

**Merritt Preferred Components (Merritt)
General Purchase Order Terms and
Conditions (Revision Date: 08-01- 2018)**

BUYER OFFERS TO PURCHASE THE PRODUCTS AND SERVICES DESCRIBED IN THE ORDER ONLY UPON THE TERMS AND CONDITIONS IDENTIFIED IN THE ORDER. BUYER RESERVES THE RIGHT TO REVOKE THE OFFER WITHOUT NOTICE AT ANY TIME PRIOR TO ACCEPTANCE. THE ORDER SHALL BE DEEMED AGREED TO AND ACCEPTED BY SELLER, AND SHALL BECOME A BINDING CONTRACT ON THE TERMS AND CONDITIONS IDENTIFIED IN THE ORDER WHEN: (A) THE ORDER OR ATTACHED ACKNOWLEDGMENT IS SIGNED BY SELLER AND RETURNED TO BUYER, (B) SELLER ISSUES ITS ORAL OR WRITTEN ACKNOWLEDGMENT, (C) SELLER COMMENCES PERFORMANCE, OR (D) SELLER OTHERWISE ACCEPTS THE ORDER. BY ACCEPTING THE ORDER, SELLER WAIVES ALL TERMS AND CONDITIONS CONTAINED IN SELLER'S QUOTATION, ACKNOWLEDGMENT, INVOICE, OR OTHER DOCUMENTS WHICH ARE DIFFERENT FROM OR ADDITIONAL TO THOSE IDENTIFIED IN THE ORDER, AND ALL SUCH DIFFERENT OR ADDITIONAL TERMS AND CONDITIONS SHALL BE NULL AND VOID.

1. DEFINITIONS

[Buyer – Identified as such on face of the Order]
[Seller – Identified as such on face of the Order]

- A. “Authorized Purchasing Representative” means the individual who is designated as such on the face of the Order, or who is otherwise designated in writing by Buyer as its authorized purchasing representative.
- B. “Company-Specific Addendum” means certain terms and conditions applicable to the Order which are required by the Buyer.
- C. “Order” means the instrument(s) of contracting as modified by written changes issued by Buyer’s Authorized Purchasing Representative, and all documents referenced or incorporated therein.
- D. “Party” means Buyer or Seller, individually;

- and “Parties” means Buyer and Seller, collectively.
- E. “Products” means those goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies described in the Order.
- F. “Services” means those services described in the Order, including any goods, supplies, materials, articles, items, parts, components or assemblies incidental to the performance of such services.

2. SELLER’S OBLIGATIONS

Seller shall comply with the terms of the Order, which terms include the following:

- (a) these Merritt General Purchase Order Terms and Conditions;
- (b) requirements stated or expressly incorporated therein by reference on the face of the Order;
- (c) the Company-Specific Addendum (if any) applicable to each Order issued by Buyer;
- (d) descriptions, drawings, planning, and specifications; quality requirements; and other instructions and requirements provided or specified by Buyer from time to time; and
- (e) if the Order is issued in support of a “Government” procurement (as designated on the face of the Order), the terms set forth in Buyer’s FAR/DFARS Flow-Down Addendum in effect at the time the Order is issued.

The documents described above are hereby incorporated by reference into the Order.

3. PACKAGING AND PACKING, SHIPPING, DELIVERY, TITLE, AND RISK OF LOSS

- A. Seller shall, unless otherwise stated in the Order, prepare, package, pack and mark all Products in accordance with Buyer’s requirements. Damage resulting from failure to comply with any such requirements will be charged to Seller.
- B. Shipping terms shall be as designated on the face of the Order. Seller must ship strictly in accordance with Buyer’s instructions and requirements.
- C. Risk of any loss and/or damage to Products occurring before receipt at the relevant delivery point in accordance with the shipping terms of the Order shall be Seller’s responsibility. Except as otherwise specified within the Order, title and risk of loss shall pass to Buyer upon receipt at the relevant delivery point in accordance with the shipping terms of the Order (except for loss or damage resulting from Seller’s fault or negligence or failure to comply with the terms of the Order); however, passing of title



shall not relieve Seller of any other obligations under the Order.

