeror fails to comply with any of the other provisions of this Purchase Order including, but not limited to, the warranties of the Offeror, or fails to make progress so as to endanger the performance of this Order in accordance with its terms and does not cure any such failure within a period of ten (10) days, or such longer period as AAIL - Birmingham may authorize by written

notice signed by AAIL - Birmingham, after receipt of notice to Offeror from AAIL - Birmingham specifying such failure; (iii) if Offeror becomes insolvent or is subjected to proceedings under any law relating to bankruptcy, insolvency or the relief of debtors. In the event of such termination, AAIL - Birmingham may purchase similar item(s) elsewhere or secure the manufacture and delivery of such items by contract or otherwise, and Offeror shall be liable to AAIL - Birmingham for any excess costs to AAIL - Birmingham; provided however, that such liability shall not apply when the default is brought about by Acts of God or other causes beyond the control of and without the fault or negligence of the Offeror or his subcontractor, if, after termination, it is determined that the Offeror was not in default, or the default was excusable as heretofore stated, the rights and obligations of the parties shall be the same as if the termination had been issued pursuant to the clause in this Purchase Order entitled "Termination for Convenience of Buyer". These remedies shall be cumulative and in addition to any other remedies provided in law or in equity.

22. **TERMINATION FOR CONVENIENCE OF BUYER.** AAIL - Birmingham may terminate this Purchase Order for its convenience, in whole or in part, at any time by written or telegraphic notice to Offeror. Termination shall be effective upon Offeror's receipt of such notice who shall then stop work immediately as specified in the notice. Except where such termination is caused by a default or delay of the Offeror, or where the Offeror and AAIL - Birmingham fail to agree on the whole amount to be paid because of termination, the Offeror is entitled to recover termination charges as determined by AAIL - Birmingham. Termination charges shall not exceed the total contract price less payments previously made. Termination charges include the contract price for completed items accepted by AAIL - Birmingham but not previously paid for, initial costs and preparatory expenses which are not included in the contract price for completed items, the cost of settling and paying termination settlement proposals, a reasonable sum as profit for partially completed work, reasonable costs of settlement of work terminated, and reasonable storage and transportation costs. Seller shall not be liable for the excess procurement costs pursuant to the "Cancellation for Default" article of this contract incurred by Buyer because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of Seller. Examples of these causes are (a) acts of God or of the public enemy, (b) acts of the Government in either its sovereign or contractual capacity, (c) fires, (d) floods, (e) epidemics, (f) quarantine restrictions, (g) strikes, (h) freight embargoes and (i) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of Seller. If the delay is caused by a delay of a subcontractor of Seller and if such delay arises out of causes beyond the reasonable control of both, and without the fault or negligence of either, Seller shall not be liable for excess costs unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedules. Seller shall notify

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Buyer in writing within 10 days after the beginning of any such cause.

Buyer reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, Seller shall immediately cease all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. In case of termination for convenience by Buyer of all or any part of this contract, Seller may submit a claim to Buyer within 60 days after the effective date of termination. In no event shall Buyer be obligated to pay Seller any amount in excess of the contract price. The provisions of this article shall not limit or affect the right of Buyer to cancel this contract for default.

23. CANCELLATION FOR DEFAULT

a. Buyer may, by written notice to Seller, cancel all or part of this contract (i) if Seller fails to deliver the Services within the time specified by this contract or any written extension; (ii) if Seller fails to perform any other provision of this contract or fails to make progress, so as to endanger performance of this contract, and, in either of these two circumstances, does not cure the failure within 10 days after receipt of notice from Buyer specifying the failure; or (iii) in the event of Seller's bankruptcy, suspension of business, insolvency, appointment of a receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of its creditors.

b. Seller shall continue work not canceled.

24. TAXES. Unless otherwise specified, prices stated in this Purchase Order include all Federal, State or local taxes applicable to this Purchase Order for the sale accomplished hereunder.

