



1. Definitions

- A. "Buyer" means the subsidiary of Keel Holdings, LLC (Merrill Technologies Group, LLC, Pegasus Steel LLC, or Metal Trades, LLC) identified on the face of this Order, unless a different legal entity is identified on the face of this Order, in which case "Buyer" shall mean such other entity.
- B. "Procurement Representative" means the person authorized by Buyer's cognizant purchasing organization to administer and/or execute this Order and who has sole authority to make contractual commitments on behalf of Buyer, to provide contractual direction, and to change contractual requirements of this Order.
- C. "Data" means all financial/business information, designs, dimensions, specifications, drawings, patterns, computer files or software, know how, or other information, including technical data, concerning methods, manufacturing processes, equipment, gauges and tools used in the design and manufacture of Products or the provision of Services. Data may be recorded in a written or printed document, computer or electronically stored, software, or any other tangible form of expression.
- D. "Order" means the instrument of contracting, including these terms and conditions and all other referenced documents, and any subsequent changes or modifications.
- E. "Party/Parties" means Buyer and Seller individually/collectively.
- F. "Prime Contract" means the contracting instrument issued to Buyer or Buyer's higher tier customer for the acquisition of Products and/or Services.
- G. "Product(s)" means those goods, supplies, reports, computer software, Data, materials, articles, items, parts, components or assemblies, and any incidental Services described in this Order.
- H. "Proprietary Information" means all Data or other information that is identified in writing at the time of disclosure as proprietary and marked with an appropriate legend, marking or stamp identifying the Data as Proprietary to the Party disclosing the information, and includes any information marked with a restrictive legend.
- I. "Seller" means the Party with whom Buyer is contracting under this Order.
- J. "Service(s)" means Seller's time and effort, including any items, articles, Data, or similar materials provided to Buyer which are incidental to the performance of the Service.

2. Acceptance

Either Seller's written acknowledgement or Seller's full or partial performance, whichever occurs first, will constitute acceptance of the Orders. Any acceptance of this Order by Seller is limited to acceptance of the express terms of the offer set forth in this Order. Any proposal for additional or different terms and conditions (whether included in Seller's quote, acknowledgement, or any other document) is rejected unless accepted in writing by the Buyer.

3. Assignment

- A. Seller shall not assign or transfer, in whole or in part, this Order or any of its rights, payments, claims or interest under this Order without Buyer's prior, written consent.
- B. Buyer may make direct settlements or adjustments in price, or both, with Seller under the terms of this Order notwithstanding any assignment of claims for money due or to become due under this Order and without notice to the assignee. Any assignment or attempt to assign or subcontract Seller's obligations under this Order without the advance written consent of Buyer shall be null and void and shall give Buyer the right to terminate this Order for default.
- C. If a third party submits a solicited or unsolicited offer to Seller that would result in a Change of Ownership or Control of Seller, as defined below, Seller shall give notice of such offer, including the identity of the offeror, to Buyer as early as commercially practical following Seller's receipt of the offer. Before Seller accepts the offer, it shall give Buyer an opportunity, within a reasonable time, to advise Seller of its impact on performance of this Order. If the Change in Ownership or Control occurs, Buyer has the right at its discretion to terminate this Order. In the event of such termination, Seller agrees to render full cooperation to Buyer in order to minimize disruption to the Buyer's program. Pending termination or in lieu of termination, Buyer may require Seller to provide adequate assurance of performance, including, but not limited to the institution of special controls regarding the protection of Buyer's Property, Buyer's Background and Foreground Intellectual Property, and Proprietary Information.

For purposes of this sub-paragraph (C), the terms "Change in Ownership or Control" shall mean any of the following: (1) the sale of equity shares controlling 50% or more of the voting rights in Seller or Seller's parent, (2) the sale, lease, transfer or other disposition of substantially all of the assets of Seller or Seller's parent, (3) a merger, reorganization, consolidation, share exchange, recapitalization, business combination, liquidation or dissolution or similar transaction, (4) a sale by Seller of the assets relating to the Product Seller produces or will produce for Buyer, or (5) any public disclosure of a proposal or plan or intention to do any of the foregoing.

4. Payment Terms

Payment due dates, including discount periods, will be calculated from the date of Buyer's receipt of acceptable Product(s) or Service(s) or correct invoice, whichever is later, and payment will occur within sixty (60) days from such date, unless otherwise indicated on this Order. Any applicable discount will be taken on the full amount invoiced. Buyer has the right, without loss of discount privileges, to pay invoices covering Products shipped in advance of schedule on the normal maturity after the date specified for delivery. Payment shall not constitute acceptance or approval of Products or Services rendered. At any time prior to final payment under this Order, Buyer may have invoices audited as to validity. Payment of Seller's invoices shall be subject to adjustment for any amounts found upon audit or otherwise to have been improperly invoiced. Buyer shall be entitled at all times to set off (a) any amount owing at any time from Seller to Buyer or any of its affiliated companies; (b) any damages resulting from Seller's default under or breach of any contract (including any order and these terms); (c) any adjustment for shortage or rejection and any associated costs, against any amount payable at any time by Buyer or any of its affiliated companies to Seller.

