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	Subject: General Terms and Conditions of Purchase		Reviewed by:	Approved by:	

GENERAL TERMS AND CONDITIONS OF PURCHASE

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General Terms and Conditions of Purchase are provided herein; no other General Terms and Conditions of Purchase shall be binding upon Aerospace International Materials, Inc. unless accepted in writing.

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Article I –

PRODUCTS TO BE PURCHASED

PAC shall buy, accept delivery and pay for, subject to the General Terms and Conditions hereinafter specified, finished goods and services (herein called “Products”) related to gas turbine engines (aircraft, marine and industrial).



Such Products may include but not necessarily be limited to the following:

- A. Finished goods: Finished assemblies or subassemblies for maintenance and overhead and repair of gas turbine Engines and engine accessories.
- B. Services: Those services required to maintain and overhaul and repair gas turbine engines and engine accessories.

Article II –

TERMS AND CONDITIONS

Only the terms and conditions set forth in this order shall be binding upon purchaser. Acceptance of this order is expressly limited to the terms contained herein, and terms and conditions contained in any acknowledgement of this order, or with delivery of any goods under this order, which are different from or in addition to the terms and conditions of this order shall not be binding on purchaser, whether or not they would materially alter this order, and purchaser hereby objects thereto. Seller’s full or partial performance under this order will constitute acceptance of all terms and conditions contained herein.

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Article III –

PACKAGING REQUIREMENTS

No extra charges for boxing and cartage will be allowed. Seller shall be responsible for packing and packaging necessary to withstand transportation hazards and for preparing shipment in accordance with the instructions furnished by purchaser. Packaging requirements for shipments on commercial bills of lading must meet commercial standards and accepted practices of the industry with full protection of material to ultimate destination and must conform to governing classifications.

Article IV –



TRANSPORTATION

Goods covered by this contract shall be shipped in accordance with ICC Incoterms, 1990 Edition. The applicable shipping and delivery Incoterms will be specified on the face of this order. No charges for unauthorized transportation will be allowed. Any unauthorized shipment which will result in excess transportation charges must be fully prepaid by the seller. Title to said goods shall pass to purchaser on the earlier of (1) manufacturing required date or (2) use date. Purchaser carries insurance on all material while such material is transit. Seller shall not insure material which purchaser has insured. Seller shall release shipments at the lowest released valuation if applicable. If seller does not comply with the stated delivery schedule, purchaser may, in addition to any other rights which purchaser may have under this order, require delivery by fastest way and charges resulting from this mode of transportation must be fully prepaid and absorbed by the seller.

Article V –

INSPECTION

- A. All goods (which terms throughout this order includes without limitation raw materials, components, intermediate assemblies, and end products) or services including, but not limited to engineering and design/development work, shall comply with all applicable specifications and shall be subject to inspection and test by the purchaser and its customer at all times and

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places including the place of manufacture.

- B. If any inspection or test is made on the premises of seller or its supplier, seller, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspections and test on the premises of seller or its supplier shall be performed in such a manner as not to unduly delay the work.
- C. Failure to inspect and accept or reject goods or services shall neither relieve seller from responsibility for such goods or services as are not in accordance with the order requirements nor impose liabilities on purchaser therefore.
- D. For engine components and other ancillary components, seller shall provide and maintain quality control, inspection, and process control systems acceptable to purchaser and its customer. Records of all inspection work by seller shall be kept complete and available to purchaser and its customer.

Article VI –

RECORD RETENTION REQUIREMENTS

Seller shall maintain for seven years after final payment is made under this order, purchase order files for supplies, equipment, material, or services used in the performance of the order; supporting documentation a backup files including but not limited to, invoices and memoranda, e.g., memoranda of negotiations showing the principal elements of price negotiations.

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Article VII –

PARTS COMPLIANCE AND MATERIALS TEST CERTIFICATION

By acceptance of this order, seller certifies that, goods supplied shall conform to all requirements of this order including referenced specifications in effect as of the date of order placement and that objective quality evidence, (objective quality evidence shall mean any statement of fact pertaining to the quality of a product or service based on observations, measurements or tests which 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 which describe the item, process, or procedure of conformance and specification required by this order is on file and available for examination by purchaser.

