



E.S.M. Aerospace Inc.

1203 W. Isabel Street; Burbank, CA 91506-1407; Tel: 818-841-3653; Fax: 818-841-8699

PURCHASE ORDER TERMS AND CONDITIONS

ACCEPT THE PURCHASE ORDER ONLY UPON ACCEPTING THE FOLLOWING TERMS & CONDITIONS

E.S.M. Aerospace Inc. is an AS9100 compliant Aerospace Machining and Precision Sheet Metal Shop. Working mainly for the Aerospace and Defense industries, we are driven by very strict customer's requirements and our Quality Management System (QMS). We strive to excel in manufacturing quality products and thus, generally require our suppliers to be AS9100, ISO 9001 or NADCAP certified.

E.S.M. Aerospace Inc. here after may be referred to as "ESM AEROSPACE INC. OR ESM AERO",

1. AEROSPACE STANDARD AS9100 Rev C., COMPLIANCES & REQUIREMENTS

AS9100C: Quality Management Systems Requirement for Aviation, Space & Defense Organization

1.1 SUPPLIER QUALITY MANAGEMENT SYSTEM [AS9100-C, Clauses 7.4.2.C+G, Pg 21 of 33]

1.1.a First Article Inspection (FAI)

1.2 LOT CONTROL-RAW MATERIAL PURCHASES [AS9100-C, Clauses 7.4.1 & 7.4.2 Pg 20+21 of 33]

1.3 LOT CONTROL-MATERIAL PROCESSING [AS9100-C Clauses 7.4.1 & 7.4.2 Pg 20+21 of 33]

1.4 RECORD RETENTION [AS9100-C, Clauses 7.4.1+7.4.2.H Pg 20+21 of 33]

1.5 VERIFICATION OF PURCHASED PRODUCTS [AS9100-C, Clause 7.4.3 Pg 22 OF 33]

1.6 RIGHT OF ACCESS/CHANGES/NON-CONFORMING PRODUCTS [AS9100-C, Clauses 7.4.2.G+i Pg 21 OF 33]

1.7 MATERIAL SPECIAL PROCESSING [AS9100-C, Clauses 7.5.1+7.5.2 Pg 22+23+24]

1.7.a PRESERVATION OF THE PRODUCTS/CLEANING/FOD [AS9100-C, Clause 7.5.5 Pg 25 of 33]

1.8 MATERIAL & MILITARY STANDARD [AS9100-C, Clauses 7.4.2.D+E+F Pg 21 of 33]

1.9 CUSTOMER PROPERTY [AS9100-C, Clause 7.5.4 Pg 25 of 33]

Please also see the last page for further info on Referenced Specifications and Standards

1.1 SUPPLIER QUALITY MANAGEMENT SYSTEM:

Supplier must have "QUALITY MANAGEMENT SYSTEM" AND OR "Quality Manual" based upon acceptable Quality or Aerospace standard. (We highly prefer to do business with AS9100, ISO 9001 and NADCAP certified companies) The supplier must: (a) Notify for non-conformance products (b) Approval for non-conformance product disposition (c) Notify for changes in: Product, Process, Suppliers, Changes of MFG facility/country; where required obtain organizational approval. Please see #29. Commonly used Referenced Mil Specifications and Aerospace Standards.

1.1.a First Article Inspection (FAI):

Supplier should use FAI AS9102 Rev A compliant format when required; if requested on the PO, full or partial FAI report is required (e.g. gear cutting may require partial gear FAI pertinent to gear cut areas)

1.2 LOT CONTROL-RAW MATERIAL PURCHASES:

"Our P.O. requires that the material/parts must be purchase & ship from "ONE LOT ONLY"; the invoice/shipper/COC/Lot number/Heat Lot number must reflect that; should this not be possible, a written authorization is required from ESM & parts must be separated, tagged & ship per LOT number along with the separated invoice/shipper/COC. The purchased material must be BRAND NEW and per PO requirements; No previously returned materials from other customers allowed to be ship to ESM; The supplier is responsible & liable for the "LOT and or HEAT LOT" integrity. This is to ensure commitments with our customers & AS9100 compliances. **If the parts require to be from "DOMESTIC ORIGIN", it must be Made in USA;** your invoice/shipper/certs/lab should say so, "Domestic Material/Made in USA".