5. Changes

A. Buyer may at any time, by written order, and without notice to sureties or assignees, if any, make changes within the general scope of this Order in (1) drawings, designs, statement of work, specifications, planning and /or other technical documents; (2) method of shipment, packaging, or packing; (3) time and place of inspection, delivery or acceptance; (4) reasonable adjustments in quantities and/or delivery schedules; (5) place of performance of the Service; (6) the amount of Buyer/Government furnished property; and (7) terms and conditions required to meet Buyer's obligations under its Prime Contracts, including, but not limited to, any mandatory flow-down clauses.

B. If any authorized change causes an increase or decrease in the cost or time required to perform this Order, Buyer and Seller shall negotiate an equitable adjustment in the price and/or schedule, to reflect the increase or decrease. Buyer shall modify this Order in writing accordingly.

1. Any claim for adjustment shall be unconditionally waived unless: (i) asserted in writing and delivered to Buyer within fifteen (15) days of the date of the written change order and (ii) a fully supported proposal is delivered to Buyer within thirty (30) days of the date of the written change order.

2. If Seller claims the cost of any Product made obsolete or excess, Buyer shall have the right to prescribe the manner of disposition of the Product to include the right to acquire that Product for cost claimed.

3. Buyer, its authorized representatives, and its customer have the right to examine any of Seller's pertinent books and records for the purpose of verifying Seller's claim. However, at Seller's request, in lieu of Buyer, a mutually agreeable third party may examine books and records to verify Seller's claim.

4. Failure to agree to any adjustment shall be a dispute within the meaning of the "Disputes" clause hereof. However, Seller shall not be excused from proceeding with this Order as changed.

C. Buyer's engineering, technical personnel and other representatives may from time-to-time render assistance or give technical advice or discuss issues or engage in an exchange of information with Seller's personnel concerning the Products or Services hereunder. No such action shall be deemed to be a change, nor shall it be the basis for an equitable adjustment, and no such action shall relieve Seller of its obligations under this Order.

D. Only an authorized Procurement Representative has authority on behalf of Buyer to make changes to this Contract. All amendments must be identified as such in writing and executed by the parties.

6. Disputes

A. If a dispute arises under or relating to this Order in any way, the parties will endeavor to resolve the dispute amicably, including by designating senior managers who will meet and use commercially reasonable efforts to resolve any such dispute. If the parties' senior managers do not resolve the dispute within sixty (60) days of first written request, then any action or proceeding arising out of or relating to this Order must be brought

1. If Buyer is Merrill Technologies Group, in the courts of the State of Michigan located in the County of Oakland, Michigan, or, if it has or can acquire jurisdiction, in the United States District Court for the Eastern District of Michigan.

2. If Buyer is Pegasus or Metal Trades, in the courts of the State of South Carolina located in the City of Charleston, South Carolina, or, if it has or can acquire jurisdiction, in the United States District Court for the District of South Carolina.



KEEL CT-1: General Provisions for Commercial Contracts / Purchase Orders

Each of the parties knowingly, voluntarily and irrevocably submits to the exclusive jurisdiction of each such court in any such action or proceeding and waives any objection it may now or hereafter have to venue or to convenience of forum. Any claim against Buyer shall be barred unless Buyer has requested that it be resolved in accordance with this Article within one year of the date the dispute arose, which shall be the effective date of termination if the dispute is related to termination.

WAIVER OF JURY TRIAL

EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS ORDER.

7. Governing Law

Both Parties agree that, irrespective of the place of performance of this Order, this Order will be governed, construed, and interpreted according to (i) if Buyer is Merrill Technologies Group, the law of the State of Michigan, without regard to its conflict of laws principles, or to (i) if Buyer is Pegasus Steel or Metal Trades, , the law of the State of South Carolina, without regard to its conflict of laws principles. The 1980 United Nations Convention on Contracts for the International Sale of Goods and its related instruments will not apply to this Order.

8. Termination for Convenience

A. This Order and any and all rights granted and obligations assumed hereby may be terminated in whole or part by Buyer giving written notice to Seller. Upon receipt of a notice of termination, and except as otherwise directed by Buyer, Seller shall immediately, as to the terminated portion of this Order and regardless of any delay in determining or adjusting any amounts due under this clause, promptly stop work, notify subcontractors to stop work, and protect property in Seller's possession in which Buyer has or may acquire an interest.

B. As directed by Buyer, Seller shall transfer title and possession to Buyer of any inventory and property, including plans, drawings, and information held by Seller which is for Buyer's Order. In accordance with Buyer's instructions, Seller shall assign to Buyer all right, title, and interest of Seller under the subcontracts of Seller that are terminated, in which case Buyer shall have the right to settle or to pay any termination settlement proposal arising out of those terminations. With approval or ratification to the extent required by Buyer, Seller shall settle all outstanding liabilities and termination settlement proposals arising from the termination of Seller's subcontracts; the approval or ratification will be final for purposes of this clause.

C. Seller shall submit a termination settlement proposal within thirty (30) days after the effective date of the termination notice incorporating all claims of Seller in the form and with the certification prescribed by Buyer. Seller and Buyer may agree upon the whole or any part of the amount to be paid because of the termination and the Order shall be amended and Seller paid the agreed amount. In no event shall payment to Seller exceed the total Order price as reduced by the amount of payments previously made and the Order price of work not terminated. The cost principles and procedures of FAR Part 31, in effect on the date of this Order, shall govern all costs claimed, agreed to, or determined under this clause.

