



# TERMS & CONDITIONS OF PURCHASE ORDER

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PLEASE READ THESE TERMS AND CONDITIONS OF PURCHASE ORDER VERY CAREFULLY

## 1. ACCEPTANCE:

These terms and conditions govern all Purchase Orders ("Orders") issued by S3 AeroDefense, LLC ("Buyer") to the Seller identified on each Order. Fulfillment of any part of an Order, or any other conduct by Seller which recognizes the existence of a contract pertaining to the subject matter of such Order, shall constitute acceptance by Seller of such Order and all of the terms and conditions included or referenced in this document. Seller is placed on notice that any terms and conditions listed on any Seller document which are in addition to or in conflict with these terms are objected to and shall not become part of this transaction. The terms may be modified only by a written instrument executed by authorized representatives of both Seller and Buyer. The Seller must acknowledge the Order and accept Buyer's offer within five (5) business days after Seller's receipt thereof.

## 2. DELIVERY:

If delivery of goods or services is not completed by the dates specified on an Order, Buyer may, without liability, terminate the Order by notice effective when received by Seller as to goods not yet shipped or services not yet rendered and to purchase substitute goods or services elsewhere and charge Seller the difference between the contracted price under the Order and the price actually paid by Buyer, together with any incidental and consequential damages suffered by Buyer.

If Seller becomes aware of any circumstances that are likely to give rise to delay in delivery, Seller shall immediately notify Buyer in writing stating the reason for the delay and a new time of delivery, which shall be subject to written acceptance by Buyer.

The Seller must notify S3 AeroDefense immediately of any non-conforming processes, products or services and obtain approval for their disposition; this approval must be in writing.

The seller agrees they shall prevent the use of suspected unapproved, unapproved and counterfeit parts.

The seller must notify S3 AeroDefense of any changes to processes, products or services, including changes of their external providers or location of manufacture.

The seller agrees to flow down to external providers applicable requirements including customer requirements

The Seller agrees to provide a certificate of conformity, test reports, or authorized release certificates, as applicable

The seller agrees to use customer-designated or approved external providers, including processes sources (e.g. special processes);

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Buyer reserves the right to reject delivery of goods which is made in advance of the delivery date specified herein and to return such goods to Seller at Seller's expense. If Buyer accepts early delivery, invoice payment terms will be calculated from the date(s) of scheduled delivery.

A complete packing list shall be enclosed with all shipments. Seller shall mark containers or packages with necessary lifting, loading, and shipping information, including the Order number, item number, dates of shipment, and the names and addresses of consignor and consignee.

### 3. TERMINATION:

Buyer may terminate this Order or any part hereof for its sole convenience. Upon such termination, Seller shall immediately stop all work and cause any of its suppliers or subcontractors to immediately cease work. Seller shall be paid a reasonable termination charge consisting of a percentage of the Order price reflecting the percentage of the work performed prior to the notice of termination, plus actual direct costs resulting from termination, provided it submits proof of such costs within 30 days after notice of termination. Seller shall not be paid for any work done after receipt of the notice of termination, or for any costs incurred by Seller's suppliers or subcontractors which Seller could have reasonably avoided.

Buyer may also terminate this Order or any part hereof in the event of any default by Seller, including late deliveries, deliveries of defective or nonconforming goods or services, or failure to provide Buyer, upon request, with reasonable assurances of future performance. In the event of such termination, Buyer shall not be liable to Seller for any amount, and Seller shall be liable to Buyer for any and all direct, indirect, special, incidental and consequential damages sustained by reason of the default.

### 4. CHANGES:

Buyer shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation upon written notice to Seller and Seller's acceptance of such changes. If any such change causes an increase or decrease in the cost of or time required for the performance hereunder, an equitable adjustment, as reasonably determined by Buyer, shall be made in the price and/or delivery schedule. Any claim for adjustment by the Seller shall be deemed waived unless asserted in writing within 30 days from receipt by Seller of the change notice.

