

DENEZOL TOOL CO., INC. PURCHASE TERMS AND CONDITIONS

Acceptance of purchase order/terms and conditions

Seller's acknowledgement, acceptance of payment, or commencement of performance, shall constitute Seller's unqualified acceptance of this purchase order and the terms and conditions described herein.

Duration

The terms and conditions herein shall remain in effect for the duration of this purchase order.

Undetermined price

In the event that this purchase order does not state price, Buyer will not be bound to any prices to which it has not specifically agreed in writing.

Buyer's property

All drawings, tools, fixtures, materials, gages and other items supplied or paid for by Buyer shall be and remain the property of Buyer. Seller shall return Buyer's property to Buyer upon completion or cancellation of this purchase order, unless otherwise specified in writing by an authorized Denezol purchasing agent. Buyer shall have the right to enter Seller's premises and remove any such property at a reasonable time without being liable for trespass or damages of any sort. Seller shall also have the obligation to maintain any and all property furnished by Buyer to Seller and shall be responsible for all loss or damage to said property except for normal wear and tear. Buyer's property shall only be used for the performance of this purchase order.

Handling and packaging

Seller shall ensure that articles provided to Buyer are handled, packed and shipped in such a manner as to provide adequate physical protection. If Buyer requires special handling and/or packaging of articles, such requirements shall be prescribed in the purchase order.

Proprietary data

Seller shall keep confidential the features of any specifications, information, data, drawings, software, equipment, tools, and other data furnished by Buyer and will use such items only in the production of goods and/or performance of services covered by this order or other orders from Buyer. Seller agrees that any Buyer-owned data, designs or other information supplied by or on behalf of Buyer shall not be disclosed in whole or in part to third parties without express written permission from Buyer. The preceding sentence does not apply to authorized vendors of Seller when they perform services on Seller's behalf under this purchase order. Seller shall not use Buyer-owned data, designs or information supplied by or on behalf of Buyer for manufacture of Buyer's products, or cause others to do so, without express written authorization from Buyer.

Quality system

If Seller maintains a registered quality system in compliance with any standard issued by the International Organization for Standardization (ISO), National Aerospace and Defense Contractors Accreditation Program (Nadcap), or 14 CFR Parts 21 or 145, Seller shall notify Buyer of any change to its registration or accreditation status.

Right of access

(a) Seller agrees to permit Buyer, Buyer's customer and/or regulatory authorities access to Seller's facility at reasonable times and reasonable places, to verify compliance with purchase order requirements, the terms and conditions herein, to assess the quality of the contracted products, and to verify Buyer's compliance with applicable requirements at the supplier level. Seller shall provide all information, facilities, records and assistance necessary for safe and convenient inspection without additional charge.

(b) No such inspection shall relieve Seller of its obligations to furnish all work in accordance with the requirements of this purchase order. Buyer's final inspection and acceptance shall be at the Buyer's facility.

(c) Seller acknowledges that its failure to allow authorized representatives to perform these activities will preclude Buyer from approving Seller's work and shall be grounds for Buyer not making any payment to Seller for work performed.

(d) Seller shall be liable to Buyer for any and all consequential damages resulting from Seller's refusal to allow duly authorized

representatives of the FAA to conduct an inspection of Seller's facilities during the time Seller is performing work on behalf of Buyer.

Substitutions and changes

(a) Seller shall not make any substitutions or changes in the materials, parts or services requested in the purchase order, or their designs, without prior written approval from Buyer. Seller shall notify Buyer of changes affecting products, processes, or services under this purchase order, including changes to location of manufacture and changes originating from Seller's vendors, and shall obtain approval from Buyer.

(b) When Buyer furnishes material to Seller for work to be performed under this purchase order, Seller shall use only Buyer furnished material. When Seller is to furnish material for work to be performed under this purchase order, Seller shall provide Buyer a copy of the material certificate of conformity and/or test reports for approval, and shall not make substitutions or changes to the material thereafter without approval from Buyer.

Counterfeit material prevention (applies to distributors, brokers, or resellers of products)

Seller shall ensure that only new and authentic materials are used in products delivered to Buyer. Seller may only purchase materials directly from original manufacturers, manufacturer franchised distributors, or authorized aftermarket manufacturers. Use of materials not provided by these sources is not authorized unless first approved in writing by Buyer. Seller must present compelling support for its request (e.g., original manufacturer documentation that authenticates traceability of the material to the original manufacturer), and include in its request all actions to ensure the material thus procured is authentic and conforming.

Acceptance of product

(a) Acceptance inspection of products or services by Buyer shall take place at Buyer's facility, and a reasonable time (no less than 30 days after receipt of products or services from Seller) shall be allowed to determine conformity to requirements.

(b) Products or services delivered by Seller to Buyer may be rejected if the requirements of the purchase order, manufacturing plan, and/or engineering drawings are not met. Upon rejection, Buyer may require Seller to rework or replace, or reimburse the purchase price.

Nonconformities

(a) Seller shall not use nonconforming articles or materials in work being performed for Buyer.

(b) If nonconformity occurs, Seller shall not repair the article without prior approval from Buyer.

(c) Seller shall notify Buyer of nonconforming product prior to delivery. Seller shall identify nonconforming articles to preclude their use in finished product. Seller shall return nonconforming articles to Buyer for evaluation and disposition.

(d) Scrap over 3 (three) percent on Buyer furnished material will be debited against Seller's account.