D. Unless otherwise provided in this Order, Seller shall maintain all records and documents relating to the terminated portion of this Order for three (3) years after final settlement. This includes all books and other evidence bearing on Seller's costs and expenses under this Order. Seller shall make these records and documents available to Buyer, at Seller's office, at all reasonable times, without any direct charge.

9. Termination for Default

A. Subject to paragraphs C and D below, Buyer may terminate this Order in whole or in part, by written notice of default to Seller if Seller:

1. Fails to deliver the Products or to perform the Services within the time specified in this Order or any extension;
2. Fails to make progress so as to endanger performance of this Order or to perform any of the other provisions of this Order and does not cure that failure within a period of ten (10) days after receipt of the notice from Buyer specifying Seller's failure to perform; or
3. Becomes insolvent or makes a general assignment for the benefit of creditors, or files or has filed against it a petition of bankruptcy or pursues any other remedy under any other law relating to the relief for debtors, or in the event a trustee or receiver is appointed for Seller's property or business; or assignment.

B. If Buyer terminates this Order in whole or in part, it may acquire, under the terms and in the manner Buyer considers appropriate, Products or Services similar to those terminated, and Seller will be liable to Buyer for any excess costs for those Products or Services. However, Seller shall continue the work not terminated. In addition, Buyer may rework or repair any Product or re-perform any Service, at Seller's cost.

C. If this Order is terminated for default, Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any (1) completed Products, and (2) partially completed Products and (3) materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (collectively referred to as "manufacturing materials" in this clause) that Seller has specifically produced or acquired for the terminated portion of this Order. Upon direction of Buyer, Seller shall also protect and preserve property in its possession in which Buyer has an interest.

D. Buyer shall pay the Order price for completed Products delivered or Services performed and accepted. Seller and Buyer shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property.

E. Buyer shall, at its option, have the right to set off against, or appropriate and apply to the payment or performance of any obligation, sum or amount owing at any time to Buyer under this Order, all deposits, amounts, or balances held by Buyer for the account of Seller, any amounts owed by Buyer to Seller, and any sum Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims of former lien holders.

F. The rights and remedies of Buyer in this clause are in addition to any other rights and remedies provided by law or under this Order.

10. Compliance with Laws

Seller represents and warrants that it shall perform all activities required under this Order in compliance with all applicable international, national, state and local laws.

11. Intellectual Property Rights

A. "Intellectual Property" means creations of the mind: ideas, inventions, works of authorship, and symbols, names, images, and designs used in commerce embodied in for example, technical data, designs, information, computer software, drawings, formulae, specifications, diagrams, processes, know-how, procedures and technology and legal rights in such creations of the mind.

B. "Works" shall mean physical manifestations of Intellectual Property created under this Order.

C. Intellectual Property developed or otherwise acquired by Buyer or Seller prior to or outside the scope of this Order ("Background Intellectual Property"), and any Intellectual Property Rights therein, shall be owned by the Party that developed or otherwise acquired the Background Intellectual Property and associated rights.

D. Seller agrees to make prompt and complete written disclosure to Buyer of all inventions, Data, designs, procedures, processes, computer software and information conceived, made or developed as a result of work performed under this Order and all intellectual property rights therein ("Inventions"). Seller agrees to keep necessary records supporting such Inventions and discoveries and will furnish to Buyer upon request all such records.

E. All Inventions resulting from the Works shall be the sole property of Buyer. Buyer shall have the full right to use such Inventions in any manner without any claim on the part of Seller and without any duty to account to Seller for such use. Seller agrees to assign to Buyer any patent or patent application resulting from work performed under this Order, and to provide reasonable support for Buyer's prosecution of such patent application. With respect to copyrightable Works, Buyer and Seller agree that any such works which qualify as commissioned works under the Copyright Act are considered "works made for hire" with copyright ownership in Buyer; otherwise, Seller agrees to assign, and does hereby assign copyright ownership of the works to Buyer. Seller shall not, unless otherwise authorized in writing by Buyer, disclose to anyone other than Buyer any Inventions or other Data developed under this Order, or any information disclosed to Seller by Buyer, and shall not use such Inventions or information for any purpose other than the performance of this Order. Such Inventions and information shall be considered Buyer Proprietary Information and marked as such by Seller.

F. Seller shall not include any Background Intellectual Property or any third party Intellectual Property in any Intellectual Property delivered or provided hereunder without the express written consent of Buyer. Seller hereby grants, and agrees to grant to Buyer an unlimited, irrevocable, paid-up, royalty-free right and license to make, have made, sell, offer for sale, use, execute, reproduce, display, perform, distribute (internally or externally) copies of, and prepare derivative works of any Background Intellectual Property hereunder owned by Seller therein.

G. This Order does not confer or grant, in any manner whatsoever, any license or right under any patent, trademark, trade secret, mask work, copyright or other intellectual property right held by Buyer, unless specifically set forth in the body of the Order.

