

R & R Aerospace

PURCHASE ORDER TERMS AND CONDITIONS

All R & R Aerospace purchase orders that reference this document require the supplier to comply with all Standard Clauses in this document. When the purchase order notes Special Clauses, the Standard Clauses apply as well as those Special Clauses specifically noted on the purchase order. In the event there are conflicts between this document, the purchase order, or the engineering requirements, or in the event the supplier needs assistance with interpretation of the requirements, supplier shall contact their R & R Aerospace Buyer for resolution of the problem. On items not covered by these terms and conditions, good faith intent of the Uniform Commercial Code (UCC) prevails.

STANDARD CLAUSES

1. ALTERATION OF TERMS

Acceptance of the terms of this order by acknowledgment, performance, or shipment shall be unqualified and unconditional and none of the provisions contained in this Purchase Order may be added to, modified, superseded, or otherwise altered except by a written instrument signed by an authorized representative of R & R Aerospace and delivered by R & R Aerospace to Supplier. Each shipment received by R & R Aerospace from Supplier shall be deemed to be only upon the provisions contained in this Purchase Order, notwithstanding any provisions that may be contained in any commercial form of Supplier previously or hereafter transmitted to R & R Aerospace and notwithstanding R & R Aerospace's acceptance of or payment for any shipment or the like.

2. TIME

Time is of the essence. Supplier shall notify R & R Aerospace immediately of any circumstance which is delaying or which threatens to delay the timely performance of any agreement formed by acceptance of this Order, but such notice shall not excuse performance by Supplier nor affect Supplier's liability for performance hereunder.

3. TAXES

The price stated on the face hereof includes all, if any, applicable local, state and federal excise, sales and use taxes.

4. SHIPMENTS, DELIVERIES AND PACKING

R & R Aerospace reserves the right to reject or return at Supplier's risk and expense shipments "made in advance of requirement schedules", or to defer payment on advance deliveries until scheduled delivery dates. No charge will be paid by R & R Aerospace for packing, boxing, or cartage unless specified on the face hereof. Loss of or damage to any goods not packed in such a manner as to insure proper protection to it shall be borne by Supplier. Each package of goods shipped must contain a memorandum showing supplier's name, contents of package and the purchase order number on the face thereof. Title and risk of loss and damage to material purchased hereunder by R & R Aerospace shall vest to R & R Aerospace when the material has been delivered at the F.O.B. point.

5. SUBCONTRACTING

Supplier may not subcontract any part of the work under this Order without prior written consent of R & R Aerospace

6. RIGHT TO MAKE CHANGES

R & R Aerospace shall have the right, by written notice, to make changes in the services to be rendered or the materials to be furnished by the Supplier, hereunder. Any such change requested by R & R Aerospace pursuant to such right shall be promptly negotiated for any possible equitable agreement as to the price.

7. INSPECTION

Notwithstanding prior payment and/or inspection by R & R Aerospace, all shipments of goods and/or all services rendered hereunder shall be subject to final inspection by and approval of R & R Aerospace after arrival of such goods at R & R Aerospace's place of business and/or after such services have been rendered.

8. WARRANTY

Supplier warrants the material furnished hereunder:

- (a) To be free from defects in title, labor, material, or workmanship.
- (b) To conform to applicable specifications, drawings, samples or other descriptions given.
- (c) To be suitable for the purpose intended.
- (d) To be of merchantable quality and further warrants that material of Supplier's design will be free from defects in design.

9. OPTION TO CANCEL

R & R Aerospace shall have the option to cancel or suspend by written notice, in whole or in part, this order. If R & R Aerospace exercises the option to cancel or suspend, Supplier shall not incur any additional costs in connection with the agreement after receipt of notification to cancel or suspend. R & R Aerospace agrees that we will promptly negotiate an equitable adjustment with Supplier, including compensation for actual costs and reasonable profits completed up to the cancellation or suspension provided that it receives a claim for adjustment in writing, specifying the amount claimed with supporting cost figures within thirty (30) days from the date of receipt by Supplier of the notification of the exercise of the option. The amount claimed shall not exceed the price set forth herein less Supplier's charges for Supplier's performance to complete. Supplier acknowledges that the amount specified in any claim for adjustment shall, in all cases, constitute the maximum due from R & R Aerospace to Supplier under this agreement.

10. TERMINATION FOR SUPPLIER'S DEFAULT

R & R Aerospace may terminate the whole or any part of this purchase order at any time without liability except for items accepted hereunder in the event of Supplier's breach of any of the provisions of this agreement.