Notification of escapement

Seller shall provide timely notification (within 1 business day) to Buyer of product nonconformities detected after delivery to Buyer. Notification shall include a description of the nonconformity, part numbers affected, quantities, and dates delivered, and shall also include (when applicable) serial numbers, lot numbers or other part identifiers.

Corrective action

Seller is acting under Buyer's quality system and shall comply with any corrective action request flowed down by Buyer.

Supplier performance

Buyer collects quality and on-time delivery data to evaluate Seller's performance under this purchase order.

Certificate of conformity

(a) When a certificate of conformity is required on this purchase order, Seller shall provide a signed and dated statement certifying that its quality assurance department has inspected all products, processes, or services performed and that they conform to all applicable requirements, drawings and specifications.

(b) When revision levels are prescribed on the purchase order, Seller's certificate of conformity shall reflect that the product meets the requirements of the revision level specified on the purchase order. When revision levels are not prescribed on the

purchase order, Seller's certificate of conformity shall reflect that product meets the requirements of the current issues of applicable specifications.

(c) Buyer shall make available to Seller drawings, standards or specifications at revision levels required by this purchase order upon request, to the extent necessary for the performance of work under this purchase order.

Basic working conditions and human rights

Seller commits that any material violation of law by Seller relating to basic working conditions and human rights, including laws regarding slavery and human trafficking, applicable to Seller's performance under this purchase order, may be considered a material breach of this purchase order for which Buyer may elect to cancel any open orders between Buyer and the Seller, for cause, in accordance with the provisions of this purchase order, or exercise any other right of Buyer for an Event of Default under this purchase order.

Personnel qualification and awareness

(a) Where required by design specification referenced on this purchase order, personnel shall be qualified on the basis of education, training, skills and experience. Records of such qualification shall be made available for Buyer's review.

(b) Seller shall ensure that personnel performing work under this purchase order are aware of their contribution to product or service conformity, product safety, and the importance of ethical behavior.

Work Transfer

(a) Seller shall not subcontract or transfer any portion of the work to be performed under this purchase order without prior written authorization from Buyer, except as described in (b), (c) and (d) of this section.

(b) Seller shall provide written notification prior to the manufacturing start date of the first part associated with the work transfer.

(c) Seller must have written authorization from an authorized Denezol purchasing agent to initiate the work transfer.

(d) Seller is required to flow down to its vendors applicable requirements contained in the purchase order and referenced drawings or specifications, including the requirements of Buyer's customers.

Records

Seller shall provide to buyer a legible copy of records requested on this purchase order. Seller shall maintain product, process, or service records for a minimum period of 11 (eleven) years from the time articles or services are delivered to Buyer. Seller shall notify Buyer of its intent to dispose of records for serialized products, and shall provide Buyer the opportunity to obtain a copy of such records on media acceptable to Buyer.

English Language

When specifically requested by Buyer, Seller shall make specified quality data and/or approved design data available in the English language.

Statistical Product Acceptance (Boeing flow-down)

Seller shall perform 100% inspection for in-process and final inspection, or Seller shall conform to requirements of AS9138 "Aerospace Series – Quality Management Systems Statistical Product Acceptance Requirements". With the exception noted herein Seller's statistical sampling procedure/plan conformance to AS9138 with minimum protection levels meeting SAE AS9138 Table A1 and C=0 will constitute Boeing Quality approval subject to restrictions noted in AS9138, Section 4.3 Safety/Critical Characteristics, and part/product Design Data sampling requirements and/or prohibitions. Buyer reserves the right to disallow a supplier's statistical methods for product acceptance for specific sites/programs, parts or characteristics, and to conduct surveillance at Seller's facility to assess conformance to the requirements of AS9138.

Boeing Document D1-4426 "Approved Process Sources" (Boeing flow-down)

Seller shall comply with Boeing document D1-4426 "Approved Process Sources" (<http://active.boeing.com/doingbiz/d14426/index.cfm>). This document defines the approved sources for special processing, composite raw materials, composite products, aircraft bearings, designated fasteners, and metallic raw materials. Seller's purchasing information shall conform to the purchasing data requirements of Boeing document D1-4426 Appendix D (<http://active.boeing.com/doingbiz/d14426/Appendix-D.pdf>).

Application of acceptance authority media (Boeing flow-down)

Seller's use of acceptance authority media (e.g., stamps, signatures, etc.) shall ensure appropriate controls for the media to prevent errors (e.g., omission, typos, legibility, etc.) or misrepresentation (e.g., falsification, unqualified personnel, work not performed as planned, etc.).

Regulatory Approvals (Boeing flow-down)

Seller agrees not to engage in direct sales of Products or Services under this purchase order to owners/operators of type-certificated aircraft without appropriate regulatory approval. For Seller proprietary parts, Seller agrees to notify Boeing of application for regulatory approval and the subsequent approval or denial of same. Upon receipt of proof of applicable regulatory approval, Boeing may list Seller in the illustrated parts catalog as seller of that part. Unless explicit contractual direction is given to the contrary, no articles (or constituent parts thereof) under this purchase order shall contain any Federal Aviation Administration – Parts Manufacturer Approval (FAA-PMA) markings and the accompanying paperwork (e.g. packages, shippers, etc.) shall not contain any FAA-PMA markings.

Labeling of products containing or manufactured with ozone-depleting substances (Boeing flow-down)

(a) "Ozone-depleting substance," as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR Part 82 as (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to hydrochlorofluorocarbons.

(b) Seller shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR Part 82, Subpart E, as applicable:

Warning: Contains * _____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.

Warning: Manufactured with * _____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.

* Seller shall insert the name of the substance(s).