[These requirements are from ESM QMS, customers & Aerospace/AS9100-C Standard: Control of Record 4.2.4 (Pg 11 of 33); Identification & Traceability 7.5.3 (Pg 24 of 33)]

1.3 LOT CONTROL-MATERIAL PROCESSING:

If processing more than one LOT, each LOT must be processed separately and handle accordingly at your facility. All parts must be separated, when shipping back to us, invoice/tag per LOT number.

1.4 RECORD RETENTION:

By accepting a PO, Supplier agrees to hold record of all ESM Aerospace Inc. purchase orders/invoice/shipper/certs/lab reports/shop order/traveler etc. for a minimum of SEVEN (7) years; however, we highly recommend & prefer to have it for TEN (10) years. If your QMS/Quality Manual shows less, then we can't do business unless it's being changed to a minimum of SEVEN (7) for all ESM Aerospace POs.

1.5 VERIFICATION OF PURCHASED PRODUCTS:

We may audit or inspect your facility, incoming inspection of parts/services/documentation; we may request addition documents to make sure we have the objective evidence of conformity of the products/services we have been purchasing. If we send your parts/materials to a third party lab test & found in to be non-compliances, the supplier agrees to provide replacement material from another lot number; this is to ensure material compliances to our customer requirements & our QMS/AS9100.

1.6 RIGHT OF ACCESS/CHANGES/NON-CONFORMING PRODUCTS:

By accepting a P.O. from ESM, supplier agrees "Right of access by organization, their customers & regulatory authorities to the applicable areas of all facilities, at any level of supply chain, involved in the order and to all applicable record". Furthermore, Supplier agrees to "Notify the organization of changes in any product /process / suppliers or manufacturing facility," get approval in writing for any changes.

1.7 MATERIAL SPECIAL PROCESSING:

Supplier is responsible for material used and all other regulatory compliances per Drawing & specifications along with all other PO requirements. The parts must be shipped with the Certification unless a waiver is given by ESM Aero. Compliance with 1.7.a, & 1.8 is also required; supplier is responsible for appropriate tests required by drawing & specification to make sure the material processing is within specified ranges; the signature on the certification should be done after verification.

1.7.a PRESERVATION OF THE PRODUCTS/CLEANING/FOD: [NAS 412 Foreign Object Damage/Foreign Object Debris (FOD)]

Supplier shall preserve the product during processing & during delivery to the intended destination. This includes, cleaning, prevention, detection and removal of FOD (Foreign Objects, Debris; e.g. 100% removal of masking tap) [NAS 412 Foreign Object Damage/Foreign Object Debris (FOD)]; special handling for sensitive products, marking and labeling including safety warnings, special handling of hazardous materials.

1.8 MATERIAL STANDARD (AEROSPACE, MILITARY etc):

Supplier should have direct and or indirect, access to aerospace & military standard. Supplier is also responsible for complying with all applicable material, aerospace & Military standard as per called out on the DWG and ESM Purchase Orders. In some instances, some material or material processing specifications have been updated; your shipper/invoice/COC/CERTs should have that language there OR if a quality advisory has been issued, please insert a copy.

1.9 CUSTOMER PROPERTY: (Or Sample Parts)

In some case, we may give you a customer sample or old sample parts (e.g. for color matches) Supplier shall exercise care with customer's property/our parts; it must be identified/tagged/labeled/separated from other parts. Notify at once, if the customer's property/our parts were to be lost or damaged.



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2.1 SERVICES & DELIVERABLES. Seller agrees to provide to ESM Aerospace (or its subsidiaries, if such subsidiaries are designated as the contracting parties in the purchase order) (hereinafter referred to as "ESM Aerospace") the services ("Services") and/or goods ("Goods"), described in any purchase order, in accordance with these Terms and Conditions ("Terms & conditions"). Upon acceptance of a purchase order, shipment of Goods or commencement of a Service, Seller shall be bound by the provisions of this Terms & conditions, including all provisions set forth on the face of any applicable purchase order, whether Seller acknowledges or otherwise signs this Terms & conditions or the purchase order, unless Seller objects to such terms in writing prior to shipping Goods or commencing Services.

