



ROTOR CLIP PURCHASE ORDER GENERAL TERMS AND CONDITIONS

1. **ORDERS AND ACCEPTANCE:** Any order placed or purchase order issued by Buyer (an "Order") for products and/or services described therein (collectively, the "Products") is subject to this Agreement, together with any additional or different terms mutually agreed to in writing by Buyer. Acceptance of an Order by Seller will occur upon the happening of any of the following: (i) receipt by Buyer from Seller of written acceptance of an Order or written notice that Seller will provide the Products; (ii) provision by Seller to Buyer of any Products; and (iii) any other conduct of Seller which recognizes the existence of a contract pertaining to the Products. This Agreement supersedes all prior written or oral statements between Buyer and Seller and constitutes the entire and only agreement between them relating to the Products, and any prior course of dealing, usage of trade, or verbal agreement not reduced to a writing signed by Buyer shall not be binding on Buyer.

2. **PRICING:** Seller warrants that the prices charged Buyer, as indicated on the schedule of this order, are no higher than prices charged on orders placed by others for similar quantities on similar conditions during the sixty (60) day period prior to the execution hereof. In the event Seller breaches this warranty, the prices of the Articles shall be reduced accordingly.

If the price is omitted on an Order, Seller's price shall be the lowest current net price quoted by Seller to any other customer for the same or commercially similar goods, but not higher than the price last quoted by Seller to Buyer.

3. **SURCHARGES:** Unless prior acceptance and written authorization by Buyer is given at the time of purchase order, no additional surcharge lines on invoices will be paid.

4. **PACKAGING AND SHIPPING:** The Articles shall be packed and shipped by Seller in accordance with Buyer's instructions to secure the lowest transportation rates, to meet the carrier's requirements and to insure that no carnage shall result from weather and transportation. The cost thereof shall be included in the price of the Articles.

5. **PAYMENT TERMS:** Unless otherwise agreed to, Products will be paid for within ninety (90) days of shipment to Buyer.

6. **TAXES:** Buyer shall not be liable for any tax unless the amount of such tax is separately stated in the invoice. Seller shall not add any taxes to the price of Products which Buyer is entitled to purchase on an exempt basis, provided that Buyer provides Seller with such exemption certificates or similar documents as required by law to effect exempt purchases. Seller will provide Buyer with such documentation as Buyer requires to claim tax credits, refunds, rebates or similar relief for taxes charged to Buyer.

7. **DELIVERY:** Unless otherwise stated, all deliveries and prices are FOB Buyer's facility. Seller, unless otherwise directed, is required to follow the transportation

routings specified on the order. Failure to do so may subject Seller to debit for any excess freight charges. Title to the Products and risk of loss pass to Buyer upon receipt. Unless authorized in writing to the contrary by Buyer, Seller shall not manufacture, produce or deliver the Articles in advance of the schedule or otherwise anticipate Buyer's requirements.

8. **FAILURE TO DELIVER:** If a delivery date specified in an Order cannot be met, Seller will advise Buyer within three (3) business days of receipt of such Order and, at Buyer's option (i) a new delivery date will be agreed upon or (ii) Buyer may cancel all or any part of an Order without any penalty or liability. If Seller fails to deliver at the time specified or otherwise breaches this Agreement, Buyer, in addition to any other remedies it may have under this contract or at law, may cancel all or part of an Order with respect to Products not delivered, and without liability for costs relating to the cancelled portion of an Order. In no event shall Buyer be liable for lost profits.
9. **CHANGES/TERMINATION OF ORDERS:** Buyer may change an Order. Any claim by Seller to an adjustment in the purchase price or delivery date(s) due to such change must be asserted by Seller in writing to Buyer within ten (10) days after Seller's receipt of Buyer's change Order; otherwise Seller waives his right to such an adjustment. After receipt of Seller's claim for an adjustment, Buyer may cancel all or part of an Order, without liability to Seller.

If Buyer cancels all or part of an Order for Products that have already been shipped to Buyer, Seller shall be entitled to a restocking fee of ten percent (10%) of the actual cost of Products for that portion of the Order that has been cancelled and Buyer shall cover the cost of freight. The restocking fee and freight coverage shall be Seller's sole remedy for cancellation of shipped Products.

