

Advanced Interior Solutions Inc.

ADVANCED INTERIOR SOLUTIONS, INC.

SPRINGBORO, OHIO



SUPPLIER QUALITY ASSURANCE MANUAL

Advanced Interior Solutions Inc.

SECTION:0 – ADMINISTRATION

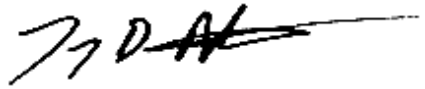
0.1 PURCHASING SYSTEMS MANUAL

This document is issued for and on the behalf of AISI, which encompasses AISI operations as depicted in Section 1.2 of this manual.

The procedures referred within this document represent the Purchasing Process for Supplier Selection and Development and shall always be followed.

This document shall not be amended unless authorized by the President, Management Representative or the Vice President of Advanced Interior Solutions, Inc.

Thank you for your continued support of the Advanced Interior Solutions, Inc. supply chain.

A handwritten signature in black ink, appearing to read 'T. Albertini', with a long horizontal stroke extending to the right.

Tony Albertini
Plant Manager
Advanced Interior Solutions, Inc.

Advanced Interior Solutions Inc.

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SECTION 1 - INTRODUCTION

1.1 SCOPE

This manual and the procedures referenced describe the Purchasing System and Supplier Selection and Development Program, which has been prepared to meet the requirements of the latest revision of ISO9001, AS9100, and IATF16949, and any other specific customer (or other relevant International standard) requirements as identified. This manual provides, on subsequent pages, a description of the company, details of Supplier Quality policy and objectives, and the formal working methods by which AISI shall ensure that purchased products meet their requirements and those of their customers.

1.2 DESCRIPTION OF THE COMPANY

AISI is responsible for the Purchasing activities for the following location:

**Advanced Interior Solutions, Inc.
240 Advanced Drive
Springboro, OH 45066**

1.3 QUALITY OBJECTIVES

To implement and maintain a comprehensive quality program to meet the AISI Statement of Quality Policy, and to fulfill the AISI, Statement of Continuous Improvement Principles. This quality program is based upon systems conforming to the requirements of the latest revision of ISO9001, AS9100, and IATF16949. Additionally, any customer specific contractual, statutory and regulatory requirements, whenever applicable, are fulfilled. Whenever specified, for any customer requirements identified additional to the above, then a specific contract may be raised.

The purpose is to maintain and seek continuous improvement and to satisfy the needs and requirements of our customer and to maintain through the use of quality assurance and statistical process control, the provision of supplies at minimum cost. It is to also ensure that all personnel apply this policy and are actively involved in the quality improvement program. The quality program is reviewed frequently, to ensure effectiveness through continuous improvement activities.

1.4 QUALITY POLICY

1. AISI will meet or exceed the expectation of all of our customers for product quality, performance and delivery, with focused effort to be their preferred supplier.
2. AISI will actively pursue ever improving quality through programs that enable each employee to do their job right the first time and every time.
3. AISI will ensure compliance to the latest revisions of ISO9001, AS9100, and IATF16949 standards.
4. This goal will be achieved by the direct efforts of all AISI qualified employees and the company's ongoing continuous quality improvement and training programs.

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1.5 STATEMENT OF CONTINUOUS IMPROVEMENT PRINCIPLES

AISI considers continuous improvement to be of great importance in achieving sustainable Business Excellence throughout the Company.

- Quality (continuously meeting customer requirements) is as defined by the customer; the customer wants products and services that, throughout their life, consistently meet their needs and expectations at a cost that represents value.
- Quality Excellence can best be achieved by preventing problems from occurring rather than by detecting and correcting them after they occur.
- All work that is done by company employees and suppliers is part of a process that creates a product for a customer. Each person can influence some part of that process and thereby, affect the quality of its output and the ultimate customer's satisfaction with our products.
- Sustained quality excellence requires continuous improvement. This means, regardless of how good present performance may be, it can become better.
- People provide the intelligence and generate the actions that are necessary to realize these improvements.
- Each employee is a customer for work done by other employees or suppliers, with a right to expect good work from others and an obligation to contribute work of high caliber to those who, in turn, are his or her customers.