### 5. CONFIDENTIALITY:

All specifications, documents, technical information, artwork, or drawings delivered to Seller by Buyer, and any other non-public information Buyer discloses to Seller, remains Buyer's property. Seller shall keep confidential all information and data furnished by Buyer and shall not disclose such information except as required for the efficient performance of this Order or as compelled by law. Seller shall return all such information and all copies thereof to Buyer upon

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Buyer's request. Seller shall not, without written consent of the Buyer, use Buyer's name or trademarks or service marks or in any manner publish the fact that Buyer has placed this Order.

## 6. WARRANTY:

By acceptance of this Order, Seller expressly warrants: (1) that all goods and services supplied to Buyer by Seller as a result of this Order shall conform to the specifications, drawings or other description, upon which this Order is based, shall be fit and sufficient for the purpose intended, merchantable, of good material and workmanship and free from defects; (2) that Seller has good title to the goods and will convey such good title to Buyer; (3) that the goods conform to specifications, drawings, samples or other descriptions furnished by Buyer and all appropriate standards; (4) that Seller has full legal right and authority to sell the goods to Buyer; and (5) that any goods will be adequately contained, packaged, marked, and labeled.

If any such goods or services shall be defective or otherwise not in conformity herewith, Seller shall, at Buyer's option and in addition to all other remedies of Buyer, either credit Buyer for any such defect or nonconformity or, at Seller's expense replace, repair, correct, or perform anew any such goods or service. All warranties shall run to Buyer, its successors, assigns, customers and users of its products.

In the event of Seller's failure to correct defects in or replace non-conforming goods or services promptly, Buyer may, after reasonable notice to Seller, make such corrections or effect cover at Seller's expense.

## 7. INSPECTION/TESTING/REJECTION:

Receipt of goods or services and/or payment by Buyer for the goods or services delivered hereunder shall not constitute Buyer's acceptance. Buyer retains the right to inspect the goods or work performed and to reject any or all of the goods or work performed which are in Buyer's judgment defective. Goods rejected by Buyer and goods supplied in excess of quantities called for herein may be returned to Seller at Seller's expense.

Seller shall refund to Buyer all amounts paid for rejected goods or, at Buyer's option, Seller shall replace rejected goods promptly and without expense to Buyer. Buyer's right to inspect and reject goods and services shall not relieve the Seller from the obligation of testing, inspection and quality control.

## 8. COMPLIANCE:

Seller agrees to comply with all applicable provisions of federal, state and local laws, orders, rules and regulations and warrants that all goods and services supplied hereunder will be produced or rendered, sold and shipped in compliance with the same. Upon Buyer's request, Seller will provide written certification of compliance with such provisions. If this Order references a government contract number, Seller agrees to comply with all applicable provisions

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of said contract, and all such provisions are hereby incorporated herein by reference. A copy of the applicable provisions will be provided on Seller's request.

Any Goods that are hazardous will be packaged, marked, and shipped by the Seller to comply with all U.S. federal, state, and local regulations and Seller will furnish Buyer with a Material Hazard Data Sheet covering such Goods.

All items must conform to the Original Equipment Manufacturer's (OEMs) specifications and tests. Certification of Compliance of items included in this Order must include a statement of the condition of each item, and must be signed by an authorized representative of the Seller. In the event that Buyer does not receive such certification with the shipment, items will be held in quarantine and payment will not be processed until the proper certification is received.

All time controlled and/or shelf-life limited materials or articles furnished under this Order shall be supplied with a Certificate signed by a responsible official of Seller indicating the date of manufacture and expiration date. Seller must assure that all time controlled and shelf-life limited items have at least 85% of the shelf life remaining at time of shipment.

Items shall be labeled as one of the following five (5) conditions: "New" - factory new; "Rep" - repairable; "NS" - new surplus; "SV" - tagged serviceable fit for use; "OHC" - overhauled in accordance with the appropriate overhaul manual.