25. LABOR DISPUTES. Offeror agrees that whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this Purchase Order the Offeror will immediately notify AAIL - Birmingham of such dispute. Unless this contract specifies otherwise, the price of this contract includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by this contract except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption.

26. ENGINEERING INFORMATION, TOOLS, MATERIALS, ETC. Offeror agrees that it will keep confidential and not use any designs, tools, patterns, drawings, data, materials or anything else furnished to the Offeror by AAIL - Birmingham hereunder in the Offeror's performance of this Purchase Order for any other customer, nor for the production of item quantities greater than herein specified without prior written consent of AAIL - Birmingham.

27. CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION AND MATERIALS. Buyer and Seller shall each keep confidential and protect

from unauthorized use and disclosure all (a) confidential, proprietary and/or trade secret information; (b) tangible items and software containing, conveying or embodying such information; and (c) tooling identified as being subject to this article and obtained, directly or indirectly, from the other in connection with this contract or other agreement referencing this contract (collectively referred to as "Proprietary Information and Materials Agreement"). Buyer and Seller shall each use Proprietary Information and Materials Agreement of the other only in the performance of and for the purpose of this contract and/or any other agreement referencing this contract. However, despite any other obligations or restrictions imposed by this article, Buyer shall have the right to use, disclose and reproduce Seller's Proprietary Information and Materials, and make derivative works thereof, for the purposes of testing, certification, use, sale or support of any goods delivered under this contract or any other agreement referencing this contract. Any such use, disclosure, reproduction or derivative work by Buyer shall, whenever appropriate, include a restrictive legend suitable for the particular circumstances. The restrictions on disclosure or use of Proprietary Information and Materials by Seller shall apply to all materials derived by Seller or others from Buyer's Proprietary Information and Materials. Upon Buyer's request at any time, and in any event upon the completion, termination or cancellation of this contract, Seller shall return to Buyer all of Buyer's Proprietary Information and Materials and all materials derived therefrom, unless specifically directed otherwise in writing by Buyer. Seller shall not, without the prior written authorization of Buyer, sell or otherwise dispose of (as scrap or otherwise) any parts or other materials containing, conveying, embodying or made in accordance with or by reference to any Proprietary Information and Materials of Buyer. Prior to disposing of such parts or other materials as scrap, Seller shall render them unusable. Buyer shall have the right to audit Seller's compliance with this article. Seller may disclose Proprietary Information and Materials of Buyer to its subcontractors as required for the performance of this contract, provided that each such subcontractor first agrees in writing to the same obligations imposed upon Seller under this article relating to Proprietary Information and Materials. Seller shall be liable to Buyer for any breach of such obligation by such subcontractor. The provisions of this article are effective in lieu of any restrictive legends or notices applied to Proprietary Information and Materials. The provisions of this article shall survive the performance, completion, termination or cancellation of this contract.

28. ACCESS TO PLANTS AND PROPERTIES. Seller shall comply with all the rules and regulations established by Buyer for access to and activities in and around premises controlled by Buyer or Buyer's customer. Buyer may be required to obtain information concerning citizenship or immigrant status of Seller's personnel or Seller's subcontractor personnel entering the premises of Buyer. Seller agrees to furnish this information before commencement of work and at any time thereafter before substituting or adding new personnel to work on Buyer's premises. Information

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submitted by Seller shall be certified by an authorized representative of Seller as being true and correct.

