

**MACHINTEK COMPANY  
TERMS AND CONDITIONS OF PURCHASE**

**1. AGREEMENTS AND ACCEPTANCE**

This purchase order is subject to the terms and conditions set forth herein. No additions to or deletions or modifications of these terms and conditions or order proposed by SELLER in its printed forms or otherwise shall bind MACHINTEK Company ("MACHINTEK") unless accepted by MACHINTEK in writing, regardless of whether such other terms would materially alter the terms thereof. MACHINTEK may revoke or modify this order at any time prior to acceptance by SELLER. BY ACCEPTING THIS PURCHASE ORDER, THE SELLER AGREES TO ALL TERMS AND CONDITIONS LISTED HEREIN.

**2. PRICES AND PAYMENT TERMS**

Prices and payment terms, unless otherwise expressly agreed in writing, are as set forth on the face hereof, F.O.B. MACHINTEK's facility in Fairfield, Ohio. Payment by MACHINTEK shall not prejudice claims of MACHINTEK on account of omissions or shortages in shipment.

**3. WARRANTIES**

SELLER warrants that all goods and services supplied to MACHINTEK will be as described herein, merchantable, free from defects in design, workmanship and material, fit for the intended purposes and conform to applicable drawings, descriptions, statutes, rules, regulations, express warranties and/or specifications.

**4. MACHINTEK'S PROPERTY**

Unless otherwise agreed in writing, all property furnished to SELLER by MACHINTEK, any replacement thereof, and any materials affixed or attached thereto, shall be and remain the personal property of MACHINTEK. Such property, and wherever practical, each individual item thereof shall be plainly marked or otherwise adequately identified by SELLER as "Property of MACHINTEK Corporation", and shall be safely stored separate and apart from SELLER's property. SELLER shall not substitute any other property for MACHINTEK's property and shall not use such property except in filling MACHINTEK's orders. Such property, as well as property unconditionally appropriated to the contract, while in SELLER's custody or control shall be held at SELLER's risk, shall be kept insured by SELLER at SELLER's expense in an amount equal to the replacement cost with loss payable to MACHINTEK and shall be subject to removal at MACHINTEK's written request, in which event SELLER shall prepare such property for shipment and shall redeliver it to MACHINTEK in the same condition as originally received by SELLER, reasonable wear and tear excepted.

**5. CHANGES, CANCELLATIONS AND DELAYS**

MACHINTEK shall have the right to make changes in the order, or to terminate this order, without liability except for deliveries previously made or for goods or services covered by the order then completed and subsequently delivered in accordance with the terms of this order. If SELLER does not comply with MACHINTEK's delivery schedule for any reason, MACHINTEK shall have the right to cancel the order without liability to MACHINTEK.

**6. NON-ASSIGNMENT AND SET OFF**

SELLER may not assign this order or any interest herein or any payment due or to become due there under, without MACHINTEK's prior written consent. MACHINTEK shall be entitled at all times to set off any amount owing at any time from SELLER or its affiliates to MACHINTEK or any of its affiliates against any amount payable at any time by MACHINTEK in connection with this order.

**7. INTELLECTUAL PROPERTY**

All applications, concepts, designs, discoveries, drawings, formulations, ideas, innovations, inventions, know-how, plans, processes, programs, specifications, systems, techniques and other intellectual property created, developed or otherwise used by SELLER in connection with the production of or filling of MACHINTEK's order are included in the sale of goods and services to MACHINTEK and at all times shall be the exclusive property of MACHINTEK.

**8. COMPLIANCE WITH LABOR AND NON-DISCRIMINATION LAWS**

SELLER's acceptance of this order shall constitute SELLER's representation and warranty that it is in compliance with the requirements of the Fair Labor Standards Act and Executive Order 11246, and all regulations issued there under.

**9. WORK ON MACHINTEK'S OR ITS CUSTOMER'S PREMISES**

If SELLER conducts operations on the premises of MACHINTEK or any of MACHINTEK's customers, SELLER shall take all reasonable precautions to prevent injury to person or property during the progress of such work and shall maintain insurance covering said risks. SELLER shall indemnify, defend and hold harmless MACHINTEK and MACHINTEK's customers against all loss which may result in any way from any act or omission of the SELLER, its agents, employees, or subcontractors, except to the extent that any such injury is due solely and directly to MACHINTEK's or its customer's negligence.

**10. NON-WAIVER AND LIMITATION OF ACTIONS**

MACHINTEK's failure to enforce at any time or for any period of time any of the provisions hereof shall not be construed to be a waiver of such provision or of MACHINTEK's right thereafter to enforce such provision.

**11. INSPECTION AND RETURNS**

Notwithstanding prior payment, goods shipped or services delivered under this order are subject to MACHINTEK's inspection and rejection within a 60-day period following receipt thereof. All goods or services of inferior quality or workmanship, not in compliance with drawings, specifications, or warranties, shipped contrary to instructions, in excess of or less than the quantities specified, substituted for goods or services therein described, not shipped in containers conforming to MACHINTEK's specifications (or, in the absence of such specifications, in recognizable standard container), or otherwise not conforming to the contract or that violate any applicable local, state or federal statute, ordinance or administrative order, rule or regulation may be rejected and returned to SELLER for a complete refund of MACHINTEK's payments and other costs, including freight charges. Risk of loss with respect to goods so rejected shall at no time be borne by MACHINTEK. MACHINTEK may charge SELLER any expenses incurred in unpacking, examining, repacking, storing and reshipping and goods rejected as aforesaid.

