

- 1. Entire Agreement.** None of the terms or conditions contained in this contract may be added to, modified, superseded or otherwise altered except by a written instrument signed by an officer of Applied Aerospace Structures Corp. ("Buyer") and delivered by Buyer to Seller. Each shipment received by Buyer from Seller shall be deemed to be only upon the terms and conditions contained in this contract, except as they may be so added to, modified, superseded or otherwise altered in writing and signed by the party affected by the change, notwithstanding any terms or conditions that may be contained in any acknowledgment, confirmation, invoice or other form used by Seller and notwithstanding Buyer's act of accepting or paying for any shipment or similar act of Buyer. All specifications, drawings and data submitted to Seller with this contract are hereby incorporated herein and made a part hereof. Seller's commencement of work on the goods Subject to this contract or shipment of such goods, whichever occurs first, shall be deemed an effective mode of acceptance of this contract.
- 2. Delivery.** Time is of the essence in the performance of this order and if delivery of items is not made in the quantities and at the times specified, or rendering of services is not completed at the times specified, Buyer reserves the right without liability, and in addition to its other rights and remedies, to take either or both of the following actions: (a) direct expedited routing of times (the difference in cost between the expedited routing and the order routing costs shall be paid by the Seller); (b) terminate this order by notice effective when received by Seller as to stated items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge the Seller with any loss incurred. Buyer may, in addition to all other remedies available to it at law or in equity, require Seller, at Seller's expense, to ship goods via airfreight or expedited routing to avoid or minimize delay.
- 3. Packaging and Shipping.** Seller agrees to properly pack, label, insure and ship goods in accordance with the requirements of Buyer's Transportation Department, or as stated on the purchase order, using the designated carriers and at the lowest possible transportation cost. Sellers agrees to make only those charges for handling, packaging, storage or transportation of goods as expressly permitted by this contract or any other Buyer purchase order issued pursuant hereto and provide packing slips with each shipment, noting Buyer's purchase order on each slip. Seller shall reimburse Buyer for all expenses incurred by Buyer as a result of improper packing, labeling, routing or shipping.
- 4. Seller's Warranties.** In addition to all warranties prescribed by law or otherwise provided by Seller, Seller warrants that all goods purchased hereunder will be free from defects in material and workmanship, will conform to specifications and accepted samples, will be merchantable and, if ordered for a particular purpose, will be fit for such purpose. Seller also warrants that, to the extent the goods are not manufactured pursuant to detailed specifications furnished by Buyer, they will be free from defects in design. Seller agrees that these warranties will survive acceptance of the goods and shall inure to the benefit of Buyer, its successors, assigns, customers and ultimate users of the goods.
- 5. Compliance with Safety Laws.** Goods consisting of tools, machinery, equipment and accessories, or parts thereof, will comply with all applicable federal, state or local governmental laws, regulations or orders (including occupational safety and health laws, regulations and orders) as to design, construction and performance at Buyer's place of use,

and Seller will notify Buyer if goods ordered do not so comply; furthermore, it is agreed that the purchase price includes, and Seller agrees to furnish, all accessories, parts, and appliances required by any such law, regulation or order for use or operation at Buyer's place of use.