11. INSOLVENCY OF SUPPLIER

At its option, R & R Aerospace may terminate this contract in the event of any proceeding, whether voluntary or involuntary, bankruptcy or insolvency by or against Supplier.

12. RESPONSIBILITIES AND INDEMNIFICATION

All work to be performed by Supplier hereunder shall be performed entirely at the risk of Supplier and Supplier shall defend, indemnify and hold harmless R & R Aerospace, its agents, servants, representatives and employees from and against any and all loss (including without limitation, loss of use), liability, damage, claims, demands, actions and/or proceedings and all costs and expenses connected with any thereof (including, without limitation, attorneys' fees) of whatsoever nature on account of any and all damage to or loss or destruction of any property (including, without limitation, property of R & R Aerospace), or injury to or death of any person (including, without limitation, employees of R & R Aerospace) arising directly or indirectly out of or in connection with the performance of Supplier of such work. With limiting the generality of the foregoing, Supplier agrees to indemnify and hold R & R Aerospace harmless from and against all claims and liens of any and all persons based upon the furnishing of labor and/or materials in connection with the goods sold and/or services rendered by Supplier hereunder.

13. R & R AEROSPACE'S PROPERTY

All property of R & R Aerospace furnished or made available to Supplier for performance of work under this Purchase Order shall be segregated from Supplier's property and be marked and identified as R & R Aerospace's property. Such property shall be used exclusively for performance of Supplier's obligations under this Purchase Order and shall be returned to R & R Aerospace at its written request, or upon termination, cancellation or completion of this Purchase Order. Supplier agrees to maintain such property in good condition and assume all risks and liabilities for loss of damage thereto and will purchase insurance to cover the replacement cost of such property. The provisions of the above and forgoing shall apply to R & R Aerospace's customer furnished property which R & R Aerospace furnishes to the Supplier in support of this purchase order with the same force and intent as if that property was the property of R & R Aerospace.

14. USE OF INFORMATION

Supplier shall not disclose to any person or entity, other than those employees of Supplier who have a need to know, any information of R & R Aerospace, Inc., whether written or oral, which Supplier may obtain from R & R Aerospace or otherwise in the performance of this purchase order.

15. DIGITAL PRODUCT DEFINITION OR MODEL BASED DEFINITION ENGINEERING DATA

When engineering data is provided to the Supplier in electronic format, the Supplier shall maintain control of the data. Compliance with the Boeing standard D6-51991 or the Spirit AeroSystems standard MAA1-10009-1 is recommended. If digital data is used for manufacturing or inspection use, the Supplier is required to maintain a "DPD QA PLAN" which is subject to audit by R&R Aerospace or our customer. Transmission and storage of electronic data shall have controls in place to prevent unauthorized use and to maintain the integrity of the data.

16. INSURANCE

Supplier shall carry insurance protection sufficient to meet all the liabilities that are mentioned herein.

17. COMPLIANCE WITH LAW

Supplier shall comply with all applicable federal, state and local laws, regulations and orders. Furthermore, this agreement shall be deemed to have been made at Wichita, Kansas and its construction and the rights of the parties hereunder shall be governed by the laws of the State of Kansas.

18. QUALITY SYSTEM

Supplier shall maintain a quality system that meets or exceeds the AS9100 revision D standard. Compliance with MIL-I-45208, ISO 9002 or D1-9000 applies as stated in the Purchase Order. All references in MIL-I-45208 to Government or Government Representative apply equally to R & R Aerospace or R & R Aerospace representatives. All references in MIL-I-45208 to contractor apply to Supplier. All references in Mil-I-45208 to contract apply to R & R Aerospace purchase order or contract with the supplier. Supplier's quality system is subject to review and approval by R & R Aerospace Quality Assurance, R & R Aerospace Customers, and any agency (government, industry or private; foreign or domestic) which has oversight authority over R & R Aerospace or R & R Aerospace's Customers.

19. CERTIFICATE OF COMPLIANCE

Each shipment shall contain a certificate of compliance that the product meets the requirements of the engineering and purchase order. An authorized representative of the supplier's quality organization must sign this certificate. The certificate must contain the revision level of all engineering documents or specifications that apply to the work performed by the supplier or the supplier's subcontractor. When the purchase order does not specify the revision level of the engineering or specification, the engineering or specification revision level on the date of purchase order placement shall apply.