**12. INDEMNIFICATION**

SELLER shall, at SELLER's sole cost and expense, indemnify, defend and hold harmless MACHINTEK and MACHINTEK's customers, employees or agents, from and against any and all claims, liabilities, damages, costs and expenses, including attorneys' fees, constituting or arising from injury, loss, liability or claim caused by or resulting from the goods or products or services supplied by SELLER hereunder or any defect therein, including, without limitation, products liability claims, failure of such goods or products or services to conform to applicable safety standards, warranties, specifications or requirements, and infringement by such goods or products or services of any patent or copyright.

**13. SELLER'S INSOLVENCY**

If SELLER ceases to conduct its operations in the normal course of business, fails to pay its debts generally as such debts become due, any proceeding under the federal Bankruptcy Code or insolvency laws is commenced by or against SELLER, a receiver is appointed for SELLER or a substantial portion of its business or assets, or an assignment for the benefit of SELLER's creditors is made, MACHINTEK may terminate this order without liability except for deliveries previously made or for goods or services covered by the order then completed and subsequently delivered in accordance with the terms of this order.

**14. GOVERNING LAW; REMEDIES**

The rights and obligations of the parties hereto and the construction and effect of any contract formed pursuant hereto shall be governed by the laws of the State of Ohio without reference to choice of law doctrine. MACHINTEK shall, in addition to the rights and remedies herein set forth, be entitled to all rights and remedies provided for in the Uniform Commercial Code, as amended from time to time, and other applicable law and at equity.

15. **ADDITIONAL TERMS & CONDITIONS**

- (1) All MACHINTEK Purchase Order requirements shall be flowed down to any sub-tier SELLERS or subcontractors.
- (2) MACHINTEK will flow down the requirements for processes, products, and services that the SELLER will be providing including relevant technical data (Specs, Drawings, Process Requirements, and Work Instructions).
- (3) All applicable Material Test Reports, Special Process Test Reports, and Certificates of Conformance shall be sent with each shipment or prior to shipment for review by the appropriate MACHINTEK personnel.
- (4) SELLER acknowledges MACHINTEK's right of access to its facilities, product, and/or related quality records at any time, by MACHINTEK, its customer, or regulatory authorities in order to verify quality of products or work. Right of access may be limited to only those records and product applicable to MACHINTEK's products or contracts.
- (5) SELLER will notify MACHINTEK immediately of unexpected anomalies, nonconformances, changes in product and/or process, changes of SELLERS, and/or changes of manufacturing facility location. MACHINTEK reserves the right to approve such changes or incidents before work is allowed to proceed.
- (6) SELLER acknowledges it shall apply suitable corrective action when presented with MACHINTEK complaints or nonconformance reports.
- (7) Records pertaining to the manufacture, inspection and test of MACHINTEK's products shall be retained for a minimum of seven (7) years.
- (8) SELLER shall comply with the Aerospace Industries Association of America (AIA) *Global Principles of Ethics in the Aerospace & Defense Industry*, available for review here: <http://asd-europe.org/business-ethics>
- (9) SELLER shall ensure that only qualified personnel will be used during the processing of MACHINTEK products and SELLER shall be able to produce records of such qualifications.
- (10) SELLER shall keep records of the quality performance of sub-tier SELLERS.
- (11) SELLER shall have procedures in place for control of design and development, special requirements, critical items, and key characteristics, test, inspection, and verification, and the use of statistical techniques for product acceptance and related instructions for acceptance by MACHINTEK.
- (12) SELLER shall implement a quality management system (if one is not implemented).
- (13) SELLER shall use a MACHINTEK-designated or approved external provider, including process and special process sources.
- (14) SELLER shall have a counterfeit part prevention procedure.
  - a. Counterfeit Work: Product that is or contains unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used Work represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.
  - b. Suspect Counterfeit Work: Product or which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the Work part is authentic.
  - c. SELLER shall not deliver Counterfeit Work or Suspect Counterfeit Work to MACHINTEK under this Contract.
  - d. SELLER shall only purchase products to be delivered or incorporated as Work to MACHINTEK directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. SELLER may use another source only if (i) the foregoing sources are unavailable, (ii) SELLER's inspection and other counterfeit risk mitigation processes will be employed to ensure the authenticity of the Work, and (iii) SELLER obtains the advance written approval of MACHINTEK.
  - e. SELLER shall maintain counterfeit risk mitigation processes in accordance with industry recognized standards and with any other specific requirements identified in this Contract.
  - f. SELLER shall immediately notify MACHINTEK with the pertinent facts if SELLER becomes aware that it has delivered Counterfeit Work or Suspect Counterfeit Work. When requested by MACHINTEK, SELLER shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. SELLER, at its expense, shall provide reasonable cooperation to MACHINTEK in conducting any investigation regarding the delivery of Counterfeit Work or Suspect Counterfeit Work under this Contract.
  - g. This clause applies in addition to and is not altered, changed, or superseded by any quality provision, specification, statement of work, regulatory flowdown, or other provision included in this Contract addressing the authenticity of Work.
- (15) SELLER shall flow down to external providers applicable requirements including MACHINTEK requirements.
- (16) Upon request, SELLER shall provide test specimens for design approval, inspection/verification, investigation, or auditing.
- (17) MACHINTEK maintains records of the SELLER's performance (on-time delivery, nonconformance's) and will provide this information to the SELLER on request. SELLER Corrective Action Requests may be issued if warranted by substandard SELLER performance.
- (18) MACHINTEK's SELLERS need to understand that they contribute to MACHINTEK's product and service conformity, product safety, and that ethical behavior is of utmost importance.