The goal of Continuous Improvement principles is to achieve superior external and internal customer satisfaction levels leading to measurably superior Business Excellence results throughout all its operations. Each employee's commitment to the precepts of Continuous Quality Improvement and management's further commitment to implementation of supporting managerial and operating systems is essential to realizing that goal.

Each employee is responsible for the continuous review of existing systems and procedures and for improving them, as required, in line with the above statements.

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SECTION 2 - MANAGEMENT

2.1.1 STATEMENT OF QUALITY POLICY

AISI management team considers total customer satisfaction to be of great importance in achieving sustainable Business Excellence throughout the company.

Our Quality Assurance Manual reference procedures to describe the application of this policy and associated customer requirements, which shall be applied by all employees.

2.1.2 RESPONSIBILITIES

AISI has committed to the principles of the latest revisions of ISO9001, AS9100, and IATF16949 standards. AISI places the responsibility of the supplier development program within the Purchasing process. The Quality Manager shall have the responsibility of monitoring and developing the performance of suppliers.

Suppliers of products and materials must be approved according to the supplier approval process as described in section 3. Purchase orders are issued by AISI, and material releases are issued by the Materials Manager. Suppliers providing goods and services in conjunction with the descriptions and prices listed on the purchase order are doing so in accordance with the details of requirements, pertinent document needs, terms, and conditions as listed on the purchase order. It is the responsibility of AISI to appraise the supplier's quality performance in a fair manner and for the supplier to be aware of this appraisal.

2.1.3 MANAGEMENT PHILOSOPHY

AISI is a supplier to the world's aerospace and automotive industries. AISI customers are of the most demanding in the world; demanding "world-class quality" specifying a supply of defect-free product, delivered on time, and at a competitive price. AISI has chosen to fulfill this commitment utilizing ISO9001, AS9100, and IATF16949 as our fundamental quality system.

To ensure AISI success, we must rely on our suppliers to meet those same requirements. AISI's goal is to develop a community of suppliers who are best-in-class in the products and services rendered. Therefore, it is AISI's belief that the way to achieve this goal is for AISI and all of its suppliers, to not only meet, but exceed the customer's expectations, where possible.

AISI's Supplier Quality Program places emphasis on defect prevention, rather than defect detection. Defect prevention aims to eliminate the cost of rework, scrap, returned product, and helps prevent untimely delays. Defect prevention is achieved through sound quality planning utilizing Advanced Product Quality Planning (APQP), proven process capabilities, and the use of statistical process control. Striving to continuously improve our products and processes requires the same commitment from our suppliers.

Part of our quality commitment emphasizes that our personnel are available to assist in resolving manufacturing problems concerning purchased products where practical. All of this will allow us to complete our goal in the timely manner that our customers demand. Thus, the initial action of both the supplier and AISI is to recognize that we are both suppliers and customers to each other.

2.1.4 BUSINESS PRACTICES

All purchases made by AISI are made through purchase orders or material releases issued under the terms of a purchase order. No other communication is considered valid for entering into a contract with a supplier of goods and services.

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Material releases are sent regularly and outline raw material, services, and shipment authorizations against the purchase order. In the event that a supplier is unable to provide the product and/or meet the delivery date requested, the supplier must contact the Materials Manager at AISI. The supplier should define the problem and include AISI part number, the reason for the delay, and the number of parts/materials which can be delivered on the required date and/or when the requirement can be fulfilled. **This contact must be made within 48 hours of the receipt of the release.**

2.1.5 STATEMENT OF HEALTH, SAFETY & ENVIRONMENTAL PROTECTION

The Management Team of AISI considers the health, safety, and environmental protection aspects of our business to be of great importance; as the prevention of personal injury, the avoidance of damage to health, and the protection of the environment contribute to the running of an efficient business.

AISI management practices and employee work activity will, without exception, ensure so far as is reasonably practicable:

- The health, safety and welfare at work of its employees, contractors and visitors;
- The health and safety of all other persons affected by the business activities of the Company's operations;
- The effective planning and implementation of environmental controls and prevention of pollution;
- The design of products and the provision of necessary information; in line with appropriate legislation, regulations, standards, and best practices.