This writing does not constitute a firm offer, and may be revoked at any time prior to acceptance. This Terms & conditions may not be added to, modified, superseded, or otherwise altered, except by writing signed by an authorized ESM AEROSPACE representative. Any terms or conditions contained in any acknowledgment, invoice, or other communication of Seller, which are inconsistent with the terms and conditions herein, are hereby rejected. To the extent that this Terms & conditions might be treated as an acceptance of Seller's prior offer, such acceptance is expressly made on condition of assent by Seller to the terms hereof and shipment of the Goods or beginning performance of any Services by Seller shall constitute such assent. ESM AEROSPACE hereby reserves the right to reschedule any delivery or cancel any purchase order issued at any time prior to shipment of the Goods or prior to commencement of any Services. ESM AEROSPACE shall not be subject to any charges or other fees as a result of such cancellation.

2.2 DELIVERY. Time is of the essence. Delivery of Goods and Services shall be made pursuant to the schedule, via the carrier, and to the place specified on the face of the applicable purchase order. ESM AEROSPACE reserves the right to return, shipping charges collect, all Goods received in advance of the delivery schedule. If no delivery schedule is specified, the order shall be filled promptly and delivery will be made by the most expeditious form of land transportation. If no method of shipment is specified in the purchase order, Seller shall use the least expensive carrier. In the event Seller fails to deliver the Goods or Services within the time specified, ESM AEROSPACE may, at its option, decline to accept performance and terminate the Terms & conditions or may demand its allocable fair share of Seller's available Goods and terminate the balance of the Terms & conditions. Seller shall package all items in suitable containers to permit safe transportation and handling. Each delivered container must be labeled and marked to identify contents without opening and all boxes and packages must contain packing sheets listing contents. ESM Aerospace purchase order number must appear on all shipping containers, packing sheets, delivery tickets, and bills of lading.

3. IDENTIFICATION, RISK OF LOSS, & DESTRUCTION OF GOODS. Seller assumes all risk of loss until receipt by ESM AEROSPACE. Title to Goods shall pass to ESM AEROSPACE upon receipt by it of the Goods at the designated destination. If the Goods ordered are destroyed prior to title passing to ESM AEROSPACE, ESM AEROSPACE may at its option cancel the Terms & conditions or require delivery of substitute Goods of equal quantity and quality. Such delivery will be made as soon as commercially practicable. If loss of Goods is partial, ESM AEROSPACE shall have the right to require delivery of the Goods not destroyed.

4. PAYMENT. As full consideration for the performance of the Services, delivery of the Goods and the assignment of rights to ESM AEROSPACE as provided herein, ESM AEROSPACE shall pay Seller (i) the amount agreed upon and specified in the applicable purchase order, or (ii) Seller's quoted price on date of shipment (for Goods), or the date Services were started (for Services), whichever is lower. Applicable taxes and other charges such as shipping costs, duties, customs, tariffs, imposts, and government imposed surcharges shall be stated separately on Seller's invoice. Payment is made when ESM Aerospace check is mailed. Payment shall not constitute acceptance. All personal property taxes assessable upon the Goods prior to receipt by ESM AEROSPACE of Goods conforming to the purchase order shall be borne by Seller. Seller shall invoice ESM AEROSPACE for all Goods delivered and all Services actually performed. Each invoice submitted by Seller must be provided to ESM AEROSPACE within ninety (90) days of completion of the Services or delivery of Goods and must reference the applicable purchase order, and ESM AEROSPACE reserves the right to return all incorrect invoices. ESM AEROSPACE will receive a 2% discount of the invoiced amount for all invoices that are submitted more than ninety (90) days after completion of the Services or delivery of the Goods. Unless otherwise specified on the face of a purchase order, ESM AEROSPACE shall pay the invoiced amount within thirty (30) days after receipt of a correct invoice. Seller will receive no royalty or other remuneration on the production or distribution of any products developed by ESM AEROSPACE or Seller in connection with or based on the Goods or Services provided.

5. WARRANTIES.

5.1 Services: Seller represents and warrants that all Services shall be completed in a professional, workmanlike manner, with the degree of skill and care that is required by current, good, and sound professional procedures. Further, Seller represents and warrants that the Services shall be completed in accordance with applicable specifications and shall be correct and appropriate for the purposes contemplated in this Terms & conditions. Seller represents and warrants that the performance of Services under this Terms & conditions will not conflict with, or be prohibited in any way by, any other Terms & conditions or statutory restriction to which Seller is bound.