Supplier shall provide a copy of all certificates of compliance from supplier's subcontractor when the subcontractor's work is controlled by paragraph **20, 20A or 20B**.

Where supplier manufactures parts for R & R Aerospace and then applies finishes (plating, painting, etc. either by subcontractor or in-house) the supplier shall perform a 100% Rockwell and Conductivity, as applicable, inspection of the parts prior to application of the finishes. Such Rockwell and Conductivity shall be performed per specifications required by R & R Aerospace's customer. Supplier shall provide written certification of 100% Rockwell and Conductivity, including actual upper and lower readings and specification (including revision level) to which Rockwell and Conductivity inspection was performed.

Where R & R Aerospace supplies the material for this order; the supplier shall certify on each shipment that the supplier has not made any unauthorized substitutions of the material. R & R Aerospace Quality Assurance must approve any substitution of material.

R & R Aerospace may conduct Rockwell and Conductivity inspection, as applicable, on parts directly contracted to thermal processing suppliers. This R & R Aerospace inspection shall not be construed as relief to the processing supplier to perform as required to the specification(s).

20. SPECIAL PROCESSING

If this order is for production work that includes special processes, supplier shall use only those processors approved by R & R Aerospace's customer for that process. Supplier should contact R & R Aerospace Quality Assurance for assistance in assuring that supplier uses only approved processors.

20A. RAW MATERIALS

Where the supplier supplies raw material (e.g., bar, castings, extrusion, forging, plate, sheet, etc.) either directly to R & R Aerospace or purchases the material for use in manufacturer of machined or sheet metal products for R & R Aerospace (standard hardware items are specifically excluded from this paragraph), the supplier shall assure that the material is manufactured and distributed by sources approved by R & R Aerospace's customer.

Where our customer does not specifically require approval of the manufacturer and/or distributor of the raw material then:

Where the material is for use on commercial aircraft the supplier shall assure that the material is manufactured in the United States of America or in a country with which the United States of America has ratified a Bi-Lateral Airworthiness Treaty. For a list of countries with bi-lateral agreements consult FAA AC 21-18 and AC 21-23.

Where the material is for use on military aircraft and the material is considered a specialty metal (as defined in DFARS 252.225-7014), then the supplier shall assure that the materials are melted in the United States of America, its possession, or Puerto Rico unless supplier gains prior written approval through R & R Aerospace from our customer for use of other sources.

Certificate of compliance with actual results of physical and chemical test reports must accompany each shipment where supplier furnishes the raw material. Material must be Identified by heat lot and or heat-treat load, (if applicable). Test reports must be traceable to the material lots supplied.

Supplier should contact R & R Aerospace Quality Assurance for assistance in assuring the source of raw material supply is acceptable to R & R Aerospace's customers.

20B. STANDARD HARDWARE ITEMS

Where the supplier supplies hardware items (e.g., Bolts, Nuts, Nutplates, Rivets, Loc Bolts, Hi Locs, Collars, etc.) of standard design (whether industry or customer standard) and the hardware is controlled by a qualified producer's list (QPL) the supplier shall provide a certificate of source of supply when the direct R & R Aerospace supplier is not on the QPL.

Where R & R Aerospace's customer requires the distributor to be approved by the customer, then the supplier shall only use and or supply hardware from a customer approved distributor.

Supplier shall provide a certificate of supplier's source of supply where the product is controlled by a qualified producer's list (QPL) when the supplier is not on the QPL.

Supplier shall plan, implement, and control processes, appropriate to the organization and the product, for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to R&R Aerospace.

Supplier should contact R & R Aerospace Quality Assurance for assistance in assuring the source of standard hardware items is acceptable to R & R Aerospace's customers.

21. FIRST ARTICLE INSPECTION REPORT

For production work done to designs and/or specifications furnished by R & R Aerospace, the supplier will provide a First Article Inspection Report in AS9102 format in the following situations:

- A. First production lot.
- B. First production lot after an engineering change that affects the configuration of the production work procured by R & R Aerospace In these cases, the First Article Inspection Report need only record those features changed by the engineering change (Delta FAI).

A First Article Inspection report must include the part number, a listing of each engineering feature nominal condition and a listing of the actual measurement of each engineering feature.

22. RIGHT OF ACCESS AND RIGHT TO INSPECT SOURCE

R & R Aerospace, R & R Aerospace's customer and associated government agencies reserve the right of access to supplier's facilities to witness or otherwise monitor progress in completion of this purchase order. This right of access shall include, but not be limited to, the right to inspect any or all work performed at any level of the supply chain under this order. R & R Aerospace Quality Assurance will notify the supplier, in advance of shipping date, if R & R Aerospace or R & R Aerospace's customer source inspection is required.

