

# Universal Aerospace Company

**1. Entire Agreement.** This Purchase Order ("Order") issued by Universal Aerospace Company, Inc. ("Buyer") consists of the provisions set forth on the Face Sheet, on the reverse side hereof, those attached hereto, those incorporated herein by reference, and those which make up these Terms and Conditions. This Order represents the entire agreement between the parties concerning the goods. No change to or modification of the Order will be binding upon Buyer except as made in writing by Buyer or purchasing agents designated as such by Buyer. Any work or action taken by Seller pursuant to instructions of other persons shall be at Seller's sole risk and liability.

**2. Technical Requirements.** All goods ordered shall comply with the specifications, drawings and other technical requirements made available by this Order. Seller acknowledges it has examined all such specifications, drawings, and other technical requirements and represents and warrants to Buyer that there are no errors, omissions or discrepancies therein. Supplier shall comply with all safety standards and applicable UAC Customer requirements including AS9100, REACH, NADCAP, and Ethical Behavior, outlined in UAC F-600-005 Ethical Behavior. Suppliers of special processes shall be certified/qualified in accordance with requirements on drawings, specification and contract, as well as Boeing D1-4426 approval if applicable.

### 3. Counterfeit Part Prevention

Supplier must have a Counterfeit Part prevention program in place that meets or exceeds the requirements of AS9100. The program must prevent the delivery of counterfeit or suspect counterfeit parts to Buyer.

### 4. Record Retention

Quality records must be kept and maintained for a minimum of 10 years beyond the life of the part and must be made available within a timely manner to Buyer upon request. Disposal of any quality records is not permitted at any time without written consent from Buyer.

**5. Changes.** Buyer may at any time by written notice make changes within the general scope of this Order in any one or more of the following: (i) Drawings, designs and specifications; (ii) Method of shipping or packing; (iii) Place of delivery; and (iv) Extend Delivery Date. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any part of the work under this Order shall be modified in writing accordingly. Any claim by Seller for such an adjustment shall be deemed waived if not made in writing within thirty (30) days after Seller's receipt of any such notice; provided, however, that Buyer may at its discretion act upon any claim made prior to final payment under this Order. Nothing in this Paragraph shall excuse Seller from proceeding without delay to perform this order as changed.

**6. Extra Charges.** No charges will be allowed for taxes, transportation, packaging, packing, or returnable containers except as expressly stated in the Order. All sales, use, excise or similar taxes to be paid by Buyer must be itemized separately on all invoices.

**7. Inspection.** All goods shall be subject to inspection and test by Buyer at all times and places, including the period of manufacture and shall be subject to final inspection and acceptance at Buyer's plant notwithstanding any payment or prior inspection. Final inspection shall be made within a reasonable time after delivery. Rejected goods may be returned at Seller's risk and expense for correction, replacement or credit, as Buyer may elect. Exercise of specific remedies under this Paragraph shall not be exclusive of any other remedies of Buyer at law or equity.

**8. Indemnity.** Seller shall defend, indemnify and save harmless Buyer, its agents, employees and customers, from any and all liability, loss, damage, expense (including attorney's fees, suit, or claims, whether arising from injury to person (including death) or property, breach of contract, or otherwise arising out of or incident to the work performed or goods furnished hereunder, or arising from Seller's presence in, or use of, Buyer's or Buyer's customer facilities, equipment, or premises. Seller shall carry insurance relating to the foregoing indemnity and defense obligations in form and amounts satisfactory to Buyer and shall, upon Buyer's request, furnish evidence of same.