Article VIII –



EXPORT AND INTERNATIONAL TRAFFIC-IN-ARMS REGULATIONS

Seller agrees to comply with all export regulations and the International Traffic-In-Arms Regulations (ITAR) including, but not limited to Federal Aviation Regulation Parts 122 entitled “Registration of Manufacturer and Exporter” and 130 entitled “Political Contributions, Fees and Commissions.”

Article IX –

WARRANTY AND LIMITATION OF LIABILITY

There are no implied warranties of fitness or merchantability. In no event shall AIM be liable for special, indirect, consequential, or third party damages for any breach of warranty. AIM shall have no liability to Seller or third parties with respect to claims for property damage or personal injury (including death) or arising out of, in connection with, or resulting from any design concept or performance hereunder, whether in contract, tort (including negligence of any degree) or otherwise. Seller shall indemnify and hold AIM harmless from and against any such claim or liability, including costs and expenses in defending any such claim or liability. The term “AIM” shall include AIM, its

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affiliated companies (as presently or hereafter constituted) and directors, officers, employees, agents, vendors, subcontractors or suppliers of AIM and its affiliated companies.

Article X –

ANTICIPATION OF DELIVERY SCHEDULE

Unless otherwise agreed in writing seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet the stated delivery schedule.

Article XI –



DELAY AND DEFAULT

In the event seller for any reason anticipates difficulty in meeting the required delivery date, or in complying with any of the other requirements of this order, seller shall promptly notify purchaser in writing. Seller shall not be liable for damages for delays, which are due to causes beyond seller's reasonable control and without its fault or negligence. In the event seller fails to perform its obligations contained either expressly or impliedly within this order, whether for the sale of goods or services, purchaser shall be entitled to, and may exercise the rights of, a non-breaching buyer as specified in Article 2 of the Uniform Commercial Code.

Article XII –

CHANGES

A. Purchaser at any time shall have the right to make changes in the quantities, drawings, designs or specifications, or the delivery schedule. Any such changes that have a significant impact on the performance of, or price to be paid for, this order shall entitle either seller or purchaser to an equitable adjustment. However, no additional charge will be allowed unless authorized by purchaser's written amendment to this order.



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- B. Information, such as technical direction or guidance provided to seller by representatives of the purchaser in connection with the seller's performance of this order, shall not be construed either as a change within the meaning of this provision or as direction to proceed outside the scope of this order.
- C. If seller considers that the conduct of any of purchaser's employees has constituted a change hereunder, seller shall notify purchaser immediately in writing as to the nature of the change and its effect on seller's performance including delivery schedule and the amount to be paid to seller.
- D. In any event, the maximum liability of the purchaser for obsolescence, scrap page, and/or rework resulting from any change shall be limited to the value of the materials and parts in the process at the time of the change, to the extent that such parts are within the seller's normal manufacturing cycle required to meet the established delivery schedule. Seller is not authorized payment for interest or lost profit as a result of a changed order.
- E. Nothing in this clause, including any disagreement with purchaser as to the equitable adjustment to be made, shall excuse seller from proceeding with the order as changed.

Article XIII –

SELLER'S INFORMATION

Notwithstanding any document marking to the contrary, any knowledge or information which seller shall have disclosed or may hereafter disclose to purchaser incident to the placing and filing of this order shall not, unless otherwise specifically agreed upon in a proprietary information agreement between the parties, which refers to or is incorporated into this order, be deemed to be confidential or proprietary information and accordingly purchaser shall not be liable for any use or disclosure thereof (other than liability which may result from a claim by seller for patent infringement by purchaser).

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Article XIV –

ASSIGNMENT

Any attempted assignment of this order or any interest therein or any payment due or to become due there under, without the written consent of the non-assigning party, shall be void.



Article XV –

PATENT AND COPYRIGHT INDEMNITY

Seller shall at its own expense handle and defend any claim, suit or proceeding brought against purchaser or its customers so far as such suit or proceeding is based on any claim that the manufacture or furnishing of goods and/or services under this order, or the use (without modification or further combination) or sale of such goods and/or services constitutes infringement of any patent or copyright, if notified promptly in writing and given information, assistance and such authority as is afforded by applicable laws. Seller shall indemnify and save purchaser and its customers harmless from and against any expense or liability, including costs, fees, and damages, arising out of such claim, suit or proceeding.

If an injunction should issue, seller shall at its own expense procure for purchaser and its customers the rights to continue using said goods and/or services, or modify them in a manner acceptable to purchaser so they become non-infringing, or with the written approval of purchaser, remove said goods and refund the purchase price.