5.2 Goods: Seller warrants that all Goods provided will be new and will not be used or refurbished. Seller warrants that all Goods delivered shall be free from defects in materials and workmanship and shall conform to all applicable specifications for a period of fifteen (15) months from the date of delivery to our customers or for the period provided in Seller's standard warranty covering the Goods, whichever is longer. Seller hereby agrees that it will make spare parts available to ESM AEROSPACE for a period of five (5) years from the date of shipment at Seller's then current price, less applicable discounts. Additionally, Goods purchased shall be subject to all written and oral express warranties made by Seller's agents, and to all warranties provided for by the **California Commercial Code**. All warranties shall be construed as conditions as well as warranties and shall not be exclusive. Seller shall furnish to ESM AEROSPACE Seller's standard warranty and service guaranty applicable to the Goods. All warranties and Service guaranties shall run both to ESM AEROSPACE and to its customers. If ESM AEROSPACE identifies a warranty problem with the Goods during the warranty period, ESM AEROSPACE will promptly notify Seller of such problems and will return the Goods to Seller, at Seller's expense. Within five (5) business days of receipt of the returned Goods, Seller shall, at ESM Aerospace option, either repair or replace such Goods, or credit ESM Aerospace account for the same. Replacement and repaired Goods shall be warranted for the remainder of the warranty period or six (6) months, whichever is longer.

6. INSPECTION. ESM AEROSPACE shall have a reasonable time after receipt of Goods or Service deliverables and before payment to inspect them for conformity hereto, and performance hereunder shall not be deemed accepted until ESM AEROSPACE has run an adequate test to determine whether the Goods and Services conform to the specifications hereof. Use of a portion of the Goods for the purpose of testing shall not constitute an acceptance of the Goods. If performance tendered does not wholly conform with the provisions hereof, ESM AEROSPACE shall have the right to reject such performance. Nonconforming Goods will be returned to Seller freight collect and risk of loss will pass to Seller upon ESM Aerospace delivery to the common carrier.

7. INDEPENDENT CONTRACTOR. ESM AEROSPACE is interested only in the results obtained under this Terms & conditions; the manner and means of achieving the results are subject to Seller's sole control. Seller is an independent contractor for all purposes, without express or implied authority to bind ESM AEROSPACE by contract or otherwise. Neither Seller nor its employees, agents or subcontractors ("Seller's Assistants") are agents or employees of ESM AEROSPACE, and therefore are not entitled to any employee benefits of ESM AEROSPACE, including but not limited to, any type of insurance. Seller shall be responsible for all costs and expenses incident to performing its obligations under this Terms & conditions and shall provide Seller's own supplies and equipment.

8. SELLER RESPONSIBLE FOR TAXES AND RECORDS. Seller shall be solely responsible for filing the appropriate federal, state and local tax forms, including, without limitation, a Schedule C or a Form 1020, and paying all such taxes or fees, including estimated taxes and employment taxes, due with respect to Seller's receipt of payment under this Terms & conditions. Seller further agrees to provide ESM AEROSPACE with reasonable assistance in the event of a government audit. ESM AEROSPACE shall have no responsibility to pay or withhold from any payment to Seller under this Terms & conditions, any federal, state, or local taxes or fees. If required, ESM AEROSPACE will report amounts paid to Seller by filing Form 1099-MISC with the Internal Revenue Service.



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9. INSURANCE. Seller shall be solely responsible for maintaining and requiring Seller's Assistants to maintain such adequate health, auto, workers' compensation, unemployment compensation, disability, liability, and other insurance, as is required by law or as is the common practice in Seller's and Seller's Assistants' trades or businesses, whichever affords greater coverage. Upon request, Seller shall provide ESM AEROSPACE with certificates of insurance or evidence of coverage before commencing performance under this Terms & conditions. Seller shall provide adequate coverage for any ESM AEROSPACE property under the care, custody or, control of Seller or Seller's Assistants.

