

Aljo-Gefa Precision Manufacturing, Inc.

Purchase Order Terms and Conditions

1. The terms and conditions of this purchase order set forth the entire agreement between the parties, and supersede all previous communications, proposals, agreements, and representations, oral or written. No agreement or understanding which varies from the terms or conditions of this purchase order will be binding unless issued in writing by the buyer or a duly authorized officer or representative of Aljo-Gefa Precision Manufacturing, Inc; ("Aljo-Gefa"). No conditions stated by the seller in its acknowledgement of this order shall be binding upon the Buyer if in conflict with, inconsistent with, or in addition to, the terms and conditions stated herein. Unless agreed to by the Buyer through a subsequent purchase order amendment, any such conditions have been summarily rejected by the Buyer. The terms **Buyer represents Aljo-Gefa** and the term **Seller represents the supplier** in the noted document disclosed herein.
2. Seller shall comply with all applicable federal, state and local laws, orders, regulations, and ordinances in performance of this purchase order. Seller covenants and agrees to save and hold the Buyer harmless from and reimburse same for any and all costs, damages, and expenses, including reasonable attorney's fees, suffered or occasioned to buyer through any failure of Seller to comply with such laws, orders, regulations and ordinances.
3. Seller shall maintain a quality system that is acceptable to Aljo-Gefa, Precision Products. The quality system, and all material and workmanship shall, at the discretion of Aljo-Gefa, be subject to survey, source inspection and test by Aljo-Gefa, or Aljo-Gefa's customer at all reasonable times, at the Seller's facility. Seller shall notify buyer of known non-conformances for Buyer approval prior to shipment of such product. All parts will also be subject to final inspection at Aljo-Gefa. Any non-conforming articles due to unacceptable workmanship on the part of the Seller shall be removed at the expense of the Seller, including transportation both ways. Seller bears all risk for loss or damage to rejected articles. In addition to the right of rejection, and without limitation to any other remedy, Aljo-Gefa may require the prompt repair or replacement of rejected articles, or may elect to retain them and remedy the defects. The cost of effecting such remedy shall be deducted from the amount due Seller.
4. The Buyer may, at any time, by written amendment, make changes in the drawings, specifications, quantities, delivery schedule, or any other element of the purchase order. If any such change causes an increase or decrease in the purchase order value, or in the time required for performance, an equitable adjustment shall be made to the purchase order, in writing. Any claim for adjustment under this clause shall be made by the Seller in writing, within (30) days from the date of the change order. No modifications to this order are binding on Aljo-Gefa, unless made by a formal purchase order amendment signed by the Buyer or his designee.
5. All drawings, specifications and materials, including data, technical information, NC tapes and designs supplied by Aljo-Gefa in support of this purchase order shall remain the property of Aljo-Gefa, and shall be held in confidence by the Seller. Except as directly related to the performance of this purchase order, this information shall not be reproduced or disclosed to third parties without the prior written consent of Aljo-Gefa.
6. In addition to the conditions set forth in Paragraph 6, the following also applies: The Seller shall keep confidential and otherwise protect from disclosure all information and property obtained from Aljo-Gefa in connection with this order and identified as "confidential" or "proprietary". Upon Aljo-Gefa's request, and in any event upon the completion, termination or cancellation of this order, the Seller shall return all such information and property to the Buyer, or to make such other disposition thereof as directed by the Buyer. The Seller shall not dispose of or scrap any partially completed or defective proprietary property without receiving prior written authorization from the Buyer.
7. The Seller, while in possession of the property of the Buyer or the Buyer's customer, shall be liable for its loss or damage except for reasonable wear and tear. Seller shall maintain such property in good condition, and shall dispose of same as instructed by the Buyer upon purchase order completion.
8. All tools, dies, jogs and fixtures (herein referred to as "tools") specifically manufactured by the Seller for the performance of this purchase order shall become upon acquisition the property of the Buyer. The cost of the same is included in the contract price of this purchase order. Tools made or acquired by the Seller which are standard commercial articles, or shop aids, shall remain the property of the Seller. Such tools as are the property of the Buyer shall be maintained in good condition, including replacement without expense to the Buyer, except where such tools have become obsolete due to design changes requested by the Buyer. In such cases, the resulting charges shall be paid by the Buyer.
9. Unless otherwise stated in the purchase order, the Seller shall bear the risk and responsibility for loss or damage of items purchased hereunder until they are delivered in conformity to the FOB point specified on the order. Upon such delivery, the title shall pass to the Buyer. Passing of title upon delivery shall not constitute acceptance of these items by the Buyer.
10. Except as otherwise provided in this purchase order, the Seller may litigate any dispute arising hereunder in a court of competent jurisdiction. Pending settlement of such a dispute, the Seller shall proceed diligently with the performance of this purchase order. Regardless of the place of performance, this purchase order is governed by the laws of the State of New York, and the Seller consents to the jurisdiction of the courts of New York in any action arising out of this purchase order.
11. Seller must receive specific written approval from the Buyer to ship any items more than (30) days in advance of the delivery dates set forth on the purchase order. Items received without such approval are subject to rejection, and Seller will be responsible for all freight charges.
12. The term of payment set forth in this purchase order, and all discounts related thereto, shall be calculated from the latest of the following: date items are received, date items are scheduled to be received, or the date an acceptable invoice is received.