23. NONCONFORMING MATERIAL CONTROL

Supplier shall submit all nonconforming material conditions to R & R Aerospace Quality Assurance for approval prior to shipment to R & R Aerospace. Supplier may use R & R Aerospace documents or supplier's documents to identify discrepant material.

Supplier shall investigate the cause of each nonconformance, whether identified by supplier or by R & R Aerospace. The supplier shall establish corrective action to preclude the recurrence of the nonconformance. The supplier shall provide a statement of the cause and the corrective action to R & R Aerospace Quality Assurance whenever the supplier is submitting a nonconformance for R & R Aerospace review. The supplier shall provide a statement of the cause and the corrective action to R & R Aerospace Quality Assurance within fifteen days when R & R Aerospace has reported a nonconformance to the supplier. If any part of this Purchase Order is defective in design or workmanship or otherwise not in conformity with the requirements of this Purchase Order, R & R Aerospace may elect in its sole and reasonable discretion to: (a) return the nonconforming parts for replacement (b) to cause Supplier to rework or repair the nonconforming parts; (c) rework or repair the nonconforming parts and recover reasonable expenses of rework or repair from Supplier, or, in the event Supplier is unable to remedy the nonconforming condition, (d) R & R Aerospace reserves the right to reject and return the nonconforming parts, not to be

replaced and with full refund of all costs paid by R & R Aerospace for the parts without any deductions by Supplier. All nonconforming parts returned by R & R Aerospace to Supplier and all replacement parts shipped to R & R Aerospace to replace nonconforming parts shall be at Supplier's risk and expense, including transportation charges.

24. STATISTICAL PROCESS CONTROL (SPC)

Suppliers (other than distributors) may be required to engage in SPC when required by the Purchase Order. Records of SPC shall be provided with each shipment of product when such requirement is in place. R & R Aerospace QA personnel will engage the supplier to approve and monitor the SPC plan.

25. RECORD RETENTION AND DISPOSITION

Supplier shall retain records on file a minimum of ten years from the date of shipment. This term may be modified if not in compliance with R & R Aerospace customers' flow down of record retention requirements. Modification of this requirement shall be communicated to the Supplier in writing on the Purchase Order by stating the record retention requirement.

Supplier shall request disposition from R&R Aerospace prior to destruction of records if the retention period is other than that stated above.

26. OPTION TO RE-SCHEDULE

R & R Aerospace shall have the option to re-schedule by written notice, in whole or in part, this order. If R & R Aerospace exercises the option to re-schedule, supplier shall not incur any additional costs in connection with the agreement after receipt of notification. R & R Aerospace agrees that we will promptly negotiate an equitable adjustment with Supplier, including compensation for actual cost completed up to the re-scheduling provided that it receives a claim for adjustment in writing, specifying the amount claimed with supporting cost figures within thirty (30) days from the date of receipt by Supplier of the notification of the exercise of the option. The amount claimed shall not exceed 10% per year herein less Supplier's charges for Supplier's performance to complete. Supplier acknowledges that the amount specified in any claim for adjustment shall, in all cases, constitute the maximum due from R & R Aerospace to Supplier under this agreement.

27. NOTIFICATION OF CHANGES

Supplier shall notify R&R Aerospace of changes in product and/or process, changes in suppliers, changes in key personnel (i.e. Quality Manager), or changes of manufacturing facility location.

28. COMPLIANCE WITH BOEING D1-4426

When there are BAC processing standards or specifications invoked on the Purchase Order, the supplier must be approved and listed on the "Boeing Approved Process Sources D1-4426" document or on the D1-4426 web site. All processing is to be performed in accordance with the current revision level of specifications or standards at the time of Purchase Order placement. Flow down of Specifications, Standards, and associated PSD's is controlled by login to the R&R Aerospace FTP site. The site address is <FTP://68.98.206.130:21> and the username is D1-4426. The password is left blank.

29. SUPPLIER METRICS

R&R Aerospace maintains an internal supplier rating system. Suppliers are scored on risk factors that include; Price, Delivery, Lead Time, Quality, Packaging, and History. A supplier may request those scores for their own performance. Unacceptable performance will be addressed with the supplier on a case by case basis and may result in removal from our Approved Supplier List.