10. INDEMNITY. Seller shall indemnify, hold harmless, and at ESM Aerospace request, defend ESM AEROSPACE, its officers, directors, customers, agents and employees, against all claims, liabilities, damages, losses, and expenses, including attorneys' fees and cost of suit arising out of or in any way connected with the Goods or Services provided under this Terms & conditions, including, without limitation, (i) any claim based on the death or bodily injury to any person, destruction or damage to property, or contamination of the environment and any associated clean up costs, (ii) Seller failing to satisfy the Internal Revenue Service's guidelines for an independent contractor, (iii) any claim based on the negligence, omissions, or willful misconduct of Seller or any Seller's Assistants, and (iv) any claim by a third party against ESM AEROSPACE alleging that the Goods or Services, the results of such Services, or any other products or processes provided under this Terms & conditions, infringe a patent, copyright, trademark, trade secret, or other proprietary right of a third party, whether such are provided alone or in combination with other products, software, or processes. Seller shall not settle any such suit or claim without ESM Aerospace prior written approval. Seller agrees to pay or reimburse all costs that may be incurred by ESM AEROSPACE in enforcing this indemnity, including attorneys' fees. Should ESM Aerospace use, or use by its distributors, subcontractors, or customers, of any Goods or Services purchased from Seller be enjoined, be threatened by injunction, or be the subject of any legal proceeding, Seller shall, at its sole cost and expense, either (a) substitute fully equivalent non-infringing Goods or Services; (b) modify the Goods or Services so that they no longer infringe but remain fully equivalent in functionality; (c) obtain for ESM AEROSPACE, its distributors, subcontractors, or customers the right to continue using the Goods or Services; or (d) if none of the foregoing is possible, refund all amounts paid for the infringing Goods or Services.

11. CONFIDENTIALITY. Seller will acquire knowledge of ESM AEROSPACE Confidential Information (as defined below) in connection with its performance hereunder and agrees to keep such ESM AEROSPACE Confidential Information in confidence during and following termination or expiration of this Terms & conditions. "ESM AEROSPACE Confidential Information" includes but is not limited to all information, whether written or oral, in any form, including without limitation, information relating to the research, development, products, methods of manufacture, trade secrets, business plans, customers, vendors, finances, personnel data, Work Product (as defined herein), and other material or information considered proprietary by ESM AEROSPACE relating to the current or anticipated business or affairs of ESM AEROSPACE which is disclosed directly or indirectly to Seller. In addition, ESM AEROSPACE Confidential Information means any third party's proprietary or confidential information disclosed to Seller in the course of providing Services or Goods to ESM AEROSPACE. ESM AEROSPACE Confidential Information does not include any information (i) which Seller lawfully knew without restriction on disclosure before ESM AEROSPACE disclosed it to Seller, (ii) which is now or becomes publicly known through no wrongful act or failure to act of Seller, (iii) which Seller developed independently without use of the ESM AEROSPACE Confidential Information, as evidenced by appropriate documentation, or (iv) which is hereafter lawfully furnished to Seller by a third party as a matter of right and without restriction on disclosure. In addition, Seller may disclose Confidential Information which is required to be disclosed pursuant to a requirement of a government agency or law so long as Seller provides prompt notice to ESM AEROSPACE of such requirement prior to disclosure.

Seller agrees not to copy, alter, or directly or indirectly disclose any ESM AEROSPACE Confidential Information. Additionally, Seller agrees to limit its internal distribution of ESM AEROSPACE Confidential Information to Seller's Assistants who have a need to know, and to take steps to ensure that the dissemination is so limited, including the execution by Seller's Assistants of nondisclosure Terms & conditions with provisions substantially similar to those set forth herein. In no event will Seller use less than the degree of care and means that it uses to protect its own information of like kind, but in any event not less than reasonable care to prevent the unauthorized use of ESM AEROSPACE Confidential Information.

Seller further agrees not to use the ESM AEROSPACE Confidential Information except in the course of performing hereunder and will not use such ESM AEROSPACE Confidential Information for its own benefit or for the benefit of any third party. The mingling of the ESM AEROSPACE Confidential Information with information of Seller shall not affect the confidential nature or ownership of the same as stated hereunder. Seller agrees not to design or manufacture any products which incorporate ESM AEROSPACE Confidential Information. All ESM AEROSPACE Confidential Information is and shall remain the property of ESM AEROSPACE. Upon ESM Aerospace written request or the termination of this Terms & conditions, Seller shall return, transfer, or assign to ESM AEROSPACE all ESM AEROSPACE Confidential Information, including all Work Product, as defined herein, and all copies thereof.

