



J.D. Ott Company, Inc.

PRECISION MACHINING - AEROSPACE PARTS AND ASSEMBLIES
2244 SIXTH AVE SOUTH, SEATTLE WA. 98134

PURCHASE ORDER TERMS AND CONDITIONS

G1. ACCEPTANCE OF CONTRACT. Buyer shall not be bound by this Purchase Order until Seller executes and returns to Buyer the acknowledgment copy hereof or accepts goods or services delivered pursuant to this Purchase Order. Seller shall be bound by this Purchase Order and its terms and conditions when it executes and returns the acknowledgment or when it delivers to Buyer any of the items or services ordered. All specifications, drawings and other performance data submitted to Seller are hereby incorporated in this Purchase Order. If Seller's documentation contains any terms which are inconsistent with these terms and conditions, such items are objected to and these terms and conditions shall prevail.

G2. CHANGES. The buyer reserves the right at any time to make changes in any one or more of the following: (a) specifications, drawings, and data incorporated in this contract where the items to be specially manufactured for the buyer; (b) methods of shipment and packing; (c) place of delivery; and (d) time of delivery. If any such change causes an increase or decrease in the cost of the time required for performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both. Any claim by Seller for adjustment under this clause shall be deemed waived unless asserted in writing within ten (10) days from receipt by Seller or the change. Price increase or extensions of time for delivery shall not be binding on Buyer unless evidence by a Purchase Order Change Notice issued and signed by Buyer.

G3. DELIVERY. Time is of the essence in this contract and if delivery of items or rendering of services is not completed by the time promised, the Buyer reserves the right without liability, in addition to its other rights and remedies, to terminate this contract by notice effective when received by Seller, as to stated items not yet shipped or services not yet rendered, and to purchase substitute items or services elsewhere and charge the Seller with any loss incurred. Any provision herein for delivery of articles or the rendering of services by installments shall not be construed as making the obligations of Seller several. Shipments sent C.O.D. without Buyer's written consent will not be accepted and will be at Seller's risk.

G4. WARRANTY. By accepting this order, Seller hereby warrants that the items and services to be furnished hereunder will be in full conformity with any specifications, drawing and performance data provided by Buyer, or Seller's samples, and that items furnished hereunder will be of merchantable quality or fit for the use intended by Buyer. Seller agrees that this warranty shall survive acceptance or the items. Seller's warranty hereunder shall be in addition to any express warranties of additional scope given to Buyer by Seller.

G5. PROPERTY FURNISHED TO SELLER BY BUYER. Unless otherwise agreed in writing all special dies, molds, patterns, jigs, fixtures, and any other property furnished to the Seller by the Buyer, or specifically paid for by the Buyer, for use in the performance of this contract shall be and remain the Seller's risk and shall be kept insured by the Seller's expense while in its custody or control in any amount equal to the replacement cost thereof, with loss payable to the Buyer. Copies of policies or certificates of such insurance will be furnished to Buyer on demand.

G6. INDEMNITY. Seller shall indemnify Buyer and hold Buyer harmless from any claims, liability or expenses of any kind arising out of Seller's breach of this Agreement. Seller shall also indemnify Buyer and hold Buyer harmless from any claim of patent infringement relative to goods provided by Seller unless such claim relates to a specification or design provided by Buyer.

G7. PRICE. Buyer shall not be billed at prices higher than stated on this purchase Order unless authorized by a Purchase Order Change Notice issued and signed by Buyer. Seller agrees that any price reduction made in merchandise covered by this order subsequent to the placement of this order but prior to delivery will be applicable to this order.

G8. COMPLIANCE WITH LAWS. In accepting this order, Seller represents that it has and will continue during the performance of this order to comply with the provisions of all federal, state and local laws and regulations from which liability may accrue to Buyer from any violation thereof. This Purchase Order, together with any written documents which may be attached here to and/or incorporated by specific reference constitutes the entire agreement between the parties and supersedes all previous communications between them, either oral or written. This agreement shall be governed by Washington State Law. In the event of a dispute between the parties, it shall be submitted for binding arbitration with the American Arbitration Association and the venue of any arbitration will be Seattle, Washington. The prevailing party shall be entitled to its costs and attorney's fees.

G9. TITLE. Seller warrants that said merchandise is free and clear of all liens and encumbrances what so ever and that Seller has a good and marketable title to same, and Seller agrees to hold Buyer free and harmless against any and all claimants to this merchandise.

G10. RISK OF LOSS. Seller shall pay any and all loss or damage to said merchandise from any causes what so ever until delivered to buyer at the F.O.B. point specified on the reverse side hereof. Upon delivery of said merchandise to a common carrier at such F.O.B. point properly consigned to Buyer, any loss or damage to such merchandise there after occurring shall be borne by Buyer.