If seller contemplates practicing any process or making any product which results from this order for anyone other than the purchaser, seller agrees to give written notice thereof to purchaser and, prior to initiation of such other practice, to negotiate with the purchaser an agreement providing for payment to purchaser of an appropriate fee based on such other practice.

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Article XVII –

HAZARDOUS AND TOXIC SUBSTANCES

Seller warrants that except as specified on the face of the order, none of the chemical substances constituting or contained in the product (s) sold or otherwise transferred to purchaser under this order are “Hazardous Substances” as defined in the comprehensive, environmental response, compensation and liability act (CERCLA), and seller agrees to supply purchaser with any and all required material safety data sheets.

Seller agrees to provide products which are free of asbestos unless seller has notified purchaser in advance and has obtained purchaser’s prior written consent to the use of asbestos.

Article XVIII –

TERMINATION FOR CONVENIENCE



The purchaser, by written notice, may terminate this order, in whole or in part, when it is in the purchaser’s interest. The purchaser shall terminate by delivery to the seller a notice of termination specifying the extent of termination and the effective date.

After receipt of a notice of termination, and except as directed by the purchaser, the seller shall immediately: (1) stop work as directed in the notice; (2) place no further subcontracts or orders for materials services, or facilities, except as necessary to complete the continued portion of the order; and (3) terminate all subcontracts to the extent they relate to work termination settlement to the purchaser in the form and in the manner prescribed by the purchaser, and in accordance with applicable portions of subparts 49.1, 49.2 and 49.3 of the Federal Acquisition Regulations (FAR).

Article XIX –

ENGINEERING DATA

A. Seller agrees to furnish to purchaser, at purchaser’s request and at no additional cost to purchaser, a complete set of engineering data including drawing, specifications and manufacturing process information, resulting from performance by seller under this order, or used or to be used by seller

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in the manufacture of the goods to be furnished or in the provision of services under this order and to keep such data current.

- B. (Applicable only if this order is for goods designed by seller.) Seller grants to purchaser the right to use the information to be furnished to purchaser under Clause XIX.A, above, to manufacture or purchase from a third party the goods covered by this order in the event that seller is unable to meet purchase order delivery schedules (or any agreed upon extension thereof), or in the event seller ceases to manufacture goods of the type to be furnished hereunder.

Article XX –

PRODUCT SUPPORT DATA

- A. If requested by purchaser and provided they have not previously been furnished, seller agrees to furnish to purchaser maintenance and overhaul manuals, including a parts catalogue, describing the maintenance and overhaul of goods to be furnished under this order, and to keep such manuals current, all at no additional cost to purchaser. Individual pages, whether original or revised, shall be furnished in the form either of one photographic negative or two reproducibles that are convertible to microfilm or similar process.
- B. If requested by purchaser, seller agrees to furnish to purchaser provisioning data and to keep such data current, all at no additional cost to purchaser.
- C. If requested by purchaser, seller agrees to provide to purchaser all drawings and specification, defining tools, fixtures, special test equipment and materials required for the support, service and overhaul of the goods to be furnished under this order and to keep such data current, all at no additional cost to purchaser.

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Article XXI –

CHANGES IN SCHEDULE

Changes in the purchase order schedule will be communicated to the supplier via the part schedules report which will be mailed to the supplier periodically (or transmitted via EDI). The part schedules report may reflect both firm release and forecasted quantities. Unless specifically stated otherwise in writing in this order, in no event will purchaser be liable for any costs incurred by the supplier against forecasted quantities in anticipation of receiving firm release orders.

Article XXII –

OZONE DEPLETING SUBSTANCES (“ODS’S”)

With respect to goods delivered to purchaser on or after May 15, 1993, supplier agrees to comply with the U.S. Clean Air Act Amendments of 1990 regarding warning statements on products manufactured with Dos’s, products containing ODS’s, and containers containing ODS’s. The need for warning statements, the specific wording of statements, and the placement of statements shall be in accordance with requirements of the U.S. Environmental Protection Agency implementing regulations.

Article XXIII

RIGHT OF ENTRY

- Per AS 9100, PAC, its customers, customer’s representative or regulatory agency shall be afforded the right of entry and/or access to determine and verify the quality of work, applicable records and materials being used to conform with PAC’s purchase order requirements.