H. If requested by Buyer at any time before closeout of this Order, Seller shall deposit, at Buyer's expense, copies of all information, such as manuals, computer programs/software, specifications, designs, drawings, procedures, and processes, whether or not copyrightable or patentable, which are necessary and sufficient to permit Buyer to make, have made, use, test, qualify, operate, install, integrate, sell, offer for sale and maintain the deliverables under this Order ("Required IP"), with a mutually acceptable escrow agent. The terms of such escrow arrangement shall be set forth in a mutually agreed upon escrow agreement ("Escrow Agreement"), including, without limitation, appropriate confidentiality provisions, provided, however, that such Escrow Agreement shall contain the Release Conditions as hereinafter defined.

I. Buyer shall be entitled to receive a copy of Required IP; and Seller hereby grants to Buyer a nonexclusive, irrevocable, royalty free, worldwide nontransferable right and license to copy, use, modify or create derivatives of the Required IP to make, have made, use, test, qualify, operate, install, integrate, sell, offer for sale, maintain, upgrade and repair the deliverables if, and only if: Seller ceases doing business in the ordinary course; Seller becomes a party to any bankruptcy or receivership proceedings which are not dismissed within sixty (60) days; or Seller fails to meet the delivery schedule of associated with this Order as to be in default of this Order (after passage of any cure periods) ((A), (C) and (D) of this sentence are, collectively, the "Release Conditions").

J. Buyer shall have the right to identify any item not included in the Required IP and request that it be added to the Required IP (either by addition to the escrow or, if the Required IP has been released to Buyer, directly to Buyer) in order for Buyer to exercise its rights and licenses hereunder. Seller shall, from time to time, update, the Required IP as deemed necessary by Seller to include all Required IP necessary for Buyer to exercise the license.

12. Intellectual Property Infringement Warranty and Indemnity

A. Seller warrants that the performance of Seller under this Order, including any Services provided by Seller to Buyer, and the sale, use, or incorporation into manufactured Products of all machines, devices, material, software, and firmware which are not of Buyer's design, composition, or manufacture shall be free and clear of infringement of any valid patent, copyright, trade mark, mask works, or other proprietary rights.

B. Seller shall indemnify, defend, and hold harmless Buyer, its directors, officers, employees, consultants, agents, affiliates, successors, permitted assigns and customers ("Indemnitees") from and against 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 attorney's fees and/or costs), liabilities, damages, costs and attorney's fees related to the actual or alleged infringement of any U.S. 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 performance of Seller under this Order or the manufacture, sale or use of Products delivered by Seller under this Order, or the provision of Services by Seller under this Order, by either Buyer or Buyer's customer ("Infringement Claims"). Buyer and/or its customer will duly notify Seller of any such Infringement Claim and Seller will, at its own expense, fully defend such Infringement Claim on behalf of the Indemnitees. Seller will have no obligation under this clause with regard to any infringement arising from (a) the compliance of Seller's new Product design with formal specifications issued by Buyer where infringement could not be avoided in complying with such specifications or (b) use or sale of Products for other than their intended application in combination with other items when such infringement would not have occurred from the use or sale of those Products solely for the purpose for which they were designed or sold by Seller.

C. If the manufacture, use or sale of a Product delivered by Seller under this Order is likely to be or is enjoined as a result of a suit, Seller, at no expense to Buyer, shall obtain for Buyer and its customer the right to use and sell the Product or shall substitute an equivalent Product acceptable to Buyer, at its sole discretion, and extend this indemnification thereto.

D. Notwithstanding the foregoing, when this Order is performed under the authorization and consent of the U.S. Government to infringe U.S. Patents, Seller's liability for U.S. patent infringement under this Order shall be coextensive with Buyer's liability.

E. For purposes only of this clause and clause 14 below, the term "Buyer" will include Buyer and all of its subsidiaries and affiliates and all directors, officers, agents and employees of Buyer and all of its subsidiaries and affiliates (the "Indemnities").

13. Indemnification

Seller shall indemnify, defend, and hold harmless the Indemnitees, as defined in Clause 12 above, from and against all costs, losses, expenses, damages, claims, suits, or any liability whatsoever (including attorneys' fees), arising out of or

in connection with the work to be performed hereunder, or the Products to be sold hereunder, or any act or omission of Seller, its agents, employees, or subcontractors, except to any extent otherwise expressly provided for elsewhere within this Order. Seller also agrees to indemnify, defend, and hold harmless the Indemnitees from and against all costs, losses, expenses, damages, claims, suits, or any liability whatsoever (including attorneys' fees), arising out of or in connection with Seller's violation of any applicable laws, executive order or regulation. Buyer will inform Seller of any claim, demand or suit asserted or instituted against it and, to the extent of Buyer's ability to do so, permit Seller to defend the same or make settlement in respect thereof. If Seller fails to indemnify, defend, and hold harmless Buyer as provided in this clause, then Seller shall pay for any damages, attorney's fees, and any other fees, costs, and expenses that may be incurred by Buyer in the defense of any action related to this Order and/or in the prosecution of any action to enforce the provisions of this clause.