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13. Aljo-Gefa reserves the right to terminate this purchase order, in whole or in part, at any time and at no cost to Aljo-Gefa, if the Seller does not maintain acceptable quality and/or delivery performance.
14. The Buyer may terminate this order in whole, or in part, effective as of the date specified by the Buyer, in accordance with Termination Clause 52.249-1, 52.249-2, as applicable In the FAR provisions which are incorporated herein by reference, "Aljo-Gefa" will be substituted for "the Government" and "Aljo-Gefa Buyer" will be substituted for "Contracting Officer".
15. The Seller acknowledges that certain changes in delivery schedule are normal and anticipated in the course of performance of this purchase order. Seller further certifies that the cost of such changes is included in the firm-fixed prices established herein. Accordingly, Seller shall not be entitled to a price adjustment for any change to the delivery schedule when deliveries are rescheduled within (12) months of the original delivery date, unless such changes cause an increase in the in the cost or the time required for the performance of this purchase order. In such case, an equitable adjustment in the price or delivery shall be made. The Buyer and Seller shall establish through negotiation whether the directed change is one which requires an equitable adjustment under this clause, and if so, the nature of the adjustment. Failure to agree with respect to such a claim shall be a dispute, and either party may pursue its remedies as provided herein. Pending resolution of such a dispute, the Seller agrees to diligently perform under the order, as revised.
16. The Equal Opportunity Clause Section 202, paragraphs 1 through 7 of Executive Order 11246, as amended; 38 USC 4212 of the Vietnam Era Readjustment Assistance Act of 1974, and Section 503 of the Rehabilitation Act of 1973 relative to equal employment opportunity and implementing rules of the Office of Federal Contract Compliance Programs are incorporated herein by specific reference.
17. Seller agrees to abide by Anti-Kickback Act of 1986 (41 USC 51 through 58) and FAR 52.203-7. "Anti-Kickback Procedures" which is incorporated herein by reference, except that subparagraph (c)(1) of FAR 52.203-7 shall not apply to the Seller, and further that subparagraphs (c)(2), (c)(3), (c)(5), the term "Contractor" shall mean Seller and in subparagraph (c)(4) the term "Prime Contractor" shall mean Buyer, and the term "Subcontractor" shall mean Seller. The Seller shall report possible violations of this Act to the Government pursuant to 41 USC 57. Seller agrees to hold Buyer harmless, defend Buyer against, and indemnify Buyer for all costs, expenses and offsets the Buyer may incur as a consequence of violations of this clause by the Seller or by Seller's subcontractor's or suppliers. The rights and obligations set forth in this clause shall survive completion of, final payment under, or termination of, this order.
18. In addition to other remedies that the Buyer may have, the Seller shall defend the Buyer against all claims and proceedings based upon actual or alleged violations of the Anti-Kickback Act of 1986 and any amendment thereof; and Seller shall indemnify and hold Buyer harmless from any losses, damages, liabilities, costs and expenses including, but not limited to: loss of profits, expenses of litigation, attorney's fees, penalties or fines, suspensions or reduction of progress payments, and all losses arising out of contract terminations, suspensions or debarments of Buyer resulting from a violation of the Anti-Kickback Act of 1986, any amendments thereof, by Seller, and of its officers, partners, employees, agents, or any subcontractors at any tier below Seller or such subcontractors' employees.
19. When verifying raw material certifications, assure material are not of foreign origin. Those countries exempt from this requirement are the following:

Australia	Israel	Spain	Belgium	Luxembourg	Turkey
Canada	Netherlands	Federal Republic of Germany	Denmark	Norway	
France	Egypt	Portugal	Greece	Italy	United
Kingdom of Great Britain and Northern Ireland					
List is subject to change by the federal Government and must be verified Before Use.					

See Page 3 for Additional AGP Quality Clauses

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20. AGP QUALITY CONTROL CLAUSES:

Q.1) General: Seller expressly warrants that all articles ordered to specifications, drawings, or other descriptions furnished by the Buyer will conform thereto, and that all articles will be of good quality and workmanship, and will be free of defects. The Seller shall clearly communicate and mitigate any associated risks with AGP's Buyer before proceeding with said contract.

Q.2) Customer Approved Sources: The seller agrees to use only the Buyers Customers Approved Sources if and when material and/or processing is required unless otherwise specified by AGP Customers which have no said requirement.