D. All Parties expressly agree that time is of the essence in the performance of the Order. All deliveries shall be strictly in accordance with the applicable quantities and schedules set forth in the Order. Unauthorized overshipments and early shipments may be returned at Seller's expense. Seller shall be liable for all storage/handling charges incurred as a result of overshipments and early shipments.

E. Whenever it appears Seller will not meet the Order schedule, Seller shall immediately notify Buyer of the reason and estimated length of the delay. Neither such notification nor an acknowledgment by Buyer shall constitute a waiver of the Order's specified delivery schedule. Seller shall make every effort to avoid or minimize the delay to the maximum extent possible, including the expenditure of premium time and most expeditious transportation. Seller shall be responsible for any additional costs associated with such efforts, reasonable delay and disruption costs incurred by Buyer, and other costs or damages which Buyer incurs or for which Buyer is responsible as a result of or in connection with late deliveries or performance.

F. If Seller is unable to meet the required schedules for any reason, other than a change directed by Buyer, Buyer shall have the option to (1) cancel the Order, in whole or in part, or (2) fill such Order, or any portion thereof, from sources other than Seller and to reduce Seller's Order quantities accordingly at no increase in unit price, without any penalty to Buyer.

G. Any preparations made, or work performed by Seller or its suppliers or subcontractors prior to issuance of the Order shall be at Seller's expense. Notwithstanding any provision herein to the contrary, in no event shall Buyer be liable for any costs or expenses incurred in connection with or as a result of: (1) procurement of materials in advance of standard industry lead times in effect at the time of such material procurement; and/or (2) commencement of production in advance of Seller's standard lead time for the product.

4. INSPECTION AND ACCEPTANCE

A. All Products shall meet the quality requirements described in Buyer's Supplier Quality Assurance Manual.

B. Representatives of Buyer and Buyer's customers shall have the right to inspect all premises where the Order is being performed and the right to inspect and test all Products and Services, and all related supplies, components, material and workmanship, at all places and times including, when

practicable, during the period of manufacture or performance and before shipment. If any such inspection or test is required to be made on the premises of Seller or any tier of Seller's suppliers or subcontractors, Seller shall furnish and require such suppliers and subcontractors to furnish, without additional charge, access to all reasonable facilities and assistance for a safe and convenient inspection or test. Seller shall not relocate any production, manufacturing and/or processing facilities during performance of the Order without promptly notifying Buyer and affording Buyer an opportunity to examine such facilities in order to confirm Seller's ability to continue to meet its obligations under the Order.

C. Notwithstanding any prior payment or inspection, Products and Services shall be the subject of final inspection and acceptance by Buyer after receipt by Buyer of such Products or Services, unless otherwise specified in the Order.

D. Neither inspection and acceptance of any Products or Services by Buyer, nor failure by Buyer to inspect and accept or reject Products or Services, shall be deemed to alter or affect the obligations of Seller under the Order or the rights of Buyer and its customers under the Order or as may be provided by law or equity.

E. Seller shall make its records of all inspection work available to Buyer and Buyer's customers during the performance of the Order and for such longer period as may be specified in the Order or required by applicable law.

5. NON-CONFORMING PRODUCTS OR SERVICES.

A. Buyer and Seller agree that the Products ordered pursuant to the Order are unique. Seller shall deliver Products that conform to the terms of the Order as stated in the Seller's Obligations clause. If Seller fails to deliver such Products, or delivers defective or non-conforming Products, Buyer may exercise one or more of the following remedies:

- (1) Return all or any part of a delivery of defective or non-conforming Products at Seller's cost, and debit Seller's account, demand a refund and/or require delivery of conforming Products;
- (2) Retain all or any part of the defective or non-conforming Products at an equitable price reduction;
- (3) Make, require Seller to promptly make, or have a third party make, all repairs, modifications, or replacements necessary to enable such Products to comply in all respects with the terms of the Order, at such location(s) as reasonably required by Buyer; or
- (4) Terminate the Order, in whole or in part,



for default in accordance with the Default; Remedies for Default clause.