14. Insurance

A. Seller and its subcontractors, at their sole cost and expense, will at all times, prior to commencement and throughout the period of performance of this Order, maintain with reputable insurance companies that are authorized to do business under the laws of the state(s) in which the work is being performed, insurance coverage in the minimum amounts as indicated below:

1. Worker's Compensation insurance coverage as required by the laws of the state in which the work is performed, and such insurance shall provide waiver of subrogation against Buyer.
2. Employer Liability insurance in the amount of \$1,000,000.
3. Commercial General Liability (CGL) with a Combined Single Limit (CSL) of \$2,000,000 for bodily injury and/or property damage. Coverage shall include, but not necessarily be limited to, premises and operations, products and completed operations and contracts.
4. Automobile Liability (AL) with a CSL of \$2,000,000 bodily injury and/or property damage covering all owned, hired and non-owned vehicles.
5. If work involves commercial aviation products, Aviation Products Liability with a CGL of \$100,000,000.
6. If project involves ownership or lease of an aircraft, Aviation Hull and War Risk for Replacement Cost or Agreed value.
7. For Foreign Direct Sales, such insurance as mandated by the country involved.
8. Additional insurance types and/or limits will be necessary if the work involves extra hazardous operations. The extra hazardous operations include, but are not limited to: dispensing of medical care, operations involving nuclear hazard, providing professional engineering advice, large construction projects (above \$5,000,000), hazardous waste, food service, crane operation, work above ground, work below ground, and operations involving demolition or explosives.
9. Such other insurance as Buyer may require as set forth in this Order or an attachment hereto.

B. Seller will name Buyer as an additional insured under all liability policies required under this Order, will provide Buyer certificate(s) of insurance and thirty (30) days prior written notice of cancellation or material change of any such coverage. Acceptance of such evidence by Buyer shall not be deemed a waiver or release of such liabilities or Seller's duty to indemnify.

C. Renewal insurance certificates, if applicable, shall be provided to Buyer at least thirty (30) days prior to the expiration date of the insurance under each required coverage.

15. Furnished Property

A. Title to all property furnished to Seller by Buyer or paid for by Buyer shall remain with Buyer. Seller shall not alter or use such property for any purpose or for any other party other than that specified by Buyer, without the prior written consent of Buyer. If Buyer agrees to pay Seller for acquisition of tooling and equipment, either separately or as a stated part of the unit price of Products purchased herein, title to the same shall pass to Buyer upon (i) commencement of processing for use in performance of this Order, or (ii) Buyer payment therefore, whichever occurs first.

B. Seller shall assume the risk of, and be responsible for, any loss, theft, destruction of or damage to Buyer property while in Seller's possession or control. If Seller damages any property, Seller shall be responsible for making repairs at no cost to Buyer. Upon Buyer's written request to Seller for any property under this clause, if Seller cannot locate Buyer property within five (5) days, Seller shall notify Buyer that the item was not located, and Seller subsequently has twenty (20) days to find the misplaced property. After such period, if it has not been located, the property shall be deemed "lost" and at Buyer's election, Seller shall either reimburse Buyer for the replacement and all related delay costs, or remake the lost property at no cost to Buyer.

C. Seller shall return all such property in a condition as good as when received except for reasonable wear and tear. Seller shall establish and maintain a property control system approved by Buyer. At all times, Buyer shall have access to Seller's facilities for the purpose of reviewing its compliance with the management of Buyer property related to this Order.

16. Quality Assurance, Inspection and Test

A. Seller shall be responsible for the specific quality, performance, productivity provisions, and documentation requirements, if any, set forth in this Order. In addition, Seller shall be responsible for imposing the applicable quality assurance requirements on its subcontractors. Buyer and Buyer's customer, shall each have the right, at no charge to Buyer or Buyer's customer, to access the sites where the work under this Order is performed, in order to (1) conduct quality audits, (2) perform or witness inspections or tests of the Goods or Services furnished hereunder at Seller's facility (or elsewhere), (3) assess conformance with Buyer's specifications, and (4) assess conformance with Seller's covenants under this Order. In accordance with 14 CFR 145.223 and 14 CFR 21.140, any Seller that accepts parts, which are regulated by the Federal Aviation Administration (FAA), or those regulated by European Aviation Safety Agency (EASA), Design Approved Organization Scheme (DAOS) or other regulator, must provide facility access to that regulator for surveillance of these parts.

B. The Seller agrees to use only experienced, trained and qualified employees in the performance of its obligations under this Order and all Services performed must be of first-class quality and workmanship.

C. Notwithstanding Buyer's right to audit in paragraph (A) above, all Goods and Services supplied under this Order shall be received subject to Buyer's right of inspection, count, testing, acceptance and/or rejection per the technical specifications. Payment for Goods and/or Services delivered hereunder shall not constitute acceptance thereof, and all payments against documents shall be made with a reservation of rights by Buyer for defects in Goods and/or Services, including, without limitation, defects apparent on the face thereof. The making of, or failure to make, any inspection or acceptance of the Goods or Services shall in no way impair Buyer's right to reject nonconforming Goods or Services or to avail Buyer of any other remedies to which it may be entitled.

D. Seller certifies that it shall provide and maintain quality control, inspection, and process control systems in accordance with Buyer's **KLMAN140001 Supplier Requirements Manual (unless an alternative manual is identified on the face of the Order)**, and other quality requirements as specified. Seller will maintain written Objective Evidence of its conformance with this paragraph. Objective Evidence means any statement of fact pertaining to the quality of a product or service based on observations, measurements or tests that can be fully verified. Evidence must be expressed in terms of specific quality requirements or characteristics. These characteristics are identified in drawings, specifications, and other documents that describe the item, process, or procedure.