29. SPECIAL TOOLING, EQUIPMENT, DIES, JIGS, FIXTURES AND PATTERNS (HEREINAFTER REFERRED TO AS "SPECIAL TOOLING"). If Special Tooling is set forth in this Purchase Order as a deliverable item, then such item shall be and become the property of AAIL - Birmingham within fifteen (15) days after all Special Tooling under this Purchase Order has been acquired and/or manufactured. Offeror shall furnish AAIL – Birmingham: a) two (2) copies of a Certified List of all items covered by this clause and b) pictures to evidence proper marking of tooling as required by purchase order. Along with this list Offeror may designate those items which it desired to retain together with a written offer for retaining same. If, within ninety (90) days after completion of this Purchase Order, Offeror has not received disposition instructions. Offeror shall so notify AAIL - Birmingham. AAIL - Birmingham shall thereafter provide disposition instructions to Offeror, or, upon written notice to Offeror, abandon any or all Special Tooling in place without charge or liability.
30. PAYMENTS. Offeror shall be paid, upon the submission of proper invoices or vouchers, the prices stipulated herein for items delivered and accepted, less deductions, if any, as herein elsewhere provided. Unless otherwise specified, payment will be made on partial deliveries accepted by AAIL - Birmingham when the amount due on such deliveries is specified herein or so warrants, or when requested by Offeror, payment for accepted partial deliveries may be made whenever such payment would equal or exceed either \$1,000.00 or fifty percent (50%) of the total amount of this Purchase Order, whichever is greater. Normal payment terms are net 45 days after delivery at destination. As compensation for services to be performed by Seller, Buyer shall pay Seller as set forth in this contract. Buyer shall have no liability for any other expenses or costs incurred by Seller. Payment due date, including discount periods, shall be computed from the date of the later of the scheduled delivery date, the actual delivery date or the date of receipt of a correct invoice. Payment shall be deemed to have been made on the date the Buyer's check is mailed or payment is otherwise tendered. Seller shall promptly repay to Buyer any amounts paid in excess of amounts due Seller.
31. STOP WORK ORDER. (a) AAIL - Birmingham may at any time by written order to the Offeror stop all, or any part, of the Offeror's performance called for by this Purchase Order for a period not to exceed ninety (90) days, or for any longer period to which the parties may agree. Any such order shall be specifically identified as a Stop Work Order issued pursuant to this clause. Upon receipt of such an order the Offeror shall forthwith comply with its terms and take all reasonable steps to minimize the occurrence of costs allocable to the work covered by the order during the period of stop-work. Within the period covered by the Stop Work Order, AAIL - Birmingham shall either (i) cancel the Stop Work Order, or (ii) terminate the work covered by such order as provided in the clause of this Purchase Order entitled "Termination for Convenience of Buyer", (b) If a Stop Work Order issued under this clause is cancelled or the period of the Stop Work Order or any extension thereof expires, unless notified to the contrary in writing, the Offeror shall resume work. In such an event, an equitable adjustment shall be made in the delivery schedule, the price, or both and in any other provisions of the Purchase Order that might be affected, and the Purchase Order shall be modified in writing accordingly.
32. MODIFICATIONS. This Purchase Order constitutes the entire understanding between the parties with respect to the purchase, by AAIL - Birmingham, of items hereunder and supersedes all previous negotiations, commitments, agreements or other writings with respect thereto. No alteration, modification or amendment of any of the provisions hereof shall be binding unless a Change Order or Purchase Order revision is issued by a duly authorized representative of AAIL - Birmingham.
33. RIGHTS AND REMEDIES. Any failures, delays or forbearances of either party in insisting upon or enforcing any provisions of this contract, or in exercising any rights or remedies under this contract, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full force and effect. Except as otherwise limited in this contract, the rights and remedies set forth herein are cumulative and in addition to any other rights or remedies that the parties may have at law or in equity. If any provision of this contract is or becomes void or unenforceable by law, the remainder shall be valid and enforceable.
34. DISPUTES. Any dispute arising under the Purchase Order which is not settled by agreement of the parties may be settled by appropriate legal proceedings. Pending any decision, appeal or judgment in such proceedings or the settlement of any dispute arising under this Order, Offeror shall proceed diligently with the performance of this Order in accordance with the decision of AAIL - Birmingham. Any dispute that arises under or is related to this contract that cannot be settled by mutual agreement of the parties may be decided by a court of competent jurisdiction. Pending final resolution of any dispute, Seller shall proceed with performance of this contract according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute. Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, Seller shall immediately give notice thereof, including all relevant information, to Buyer.
35. PACKING AND SHIPPING. Shipments will be IAW instructions provided on the purchase orders. Unless stated otherwise, all deliveries will be FOB destination. In the event of overnight or urgent delivery request from Buyer, Offeror may be able to invoice as a separate line of the invoice or as mutually agreed upon.
- a. Seller shall pack the materials to prevent damage and deterioration. Seller shall comply with carrier