12. OWNERSHIP OF WORK PRODUCT. For purposes of this Terms & conditions, "Work Product" shall include, without limitation, all designs, discoveries, creations, works, devices, masks, models, work in progress, Service deliverables, inventions, products, computer programs, procedures, improvements, developments, drawings, notes, documents, information and materials made, conceived, or developed by Seller, alone or with others, which result from or relate to the Services performed hereunder. Standard Goods manufactured by Seller and sold to ESM AEROSPACE without having been designed, customized, or modified for ESM AEROSPACE do not constitute Work Product. All Work Product shall at all times be and remain the sole and exclusive property of ESM AEROSPACE. Seller hereby agrees to irrevocably assign and transfer to ESM AEROSPACE and does hereby assign and transfer to ESM AEROSPACE all of its worldwide right, title, and interest in and to the Work Product including all associated intellectual property rights. ESM AEROSPACE will have the sole right to determine the treatment of any Work Product, including the right to keep it as trade secret, execute and file patent applications on it, to use and disclose it without prior patent application, to file registrations for copyright or trademark in its own name, or to follow any other procedure that ESM AEROSPACE deems appropriate. Seller agrees: (a) to disclose promptly in writing to ESM AEROSPACE all Work Product in its possession; (b) to assist ESM AEROSPACE in every reasonable way, at ESM Aerospace expense, to secure, perfect, register, apply for, maintain, and defend for ESM Aerospace benefit all copyrights, patent rights, mask work rights, trade secret rights, and all other proprietary rights or statutory protections in and to the Work Product in ESM Aerospace name as it deems appropriate; and (c) to otherwise treat all Work Product as ESM AEROSPACE Confidential Information as described above. These obligations to disclose, assist, execute, and keep confidential survive the expiration or termination of this Terms & conditions. All tools and equipment supplied by ESM AEROSPACE to Seller shall remain the sole property of ESM AEROSPACE.

Seller will ensure that Seller's Assistants appropriately waive any and all claims and assign to ESM AEROSPACE any and all rights or any interests in any Work Product or original works created in connection with this Terms & conditions. Seller irrevocably agrees not to assert against ESM AEROSPACE or its direct or indirect customers, assignees, or licensees any claim of any intellectual property rights of Seller affecting the Work Product.

ESM AEROSPACE will not have rights to any works conceived or reduced to practice by Seller which were developed entirely on Seller's own time without using equipment, supplies, facilities, or trade secret or ESM AEROSPACE Confidential Information, unless (i) such works relate to ESM Aerospace business, or ESM Aerospace actual or demonstrably anticipated research or development, or (ii) such works result from any Services performed by Seller for ESM AEROSPACE.

13. NONINTERFERENCE WITH BUSINESS. During and for a period of two years immediately after the termination or expiration of this Terms & conditions, Seller agrees not to unlawfully interfere with the business of ESM AEROSPACE in any manner, and further agrees not to solicit or induce any employee or independent contractor to terminate or breach an employment, contractual, or other relationship with ESM AEROSPACE.



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14. TERMINATION. ESM AEROSPACE may terminate this Terms & conditions upon written notice to Seller if Seller fails to perform or otherwise breaches this Terms & conditions, files a petition in bankruptcy, becomes insolvent, or dissolves. In the event of such termination, ESM AEROSPACE shall pay Seller for the portion of the Services satisfactorily performed and those conforming Goods delivered to ESM AEROSPACE through the date of termination, less appropriate offsets, including any additional costs to be incurred by ESM AEROSPACE in completing the Services.

ESM AEROSPACE may terminate this Terms & conditions for any other reason upon thirty (30) days' written notice to Seller. Seller shall cease to perform Services and/or provide Goods under this Terms & conditions on the date of termination specified in such notice. In the event of such termination, ESM AEROSPACE shall be liable to Seller only for those Services satisfactorily performed and those conforming Goods delivered to ESM AEROSPACE through the date of termination, less appropriate offsets. Seller may terminate this Terms & conditions upon written notice to ESM AEROSPACE if ESM AEROSPACE fails to pay Seller within sixty (60) days after Seller notifies ESM AEROSPACE in writing that payment is past due. Upon the expiration or termination of this Terms & conditions for any reason: (a) each party will be released from all obligations to the other arising after the date of expiration or termination, except for those which by their terms survive such termination or expiration; and (b) Seller will promptly notify ESM AEROSPACE of all ESM AEROSPACE Confidential Information or any Work Product in Seller's possession and, at the expense of Seller and in accordance with ESM Aerospace instructions, will promptly deliver to ESM AEROSPACE all such ESM AEROSPACE Confidential Information and/or Work Product.