30. AWARENESS

R&R Aerospace has established a Quality Policy and determined Quality Objectives to support the Quality Policy. These are included in the company web page at www.rraerospace.com. Suppliers shall be aware of these documents and their contribution to the effectiveness of the quality management system, including the benefits of improved performance. Also consider the implications of not conforming with the quality management system requirements. Suppliers shall be aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

SPECIAL CLAUSES

A. LIMITED SHELF LIFE ITEM

This order is for a limited shelf life item. Supplier shall identify the container, package and packing sheet as follows:

- Governing Specification
- Name of Manufacturer
- Date of manufacture (cure date for elastomers)
- Batch Number/Net Contents (as applicable)
- Storage Requirements (e.g., temperature, etc.)
- Expiration date

B. SOURCE INSPECTION

- R & R Aerospace acceptance is required prior to shipment. Notify R & R Aerospace Quality Assurance at least 48 hours before shipment. Call (316) 942-6699 between the hours of 8:00 a.m. and 3:30 p.m., Wichita local time (Central Time Zone), to notify R & R Aerospace of items ready for source inspection.
- R & R Aerospace's customer inspection acceptance is required prior to shipment of this order. Upon receipt of this order, supplier shall contact R & R Aerospace Quality Assurance to coordinate and plan our customer's inspection.
- Government inspection is required prior to shipment from your plant. Upon receipt of this order, promptly notify the Government Representative who normally services your plant so that appropriate planning for Government inspection can be accomplished.
- On receipt of this order, promptly furnish a copy to the Government Representative who normally services your plant or, if none, to the nearest Army, Navy, Air Force, or Defense Supply Agency Inspection Office. In the event the representative or office cannot be located, R & R Aerospace Quality Assurance should be notified.

C. D6-1276 APPROVED MANUFACTURING PLANS

Boeing's D6-1276 document applies to this order. All manufacturing plans for this order must meet the requirements of D6-1276. Supplier must submit the detailed manufacturing plans to R & R Aerospace Quality Assurance. R & R Aerospace will submit the manufacturing plan to our customer for approval. Manufacturing plans must be approved prior to supplier beginning work on this order.

D. FIRST PART APPROVAL REQUIRED

Supplier shall submit first part to R & R Aerospace Quality Assurance for inspection acceptance prior to running the production of parts on this order. R & R Aerospace will provide supplier with an inspection report stating the findings of our inspector. All nonconforming issues raised by R & R Quality Assurance must be corrected before production of parts on this order.

E. CERTIFICATION OF OZONE DEPLETING SUBSTANCES.

Supplier must provide one of the following certifications on each shipping document:

A. The supplier certifies these goods were not manufactured with and do not contain ozone depleting substances.

B. The supplier certifies these goods are in compliance with the ozone depleting substances labeling requirements under US law.

If certification to paragraph B is made, precautionary labeling must accompany the statement and must comply with 40 CFT Part 82 Subpart E.

F. APPROVED MANUFACTURING PLAN.

Prior to beginning production on this order supplier must provide and obtain R&R Aerospace Quality assurance approval of the manufacturing plans. The plan must include the raw material required for the manufacture by alloy, temper and specification, detail of the manufacturing process, define the special processes and identify the sub-tier suppliers (by name and complete address) who are to perform the special process. All specifications noted in the manufacturing plan must be to the current applicable revision level as of the date of placement of this order, unless otherwise specified in the purchase order.

G. CERTIFICATION OF CALIBRATION

This order is for calibration services. Each gage calibrated for R & R Aerospace must be accompanied with a Calibration Certification. The following is the minimum information that must be included on the Calibration Certification.

R & R Aerospace gage serial number and description.

Date of the calibration.

Serial Number of the Master you used for calibration of R & R Aerospace's gage.

Last calibration date and next calibration due date of the Master used.

NIST trace number or foreign equivalent

NIST date or foreign equivalent.

Statement that the calibration meets one of the following calibration system standards; ANSI/NCSL 2540-1, ISO 10012-1, OR MIL-STD-45662A. ANSI/NCSL 2540-1 is the most preferred calibration system to R & R Aerospace ISO 10012-1 is second preferred. MIL-STD-45662A is least preferred.

Actual signature or identifying inspection stamp of the person who is certifying the calibration.

H. BOEING RAW MATERIAL STRATEGY

This order is subject to the Boeing raw material strategy. This means Boeing has established a long term pricing agreement with a supplier and you must buy the material from this supplier. Contact your R & R Aerospace buyer for more information.