SECTION - 3 SUPPLIER REQUIREMENTS

- 3.1** AISI purchase orders will specify the requirements for the product, process, and services that are to be provided and as applicable will include relevant technical documentation and data to be used. It is the responsibility of the Supplier to review all purchase order requirements to ensure their product or service conforms.
- 3.2** AISI must approve the product, procedures, processes, and equipment used to provide products, services, or processes specified on the purchase order prior to their release. If any changes occur after the initial approval the supplier shall notify AISI of such changes. Approval may be obtained through First Article Inspection (FAI), Production Part Approval Process (PPAP), or other agreed means.
- 3.3** Suppliers are expected to have the resources necessary (competent and trained personnel performing work affecting product conformity, property, facilities, equipment and materials) to supply the products and/or services required to accommodate AISI's production schedule and/or PO requirements. The supplier should provide for fluctuations in requirements due to scheduling changes. It is the Supplier's responsibility that all employees are aware of their contribution to product or service conformity, product safety, and the importance of ethical behavior.
- 3.4** Suppliers of AISI are recommended to have a Quality Management System compliant to the latest revision of the ISO9001 based international quality standard. In addition, we encourage our suppliers to seek a third-party accreditation. At minimum, Suppliers must maintain a quality management system that meets the requirements of this manual. Supplier quality systems shall be formally documented, implemented and maintained to ensure suppliers' products and/or services conform to the identified purchase specifications, engineering or material specifications and/or contract requirements. The suppliers' quality documentation shall be made available to AISI upon request. Other OEM specific system or product requirements may be flowed down to the Supplier either by AISI, its Tier 1 customer, or the OEM directly. These requirements will be communicated to the Supplier as applicable.

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- 3.5** Each article delivered under a purchase order must be identified with a part number or other identification. All purchased materials and services are subject to inspection for compliance to the purchase order and all applicable quality requirements. No material or process substitutions, quantity variations or splits from the purchase order may be made without prior written authorization from AISI. Information concerning the identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data will be communicated to the supplier when the job is quoted, on the purchase order and/or on the supplementary documents from AISI.
- 3.6** All suppliers to AISI must have a lot identification system that distinguishes one lot from another when shipping finished product. Each lot of material should be clearly identified on the product (where applicable) and/or on the product packaging. All material lots should be traceable to raw or component material lots as identified by sub-tier suppliers.
- 3.7** In the event testing, inspection, or verification are required, the purchase order and/or supplementary technical documents will state this information to the supplier. The Supplier is responsible to provide supporting documentation as well as a Certificate of Conformance (COC) that all product meets these requirements. This may include verification or validation activities that AISI or its' Customers could perform at the Supplier's facility. The Supplier must also be able to supply test specimens for design approval, test/verification activities, investigation, or auditing as requested.
- 3.8** Products and/or services provided by suppliers must be at the highest level of quality. When drawing, specification, and/or Purchase Order include special, key, or critical characteristic requirements, the Supplier shall utilize variation management or other approved statistical techniques to ensure characteristic integrity. The Supplier shall develop control plans for applicable special, key, or critical characteristics and shall target a Cpk of 1.33 or better (automotive products) or utilize a C=0 sampling plan with an AQL of 1.0 (aerospace products).
- 3.9** The supplier shall ensure that nonconforming product is identified and controlled to prevent unintended use or delivery. The supplier shall not ship or disposition nonconforming materials without prior authorization in writing by AISI.
- 3.10** The supplier is responsible to notify AISI of any changes in product, process, service, external providers, or manufacturing facility location and receive approval prior to change implementation.
- 3.11** Suppliers of AISI are required to communicate and flow down all information and requirements to any sub-supplier they use to produce AISI products.
- 3.12** Suppliers are fully responsible for the quality of their products/services including their sub-tier suppliers. Both are responsible that the quality of their products/services meet all AISI requirements [and the flowed-down requirements of AISI customers](#), specifications and drawings as identified on the purchase order. As required, the Supplier will use customer-designated or approved external providers, including process sources (e.g., [NADCAP approved special processors for all aerospace components](#)). [It is the responsibility of the Supplier and their sub-tier suppliers to evaluate the data in raw material test reports to confirm that the product meets requirements.](#)
- 3.13** Record Retention
Suppliers and sub-tier suppliers shall establish and maintain records to provide evidence of conformity to requirements. Records shall remain legible, readily identifiable and retrievable. Product history records shall be maintained for a minimum of 10 years unless otherwise specified by the purchase order or in writing. [Prior to disposing of records, the supplier shall contact AISI for final disposition instructions.](#)

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3.14 Right of Entry

AISI and its customers or any applicable regulatory authority shall have the right to enter the suppliers' facility to perform inspections or surveillance audits to verify the quality of work, records and to ensure compliance to the contract. When applicable, the access requirement shall be flowed-down by the supplier to the suppliers' sub-tier sources.