15. REMEDIES. If Seller breaches this Terms & conditions, ESM AEROSPACE shall have all remedies available by law and at equity. For the purchase of Goods, Seller's sole remedy in the event of breach of this Terms & conditions by ESM AEROSPACE shall be the right to recover damages in the amount equal to the difference between market price at the time of breach and the purchase price specified in the Terms & conditions. No alternate method of measuring damages shall apply to this transaction. Seller shall have no right to resell Goods for ESM Aerospace account in the event of wrongful rejection, revocation of acceptance, failure to make payment or repudiation by ESM AEROSPACE and any resale so made shall be for the account of Seller.

16. FORCE MAJEURE. ESM AEROSPACE shall not be liable for any failure to perform including failure to (i) accept performance of Services or, (ii) take delivery of the Goods as provided caused by circumstances beyond its control which make such performance commercially impractical including, but not limited to, acts of God, fire, flood, acts of war, government action, accident, labor difficulties or shortage, inability to obtain materials, equipment, or transportation. In the event ESM AEROSPACE is so excused, either party may terminate the Terms & conditions and ESM AEROSPACE shall at its expense and risk, return any Goods received to the place of shipment.

17. ATTORNEYS' FEES. In any action to enforce this Terms & conditions, the prevailing party shall be entitled to recover all court costs and expenses and reasonable attorneys' fees, in addition to any other relief to which it may be entitled.

18. SEVERABILITY. If any provision of this Terms & conditions shall be deemed to be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

19. LIMITATION OF LIABILITY. IN NO EVENT SHALL ESM AEROSPACE BE LIABLE TO SELLER OR SELLER'S ASSISTANTS, OR ANY THIRD PARTY FOR ANY INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR IN CONNECTION WITH, THIS TERMS & CONDITIONS, WHETHER OR NOT ESM AEROSPACE WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE, AND WHETHER OR NOT THERE IS A FAILURE OF ANY AGREED REMEDY.

20. ASSIGNMENT; WAIVER. Seller may not assign this Terms & conditions or any of its rights or obligations under this Terms & conditions, without the prior written consent of ESM AEROSPACE. Any assignment or transfer without such written consent shall be null and void. A waiver of any default hereunder or of any term or condition of this Terms & conditions shall not be deemed to be a continuing waiver or a waiver of any other default or any other term or condition.

21. NONEXCLUSIVE TERMS & CONDITIONS. This is not an exclusive Terms & conditions. ESM AEROSPACE is free to engage others to perform Services or provide Goods the same as or similar to Seller's. Seller is free to, and is encouraged to, advertise, offer, and provide Seller's Services and/or Goods to others; provided however, that Seller does not breach this Terms & conditions.

22. NOTICES. Except for Purchase Orders which may be sent by local mail, facsimile transmission, or electronically transmitted, all notices, and other communications hereunder shall be in writing, and shall be addressed to Seller or to an authorized ESM AEROSPACE representative, and shall be considered given when (a) delivered personally, (b) sent by confirmed telex or facsimile, (c) sent by commercial overnight courier with written verification receipt, or (d) three (3) days after having been sent, postage prepaid, by first class or certified mail.

23. SURVIVAL OF OBLIGATIONS. Any obligations and duties which by their nature extend beyond the expiration or termination of this Terms & conditions shall survive the expiration or termination of this Terms & conditions.

24. GOVERNING LAW. This Terms & conditions shall be construed in accordance with, and disputes shall be governed by, the laws of the **STATE OF CALIFORNIA** excluding its conflict of law rules. Jurisdiction and venue over all controversies arising out of, or relating to, this Terms & conditions shall be in the **County of Los Angeles**. The applicability of the UN Convention on Contracts for the International Sale of Goods is hereby expressly waived by the parties and it shall not apply to the terms and conditions of this Terms & conditions.

25. ENTIRE TERMS & CONDITIONS; MODIFICATION. This Terms & conditions is the complete, final, and exclusive statement of the terms of the Terms & conditions between the parties and supersedes any and all other prior and contemporaneous negotiations and Terms & conditions, whether oral or written, between them relating to the subject matter hereof. This Terms & conditions may not be varied, modified, altered, or amended except in writing, including a purchase order or a change order issued by ESM AEROSPACE, signed by the parties. The terms and conditions of this Terms & conditions shall prevail notwithstanding any variance with the terms and conditions of any acknowledgment or other document submitted by Seller. Notwithstanding the foregoing, this Terms & conditions will not supersede or take the place of any written Terms & conditions which is signed by both parties and covers the same subject matter as this Terms & conditions or its related purchase orders.