17. Non-Conforming Goods

A. Seller agrees that, notwithstanding the provisions of any warranties, expressed or otherwise, negotiated with respect to Goods purchased from Seller by Buyer or Buyer's customer, Seller shall reimburse Buyer for labor and material cost, including overhead and general and administrative expense reasonably incurred by Buyer in connection with:

- i) Failure of Goods or Services to conform to the requirements of this Order or defective material, workmanship or design; or
- ii) Any removal of Goods at Seller's request; or
- iii) Any removal of Goods required due to any previously required changes to said Goods that Seller has failed to incorporate.

B. Remedies in this Section are not exclusive and shall not be in lieu of any other remedy available at law, in equity or under this Order.

18. Retention of Records

Seller shall maintain complete and accurate records in connection with its performance under this Order for seven (7) years after completion of performance under this Order, including but not limited to, Orders, memoranda of negotiations showing the principal elements of price negotiations, and records substantiating charges for labor or services, including proper time clock cards, time vouchers, or other similar records. For quality documents, Seller will maintain such records according to the applicable supplier quality specification, or seven (7) years, whichever is longer.

19. Packaging, Packing and Marking

Seller shall be responsible for ensuring the proper packaging, packing, and marking of Product(s) delivered hereunder in accordance with this Order. Packaging, packing, and marking will conform to the instructions specified or provided by Buyer. Seller must assure package integrity throughout the shipping cycle. Each package and pack shall provide physical, chemical, and cleanliness protection to prevent damage or deterioration of the Product during handling, shipment and storage under anticipated environmental conditions. All materials, fabrication techniques and

workmanship shall conform to the requirements specified herein or, if not specified, otherwise meet or exceed good commercial quality and practice. Damage resulting from improper Product packaging will be charged to Seller. Seller must comply with all applicable carrier regulations, including National Motor Freight Classification and Department of Transportation Regulations. No extra charge for packaging or insurance shall be allowed unless specifically noted herein. Products received without proper packaging, packing, and/or marking as set forth herein may be rejected by Buyer and returned to Seller at Seller's expense.

20. Warranty

A. Seller expressly warrants that all Product(s) delivered and Service(s) performed hereunder shall be free from defects, shall be of good materials and workmanship, shall conform to all requirements of this Order, and shall be free of any claim of any third party.

B. The foregoing warranties shall survive inspection and acceptance of, and payment for, the Product(s) delivered and Service(s) performed hereunder and shall remain in effect as to each Product furnished or Service performed and shall run to Buyer, its successors, assigns, and customers. These warranties shall not be deemed to limit any warranties of additional scope given to Buyer by Seller, nor limit Buyer's rights or Seller's obligations under any other provision of this Order, at law or in equity. No warranties are waived by Buyer supplying, reviewing, commenting upon, or approving plans, specifications, or Data, issuing changes to this Order, or inspecting or accepting the Product(s) or Service(s).

21. Stop Work Order

A. Buyer may, at any time, by written notification to Seller, require Seller to stop all, or any part of the work called for by this Order for a period of ninety (90) days after the written notification is delivered to Seller, and for any further period to which the Parties may agree. The notification shall be specifically identified as a Stop-Work Order (SWO) issued under this clause. Upon receipt of the SWO, Seller shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the SWO during the period of work stoppage. Within a period of ninety (90) days after a SWO is delivered to Seller, or within any extension of that period to which the Parties shall have agreed, Buyer shall either (1) cancel the SWO; or (2) terminate the work covered by the SWO as provided for in "Termination for Convenience" of this Order.

B. If a SWO issued under this clause is canceled or the period of that SWO or any extension thereof expires, Seller shall resume work. Buyer shall make an equitable adjustment in the delivery schedule or Order price, or both, and this Order shall be modified in writing accordingly if (1) the SWO results in an increase in the time required for, or in Seller's cost properly allocable to, the performance of any part of this Order; and (2) Seller asserts its rights to the adjustment within twenty (20) days after the end of the period of work stoppage.

C. If a SWO is not canceled and the work covered by the SWO is terminated for the convenience of Buyer, Buyer shall allow reasonable costs resulting from the SWO in arriving at the termination settlement. If a SWO is not canceled and the work covered by the order is terminated for default, Buyer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the SWO.

22. Release of Information

Except as required by law, no public release of any information, or confirmation or denial of same, with respect to this Contract or the subject matter hereof, will be made by Seller or its subcontractors without the prior written approval of Buyer. Seller shall not use Buyer's name *or any other trademark or logo owned by Buyer in whatever shape or form*, without the prior written consent of Buyer.

23. Taxes and Duties

The price of this Order includes all applicable foreign and domestic federal, state, and local taxes, duties, tariffs, and similar fees ("Taxes") levied upon, or measured by, the sale, the sales price, or use of Products and/or the performance of Services associated with this Order. Seller shall separately list on its invoice (or voucher) any Taxes. Seller shall comply with any reasonable request by Buyer regarding Tax payments under protest and shall make appropriate adjustments to afford Buyer the benefit of any refund or reduction in Taxes.

24. Export Control

A. Compliance with Export Laws. Seller agrees to comply with all applicable government export control laws and regulations, including but not limited to the International Traffic in Arms Regulations ("ITAR," 22 CFR Part 120-130) and the Export Administration Regulations ("EAR," 15 CFR Parts 730-774).