G11. CANCELLATION. Buyer may terminate this order, or any part thereof, if Seller fails: (1) to deliver articles, work or material of the quality specified or within the time (s) specified in the delivery schedule or any extension thereof by change order or Amendment, or (2) to replace or correct defective articles in a timely manner accepted by J.D. Ott Company, or (3) to perform any provisions of this order or fails to make progress so as to endanger performance of this order in accordance to its terms.

G12. FLOWDOWN REQUIREMENTS. Supplier shall be subject to applicable prime contractor flowdown requirements and Quality Purchasing Data Requirements (Form X31764) that are delineated and accessible on the J.D. Ott Co. web site.

Q1. RIGHT OF ENTRY. J.D. Ott Company Inc. reserves the right, together with its prime contractor and regulatory agencies to inspect your facility, records and supplies to assure conformance of purchase order and drawing requirements. Seller shall notify Buyer of any manufacturing process changes that may affect product and obtain approval when required.

Q2. INSPECTION. Materials or equipment purchase hereunder are subject to inspections and approval at the Buyers destination even though payment may have been made for the same prior to such arrival. Buyer reserves the right to reject and refuse acceptance of items which are not in accordance with the instructions, specifications, drawings and data or Seller's warranties. Buyer may charge Seller for the cost of inspecting merchandise rejected. Items not accepted will be returned to Seller at Seller's expense. Payment for any article hereunder shall not be deemed an acceptance thereof.

Q3. SUBCONTRACTING. All subcontracts and purchase orders issued by the Supplier shall be subject to J.D. Ott Co, Inc. Terms and Conditions and shall provide J.D. Ott Co, Inc. the same rights and protection. All work placed with subcontractor must be performed at their facility unless it is stipulated and approved by J.D. Ott. When approved to use subtier suppliers, applicable requirements shall be flowed down to the suppliers.

Q4. RECORD CONTROL. Material and process certifications, test results and product conformity records shall be maintained by the supplier and be furnished upon request for calendar year plus 10 years from date of shipment unless otherwise specified. Records must be stored in a suitable environment to prevent damage, deterioration or loss.

Q5. MATERIAL CONTROL. J.D. Ott furnished material shall require strict accountability by the subcontractor. The Supplier shall maintain positive individual lot integrity of finished product and identification of any standards, finished products or excess material. At the time of delivery on the purchase order, the Supplier shall return any excess material furnished by J.D. Ott Co., Inc. The Subcontractor shall not replace furnished material without authorization of J.D. Ott Co. Inc.

Q6. NONCONFORMANCE. Where product nonconformance's are identified, the supplier shall not disposition product as "use as is" or repair without prior J.D. Ott Company, Inc. approval. The supplier shall immediately notify J.D. Ott Co., Inc. of any nonconforming product shipped.

Q7. CORRECTIVE ACTION. Where product nonconformance's show need for corrective action, and the root cause of the nonconformance is traced back to the supplier, the supplier shall participate in taking the appropriate corrective action.

Q8. PROPRIETARY. Customer drawings and specifications used in the manufacture of this product are proprietary and shall not be reproduced or disclosed in whole or in part or used for any design or manufacture except when such user possesses authorization from J.D. Ott Co., Inc.

Q9. CHANGES IN PRODUCT. The supplier will notify J. D. Ott of changes in product and/or process definition and, where required, obtain J. D. Ott approval.

Q10. SPECIAL PROCESSES. Customer approved sources (e.g. D1-4426) shall be used when required for special processes and products. Certification is required for all special processing such as chemical processing, heat treat, NDT, surface enhancement, and welding. Functional test reports or results shall be furnished by seller as required by the applicable purchase order/contract, specification or drawing.

Q11. COUNTERFEIT PRODUCT. Suppliers should plan and implement as appropriate training and processes that ensure awareness and prevention of counterfeit parts and material into the manufacturing cycle. Processes should monitor obsolescence of parts and materials while ensuring part and material traceability to the original manufacturers. Additionally, the training/processes should address the containment and reporting of suspected or detected counterfeit parts

Q12. PRODUCT SAFETY. Just as J. D. Ott Company expects its employees to be ethical and understand their importance they contribute to product safety and conformity, J. D. Ott and its customers expect our sub tier suppliers to act, train, and install measures to ensure the same.

Q13. KEY SUPPLIER PERFORMANCE. Key suppliers to J.D. Ott will be evaluated for Quality and Delivery each quarter, a rating of less than 85% for two consecutive quarters will result in a formal corrective action request to the supplier.