26. COMPLIANCE WITH LAWS.

26.1 General: Seller shall comply fully with all applicable federal, state, and local laws in the performance of this Terms & conditions including, but not limited to, all applicable employment, tax, export control, and environmental laws.

26.2 Hazardous Materials: If Goods include hazardous materials, Seller represents and warrants that Seller understands the nature of any hazards associated with the manufacture, handling, and transportation of such hazardous materials

26.3 Customs: Upon ESM Aerospace request, Seller will promptly provide ESM AEROSPACE with a statement of origin for all Goods and United States Customs documentation for Goods wholly or partially manufactured outside of the United States.

27. INJUNCTIVE RELIEF. Seller acknowledges and agrees that the obligations and promises of Seller under this Terms & conditions are of a unique, intellectual nature giving them particular value. Seller's breach of any of the promises contained in this Terms & conditions will result in irreparable and continuing damage to ESM AEROSPACE for which there will be no adequate remedy at law and, in the event of such breach, ESM AEROSPACE will be entitled to seek injunctive relief, or a decree of specific performance.

28. Customer's Requirements & Customer's Terms & Conditions: Should any of the above ESM Aerospace Inc Terms & Conditions have conflict with Customer's requirements; the customer's requirements may supersede ESM Aerospace terms & conditions.



E.S.M. Aerospace Inc.

1203 W. Isabel Street; Burbank, CA 91506-1407; Tel: 818-841-3653; Fax: 818-841-8699

PURCHASE ORDER TERMS AND CONDITIONS

ACCEPT THE PURCHASE ORDER ONLY UPON ACCEPTING THE FOLLOWING TERMS & CONDITIONS

29. The following areas are for Referenced Specifications and Aerospace Industry Standards:

(If there is conflict between translation of Aerospace standard, the actual & most updated standard will prevail)

a. Military Standards/Specifications

1. MIL-I-45208 Inspection System Requirements
2. MIL-Q-9858 Quality Program Requirements
3. MIL-STD-105 Sampling Procedures and Tables for Inspection by Attributes
4. MIL-STD-1520 Corrective Action and Disposition System for

b. Nonconforming Material

1. MIL-STD-45662 Calibration System Requirements

c. Industry Quality Standards

1. ANSI-Z 540-1 Calibration Laboratories and Measuring and Test OR Better

d. Equipment – General Requirements

1. ISO 10012 Measurement Management System
2. ISO 10012-1 Quality Assurance Requirements for Measuring Equipment

e. FOD Program: NAS 412 Foreign Object Damage/Foreign Object Debris (FOD) equitant or better

f. Variable data non-conformances: When the Supplier-reported

Nonconformance is dimensional in nature the Supplier shall, when possible, Provide inspection results for a sample of nonconforming pieces which meets or Exceeds sample sizes as defined in MIL-STD-105, or its equivalent ANSI/ASQC Z1.9 ISO 3951, BS6002. Due to the parts having known nonconformities, larger Sample sizes are preferred.

g. Inspection System: The Supplier's inspection program shall be in accordance with

At least one of the following specifications or standards:

1. Specification MIL-I-45208A, "Inspection System Requirements"
2. AS9003, "Inspection and Test Quality System"
3. Any higher-level quality system (AS9100/ISO9001/NADCAP)

h. Quality Assurance System: The Supplier's quality program shall be in accordance

With at least one of the following specifications or standards:

1. Specification MIL-Q-9858A, "Quality Program Requirements"
2. ISO 9001:2008, "Quality Management System"
3. AS 9100 "Quality Management Systems – Aerospace Requirements" (Prefer current Rev)

i. Calibration Control: The Supplier shall control the calibration of all measuring and

Testing devices against certified standards traceable to the National Bureau of

Standards. The calibration programs shall be in accordance with at least one of

The following standards:

1. MIL-STD-45662, "Calibration System Requirements"
2. ISO 10012-1:2000, "Quality Assurance Requirements for Measuring Equipment"
3. ANSI/ASQC MI-1996, "American National Standard for Calibration Systems"
4. ISO/IEC 17025:1999, ISO/IEC 17025:2005 or better
5. Calibration laboratory should meet ANSI/NCSL Z540-I-1994 equitant or better

ESM Aerospace reserves the right to determine if a Supplier's calibration controls are Appropriate for the product the Supplier provides.