**9. Warranties.** Seller warrants that the goods will be free from defects in material and workmanship and will conform to applicable specifications, drawings, samples, or other descriptions. The foregoing warranties will remain in effect as to each of the goods furnished, serviced, or repaired hereunder for a period equal to the greater of one year after installation at Buyer's plant or Buyer's customer facilities or the warranty period normally offered by Seller. Seller also warrants that any goods of Seller's design will be free from defects to design and that Seller has good title to all goods delivered pursuant to this Order. All warranties shall be construed as conditions as well as warranties and shall not be deemed to be exclusive. Seller agrees to indemnify Buyer for any and all claims, damages and losses arising from the Seller's breach of any of the foregoing warranties. All warranties, together with Seller's service warranty and guarantee, if any, shall survive inspection, test, acceptance of or payment for the goods and shall run to Buyer, its successors, customers and users. All costs incurred by Buyer by reason of goods not conforming to warranty, including but not limited to removal, disassembly, reassembly, reinstallation, material, and on-site rework, shall be reimbursed to Buyer by Seller, under circumstances of breach of warranty. Buyer shall be entitled to avail itself cumulatively of all remedies provided in law or equity.

**10. Packing.** All shipments shall be packed by Seller and shall conform to Buyer's packing requirements, if any, referenced herein or, if not referenced, shall be suitably packed and prepared for shipment to provide adequate protection in shipment. If shipment is tendered to a common carrier, packing shall also conform to the packing requirements of such carrier. Seller shall be liable for damage to any goods resulting from improper or unauthorized packing.

**11. Special Equipment and Buyer Furnished Material.** If the total price to be paid includes the cost of jigs, dies, fixtures, tools, patterns, drawings, specifications or other special equipment or manufacturing aids used in the manufacture of the goods, such items shall become the property of Buyer or its assignee immediately upon the acquisitions of such items by Seller. Such items and any similar items furnished to Seller by Buyer are referred to herein as "Special Equipment". Seller shall keep and maintain Special Equipment in good condition and from time to time shall repair or replace it, all without expense to Buyer, except that the cost of changes due to Buyer's change of design or specification shall be paid for by Buyer only if the cost is made as part of a claim for adjustment by Seller pursuant to paragraph 3. "Changes" Seller shall not, except upon written consent of the Buyer, disclose any information to other persons with regard to Special Equipment, except as required to carry out its obligation under this Order. Unless otherwise agreed to in writing by Buyer, Special Equipment shall be used only in the performance of this Order. Seller shall not make any disposition of Special Equipment, except as Buyer shall in writing direct Seller shall maintain adequate property and environmental control records for Special Equipment and shall promptly furnish Buyer with a listing thereof upon request. Seller shall assume all risk of loss, damage or destruction, however caused, to any and all material furnished by Buyer and to any Special Equipment, and shall at Buyer's request procure insurance policies in form and amount satisfactory to Buyer insurance all such material and Special Equipment against loss or damage.

**12. Early Delivery.** Buyer may, at its option, either retain goods delivered in advance of the Required Date schedule or return them to Seller at Seller's risk and expense. If retained by Buyer, the time for payment and discount shall be based on the Required Date schedule.

### 13. Rights in Technology.

(a) Any information or data provided by Buyer to Seller and designated proprietary, confidential or as a trade secret shall be treated as such by Seller. Such information or data shall not be duplicated or revealed to third parties without Buyer's written consent, may be used only in the performance of this Order, and shall be returned, with all copies to Buyer upon completion or termination of this Order.  
(b) If Seller's performance of this Order includes experimental, design, developmental, or research work, and such work is paid for in whole or in part by Buyer pursuant to a separate line item herein or in another P.O., Seller shall

# TERMS and CONDITIONS

promptly disclose and assign exclusively to Buyer all confidential processes, know-how, trade secrets, and inventions, whether or not patentable, resulting from such work, and shall execute such documents and take such actions as Buyer shall consider appropriate to vest in Buyer the rights granted in this subparagraph (b).