- 6. Risk of Loss.** Risk of loss or damage to goods shall be on Seller until the goods have been delivered to and accepted by Buyer, notwithstanding any other terms contained herein or otherwise attempted to be imposed by Seller. All goods will be received by Buyer subject to its right of inspection and rejection. Buyer shall be allowed a reasonable period of time to inspect the goods and to notify Seller of any nonconformance with the terms and conditions of this contract. Buyer may reject any goods which do not conform to the terms and conditions of this contract. Goods so rejected may be returned to Seller, or held by Buyer, at Seller's risk and expense, and, in either event, the cost of transportation, shipping, unpacking, examining, repacking, and reshipping and like expenses shall be charged to Seller. If any such inspection or test is made on Seller's premises, Seller shall furnish all reasonable facilities and assistance for a safe and convenient inspection or test without additional charge to Buyer.
- 7. Seller's Indemnification and Insurance.** (a) Seller indemnifies and agrees to defend and hold harmless Buyer, its successors, assigns, employees, agents, customers and users of its goods or products (collectively, the "Buyer Group"), from and against all claims, losses, penalties, damages (including incidental and consequential damages) costs and expenses (including reasonable attorneys' fees) arising out of (i) any alleged or actual infringement or contributory infringement of any letters patent, copyrights, trademarks or service marks or other intellectual property rights or any actual or alleged misappropriation of trade secrets by reason of the use, sale or lease of any goods or products purchased hereunder, excepting unpatented staple articles of commerce and goods manufactured in accordance with Buyer's design; or (ii) any alleged or actual defects in the goods, breach by Seller of any of the warranties contained herein, or Seller's timely failure to deliver the goods purchased hereunder; or (iii) any alleged or actual failure of the goods to include necessary safety features or otherwise conform to the requirements of any federal, state or local health or safety law, standard regulation or ordinance, when used in a manner and for a purpose intended by Seller; or (iv) Seller's breach of this contract. Seller shall, at its own expense, if so requested by Buyer, defend all claims, proceedings or suits against any of the Buyer Group, in which any of the aforesaid claims are alleged, provided Seller is duly notified of such claims, proceedings or suits. (b) Seller agrees to procure and maintain, at its own expense, products liability and other appropriate insurance covering Seller's obligations hereunder, and including Buyer as one of the name insured's, such insurance to be of a type, in an amount, and written by a company reasonably satisfactory to Buyer. Seller agrees to furnish evidence of said insurance satisfactory to Buyer as Buyer may request from time to time. All policies of insurance procured or maintained hereunder (i) shall provide that coverage there under shall not be terminated without ten (10) day's prior written notice to Buyer, and (ii) shall apply separately to each insured against whom claim is made or suit is brought and shall contain no provision which excludes coverage under a claim made by one insured under the policy against another insured under the policy.
- 8. Purchase Price.** Goods will be billed by Seller at the price set forth on the face side hereof, the price last quoted by Seller or at Seller's price to other buyers at the date of shipment,

whichever is lower. This order cannot be billed at a higher price than the price last quoted or billed on last invoice, unless Buyer agrees in writing to such higher price. Seller is responsible for all taxes related to this sale, except taxes assessed on Buyer's net income.

- 9. Invoices, Payments and Discounts.** Unless otherwise provided, terms of payment shall be net 30 days from the later of the following: (a) Receipt of the Seller's correct invoice, or (b) Delivery of the goods/completion of services. Payments shall be deemed to have been made as of the date of mailing Sellers payment.
- 10. Quantity.** Seller must furnish the entire quantity ordered hereunder and said quantity cannot be varied by Seller unless Buyer agrees in writing to accept a different quantity. Buyer reserves the right to reject any unauthorized quantities and to return same to Seller at Seller's risk and expense. Seller further agrees to indemnify Buyer for any expenses or losses incurred by Buyer as a result of Seller's failure to furnish the entire quantity ordered hereunder.
- 11. Buyer's Changes.** Buyer reserves the right at any time to make changes in the following: (a) specifications, drawings and data incorporated in this order where the goods to be furnished are to be specially manufactured for Buyer; (b) methods of shipment or packing; (c) place of delivery; and or (d) time of delivery. If any such change causes an increase or decrease in the cost of or the time required for performance of this contract, an equitable adjustment shall be made in the purchase price or delivery schedule, or both. Any claim by Seller for adjustment under this paragraph shall be deemed waived unless Buyer is notified in writing within 10 days from receipt by Seller of the change. Price increases or extensions of time for delivery shall not be binding on Buyer unless approved in writing by an officer or Buyer.
- 12. Buyer's Termination.** (a) Buyer may at any time for its convenience terminate this contract, in whole or in part, by written, facsimile, email, or verbal notice confirmed in writing if (i) the Seller fails to make delivery of goods or perform services within the time specified, or (ii) the Seller fails to perform any other requirements of this contract and does not cure such failure or provide a plan for cure of such failure, acceptable to Buyer within ten (10) days after receipt of notice from the Buyer specifying such failure. If the Buyer so terminates all or any part of this contract, the Buyer may repurchase similar goods elsewhere and the Seller shall be liable to the Buyer for any excess cost. The Seller shall not, however, be liable for any such excess costs if the Seller's failure to perform arises out of any causes beyond reasonable control and without the fault or negligence of the Seller, provided that Seller shall give to Buyer prompt notice in writing when it appears that such causes will result in failure or delay in making deliveries under this contract, or any Buyer purchase order issues pursuant hereto. The Buyer shall also be excused for failure or delay in performance hereunder due to any cause beyond its reasonable control and without its fault or negligence. However, any price increases that may be imposed upon Seller by its vendors shall not excuse Seller's performance of its obligations to Buyer at the prices specified herein. If this contract is terminated for Buyer's convenience, any claim of Seller shall be settled on the basis of the reasonable costs it has incurred in the performance of this contract. (b) The Buyer shall also have the right to immediately terminate this contract or any part thereof without further cost or liability to Buyer in the event of a filing of a voluntary or

involuntary petition to have Seller declared bankruptcy; the appointment of a receiver or trustee for Seller; the execution by Seller of an assignment for the benefit of creditors; insolvency of the Seller; or the Seller's inability to promptly provide Buyer with adequate and reasonable assurance of timely performance within 15 days of such events. The remedies provided herein are not exclusive and are in addition to any other remedy provided by law or this contract.