B. Seller shall provide Services that conform to the terms of the Order as stated in the Seller's Obligations clause. If Seller fails to provide such Services, or provides defective or non-conforming Services, Buyer may exercise one or more of the following remedies:

- (1) Debit Seller's account, demand a refund and/or require Seller to promptly correct or re-perform the defective or non-conforming Services;
- (2) Retain all or any part of the defective or non-conforming Services at an equitable price reduction;
- (3) Perform, or have a third party perform, replacement Services that comply in all respects with the terms of the Order; or
- (4) Terminate the Order, in whole or in part, for default in accordance with the Default; Remedies for Default clause.

C. In the event that Seller provides defective or non-conforming Products or Services, or otherwise fails to conform to the terms of the Order, Seller shall bear all of its own costs in connection with the repair, correction, modification, replacement, or re-performance thereof and shall be responsible for the costs or damages which Buyer incurs or for which Buyer is responsible as a result of or in connection with such defect(s) or non-conformance and the repair, correction, modification, replacement, or re-performance thereof.

6. WARRANTY

- A. (1) Seller warrants to Buyer and Buyer's customers that all Products delivered under the Order will: (i) be free from defects in design (unless design was furnished by Buyer), materials, workmanship, manufacturing processes and packaging; (ii) be suitable for the purposes intended whether expressed or reasonably implied; (iii) strictly conform to and perform in accordance with the terms of the Order, including but not limited to applicable descriptions, drawings, planning, and specifications; (iv) be produced, designed, packaged, marked, labeled, supplied, delivered and maintained in accordance with, and comply with, all applicable Laws (as defined below); and (v) be free of all claims, liens and encumbrances. Except as otherwise stated on the face of the Order or in the Company-Specific Addendum, the warranties set forth above shall remain in effect for forty-eight (48) months after delivery to Buyer.
- (2) If any Product fails to comply in any

respect with Seller's warranties set forth in the Order, Buyer shall have the option, in its sole discretion, at Seller's expense, to exercise one or more of the following remedies: (i) return such Product and debit Seller's account or demand a refund; (ii) make, require Seller to promptly make, or have a third party make all repairs, modifications, or replacements (the "Corrections") necessary to enable such Product to comply in all respects with such warranties at such location(s) as reasonably required by Buyer; or (iii) terminate the Order, in whole or in part, for default in accordance with the Default; Remedies for Default clause.

(3) In addition to the actual cost of any Corrections, Seller shall also be responsible for (i) reasonable costs incurred in the removal and reinstallation of the noncompliant Products; (ii) reasonable administrative costs incurred by Buyer in identifying, determining the disposition of, and processing required documentation for the noncompliant Products; (iii) reasonable transportation and insurance costs for Products corrected pursuant to the provisions of this Warranty clause; (iv) reasonable delay and disruption costs incurred by Buyer; and (v) other costs or damages which Buyer incurs or for which Buyer is responsible.

(4) Any Products to which Corrections have been made by Seller, Buyer, or a third party under this Warranty clause shall be warranted by Seller for twelve (12) months after the date of such Corrections or the unexpired remainder of the warranty period as specified in the Order, whichever period is greater. However, Seller shall not be held liable for defects or failures attributable to misuse or negligent Corrections by Buyer or any third party.

(5) If Buyer requires Seller to make Corrections to any noncompliant Products, Seller shall ensure that Buyer receives such corrected or replacement Products within a period of fifteen (15) calendar days from receipt of Buyer's notice, unless a longer period is approved by Buyer in writing.

(6) Seller shall process and reimburse Buyer for any claim by Buyer for amounts owed by Seller under this Warranty clause within ten (10) calendar days after receipt of Buyer's claim. In the event Buyer's claim is disallowed by Seller, such disallowance shall constitute a dispute within the meaning of the Disputes and Governing Law clause.

(7) Seller's obligation to meet the delivery schedule established in the Order shall not be affected by any Corrections made pursuant to



this Warranty clause.

(8) If Products furnished contain manufacturer's warranties, Seller hereby assigns such warranties to Buyer and its customers and users at any tier.

(9) Buyer's rights and remedies under this Warranty clause shall, at Buyer's option, be assignable to and enforceable by Buyer's customers and users at any tier.