Buyer may terminate an order for any of the following reasons:

- a. If Seller refused or fails to make deliveries or perform the services within the time specified or extension thereof.
 - b. If Seller fails to comply with other provisions of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms, and does not cure any such failure within a period of ten (10) days for such longer period as Buyer may authorize by written notice after receipt of notice from Buyer specifying such failure.
 - c. If Seller becomes insolvent, or makes a general assignment for the benefit of creditors, or pursues any remedy under any law relating to relief for debtors, or in the event a receiver is appointed for Seller's property, and to the extent Buyer may lawfully exercise such right of termination. In addition to all remedies available to Buyer under applicable law, Buyer may in the event of such termination purchase or manufacture supplies and/or require Seller to transfer title and deliver to Buyer any and all property produced or procured by Seller under this order, and Seller shall be liable to Buyer for any excess cost to Buyer.
10. **SELLER WARRANTY:** Seller warrants that the Products:
 - a. Will conform to the specifications, drawings, samples or other description furnished to Seller;

- b. will be of new manufacture and free from defects in material and workmanship;
 - c. will be free and clear of all liens and encumbrances
 - d. Will comply with all other warranties implied in fact or by law. Such warranties shall run to Buyer and its customers and shall continue in full force and effect and Seller shall not be relieved of such warranties by Buyer's inspection of or payment for the Products. Seller will obtain and assign to Buyer or Buyer's customer the warranties provided by the manufacturers or suppliers of material or equipment incorporated into the Products, and will perform its responsibilities so that such warranties remain in full force and effect.
Buyer and its customers may inspect the Products at Seller's plant on request. Seller agrees to repair units that are out of the warranty period for actual cost of repairs not to exceed fifty percent (50%) of current suggested list price. The end user will pay all shipping and delivery charges both ways for repairs out of warranty. Seller agrees to maintain this repair service for Buyer's customers for a period of at least two (2) years after termination of the warranty period.
11. **FLOWDOWN:** The seller shall flow down all applicable requirements, including customer requirements, to the supply chain.
12. **INDEMNITY:** Seller will defend, indemnify and hold harmless Buyer, its directors, affiliates, employees, and agents from and against any and all claims alleging (i) infringement or interference with any intellectual property or proprietary rights, including but not limited to, infringement of any Patent, trademark, copyright, or service mark; (ii) property damage, injuries or death to persons, or any other damage, loss cost or expense (including judgments paid and attorneys' fees and expenses reasonably incurred) arising out of the purchase, use or operation of any Products; or (iii) violation by any such Products, or their manufacture, possession, use or sale, of any law, statute or ordinance or any governmental administrative order, rule or regulation.
13. **COMPLIANCE WITH APPLICABLE LAWS:** Seller warrants and represents that each Product shall comply with, all applicable federal, state and local laws, regulations, ordinances, administrative rules and orders. In addition, Seller agrees to comply with all Federal Acquisition Regulations (EARs) and Executive Orders that are applicable. Seller warrants that at the time of delivery by Seller to Buyer each Product shall contain no hazardous or toxic substances. Seller further warrants that it will comply with all applicable laws, rules, regulations and orders with respect to the manufacture and sale of the Products in the applicable jurisdiction(s), including without limitation, Regulation (EC) No 1907/2006 ("REACH"); EU Directive 2002/195/EC (27 January 2003)(RoHS Directive); EU Directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE Directive), as amended; and any other applicable standards then in effect in the country where such material has been imported, or from which such material has been exported. Seller further represents that it is in compliance with and will continue to comply with all applicable federal, state and local labor and equal employment opportunity laws, Executive Orders and regulations.

14. **OTHER REQUIREMENTS:** Seller will provide all test reports, drawings, start up service and other engineering service required by Buyer's customer, if Seller has been advised or is otherwise aware of such requirements. Certified test reports shall be maintained by Seller against Buyer's Order number for a period of fifteen (15) years from date of shipment. Certain parts deemed critical or otherwise specified by Rotor Clip customer may require maintaining quality records for a longer period or indefinitely. We will notify the supplier within the 15 year retention period if the quality records fall into a longer retention period. Tests should be performed to the relevant governing specifications or variations as specified in our Order.
15. **LIABILITY INSURANCE:** Seller shall obtain and maintain, at its expense, a policy or policies of Products Liability Insurance, with Broad Form Vendor's Endorsement, with policy limits of not less than \$1,000,000 and such other policies of insurance as Buyer reasonably requests, naming Buyer as an additional insured, in such amounts and in such companies and containing such other provisions which shall be satisfactory to Buyer, covering Products sold to Buyer hereunder. All such policies shall provide that the coverage thereunder shall not be terminated without at least thirty (30) days prior written notice to Buyer. Certificates of Insurance shall be provided to Buyer upon request.
16. **RIGHTS AND REMEDIES:** Buyer's failure to enforce any right or remedy shall not be a waiver of such right or remedy or of Buyer's right thereafter to enforce every provision of this Agreement. Buyer's waiver of any breach shall not be a waiver or any other breach.
17. **ASSIGNMENT OF AGREEMENT:** Seller shall not assign this Agreement or delegate its rights or obligations under this contract without Buyer's written consent.
18. **BREACH OF WARRANTY:** Upon notice to Seller, Buyer may deduct damages for breach of warranty or of any other provision of the contract from amounts due Seller on any invoice, whether or not such invoice relates to the transaction occasioning the breach.
19. **APPLICABLE LAWS:** The Agreement shall be governed, interpreted and construed according to the substantive laws of the State New Jersey without regard to conflicts of laws principles thereof and shall not be governed by the Convention on the International Sale of Goods. If any dispute or controversy shall arise with respect to this contract, such dispute or controversy may only be brought by resolution in state or to federal courts located in New Jersey. Buyer and Seller hereby consent to the exclusive jurisdiction and venue of such courts, and agree that they shall not contest or challenge the jurisdiction or venue of such courts.
20. **CONFIDENTIALITY:** This Agreement is a matter of confidential information, and Seller will strictly protect the confidentiality hereof. Information on an Order is furnished by Buyer on the understanding that it may and will be used only for

the purposes of satisfying such Order.