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tariffs. Unless this contract specifies otherwise, the price includes shipping charges for materials sold F.O.B. destination. Unless otherwise specified in this contract, materials sold F.O.B. place of shipment shall be forwarded collect. Seller shall make no declaration concerning the value of the materials shipped except on the materials where the tariff rating is dependent upon released or declared value. In such event, Seller shall release or declare such value at the maximum value within the lowest rating. Buyer may charge Seller for damage to or deterioration of any materials resulting from improper packing or packaging.

- b. Unless this contract specifies otherwise, Seller will ship the materials in accordance with the following instructions: (i) Shipments by Seller or its subcontractors must include packing sheets containing Buyer's contract number, line item number, description and quantity of materials shipped, part number or size, if applicable, and appropriate evidence of inspections. A shipment containing hazardous and nonhazardous materials must have separate packing sheets for the hazardous and nonhazardous materials. Seller shall not include vermiculite or other hazardous substance in any packing material included with the goods. Items shipped on the same day will be consolidated on one bill of lading or airbill unless Buyer's Authorized Procurement Representative authorizes otherwise. The shipping documents will describe the material according to the applicable classification and/or tariff. The total number of shipping containers will be referenced on all shipping documents. Originals of all Government bills of lading will be surrendered to the origin carrier at the time of shipment. (ii) Seller will not insure any FOB origin shipment unless authorized by Buyer. (iii) Seller will label each shipping container with the contract number and the number that each container represents of the total number being shipped (e.g., box 1 of 2, box 2 of 2). (iv) Buyer will select the carrier and mode of transportation for all shipments where freight costs will be charged to Buyer. (v) Seller will include copies of documentation supporting prepaid freight charges (e.g., carrier invoices or UPS shipping log/manifest), if any, with its invoices. (vi) If Seller is unable to comply with the shipping instructions in this contract, Seller will contact Buyer's Traffic Management Department referenced elsewhere in this contract or Buyer's Authorized Procurement Representative.

36. **WARRANTY:** Unless otherwise agreed to in writing by the parties, Offeror warrants that for 280 days after delivery by AAIL - Birmingham to the end user, item(s) ordered to specifications will conform thereto and to any drawings, samples or other description furnished by AAIL - Birmingham, or, if not ordered to specifications, will be fit and sufficient to the extent that the Offeror knows or has reason to know of the purpose for which the item(s) are intended, and that all terms will be merchantable, of good material and workmanship, and free from defect. Such warranties together with Offeror's service warranties and