B. Seller warrants that all Services performed under the Order shall: (i) be performed in a good and workmanlike manner; (ii) strictly conform to the terms of the Order, including but not limited to applicable descriptions, drawings, planning, and specifications; (iii) conform to all industry practices and standards; (iv) comply with all applicable Laws (as defined below); and (v) be free from defects in workmanship. Seller further warrants that Seller's employees and subcontractors are properly trained and/or licensed as required for the performance of the Services. If any Service fails to comply with Seller's warranties set forth in the Order, Buyer shall have the option, in its sole discretion, at Seller's expense, to exercise one or more of the following remedies: (i) correct or re-perform, require Seller to promptly correct or re-perform, or engage a third party to correct or re-perform such Services; (ii) demand a refund of the fees for such Services; or (iii) terminate the Order, in whole or in part, for default in accordance with the Default; Remedies for Default clause. In addition, Seller shall be responsible for (i) reasonable administrative costs incurred by Buyer in identifying, determining the disposition of, and processing required documentation for the noncompliant Services; (ii) reasonable delay and disruption costs incurred by Buyer; and (iii) other costs or damages which Buyer incurs or for which Buyer is responsible.

C. Seller acknowledges and agrees that any inspection, testing, acceptance or use of any Products or Services by Buyer does not affect Seller's obligations or Buyer's rights or remedies under the foregoing warranties.

D. Seller shall immediately notify Buyer upon receipt of any Government-Industry Data Exchange Program ("GIDEP") Alert related to Products, and shall provide Buyer with a list of all affected Products by Order, part number, invoice number, serial number, or any other identifying number as applicable. For GIDEP Alerts caused in whole or in part by the Products, Seller shall immediately replace all affected Products at its sole expense including any installation and removal costs for the Products so affected and reimburse Buyer for any damages and commercially reasonable expenses incurred by Buyer.

E. If the Federal Aviation Administration, or other aviation authority, issues any Airworthiness Directives ("ADs"), or the equivalent of ADs, related to any Products, then Seller shall immediately remove the causes(s) of the ADs or AD equivalents in all Products delivered and to be delivered to each affected Buyer including, but not limited to, Products utilized in the field. Seller shall reimburse Buyer for all costs and damages associated with removal, redelivery and installation of any Products that are incurred by Buyer as a result of such ADs or equivalent ADs.

F. Seller shall provide all service bulletins, safety bulletins and ADs (collectively "Bulletins") to Buyer immediately upon issuance. Seller shall implement any recommendations contained in the Bulletins on all Products delivered and to be delivered.

7. BUYER AUTHORIZATION

A. The Authorized Purchasing Representative has sole authority to make contractual commitments on behalf of Buyer, to provide contractual direction, and to change contractual requirements as defined in the Order.

B. Buyer's representatives other than Buyer's Authorized Purchasing Representative may, from time to time, release to Seller information applicable to the Order. If Seller believes that any such information so provided to Seller changes the contractual requirements and/or performance of the Order, Seller shall not act on such information and it shall not be contractually effective unless and until Seller receives written contractual direction to act from Buyer's Authorized Purchasing Representative.

8. PRICES, INVOICING, AND PAYMENT

A. Buyer shall pay Seller the price and/or rates set forth in the Order for Products received and/or Services performed, as applicable. Unless otherwise stated on the face of the Order, payment of each invoice is due from Buyer no later than ninety (90) days from the later of (i) the date of receipt of Products or completion of Services, as applicable, or (ii) the date of receipt of a correct invoice.

B. Except as otherwise stated on the face of the Order or in the Company-Specific Addendum, the prices and/or rates set forth in the Order are stated in U.S. Dollars and are not subject to exchange rate adjustments. The price and/or rates set forth in the Order include all applicable taxes and all profit, wages, salaries, overhead, and other costs and expenses, unless otherwise specifically addressed in the Order. No overtime, expedite charges, or other premium rates will be paid unless specifically authorized by Buyer in the Order.

C. Except as otherwise stated on the face of the



Order or in the Company-Specific Addendum, Seller shall submit a separate invoice per Products shipment. Unless otherwise specified in the Order, no invoice shall be issued prior to shipment of Products or completion of Services, as applicable. Seller shall include or provide such information or supporting documentation as Buyer may reasonably require in support of the invoice. At any time prior to final payment under the Order, Buyer may have invoices audited as to validity. Payment of Seller's invoices shall be subject to adjustment for any amounts found upon audit or otherwise to have been improperly invoiced.