3.15 Counterfeit Parts

The Supplier must take actions to prevent the use of counterfeit parts (see AS9100 section 8.1.4 for guidance)

SECTION - 4 AISI SUPPLIER PERFORMANCE SYSTEM

Supplier performance will be monitored and documented using a Supplier Scorecard. The criteria for scores are as shown below:

QU	Quality (PPM) - from 6 to 30 points		PF	Premium Freight - from 0 to 5 points	
	0-49	30		No premium freight	5
	50-1000	24	1 or more expedited shipments	0	
	1001-5000	18	DI	Customer Disruption - from 1 to 3 points	
	5001-10000	12		No disruption occurred	3
>10000	6	1 or more disruptions		0	
RE	Responsiveness (8D) - from 5 to 25 points		VA	Value Added Value Earned - from 3 to 15 points	
	Received on time & approved	25		Impletemented suggestion	15
	Rec'd, late or not approved	20		Propose suggestion	12
	Rec'd, late and not approved	15		No suggestion	9
	No 8D received	10		Propose price increase	6
No 8D rec'd & repeated issue	5	Impletemented price increase	3		
DE	On-time Delivery - from 10 to 20 points		WA	Field Failure - from 0 to 2 points	
	No Late	20		No warranty claim	2
	1 or more late	10		1 or more claims	0

The supplier classification rating will follow the criteria listed below.

Ideally all suppliers to AISI will strive to attain a "Preferred" classification. A supplier will be classified according to the following criteria:

- A. **"Good Standing"**
Supplier has maintained a rating of 90 or higher during any given quarter.
- B. **"Poor Performing"**
Supplier has maintained a rating of 89 or less for 3 consecutive months.

The supplier's performance and ratings will be evaluated by AISI quarterly or more frequently as needed. A copy of the scorecard will be sent to all direct material suppliers at the Supplier's request or at the discretion of the Purchasing Manager. Any supplier with an overall rating of less than 89 for three consecutive months will be identified as a "Poor Performance" supplier. An AISI Quality Management representative will then be required to set up a meeting with the supplier to review all non-conforming performance issues. The supplier will be required to submit a written action plan with timing within 10 working days of the initial meeting. Upon review of the supplier's action plan, a supplier site audit may be required to validate and verify that the corrective actions implemented by the supplier have been completed successfully.

Additionally, any supplier failing to improve after implementation of corrective actions may result in the supplier being removed from the quote list or existing product being sourced to another supplier.

AISI has developed strong relationships with quality suppliers. The rating system is designed to monitor the performance of our suppliers to recognize quality performance, as well as to determine the supplier's weak areas, and thus, indicate where joint effort is required to bring the supplier into the "Good Standing" category.

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SECTION - 5 AISI PURCHASE ORDER TERMS & CONDITIONS

ORDERS: Purchase orders are not valid unless sent by an AISI buyer. AISI will not recognize claims based on verbal orders.

ACCEPTANCE –AGREEMENT: Supplier/Sub-Contractor's commencement of work on the goods subject to the purchase order or shipment of such goods, whichever occurs first, shall be deemed an effective mode of acceptance of the purchase order. Any acceptance of the purchase order is limited to acceptance of the express terms contained on this document. Any proposal for additional or different terms or any attempt by Supplier/Sub-Contractor to vary in any degree any of the terms of the offer in Supplier/Sub-Contractor's acceptance is hereby objected to and rejected, but such proposals shall not operate as a rejection of the offer unless such variances are in the terms of the description, quantity, price, or delivery schedule of the goods, but shall be deemed a material alteration thereof, and the offer shall be deemed accepted by Supplier/Sub-Contractor without said additional or different terms. If the purchase order shall be deemed an acceptance of a prior offer by Supplier/Sub-Contractor, such acceptance is limited to the express terms contained in this document. Additional or different terms or any attempt by Supplier/Sub-Contractor to vary in any degree any of the terms of the purchase order shall be deemed material and are objected to and rejected, but the purchase order shall not operate as a rejection of the Supplier/Sub-Contractor's offer unless it contains variances in the terms of the description, quantity, price, or delivery schedule of the goods.