Seller shall notify Buyer of any changes in product part number and/or product definition, and shall receive permission for any deviation prior to shipment. If Seller becomes aware of any circumstances relating to the possible delivery of nonconforming product to Buyer, Seller shall notify Buyer immediately and provide all relevant information, including Purchase Order Number, Part Number, Serial Number, Lot/Batch Number, and nonconformance.

**The Seller understands and ensures that persons are aware of:**

Their contribution to product or service conformity

Their contribution to product safety

The importance of ethical behavior

**9. LIABILITY:**

Buyer's liability on any claim of any kind arising out of or related to this Order shall in no case exceed the purchase price of the goods or services which give rise to the claim.

The Seller is liable for all defects in items delivered, including concealed defects, even if they are recognizable and discovered only upon processing, installation, and/or use, and this is not subject to any time limit for claim by Buyer. The Seller shall indemnify and hold Buyer harmless from all claims arising from infringement of industrial property rights, patents, copyrights, and

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other third-party rights, and Seller agrees that it will defend at its own expense any and all suits against Buyer for infringement of any United States or foreign patent, copyright, or other intellectual property right.

Buyer has the option to reject noncompliant items and return these at Seller's expense.

## 10. INDEMNITY:

Seller shall, at Seller's sole cost and expense, release, defend indemnify and hold Buyer's members, directors, officers, agents, employees, and shareholders harmless from and against all claims, demands, disputes, complaints, causes of action, suits, losses and damages (including attorneys' fees) of any kind to the extent they in any way relate to or arise, in whole or in part, due to (a) subcontractors, or agents or the employees of any thereof, in the performance of this Order or any breach or default hereunder or (b) a claim that the goods or services Seller provides are defective, or (c) a claim that Seller's products or services, or any part thereof, infringes a patent, copyright, trademark, trade secret or other intellectual or proprietary right of a third party.

## 11. PACKAGING:

All incoming packages must be clearly marked with the Buyer Order number and shall be: (1) packed, marked, and otherwise prepared for shipment in a manner which is in accordance with best commercial practice and in accordance with manufacturer specifications; (2) acceptable to common carriers for shipment at the lowest rate for the particular goods and in accordance with applicable regulations; and (3) and adequate to insure safe arrival at the named destination.

Hazardous Materials/Dangerous Goods must be prepared for shipment in accordance with the International Air Transport Association (IATA), Federal Aviation Administration (FAA) regulations and all other applicable laws and regulations.

All shipments to Buyer must include the Order number on the exterior of package/box. Unidentified shipments may be refused and returned to sender. Seller agrees to mark all containers with necessary lifting, handling, and shipping information.

If Safety Data Sheet (S.D.S.) is required for items on the Order, the Seller shall include one copy of the S.D.S. with the Order and provide with each shipment of the items furnished under this Order.

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The Seller will issue an itemized invoice for the price of the items in accordance with the Order. If the Order requirements are not met, payment will be delayed a corresponding amount of time until such requirements are met.

An invoice is correctly rendered if: (1) the amount claimed in the invoice is due for payment; (2) the amount specified in the invoice is in accordance with the prices or rates specified in the Order; (3) the invoice provides sufficient detail to allow the Buyer to obtain a clear understanding of the items that has been supplied and to which the invoiced amount relates; and (4) the invoice is addressed to the Buyer and identifies the relevant contract, the relevant Order, item number, a description, quantity, unit price and extended total of those goods.

### 13. PRICES:

Unless another currency is specified on the Order, all monetary amounts are deemed to be expressed in U.S. dollars. Any price increases will be absorbed by the Seller.

### 14. RIGHT OF ACCESS:

The Seller agrees to allow right of access by the organization, our customers, and any regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain.

All Sub Contractors of S3 AeroDefense performing Repair/Overhaul or special process work agree to allow the FAA right of entry at their request for inspection of work. This may be without prior notice. This includes both FAA certified and Non certified entities.