Q.3) Rights of Entry: The Buyer reserves the right to visit, or to have its customer or statutory/regulatory authority or other designee access to the applicable areas of all facilities (Seller's or otherwise) at any level of the supply chain, involved in the order, to ensure that the terms of the contract have been or are being met, including quality and delivery requirements. The Seller agrees to grant access to the Buyer, its customer, statutory/regulatory authority or its designee, provided reasonable notice is provided by the Buyer. All documentation for the noted part or process shall be supplied and forwarded to the Buyer upon request.

Q.4) Seller Changes: The Seller shall inform Buyer when there are changes to Sellers product and/or process definitions and obtain Buyers approval before proceeding. This includes notification of change of suppliers (Seller offloading) and changes in Seller's facility location and/or the Seller has made a major change in their process (quality records have been revised). The seller is responsible to get Buyer approval before proceeding.

Q.5) First Article (FAI) Requirement: If AS9102 First Article Inspection Reports is specified on PO the reports shall specify all applicable blueprint notes, AGP purchase order requirements and dimensional characteristics along with the actual measurements during the supplier's first manufacturing run. AS9102 requirements and format is required. Seller's format is acceptable if all the AS9102 requirements are all complied with. For the FAI, the supplier shall furnish completed FAI Reports (Forms 1, 2 and 3) with shipment of the First Article. For non FAI lots Final Inspection Records shall be kept on file at the Seller and made available upon request.

Q.6) Quality Records: The Seller shall maintain the following Quality Records on site as a condition of purchase for a minimum of 8 Years unless otherwise specified. The seller shall create a job traveler (operation sheet) for each lot manufactured with Part Number and Revision Levels specified, signatures and inspection verification (stamp or signature) for each lot manufactured full material traceability must be maintained for each lot (traveler) shipped and must include a signed off Final Inspection (Form 3) indicating the final acceptance of each lot manufactured and supplied to AGP. Quality Records also includes the supplier's programs and tool data sheets which are kept on file at site. 100% Inspection is required by Seller and lot sampling is not permitted without direct written consent from the Director of Quality at AGP. Noted records do not need to be shipped unless specifically requested by PO requirement, but must be kept on file for 8 years unless otherwise specified. If Key Characteristics Control is required a 100% inspection shall apply and the actual data (measurements taken) shall be forwarded 100% with each shipment until process control parameters can be established as specified per PRM 14 AGP SPC Procedure Manual. All gages used by Seller on AGP parts must be calibrated.

Q.7) Source Inspection: If AGP Source Inspection (ASI) is specified on PO the Seller shall contact AGP Quality prior to shipment from plant to arrange for inspection by AGP at the supplier's facility (Ph# 516-420-4419).

Q.8) Government Furnished Property: Seller shall control Aljo-Gefa Property and any associated Government and/or AGP Customer Furnished Property shall be controlled IAW FAR 52.245-2 and FAR 52-245-5. Any discrepancies shall be reported to Aljo-Gefa Quality Department at VincentR@aljogefa.com. Notifications must be in writing and can be faxed to 516-756-1995 if e-mail services are not available.

Q.9) System Requirement: The Sellers Quality Inspection System shall conform to the requirements at a minimum to MIL-I-45208 unless otherwise authorized by the Buyer and the Director of Quality. The Seller must achieve at a minimum Conditional Approval from Quality and must be listed on AGP's Approved Supplier List. Quality Clause Q.6 applies in such cases. Sellers with conditional approval are authorized to perform only machining operations and must be sent consigned material from Aljo-Gefa. 100% Inspection is required.

Q.10) Control of Digital Media: The Seller agrees to maintain a Configuration Control Log (ref. PRM 16) for all Detail Catia Model revisions supplied herein and listed above. The Supplier is responsible to Verify and Validate any Dataset Derivative Translations to the AGP supplied Catia Model using an Overlay Point System. The guidelines for Control of Digital Product Definitions (Digital Media) are specified per PRM 16 Control of Digital Process Definitions including CAD/CAM and Product Acceptance Software guidelines shall apply (ref. Appendix B for instructions to construct verification points before use).

Q.11) Raw Material Control: The Seller must also maintain Material Control and list Heat Lot Number(s) on Packing List. If AGP supplied material is sent and has been scrapped at the suppliers facility the supplier will denote on Packing List that materials issued has been scrapped at site to denote to our Buyer that new raw material will be needed for future runs and to assure that AGP records of the supplier's raw material inventory is accurate.

Q.12) Nonconforming Material Control (MRB): The Seller does not have any MRB authority and any deviations from specification must be submitted on AGP's (QMF 09A) Nonconforming Rejection Report. The Seller must tag any discrepant parts with should be and is conditions and forward them to AGP with the enclosed QMF 09A Non-Conforming Rejection Report completed and attached to the Sellers Packing List unless otherwise authorized to scrap parts in house. Packing Lists must identify if any discrepant parts were scrapped in-house or are included in the lot shipped to AGP. AGP does not have MRB authority and must submit all deviations to our Customers MRB.