

Arrow Gear LLC 2301 Curtiss Street Downers Grove, IL 60515	Ph: (630) 969-7640 Fax: (630) 969-4535	Standard/Quality Terms and Conditions	
		Document No: 8.4.0-200-7	Rev. NC
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Standard Terms and Conditions

- I. **ACCEPTANCE.** This purchase order constitutes an offer on the part of Arrow Gear LLC (hereinafter called the "buyer") upon the terms and conditions and at the prices stated herein, and upon acceptance by the seller, becomes a contract constituting the entire agreement between the parties. The terms and conditions of this order supersede any conflicting terms and conditions in seller's proposal or in seller's acknowledgement or acceptance of this purchase order unless such conflicting terms and conditions shall be accepted in writing by buyer.
- II. **CHANGES.** Where the goods, articles, or supplies to be furnished are to be specifically manufactured in accordance with furnished drawings and specifications, buyer may at its option, by written notice, make changes in the drawing's specifications or requirements. Changes as to shipment and packing may also be made as above provided. If such changes cause an increase or decrease in the amount due under this contract or in the time required for its performance, an equitable adjustment shall be made on the basis of substantiating evidence given in writing to buyer, and this contract shall thereafter be modified in writing accordingly; provided, however, that seller shall have given buyer written notice that price adjustment will be required within 10 days from the date of the seller's receipt of buyer's notice, or no such adjustment will be made.
- III. **CANCELLATION - EXCUSABLE DELAYS.** Time of delivery is of the essence of this contract. In addition to all other remedies available to it, buyer reserves the right to refuse any goods and to cancel all or any part of this order if seller for any reason fails to deliver all or any part of the goods by the specified delivery date; provided, however, that seller shall not be liable for damages for failure to make or deliver, when such failure is caused by circumstances beyond the reasonable control and without the fault or negligence of the seller.
- IV. **PRICES.** If price is omitted on order, except where order is given in acceptance of quoted prices, it is agreed that seller's price will be the lowest prevailing market price and in no event is this order to be filled at higher prices than previously quoted or charged without purchaser's written consent.
- V. **INSPECTION.** Buyer shall have six (6) months after delivery to inspect the articles, material, and work covered by this order. Payment or commencement of use by buyer prior to its inspections will not constitute acceptance of the same. Buyer does not assume the burden of 100% inspections. If 100% inspection in buyer's judgment is necessary as indicated by the partial inspection, the entire shipment may be rejected and returned to other remedies, in the event of any rejections, any payment on account of the material rejected will be promptly refunded by the seller.
- VI. **WARRANTY.** Seller expressly warrants that all articles, materials, and work covered by this order will strictly conform to the specifications, drawings, samples, or other descriptions furnished or specified by the buyer, and will be of good material and workmanship and free from defects. This express warranty shall be in addition to all others implied by the law.
- VII. **LIABILITY FOR INJURIES OR DAMAGES.** In the event any article sold and delivered hereunder shall be defective in any respect whatsoever seller will indemnify and save harmless buyer from all loss or the payment of all sums of money by reason of all accidents, injuries or damages to persons or property that may happen or occur in conjunction with use or sale of such articles, and which are contributed to by said defective condition.
- VIII. **COMPLIANCE WITH APPLICABLE LAWS.** Seller represents and warrants that the goods covered by this order have been manufactured in accordance with the provisions of the Walsh Healy Public Contracts Act. All work subject to the Presidential Executive Order 11246 and Title VII of the Civil Rights Act of 1964 and all subsequent orders or laws pertaining to non-discrimination in employment.
- IX. **PATENTS.** Seller agrees to defend and indemnify buyer, buyer's distributors, and customers against all liability or loss, including costs, counseling fees, and all expenses of defending such suit, arising out of, or incident to any actual or alleged infringement of any patent trademark or copyright, by use or sale of the articles or materials specified in this purchase order.
- X. **BOXING, PACKING, CARTAGE.** No boxing, packing, or cartage charges will be allowed by the purchaser unless specifically authorized on the face of this order.
- XI. **CONSTRUCTION.** Seller and buyer agree that this contract shall be governed and construed according to the laws of the State of Illinois.

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Quality Terms and Conditions