B. Export Licenses. Seller agrees to obtain any required export licenses, unless otherwise agreed to by Buyer.

C. For items subject to the ITAR ONLY: In the event the Goods or Services are subject to the U.S. Department of State (as defined in Sections 120.6 and 120.9 of the ITAR), Seller agrees to maintain a valid and current Directorate of Defense Trade Controls ("DDTC") registration and agrees to provide confirmation of such registration if requested by Buyer.

1) With respect to such defense articles and/or defense services, Seller represents and warrants that it has not and will not pay or offer to pay for the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of an international organization or non-U.S. Country any fees, commissions or political contributions as described under Part 130 of the ITAR without prior notice to Buyer.

2) In such event, Seller shall provide to the Buyer, not later than 20 days after such an event, full disclosure of all information necessary for the Buyer to comply fully with Sections 130.9 and 130.10 of the ITAR.).

D. Prohibited Goods and Services. The U.S. prohibits the importation of Goods or the purchase of Services from certain countries, entities, or individuals. Therefore, no Goods or Services from prohibited countries, entities, or individuals may be used directly or indirectly in the activities covered by this Order. The list of prohibited countries can change from time to time, and it is Seller's responsibility to ensure compliance with such list at all times. <http://www.treas.gov/ofac>, <http://www.bis.doc.gov> and http://pmdddtc.state.gov/embargoed_countries/index.html.

E. Seller hereby represents that neither Seller nor any parent, subsidiary, affiliate or sublicensee or sub-tier supplier is included on any of the restricted party lists maintained by the U.S. Government, including the Specially Designated Nationals List administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), Denied Parties List, Unverified List or Entity List maintained by the U.S. Commerce Department's Bureau of Industry and Security ("BIS"), or the List of Statutorily Debarred Parties maintained by the U.S. State Department's Directorate of Defense Trade Controls, the ITAR §126.1 Restricted Parties List, or the consolidated list of asset freeze targets designated by the United Nations, European Union, and United Kingdom (collectively, "Restricted Party Lists"). Seller will provide prompt notice to Buyer if, in adherence with applicable laws, the confidentiality restriction of the change of control agreement from the acquiring party of a change of control of Seller, or any parent, subsidiary or affiliate of Seller, or any sublicensee or sub-tier supplier of Seller, which becomes listed or their ownership is listed on any Restricted Party List, within or by an ITAR § 126.1 listed country, or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. or non-U.S. government entity or agency. To ensure compliance with the requirements of the applicable agency's regulations, if the intended sale or transfer of ownership is to a non-U.S. person or entity, Seller shall provide Buyer with notice at least 90 days prior to the effectiveness of such change of control.

25. Survivability

A. If any provision in this Order is or becomes void or unenforceable by force or operation of law, or is deemed invalid, the void, unenforceable or invalid portion shall be severable, and the remaining terms and conditions shall remain in full force and effect.

B. A Party's failure at any time to enforce any provision of this Order shall not constitute a waiver of the provision or prejudice a Party's right to enforce that provision at any subsequent time.

C. Each of the rights and remedies reserved by Buyer in this Order shall be cumulative and additional to any other or further remedies provided in law or equity or in this Order.

26. Counterfeit Work

A. If DFARS 252.246-7007 and DFARS 252.246-7008 are applicable to this Order, "Contracting Officer" shall mean "Buyer". Seller shall establish and maintain a material authenticity process that ensures the requirements of these clauses or other authenticity requirements in this Order are met. Seller's obligation to substantiate authenticity shall survive acceptance of and payment for Products delivered under this Order.

B. Seller shall not furnish suspect counterfeit or counterfeit parts to Buyer under this Order. Seller shall be the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM) or an authorized distributor and shall only purchase products to be delivered or incorporated under this Order directly from the OCM/OEM, or through and OCM/OEM authorized distributor chain. All material delivered under this Order shall be authentic and traceable to the original manufacturer. Seller shall provide authenticity and traceability records to Buyer upon request. Seller shall immediately notify Buyer if Seller cannot provide electronic parts, components, and/or assemblies traceable to the original component manufacturer or the original equipment manufacturer. Upon receipt of such notification, Buyer reserves the right to terminate this Order at no cost to Buyer or require specific material validation test and inspection protocol requirements to Seller.

C. If suspect counterfeit or counterfeit parts are furnished under this Order and are found in any of the Products delivered hereunder, such items will be impounded by Buyer. Seller shall promptly replace such suspect/counterfeit parts with parts acceptable to the Buyer. Seller shall be liable for all costs relating to the removal and replacement of said parts, including without limitation Buyer's external and internal costs of removing such suspect/counterfeit parts, of reinserting replacement parts and of any testing or validation necessitated by the reinstallation of Seller's Products after suspect/counterfeit parts have been exchanged. Buyer's remedies described herein shall not be limited by any other clause agreed upon between Buyer and Seller in this Order and are in addition to any remedies Buyer may have at law, equity or otherwise under this Order. At Buyer's request, Seller shall return any removed suspect counterfeit or

counterfeit parts to Buyer in order that Buyer may turn such parts over to its customer for further investigation. For purposes of this clause, Seller agrees that any U.S.G. directive/information or GIDEP alert, indicating that such parts are suspect counterfeit or counterfeit, shall be deemed definitive evidence that Seller's Products contain suspect counterfeit or counterfeit parts.