SHIPMENT: If delivery is not made by the date indicated in the Order, AISI may, in addition to its other rights, cancel this Order, without any liability whatsoever. If in order to comply with AISI's required delivery date it becomes necessary for Supplier/Sub-Contractor to ship by a more expensive way than specified in this purchase order, any increased transportation costs resulting there from shall be paid for by Supplier/Sub-Contractor unless the necessity for such rerouting or expedited handling has been caused by AISI.

FORCE MAJEURE: AISI may delay delivery or acceptance occasioned by causes beyond its control. Supplier/Sub-Contractor shall hold such goods at the direction of the AISI and shall deliver them when the cause affecting the delay has been removed. AISI shall be responsible only for Supplier/Sub-Contractor's direct additional costs in holding the goods or delaying performance of this agreement at AISI's request. Causes beyond AISI's control shall include government action or failure of the government to act where such action is required, strike or other labor trouble, fire, or unusually severe weather.

CHANGES: AISI 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. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this agreement shall be modified in writing accordingly. Supplier/Sub-Contractor agrees to accept any such changes subject to this paragraph.

PRICE AND PAYMENT: Supplier/Sub-Contractor warrants that the prices for the articles sold AISI hereunder are not less favorable than those currently extended to any other customer for the same or similar articles in similar quantities. In the event Supplier/Sub-Contractor reduces its price for such article during the term of this order, Supplier/Sub-Contractor agrees to reduce the prices hereof correspondingly. The price stated in this Order includes all charges for packaging, boxing, crating, and special handling, and freight, F.O.B. destination unless otherwise specified on the face of the purchase order. No modification or adjustment of the stated price may be made without the signed written agreement of AISI. If the price is not stated on the Order, the price shall be the lower of: the later price last quoted or paid, or the prevailing market price.

SETOFF: All claims for money due or to become due from AISI shall be subject to deduction or setoff by AISI by reason of any counterclaim arising out of this or any other transaction with Supplier/Sub-Contractor.

DELIVERY AND RISK OF LOSS: Delivery shall be F.O.B. destination unless otherwise specified on the face of this order. Each invoice shall show shipping charges as a separate item and shall contain the original or a copy of the bill indicating that payment by Supplier/Sub-Contractor for shipping has been made. Notwithstanding any agreement by AISI to pay freight or other transportation charges. Delivery is not complete until the goods have been actually received and accepted the risk of loss or damage prior to completion of delivery shall be upon the Supplier/Sub-Contractor, and any such loss or damage to goods or materials ordered hereunder shall not release Supplier/Sub-Contractor from any obligation hereunder. AISI reserves the right to refuse C.O.D. shipments.

WARRANTY: Supplier/Sub-Contractor expressly warrants that all goods or services furnished under this agreement shall conform to all specifications and appropriate standards, will be new, and will be free from defects in material or workmanship. Supplier/Sub-Contractor warrants that all such goods or services will conform to any statements made on the containers or labels or advertisements for such goods or services, and that any goods will be adequately contained, packaged, marked, and labeled. Supplier/Sub-Contractor warrants that all goods or services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which goods or services of that kind are normally used. If Supplier/Sub-Contractor knows or has reason to know the particular purpose for which AISI intends to use the goods or services, Supplier/Sub-Contractor warrants that such goods or services will be fit for such particular purpose. Supplier/Sub-Contractor warrants that goods or services furnished will conform in all respects to samples. Inspection, test, acceptance, or use of the goods or services furnished hereunder shall not affect the Supplier/Sub-Contractor's obligation under this warranty, and such warranties shall survive inspection, test, acceptance, and use. Supplier/Sub-Contractor's warranty shall run to AISI, its successors, assigns and customers, and users of products sold by AISI. Supplier/Sub-Contractor agrees to replace or correct defects of any goods or services not conforming to the foregoing warranty promptly, without expense to AISI, when notified of such nonconformity by AISI, provided AISI elects to provide Supplier/Sub-Contractor with the opportunity to do so. Supplier/Sub-Contractor agrees to pay cost that may be incurred by AISI to perform activities including but not limited to

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containment, inspection, production interruption, logistics and handling, and processing and administrative charge caused by nonconformity. In the event of failure of Supplier/Sub-Contractor to correct defects in or replace nonconforming goods or services promptly, AISI, after reasonable notice to Supplier/Sub-Contractor, may make such corrections or replace such goods and services and charge Supplier/Sub-Contractor for the cost, in addition to ones previously stated, incurred by AISI in doing so.