1. Acknowledgement copy showing price and delivery must be returned within one week.
2. Render all invoices in duplicate. Arrow Gear's purchase order number and line item number must appear on all packing slips and invoices.
3. CERTIFICATIONS ARE REQUIRED! All purchased Materials, Chemicals, Special Processes, Heat Treating, etc. require Certificates of Conformity, Certificates of Test, Oven Run Charts, Material Safety Data Sheets, (MSDS), upon delivery. Arrow Gear will not process the invoice for payment until all certifications and other required data are received.
4. Certifications as specified to be furnished with invoice when requested.
5. All raw materials (bar stock, forging, casting) are to be produced by a domestic source from within the United States of America. Material is subject to the Buy American Act per FAR 252.225 and will be produced only by a qualifying country as listed in subsection 225.872 of the United States Defense Federal Acquisition Regulations.
6. All material furnished are subject to our inspection and may be rejected at the seller's expense at any time within 30 days after receipt.
7. Technique Sheets required on First Runs. Any process changes to the Technique Sheets must have Arrow Gear's Customer Approval prior to changes being made.
8. Suppliers are Responsible for Promoting Product Safety, Personnel Safety, and Ethical Behavior throughout the organization.
9. Suppliers are responsible for notifying Arrow Gear of changes that may affect quality, such as company ownership, senior management, manufacturing location, and process or inspection techniques.
10. No Change Policy - Process and manufacturing procedures and supplier documents submitted for Arrow Gear approval shall remain at the level of configuration in effect at the time of approval by Arrow Gear. The supplier shall not change process and/or manufacturing procedures/practices during the Purchase Order activity unless written approval is received from Arrow Gear.
11. All Arrow Gear supplied gages must be returned with completed orders.
12. All tools, jigs, and fixtures charged to us are to remain our property and to be used exclusively for our requirements.
13. You must notify Arrow Gear of any non-conforming processes, products, or services, and obtain approval of their disposition prior to shipment. All rejected pieces must be clearly tagged as "rejected" and returned to Arrow Gear. Supplier shall inform Member within 24 hours of discovery of suspect non-conforming product having been shipped regardless of destination.
14. No material substitutions are authorized without prior Arrow Gear engineering approval.
15. Subcontractors must maintain product traceability to inspection, measurement and test equipment, used to verify materials, product, or process compliant to ISO9001 or AS9100. This applies to both subcontractor and employee owned equipment.
16. Subcontractors using inspection, measurement and test equipment must maintain a calibration system in compliance with ANSI/NCSL Z540, ISO 10012:2003, or be accredited to ISO/IEC 17025 or A2LA. MIL-STD-45662 will be acceptable also.
17. Subcontractors are to provide and maintain serialization and traceability on subsequent operations for all processed parts.
18. Particular attention to be observed regarding paragraphs IV & VII of Standard Terms and Conditions.
19. Arrow Gear requires a formal Counterfeit Parts system be implemented in accordance with AS5553 (Electronics) and/or AS6174 (Mechanical Components) guidelines.
20. Right of Entry: Arrow Gear, the customer, and applicable regulatory agencies reserve the right of entry and to have access to any facility that has been subcontracted or purchased, by this Purchase Order, to determine and verify the quality of contracted work, records, and material.
21. All Parts must be repackaged as received. Ship the order complete in one shipment unless otherwise authorized.
22. Certificate of Resale No. - 0907-4228.
23. Terms: Net 60 unless specified.
24. All records in regard to this Purchase Order are to be maintained by the supplier per the applicable end users' requirements. (Continued on next page.)

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Record Retention Times:

All Commercial Customers, (e.g., Apex, Cincinnati Machine, Orchard Rite, Hub City, etc.): 7 Years Minimum.
All Aerospace/Defense Customers, (e.g., Pratt & Whitney, Rocketdyne, etc.): 20 Years Minimum.

The Following Customers have special requirements as listed:

Boeing Commercial /Helicopters: 50 Years Minimum.
Collins (Flight Safety): 40 Years Minimum.
Collins (All Other): 10 Years Minimum.
Honeywell: 11 years Minimum per SPOC Manual.
Rolls Royce Corporation (Indy): Permanent per SABRe Requirements.
Rolls-Royce PLC: Permanent per SABRe Requirements.
Safran Helicopter: 10 years Minimum per GRP-0102.
Safran Transmission Systems: 3 Years Minimum from End of Operational Life of Product.
Sikorsky: 40 Years Minimum.
Schweizer: 10 Years Minimum.
Snecma: 35 Years Minimum.
Terumo BCT, Inc: 15 years minimum

Regulatory Compliance and Export Control

Buyer wishes to provide you, from time to time, the necessary technical data to quote work or perform work which may be controlled by the U.S. Government under the International Traffic in Arms Regulations ("ITAR"), and it will be clearly marked as such, when applicable. You acknowledge that technical data marked with an ITAR statement that is exported from the U.S. must comply with the requirements specified under U.S. regulations, and you agree to comply with U.S. export laws and regulations prior to any export from the United States of product(s) received from Buyer. An example of an ITAR statement, which would be found on a customer drawing, is:

EXPORT CONTROLLED: THIS TECHNICAL INFORMATION REQUIRES AN EXPORT LICENSE PRIOR TO DISSEMINATION TO FOREIGN PERSONS. IT IS CONTROLLED BY UNITED STATES INTERNATIONAL TRAFFIC IN ARMS REGULATIONS UNDER 22 CFR 120-130. IT IS THE RESPONSIBILITY OF EACH INDIVIDUAL IN CONTROL OF THIS DATA TO ABIDE BY ALL EXPORT LAWS.

You acknowledge that technical data marked with an ITAR statement requires: the registration of manufacturers and exporters with the U.S. Department of State; and an export license or other approval from the Department of State prior to any export from the United States.