D. Unless otherwise agreed by Buyer, Buyer shall have no obligation to pay any Seller invoice submitted more than six (6) months after the date of delivery of the invoiced Products or completion of the invoiced Services.

E. Payment shall not constitute acceptance of Products or Services.

F. Buyer shall have the right to set off against any Seller invoice any amount owing by Seller to Buyer, whether under this or any other contract or order between the Parties.

9. CHANGES

A. Buyer may at any time, by written notice to Seller, make changes within the scope of the Order, including, but not limited to, in (1) drawings, designs, specifications, planning, and/or other technical documents; (2) method of shipment, packaging, or packing; (3) place of delivery; (4) quantity of Product (increase or decrease); (5) delivery schedule(s); (6) place of inspection; and (7) place of acceptance. Seller shall immediately comply with such change(s) upon receipt of notice, irrespective of the failure of the Parties to agree to an equitable adjustment as described below.

B. Except as otherwise expressly set forth in the Order, if the change causes a material increase or decrease in the cost of or time required to perform the Order, then an equitable adjustment may be made in the purchase price and/or delivery schedule and the Order shall be modified in writing accordingly.

C. Seller shall provide written notice of its intent to assert any claim for equitable adjustment within ten (10) calendar days from the date of receipt by Seller of Buyer's written notice of change and shall provide all supporting documentation necessary to verify its claim within thirty (30) calendar days after its delivery of such written notice of intent. Any claim that is not submitted to Buyer in accordance with this paragraph shall be unconditionally waived.

D. If Seller claims the cost of any property made obsolete or excess, Buyer shall have the right to prescribe the manner of disposition of such property,

and Buyer may elect to acquire any and all such property for an amount not to exceed the cost claimed by Seller.

E. Failure to agree to any adjustment shall constitute a dispute within the meaning of the Disputes and Governing Law clause. However, nothing in this Changes clause shall excuse Seller from proceeding with the Order as changed.

10. ADEQUATE ASSURANCE OF PERFORMANCE

A. If at any time Buyer has grounds for insecurity as to whether Seller's performance will be full, timely, and continuing in accordance with the terms of the Order, then Buyer may request, by written notice to Seller, adequate assurances in writing that Seller is able and willing to perform all of its respective obligations under the Order.

B. Seller shall prepare and provide with its assurances of performance any information, reports, or other materials as Buyer may request. Upon Buyer's request and as soon as practicable, Seller shall make available its employees, including members of Seller's senior management, to meet with Buyer to discuss those assurances of performance.

C. If Seller does not provide adequate written assurances within ten (10) calendar days after Buyer's written notice and request, then Buyer may, at its option, treat the Order as breached by Seller.

11. DEFAULT; REMEDIES FOR DEFAULT

A. Each of the following shall constitute an "Event of Default" under the Order:

(1) Seller fails to deliver the Products or to perform the Services within the time specified in the Order or any extension granted in writing by Buyer;

(2) Seller breaches or fails to perform any of the other provisions of the Order and, if such breach or failure is subject to cure, fails to cure such breach or failure within a period of ten (10) calendar days after receipt of written notice from Buyer specifying Seller's breach or failure to perform;

(3) Seller fails to provide adequate assurances of performance in accordance with the Adequate Assurance of Performance clause; or

(4) Seller becomes insolvent or makes a general assignment for the benefit of creditors, or files or has filed against it a petition of bankruptcy or for reorganization or pursues any other remedy under any other law relating to the relief for debtors, or a trustee or receiver is appointed for Seller's property or business.

B. If any Event of Default occurs:



(1) Buyer may, at its sole option, immediately terminate the Order, in whole or in part, by giving written notice to Seller, and Buyer shall not be required to accept the tender by Seller of any Products or Services subject to the termination, including any component, part or feature thereof.

(2) Whether or not Buyer exercises its right to terminate the Order, Buyer may manufacture, produce, or provide, or may engage any other persons to manufacture, produce, or provide, any products and/or services in substitution for (or in addition to) the Products and/or Services to be delivered by Seller. In the event Buyer exercises this right of cover in the absence of a termination, this right of cover shall extend for such time as Buyer determines in its sole discretion is necessary to mitigate or remedy Seller's default(s).