D. Seller agrees to insert the substance of this clause, including this sentence, in any lower tier subcontract.

27. Conflict Minerals

If Seller is providing Products to Buyer under this Order, Seller shall use commercially reasonable efforts to:

- A. Identify whether such Products contain tin, tantalum, gold or tungsten;
- B. Determine whether any such minerals originated in covered countries, as defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"); and
- C. Perform appropriate due diligence on its supply chain in support of Buyer's obligations under the Act.

In addition, Seller shall if requested by Buyer, as soon as reasonably practicable following the completion of the calendar year, provide a completed Conflict Minerals Reporting Template, using the form found at <http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>. If requested, Seller will promptly provide information or representations that Buyer reasonably believes are required to meet Buyer's conflict minerals compliance obligations.

28. Excusable Delay - Force Majeure

Except for a default of Seller's subcontractor at any tier, neither Buyer nor Seller shall be liable for any failure to perform due to any cause beyond its reasonable control and without its fault or negligence. Such causes include, but are not limited to: (1) acts of God or of the public enemy; (2) acts or failure of any government in either its sovereign or contractual capacity; (3) fires, floods, epidemics, terrorism, quarantine restrictions, freight embargoes, nuclear incident, or any other act or event beyond reasonable control and without the fault of either Party or its subcontractors. In the event that performance of this Order is hindered, delayed, threatened to be delayed, or adversely affected by causes of the type described above, then the Party whose performance is so affected shall immediately notify the other Party's authorized representative in writing, including all relevant information with respect thereof, and shall likewise notify promptly of any subsequent change in the circumstances, and at Buyer's sole option, this Order shall be completed with such adjustments to delivery schedule as are reasonably required by the existence of such cause or this Order may be terminated for convenience.

29. Order of Precedence

In the event of any inconsistency between any parts of this Order, the inconsistency shall be resolved by giving precedence in the following order:

- A. Change Order Document
- B. Additional Terms and Conditions Addendum
- C. Purchase Order Document
- D. Purchase Order Terms and Conditions
- E. Statement of Work
- F. Specifications/Drawings
- G. Quality/Mission Assurance Requirements
- H. Supplier Data Requirements List (SDRL)/Data Item Description (DID)
- I. Other Referenced Documents

30. Independent Contractor Relationship

The relationship of Seller to Buyer shall be that of an independent contractor and nothing herein contained shall be construed as creating any employer/employee, agency, or other relationship of any kind. Seller's employees, agents and/or representatives (hereinafter "Employees") performing under this Order shall at all times be under Seller's direction and control and Seller shall so inform them. Seller shall pay all wages, salaries, and other amounts due its Employees in connection with this Order and shall be responsible for all reports and obligations for its Employees, including, but not limited to, social security and income tax withholdings, unemployment compensation, worker's compensation, and equal employment opportunity reporting. Under no circumstance shall Seller be deemed an agent or representative of Buyer or authorized to commit Buyer in any way.

31. Work on Buyer's Property or Third-Party Premises

If this Order requires Seller's personnel to enter premises under the ownership or control of Buyer or Buyer's customer, Seller agrees to abide by and comply with, and require its employees and subcontractors to abide by and comply with,

all rules and regulations pertaining to plant security and safety as may be prescribed by Buyer and/or Buyer's customer, including, but not limited to, badging, citizenship requirements and background investigations.

32. Business Conduct

A. Ethics and Compliance program: Seller acknowledges and accepts full and sole responsibility to maintain an ethics and compliance program, including malpractice, appropriate for its business through the performance of this Order. Buyer strongly encourages Seller to model its program in accordance with the Federal Sentencing Guidelines, applicable guidance from enforcement authorities, FAR 52.203-13 Contractor Code of Business Ethics and Conduct, and industry best practices. Seller shall publicize to its employees who are engaged in the performance of work under the Order that they may report and concerns of misconduct by Buyer or any its employees or agents to an authorized Procurement Representative. Seller shall convey the substance of this clause to its subcontractors.

B. Product Safety: Seller acknowledges and accepts full responsibility for its processes and agrees to manage all Products during their entire life cycle within the scope of the contract. Seller agrees to deliver all Product(s) in a state of configuration in which the Product(s) conforms to specified requirements and is able to perform to the designed or intended purpose without causing unacceptable risk or damage to the Product. The Seller shall plan, implement, and control its processes so needed to assure product safety as appropriate to the organization and the Product(s) and or Service(s) being provided to the Buyer.

33. Complete Agreement

This Order together with all attachments, exhibits, and other items specifically referenced in or attached to this Order is the Parties' final expression of their agreement and is the complete and exclusive statement of all terms and conditions of agreement. This Order supersedes and cancels all prior understandings, proposals, communications, whether oral or written, and agreements between the Parties, whether such understandings, proposals, communications, and agreements were written or oral, concerning the matters addressed in this Order, except for any previously negotiated Non-Disclosure Agreement which has been signed by both Parties. No course of prior dealings between the Parties, and no usage of trade, shall be relevant to supplement or explain any term used in this Order. The descriptive headings contained in this Order are for convenience of reference only and in no way define, limit or describe the scope or intent of this Order.