### 15. EXPORT CONTROL:

Seller agrees to comply fully with all applicable U.S. export control laws and regulations as they may apply to any hardware, software, information, or the direct product of such information, furnished to Seller under this Contract. Seller agrees that it will not permit the re-export of any the above—including to foreign nationals employed by, associated with, or under contract to Seller or Seller's lower-tier suppliers—without the authority of an Export License or applicable License Exception.

Seller agrees to notify Buyer if export control laws or regulations restrict any deliverable Work under this Contract.

Seller shall immediately notify the Buyer if Seller is listed in any Denied Parties List or if Seller's export privileges are otherwise denied, suspended, or revoked in whole or in part by any U.S. Government entity or agency. If Seller (or any of its subcontractors) is debarred by the U.S. Government from participating in transactions which involve the export of goods (whether

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commercial or military), Buyer has the right to cancel this Order without liability of any kind to Seller. If Buyer becomes aware of such status of Seller (or any of its subcontractors) after receipt of the ordered goods, Buyer may return such goods to Seller and Seller shall immediately refund all amounts paid by Buyer, if any, for such goods. At Buyer's request, Seller will provide Buyer with all data Buyer may need to apply for and obtain an Export License or applicable License Exception.

Without limiting the generality of the Indemnity provided in Section 10 hereof, Seller shall, at Seller's sole cost and expense, release, defend indemnify and hold Buyer's members, directors, officers, agents, employees, and shareholders harmless from and against all claims, demands, disputes, complaints, causes of action, suits, losses and damages (including attorneys' fees) of any kind to the extent they in any way relate to or arise, in whole or in part, due to Seller's failure to comply with the requirements of this Section 15.

## 16. FORCE MAJEURE:

Neither Seller nor Buyer shall be liable for a delay in the performance of its obligations and responsibilities under this Order when the delay is due to causes beyond its control, such as but not limited to war, strikes or lockouts, embargo, national emergency, insurrection or riot, acts of the public enemy, fire, flood or other natural disaster, provided that the affected party has taken reasonable measures to notify the other, in writing, of the delay.

## 17. ASSIGNMENTS, SUBCONTRACTING:

Seller may not assign, subcontract or transfer this Order, the work required to be done or any payments to be made hereunder without Buyer's prior written approval. No invoices may be rendered by others than the named firm shown as "Seller" on the Order without Buyer's written permission. No modification of an Order shall be binding, unless agreed to in writing by Buyer.

## 18. ARBITRATION:

The contract arising pursuant to this Order shall be governed by the laws of the State of Wisconsin, without regard to its conflict of laws provisions. Any dispute arising under or related to transactions between Buyer and Seller shall be resolved fully and finally by binding arbitration in Milwaukee, Wisconsin, by a single arbitrator of the American Arbitration Association, who shall be agreed upon by Seller and Buyer. If the parties cannot agree on an arbitrator, the American Arbitration Association shall appoint the arbitrator. Such arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The substantive laws of Wisconsin shall apply in the arbitration. The parties shall split the arbitrator's fees and other direct costs of the arbitration but each party shall pay its own attorneys' fees and the other costs of presenting their case. Any decision provided by the arbitrator in accordance with this provision shall be final and binding on the parties and judgment upon award by the arbitrator in may be entered in any court having jurisdiction. With

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regard to any matter which cannot be determined by arbitration, the parties hereto consent to personal jurisdiction in the Wisconsin courts to hear any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement. The parties further agree that venue for any such suit, action or proceeding shall be proper in Milwaukee County, Wisconsin with regard to a suit, action or proceeding brought in a state court and the United States District Court for the Eastern District of Wisconsin with regard to a suit, action or proceeding brought in a federal court.

## 19. MISCELLANEOUS:

Any failure by Seller to abide by the terms hereof may be waived in writing by Buyer. Any such waiver shall not constitute an ongoing or future waiver of any sort.

All relevant documents pertaining to this Purchase Order shall be maintained indefinitely by the Seller or at a minimum of 7 years after the sale.

In the event any one or more of the provisions herein shall for any reason, be held to be invalid, illegal or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provisions of these Terms and Conditions.

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