(3) Whether or not Buyer exercises its right to terminate the Order, Seller shall be liable for all losses and damages to Buyer resulting from Seller's Event(s) of Default, including, but not limited to: (i) the difference between the price of Products and/or Services under the Order and the aggregate expense, including, without limitation, administrative and other indirect costs, paid or incurred by Buyer to manufacture, produce or provide, or engage other persons to manufacture, produce or provide such Product(s) or Service(s); (ii) delay and disruption costs incurred by Buyer which are proximately caused by the Event(s) of Default; and (iii) any other costs or damages which Buyer incurs or for which Buyer is responsible which are proximately caused by the Event(s) of Default.

C. If, after a notice of termination is issued pursuant to this Default; Remedies for Default clause, it is determined for any reason that Seller was not in default or that Buyer's termination was not a proper termination for default, the rights and obligations of the Parties shall be the same as if a notice of termination for convenience had been issued pursuant to the Termination for Convenience clause of the Order.

12. TERMINATION FOR CONVENIENCE

A. Buyer may terminate the Order, in whole or in part, for convenience by providing to Seller a written notice specifying the extent and effective date of such termination.

B. In the event of a termination under this Termination for Convenience clause, Buyer shall be required to pay (to the extent not already paid) the Order price for Products and Services delivered and

accepted, and Buyer and Seller shall agree on the amount of payment for any work in process and other long-lead material, if applicable, authorized by Buyer to be acquired or produced for the work terminated. Notwithstanding the foregoing, Buyer shall not in any event be required to pay any amounts in excess of the Order total price and no amount will be allowed for profit on the terminated portion of the Order. In the event of a partial termination, no adjustment will be made in the price of that portion of the Order which has not been terminated.

C. Seller shall submit a final termination settlement claim, if any, to Buyer, in the form prescribed by Buyer, within three (3) months after the effective date of termination. Any termination settlement claim that is not submitted to Buyer in accordance with this paragraph shall be unconditionally waived.

13. SELLER'S OBLIGATIONS UPON TERMINATION

A. After receipt of a notice of termination, for any reason, and except as directed by Buyer, Seller shall immediately proceed with the following obligations and any other actions directed or authorized by Buyer, regardless of any delay in determining or adjusting any amounts due, if any, under the Termination for Convenience clause:

- (1) Stop work as specified in the notice.
- (2) Place no further subcontracts or purchase orders for materials, services, or facilities, except as necessary to complete the continued portion of the Order.
- (3) Terminate all subcontracts and purchase orders to the extent they relate to the work terminated.
- (4) Promptly provide Buyer an inventory, including location and completion status, of all fabricated or unfabricated Products, work in process, completed work, supplies, and other material produced or acquired for the work terminated.
- (5) As directed by Buyer, transfer title and deliver to Buyer (or Buyer's designee): (a) the fabricated or unfabricated Products, work in process, completed work, contract rights, supplies, and other material produced or acquired for the work terminated; and (b) the completed or partially completed plans, drawings, information, tooling, equipment, and other property that, if the Order had been completed, would be required to be furnished to Buyer.
- (6) Complete performance of the work not terminated.
- (7) Take any action that may be necessary, or that Buyer may direct, for the protection and



preservation of the property related to the Order that is in the possession of Seller and in which Buyer has or may acquire an interest.

B. Seller's transfer or delivery of Products to Buyer (or Buyer's designee) under this Seller's Obligations upon Termination clause shall be at no cost to Buyer, except that (i) under a Termination for Convenience, Seller may include its reasonable costs associated with such transfer and delivery as part of a Termination for Convenience claim; and (ii) under a Termination for Default, Buyer shall take into consideration in mitigation of any claims by Buyer for damages as a result of an Event of Default the value of all Products transferred.

C. Seller hereby authorizes Buyer, its representatives, or its designees to enter upon Seller's or any of its subcontractors' premises at any time during reasonable business hours, upon reasonable advance written notice, for the purposes of taking inventory and/or physical possession of any of all of the aforesaid items.