21. **SUBCONTRACTORS:** If any Articles are to be made to Buyer's design, all subcontracting by Seller with respect thereto shall be subject to Buyer's prior written approval.
22. **QUALITY AND INSPECTIONS:** Seller will permit Buyer; Buyer's representatives, customers, and consultants; and regulatory authorities to enter Seller's facilities at reasonable times to inspect such facilities and any Goods, inventories, work-in-process, materials, machinery, equipment, tooling, fixtures, gauges and other items and processes related to Seller's performance under this Contract. This permission shall extend to Buyer's customers at any level of the supply chain. Seller agrees that if Seller experiences any delivery, quality or operational problems, including late deliveries or delivery of non-conforming Goods, Seller will permit Buyer's designated representative to be present in Seller's facility to observe Seller's operations until such problems have been resolved to Buyer's reasonable satisfaction.

Where sampling inspection is used and where sampling methods are not specified by the Buyer, the methods shall be justified on the basis of known statistical techniques and appropriate for use.

The Seller shall have an effective quality management system. This system shall conform to any required standards communicated by the Buyer as part of the contract.

23. **FORCE MAJEURE:** Buyer may do any or all of the following: (a) purchase substitute goods from other available sources, in which case the quantities under this Contract will be reduced by the quantities of such substitute goods and Seller will reimburse Buyer for any additional costs to Buyer of obtaining the substitute goods compared to the prices set forth in this Contract, (b) require that Seller provide substitute goods from other available sources (including Seller's stock or inventory) in quantities and at times Buyer requests and at the prices set forth in this Contract, (c) require that Seller provide any work-in-process and raw materials useful in the manufacture of the Goods in Seller's inventory or stock at Seller's actual cost, and (d) require that Seller provide substitute raw materials and components useful in the manufacture of the Goods from available sources in quantities and at times Buyer requests at the lesser of Seller's actual cost and the appropriate pro rata portion of the price of the Goods.
24. **FINANCIAL RECORDS:** Buyer, at its expense, has the right to audit and review all relevant books, records, income statements, balance sheets, cash flow statements, payroll data, receipts and other related supporting data, including Seller's administrative and accounting policies, guidelines, practices and procedures (collectively, "Financial Information"), in order to: (a) substantiate any charges and other matters under this Contract, and (b) assess Seller's overall financial condition and ongoing ability to perform its obligations under this Contract. Seller will maintain and preserve all such documents for a period of four (4) years following final payment under this Contract. Seller will provide

Buyer with reasonable access to its facilities and otherwise cooperate and facilitate any such audits by Buyer. Upon Buyer's request, Seller agrees to promptly forward the requested Financial Information and any subsequent Financial Information, updates or amendments to Buyer's designated finance representative.

25. **NONCONFORMING PRODUCT:** Supplier is responsible to notify Buyer in the event of nonconforming product. Any nonconformance of Buyer goods shall require supplier to secure the approval of Buyer Quality Assurance prior to shipment from supplier's facility.
26. **PRODUCT OR PROCESS CHANGES:** Supplier shall notify Buyer when changes to product, processes, or manufacturing location have occurred that impact product quality or delivery.
27. **FOREIGN OBJECT DAMAGE (FOD):** The Seller shall take appropriate measures to assure material and packaging provided to Buyer are free of Foreign Object Damage (FOD).
28. **COUNTERFEIT MATERIAL:** The Seller shall apply appropriate controls to ensure the prevention of the delivery of suspected or detected counterfeit products and material.
29. **AWARENESS:** The Seller shall have effective processes to ensure that Seller's personnel are aware of:
 - a. Their contribution to product conformity.
 - b. Their contribution to product safety.
 - c. The importance of ethical behavior.
30. **INTERACTIONS:** The Seller shall communicate to the Buyer all issues that arise related to the clauses in this document.
31. **DESIGN AND DEVELOPMENT CONTROL:** The Seller shall have an effective process for design and development control when performing design and development of proprietary products.
32. **PERFORMANCE:** The performance of the Seller will be evaluated by the Buyer. Information related to performance will be made available to the Seller as determined by the Buyer.
33. **TEST SPECIMENS:** When required by the contract, the Seller will provide test specimens to Buyer for verification and validation.