guarantee, if any, shall survive inspection, test, acceptance and payment and shall run in favor of AAIL - Birmingham, its successors, assigns and customer. Except for latent defects, fraud or such gross mistakes of Offeror as amount to fraud, notice of any defect or non-conformity must be given by AAIL - Birmingham to the Offeror within 210 days after delivery by AAIL - Birmingham to the end user. AAIL - Birmingham may at its option, either return for credit or refund or require prompt correction or replacement of such of any defective or nonconforming item(s) or any part thereof. If Offeror is instructed to repair or replace and fails to promptly accomplish the same, AAIL - Birmingham may in addition to the foregoing, by contact or otherwise, replace or correct the same and charge Offeror its costs thereby incurred or terminate this contract for default. Return to Offeror of any defective or nonconforming item(s) and delivery to AAIL - Birmingham of any corrected or replaced item(s) shall be at Offeror's expense. Defective or nonconforming item(s) shall not be corrected or replaced unless specified by AAIL - Birmingham's written instruction, Item(s) required to be corrected or replaced shall be subject to the provisions of this clause and the clause hereof entitled "inspection of Supplies" in the same manner and to the same extent as item(s) originally delivered under this Order, but only as to the corrected or replaced part or parts thereof. Seller warrants that all Services performed hereunder shall be performed by employees or agents of Seller who are experienced and skilled in their profession and in accordance with industry standards. Seller further warrants that all Services performed under this contract, at the time of acceptance, shall be free from defects in workmanship and conform to the requirements of this contract. Buyer shall give written notice of any defect or nonconformance to Seller within one year from the date of acceptance by Buyer. Buyer may, at its option, either (a) require correction or reperformance of any defective or nonconforming services, or (b) make an equitable adjustment in the price of this contract. If Seller is required to correct or reperform the Services, such correction or reperformance shall be at Seller's expense. Any Services corrected or reperformed shall be subject to this article to the same extent as Services initially performed. If Seller fails or refuses to correct or reperform, Buyer may correct or replace with similar services and charge Seller for any cost to Buyer or make an equitable adjustment in the price of this contract.

37. **COMPLIANCE TO SUBSTANCE ABUSE POLICY AND OTHER RELATED POLICIES.** As a vendor, subcontractor, agent and/or its employees, your entry to the facility is acknowledgment and signifies your understanding and agreement to the following: (1) The possession, sale, transfer, purchase and/or presence in one's system of a controlled substance(s) or alcohol by any person on AAIL - Birmingham property is prohibited; (2) Entry onto AAIL - Birmingham property constitutes a consent to an inspection of any individual and their personal effect when entering, on, or leaving AAIL - Birmingham property; (3) Any individual found in violation of (1) above or who refuses to permit an inspection maybe removed and barred from AAIL - Birmingham property at the discretion of AAIL -

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Birmingham. By your entrance upon AII - Birmingham property you agree to abide by and to advise its subcontractors, agents, and its employees of the provisions herein. Seller warrants that neither it nor any of its employees, agents or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents or representatives for the purpose of securing this contract or securing favorable treatment under this contract.

38. **PROCUREMENT INTEGRITY.** Offeror agrees to indemnify, hold harmless and exonerate Buyer for any losses or damages resulting from any claim, action, proceeding or suit relating to the Offeror's violation of the provisions of Subsection 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423). Procurement integrity, in addition to any other remedies that Buyer may have. Offeror shall defend, at its expense, any such claim, action, proceeding or suit against Buyer or its Customers and shall pay all costs and damages incurred either through judgment or settlement. Offeror further agrees to provide Buyer with certifications of compliance and the provisions of the Act if requested to do so.

39. **OZONE DEPLETING STATEMENT:** In accordance with the Clean Air Act Amendments of 1990 and 40CFR Part 82, AII - Birmingham hereby notifies you that you

are required to provide a written warning statement to AII - Birmingham for any product and/or materials manufactured with Class I ozone depleting chemicals (see 40CFR82. Appendix A) for any contracted work/services. The statement will be affixed or attached to any form of shipping papers that accompany materials received by AII - Birmingham. The statement must be legible and appear on all copies of multi-copy forms. Failure to comply with the above requirement could result in action to recover damages, removal from approved vendors list, or both.

40. **PUBLICITY.** Without Buyer's prior written approval, Seller shall not, and shall require that its subcontractors at any tier shall not, release any publicity, advertisement, news release or denial or confirmation of same regarding this contract or the Services or program to which it pertains. Seller shall be liable to Buyer for any breach of such obligation by any subcontractor.

The current revision of the General Terms and Conditions for Alabama Aircraft Industries, Inc. (AII) – Birmingham Facility is available at: www.alabamaaircraft.com