INDEMNIFICATION: Supplier/Sub-Contractor shall defend, indemnify and hold harmless AISI against all damages, claims or liabilities and expenses (including attorneys' fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder, or from any act or omission of Supplier/Sub-Contractor, its agents, employees or subcontractors. This indemnification shall be in addition to the warranty obligations of Supplier/Sub-Contractor.

INSPECTION/TESTING: Payment for the goods delivered hereunder shall not constitute acceptance thereof. AISI shall have the right to inspect such goods and to reject any or all of said goods which are in AISI's judgment defective or nonconforming. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Supplier/Sub-Contractor at its expense and, in addition to AISI's other rights, AISI may charge Supplier/Sub-Contractor any expenses including but not limited to containment, inspection, production interruption, processing and administrative charge, unpacking, examining, repacking and reshipping such goods. In the event AISI receives goods whose defects or nonconformities are not apparent on examination, AISI reserves the right to require replacement, as well as payment of damages. Nothing contained in this purchase order shall relieve in any way the Supplier/Sub-Contractor from the obligation of testing, inspection and quality control.

IDENTIFICATION: All invoices, packing lists, packages, shipping notices, instruction manuals, and other written documents affecting this Order shall contain the applicable order number. Packing lists shall be enclosed in each and every box or package shipped pursuant to this Order, indicating the content of such boxes or packages.

WAIVER: AISI's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege or AISI's waiver of any breach hereunder shall not thereafter waive any other terms, conditions, or privileges, whether of the same or similar type.

ENTIRE AGREEMENT: This purchase order and any documents referred to on the face hereof, constitute the entire agreement between the parties.

BANKRUPTCY: In the event of any proceeding, voluntary or involuntary, in bankruptcy or insolvency by or against the Supplier/Sub-Contractor, including any proceeding under the United States bankruptcy laws, or in the event of the appointment, with or without Supplier/Sub-Contractor's consent, of a receiver of an assignee for the benefit of creditors, AISI shall be entitled to cancel any unfilled part of this Order without any liability whatsoever.

ANTITRUST ASSIGNMENT CLAUSE: Supplier/Sub-Contractor and AISI acknowledge that overcharges by manufactures are in fact borne by the AISI and not the Supplier/Sub-Contractor. Supplier/Sub-Contractor therefore, agrees to assign to AISI any and all claims which it may have for overcharges, as to goods and materials purchased in connection with any contract between AISI and Supplier/Sub-Contractor, arising out of antitrust or similar actions, except as to overcharges which commence after the price is established under any contract between AISI and Supplier/Sub-Contractor and which are not passed on to the AISI under an escalation clause.

EQUAL OPPORTUNITY: Supplier/Sub-Contractor agrees to comply with all laws prohibiting discrimination against any employee or applicant for employment because of race, religion, color, national origin, sex, age or because of a physical or mental handicap, including Title VII of the Civil Rights Act of 1964 as amended, Executive Orders 10925, 11141 and 11246 as amended. Sections 402 and 503, the regulations at 41 C.F.R. Parts 60-1 through 60-60, 60-250 and 60-741, and ASPR 12-802 as modified by ASPR -12-803m which are part of hereof by reference.

COMPLIANCE: Supplier/Sub-Contractor warrants that all goods and services sold hereunder shall have been produced, sold, delivered and furnished in strict compliance with all applicable laws and regulations, including EEO and Affirmative Action, to which they are subject. Supplier/Sub-Contractor shall execute and deliver such documents as may be required to effect or to evidence compliance. All laws and regulations required in agreements of this character are hereby incorporated by this reference, as applicable, including provisions of 38 U.S. Code 4212, Executive Orders 11246, 11375, 11758, 11701, 12086, 13201 (including 29 CFR Part 470), as amended, and any subsequent executive orders relating to equal opportunity for employment on government contracts.