### 14. Termination.

(a) Buyer may, by written notice to Seller, terminate this Order in whole or in part for default if (i) Seller fails to deliver the goods, or perform the services strictly in accordance with the Required Date schedule, (ii) Seller fails to make progress so as to endanger performance of the Order, or fails to comply with any of the other provisions of this Order, or (iii) in Buyer's reasonable opinion, Seller becomes insolvent or in an unsound financial condition so as to endanger performance of the Order, or (iv) Seller becomes the subject of any proceeding under State or Federal laws for relief of debtors or makes an assignment for the benefit of creditors. Upon Seller's receipt of such notice, all obligations of Buyer with respect to the portion of the Order terminated shall cease. Seller shall be liable to Buyer for all costs, expenses, and damages incurred by Buyer or its customer on account of proper termination pursuant to this subparagraph (a) Seller's sole and exclusive remedy, in the event Buyer's termination under this subparagraph (a) should be proved to be wrongful, shall be to treat the termination as having been made for convenience under subparagraph (b) below. (b) Buyer may, at its convenience and without justification, terminate work under this Order, in whole or in part, at any time by giving notice to Seller in writing. Upon receipt of such notice, Seller shall immediately stop work on this Order or the terminated portion thereof and notify all subcontractors and suppliers to do likewise, and, if the goods are to be manufactured specially for Buyer, transfer title to Buyer of all completed work and work in process or cancelled, as the case may be, terminated by the notice of termination and also all raw material or parts for the Order which cannot be returned for full value. Seller shall be entitled to payment for its actual costs for such special manufactured goods incurred in the performance of the terminated portion, up to and including the date of termination, such costs to be determined in accordance with generally accepted accounting principles consistently applied by Seller. Seller shall also be entitled to payment of a reasonable profit on such work done prior to termination, at a rate not exceeding the rate used in establishing the original purchase price. In no event shall the total payment exceed the contract price allocable to the pro rata portion of this Order which is terminated, nor shall Buyer be liable for prospective profits on work terminated or for any consequential or collateral losses suffered as a result of such termination.

**15. Default.** If Seller ships to Buyer material which is (i) delinquent per Purchase Order Schedule (ii) rejected for failure to meet specifications (iii) subject to corrective action, or (iv) jeopardizing Buyer's contractual commitments then Buyer retains the right to accomplish reasonable corrective action or rework at Seller's expense. Buyer shall contact Seller with regard to discrepancies. If any time Seller, thru unjustified delivery delinquencies, places the Buyer in a position of having to order additional materials or services, in order to fulfill the Buyer's commitments, the Buyer shall notify and debit the Seller for additional costs incurred.

**16. Audit.** Buyer may audit Seller's books and records pertaining to the performance of work hereunder for the purpose of verifying any claims of Seller made pursuant to the "Changes" and "Termination" Paragraphs hereof. For any material required for incorporation into this purchase order, Universal and their end customer shall be allowed to determine and verify the quality of work and material at any place, including the facility of any supplier, and at all production stages.

**14. Excusable Delays.** Neither party shall be liable for damages for delay in delivery or accepting arising out of causes beyond its control and without its fault or negligence, if a delay in delivery is caused by the delay of a supplier of Seller at any tier and if such delay arises out of causes beyond the control of both the Seller and the supplier, without the fault or negligence of either of them. Seller shall not be liable to Buyer in damages, unless the goods to be furnished by the supplier were obtainable from other sources in sufficient time to permit the Seller to meet the Required Date schedule; provided, however, that Seller may not claim the benefit of this Paragraph, if Seller, within five (5) days after the beginning of any excusable delay, does not give Buyer written notice stating the nature and extent of the excusable delay which is claimed to exist.

**15. Subcontracting.** The performance of the Order may not be subcontracted in whole or part, or delegated without, in such case, the prior written consent of Buyer, which shall not be unreasonably withheld or delayed.

**16. Risk of Loss.** Seller shall bear the risk of damage to or destruction of the goods until delivery of the goods, properly packed, to the FOB point.