- 13. Compliance with Laws.** In fulfilling this order, Seller shall comply with all applicable laws and governmental regulations and orders, federal, state, local and foreign. With respect to goods produced in the United States, Seller further warrants (a) that it will comply with all applicable Equal Employment Opportunity requirements including those set forth in Section 202 of Executive Order 1 1246, as amended, which requirements are incorporated herein by reference, and (b) that it will comply with all provisions of Section 503 of the Rehabilitation Act of 1973, as amended, and Section 402 of the Vietnam Era Veteran's Readjustment Assistance Act of 1974 and all regulations promulgated under these provisions.
- 14. Confidentiality.** All information furnished by Buyer to Seller is confidential and Seller shall not disclose any such information to any other person, or use such information for any purpose other than performing this contract, unless Seller obtains written permission from Buyer to do so. This paragraph shall apply, without limitation, to drawings, specifications, or other documents prepared by Seller for Buyer in connection with this contract. Seller shall not advertise or publish the fact that Buyer has contracted to purchase goods from Seller, nor shall any information relating to the contract be disclosed to third parties without Buyer's written permission. Unless otherwise agreed in writing, no commercial, financial or technical information disclosed in any manner or at any time by Seller to Buyer shall be deemed secret or confidential and Seller shall have no rights against Buyer with respect thereto, except such rights as may exist under patent laws.
- 15. Assignment; Subcontracting;.** This contract may not be assigned or subcontracted by Seller, in whole or in part, without the prior written approval of Buyers Purchasing Manager or any other Buyer corporate officer.
- 16. Deduction or Set-off.** All claims for money due or to become due Seller from Buyer shall be subject to deduction or set-off by Buyer by reason of any counterclaim arising out of this or any other transaction with Seller.
- 17. Buyer's Delays.** Buyer may delay delivery or acceptance occasioned by reason of force majeure or other causes beyond its control. Seller shall hold such goods at the direction of Buyer and shall deliver them when the cause affecting the delay has been removed. Buyer shall be responsible only for Seller's direct additional costs in holding the goods or delaying performance of this contract at Buyer's request. Causes beyond Buyer's control shall include, without limitation, government action or failure of the government to act where such action is required, terrorist action or imminent threat, cessation of commercial transportation systems, strike or other labor trouble, fires or unusually severe weather.
- 18. Seller's Employees.** In the event that Seller's obligations hereunder require or contemplate performance of services by Seller's employees, or persons under contract to Seller, to be done on Buyer's property, or on property of Buyer's customers, Seller agrees that all such

work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of Buyer. Seller shall maintain all necessary insurance coverage's for such employees and services, including public liability and workers' compensation insurance. Seller shall indemnify, save harmless and defend Buyer (and Buyer's customers) from any and all claims or liabilities arising out of such work.

- 19. Buyers Property.** Seller shall keep all property furnished by Buyer and all property to which Buyer acquires title by virtue of this contract segregated and clearly marked and will maintain a complete inventory thereof. Seller will use Buyer property solely for performing Buyer contracts. Seller assumes all risks of loss, destruction or damage to such property while in Seller's custody or control. Seller will immediately notify Buyer's Purchasing department in writing of any such loss, destruction or damage. Upon termination or completion of this contract, Seller will deliver such property, as directed by Buyer, in good condition subject to ordinary wear and tear and normal manufacturing losses.
- 20. Waiver.** Buyer may waive performance of any condition and treat it as a warranty, but waiver by Buyer of any condition with reference to any shipment shall not be construed as a waiver of that condition for subsequent shipments.
- 21. Remedies.** All fights and remedies of Buyer herein stated are nonexclusive and in addition to other rights and remedies provided by law.
- 22. Controlling Law Venue.** This contract shall be deemed to have been executed and delivered in Stockton, California. Except as otherwise provided herein, this contract and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the internal laws of the State of California including the Uniform Conlinercia<sup>1</sup> Code as enacted in that jurisdiction, without giving effect to that jurisdiction's choice of law principles. Venue for all actions related to or involving this contract or the goods ordered hereunder shall be in the California state courts located in San Joaquin County, Stockton, California.