TERMINATION FOR CONVENIENCE OF AISI: AISI reserves the right to terminate this order or any part hereof for its sole convenience. In the event of such termination, Supplier/Sub-Contractor shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. Supplier/Sub-Contractor 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. Supplier/Sub-Contractor shall not be paid for any work done after receipt of the notice of termination, nor for any costs incurred by Supplier/Sub-Contractor's suppliers or subcontractors which Supplier/Sub-Contractor could reasonably have avoided.

TERMINATION FOR CAUSE: AISI may also terminate this order or any part hereof for cause in the event of any default by the Supplier/Sub-Contractor or if the Supplier/Sub-Contractor fails to comply with any of the terms and conditions of this offer. Late deliveries, deliveries of products which are defective or which do not conform to this order, and failure to provide AISI, upon request, of reasonable assurances of future performance shall all be causes allowing AISI to terminate this order for cause. In the event of termination for cause, AISI shall not be

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liable to Supplier/Sub-Contractor for any amount, and Supplier/Sub-Contractor shall be liable to AISI for any and all damages sustained by reason of the default which gave rise to the termination.

PROPRIETARY INFORMATION - CONFIDENTIALITY –ADVERTISING: Supplier/Sub-Contractor shall consider all information furnished by AISI to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than performing this contract, unless Supplier/Sub-Contractor obtains written permission from AISI to do so. This paragraph shall apply to drawings, specifications, or other documents prepared by Supplier/Sub-Contractor for AISI in connection with this order. Supplier/Sub-Contractor shall not advertise or publish the fact that AISI has contracted to purchase goods from Supplier/Sub-Contractor, nor shall any information relating to the order be disclosed without AISI's written permission. Unless otherwise agreed in writing, no commercial, financial or technical information disclosed in any manner or at any time by Supplier/Sub-Contractor to AISI shall be deemed secret or confidential and Supplier/Sub-Contractor shall have no rights against AISI with respect thereto, except such rights as may exist under patent laws.

PATENTS: Supplier/Sub-Contractor agrees upon receipt of notification to promptly assume full responsibility for defense of any suit or proceeding which may be brought against AISI or its agents, customers, or other Supplier/Sub-Contractors for alleged patent infringement, as well as for any alleged unfair competition resulting from similarity in design, trademark or appearance of goods, or services furnished hereunder, and Supplier/Sub-Contractor further agrees to indemnify AISI, its agents and customers against any and all expenses, losses, royalties, profits, and damages, including court costs and attorneys' fees resulting from any such suit or proceeding, including any settlement. AISI may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Supplier/Sub-Contractor.

INSURANCE: In the event that Supplier/Sub-Contractor's objections hereunder require or contemplate performance of services by Supplier/Sub-Contractor's employees, or persons under contract to Supplier/Sub-Contractor, to be done on AISI's property, or property of AISI's customers, the Supplier/Sub-Contractor 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 the AISI. Supplier/Sub-Contractor shall maintain all necessary insurance coverage's, including public liability and Workers' Compensation insurance. Supplier/Sub-Contractor shall indemnify and save harmless and defend AISI from any and all claims or liabilities arising out of the work covered by this paragraph.

ASSIGNMENTS AND SUBCONTRACTING: No part of this order may be assigned or subcontracted without prior written approval of AISI.

LIMITATION ON AISI'S LIABILITY -STATUTE OF LIMITATIONS: In no event shall AISI be liable for anticipated profits or for incidental or consequential damages. AISI's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from this agreement or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof, which gives rise to the claim. AISI shall not be liable for penalties of any description. Any action resulting from any breach on the part of AISI as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.

TERMINATION: In the event of a breach by Supplier/Sub-Contractor of any of the provisions of this contract. AISI reserves the right to cancel and terminate this contract, upon giving oral or written notice to the Supplier/Sub-Contractor. Supplier/Sub-Contractor shall be liable for damages suffered by AISI resulting from Supplier/Sub-Contractor's breach of this contract.

SEVER ABILITY: If any provision hereof shall be found to be inoperable or in violation of any law or regulation, only that provision shall be stricken from this order and the remainder of the order shall not be affected.