**17. Patents, Trademarks, Copyrights.** Except only as required to comply with detailed designs of Buyer which Buyer makes a part of this Order; Seller warrants the goods shall not infringe Letters Patent granted by the United States. Seller also warrants that it shall not deliver any goods containing an infringing trademark and that no written material delivered to Buyer shall infringe any copyright. Seller agrees to save harmless and protect Buyer, its successors, assigns, customers and users of its product against any claim or demand based upon any such patent, trademark or copyright infringement, and after notice appear, shall defend at its own expense any suits at law or in equity arising there from.

**18. Assignments.** Seller may not assign either its rights or obligations under this Order without the prior written consent of Buyer except that claims for moneys due or to become due under this Order may be assigned by Seller if Buyer is promptly given two copies of any such assignment. All assignments shall be subject to any claim or set off or recoupment which Buyer may have against Seller however and whenever arising.

**19. Disputes.** Any dispute or disagreement of the parties hereto relative to the performance of the Order shall not interfere with or excuse the orderly performance of this Order by Seller in accordance with Buyer's interpretation thereof. Such continued performance shall not be construed as a waiver of any right which Seller may claim after performance is completed or this Order is terminated by Buyer.

**20. Effect of Invalidity.** The invalidity in whole or in part of any provision of this Order shall not affect the validity of any other provisions.

**21. Compliance with Laws.** To the extent applicable hereto, Seller shall in the performance of this Order comply as applicable, with: The Fair Labor Standards Act of 1938 (29 U.S.C. 13). The Walsh-Healey Public Contracts Act (41 U.S.C. 13) and all other Federal and Local laws and regulations and order issued under any applicable law. Seller agrees to comply with the requirements of the Occupational Safety and Health Act of 1970 and the standards and regulation issued there under and certifies that all goods furnished and all work performed hereunder will comply with such requirements, standards, and regulations. Seller further agrees to indemnify and save harmless Buyer from any loss, damage, fine, penalty or expense whatsoever, including attorney's fees, that Buyer may suffer, excepted as caused by Buyer's designs or instructions as a result of any failure of Seller or the goods furnished hereunder to comply with any such statutes, laws, requirements, standards or regulations.

**22. Remedies, Waivers and Laws.** The rights and remedies provided Buyer herein shall be cumulative and in addition to any other rights and remedies provided by law or equity. Failure of Buyer to enforce any provision contained herein shall not be construed as a waiver of that or any other such provision contained herein. Waiver by Buyer of a breach of a provision of this Order by Seller shall not be deemed a continuing waiver or a waiver of future compliance with such provisions or any other provision. Only the laws of the State shown in Buyer's address, printed on the masthead of the Order, shall govern the interpretation of this Order.

**23. Right of Entry.** Universal, its customers and associated regulatory agencies, at their cost, reserve the right to enter the Seller's facility and/or its subcontractor's facility at any reasonable times and with reasonable prior notice to determine and verify the quality of work, conduct preliminary inspections and tests of the products and work in process.

**24. Notification of Nonconforming Product.** The Seller is required to notify Buyer within 24 hours when it is suspected or known that nonconforming material has been produced or delivered. The notification must include a clear description of the actual or suspected nonconformance. The Seller is required to notify buyer of changes in product and/or process definitions in the purchasing documents.

<b>Revision History</b>			
<b>Revision</b>	<b>Reason for Change</b>	<b>Approved By</b>	<b>Date</b>
A	Initial Issue	Unknown	3/01/2018
B	Revised form number Section 2: Removed ethics link that is no longer valid and replaced with reference to UAC's internal Ethical behavior powerpoint. Added statement regarding special processes. Added Section 3 "Counterfeit Part Prevention". Added Section 4 "Record Retention". Revised Section 24 to include notification requirement of 24 hours upon discovery of shipped nonconforming product. Removed Section 25 due to redundancy with sections 2, 3, 4 and 15.	Rachel Sweeney & Charles Elder	8/6/2021