D. Seller shall, if instructed by Buyer, store or dispose of any or all of the aforesaid items in any reasonable manner requested by Buyer.

14. EXCUSABLE DELAY AND DISASTER RECOVERY

A. If the delivery of any Product or the performance of any Service is delayed by unforeseeable circumstances beyond the control and without the fault or negligence of Seller or any tier of its suppliers or subcontractors (any such delay being hereinafter referred to as "Excusable Delay"), the schedule for delivery of such Product or performance of such Service may be revised as determined by Buyer.

B. Excusable Delays may include, but are not limited to, acts of God, war, riots, acts of government, fires, floods, epidemics, quarantine restrictions, freight embargoes, or unusually severe weather, but shall exclude Seller's noncompliance with any rule, regulation or order promulgated by any governmental agency. However, the above notwithstanding, Buyer expects Seller to continue production, recover lost time and support all schedules as established under the Order. Therefore, it is understood and agreed that (i) delays of less than two (2) calendar days' duration shall not be considered to be Excusable Delays unless such delays shall occur within thirty (30) calendar days prior to the scheduled delivery date of any Product and (ii) if delay in delivery of any Product or performance of any Service is caused by the default of any tier of Seller's suppliers or subcontractors, where a substitute is available, such delay shall not be considered an Excusable Delay.

C. Seller shall give to Buyer prompt notice in writing when it appears that an Excusable Delay will delay the furnishing of Products or Services, and Seller shall provide a recovery plan acceptable to Buyer within ten (10) calendar days after submission of such notice. Notwithstanding the occurrence of an Excusable Delay, Seller shall use its best efforts to mitigate the effects of the Excusable Delay. In addition, Seller shall endeavor to make available to Buyer substitute Products or Services in an adequate quantity, at no additional charge to Buyer. If an Excusable Delay extends beyond thirty (30) days, Buyer may cancel or terminate, without penalty or obligation for further payment, the Order.

D. Notwithstanding the foregoing, if Seller provides parts that (1) are considered in the industry to be "flight safety parts"; (2) are a sole source of supply; or (3) have lead time in excess of one hundred twenty (120) days, or if Buyer otherwise so instructs Seller, then Seller shall develop and maintain a disaster recovery plan for the recovery and continuation of business related to the design, development, certification, manufacture, sale, use and/or support of the Products furnished hereunder, in the event of a disaster or emergency. Such disaster recovery plan shall, among other things, prevent or limit the interruption of the supply of Products in conformity with the requirements set forth herein. Seller shall furnish a copy of such disaster recovery plan to Buyer upon request, and shall cooperate in good faith with Buyer to incorporate any recommended changes that Buyer may suggest.

15. LABOR DISPUTES

Whenever Seller has knowledge that any actual or potential labor dispute involving Seller or any tier of Seller's suppliers or subcontractors is delaying or threatens to delay timely performance of the Order, Seller shall immediately give notice to Buyer, together with all relevant information, including, but not limited to, nature of the dispute, estimated duration, labor organizations involved, and estimated impact on Seller's performance of the Order. Seller shall also provide updated reports throughout the dispute duration.

16. STOP WORK

A. Buyer may, without cost or other liability and at any time, by written direction to Seller, require Seller to stop all or any part of the work called for by the Order for a period of up to ninety (90) calendar days after such written direction is delivered to Seller and for any further period to which the Parties may agree. Any such written direction shall be specifically identified as a Stop Work Order ("SWO") issued pursuant to this Stop Work clause. Upon receipt of



an SWO, Seller shall immediately comply with its terms. Within the period of the work stoppage specified by the SWO and any amendments to the SWO, Buyer shall either (1) cancel all or part of the SWO, or (2) terminate all or part of the work covered by such SWO as provided in the Termination for Convenience clause.

B. To the extent an SWO issued under this Stop Work clause is canceled, or the period of the work stoppage specified by the SWO or any extension thereof expires, Seller shall resume work and the Parties will agree upon a reasonable adjustment to the delivery schedule.

17. PROPRIETARY INFORMATION

A. "Proprietary Information" means all information (including, but not limited to, oral, written, and/or stored information used, prepared by, compiled by or in the possession of a Party or its representatives) that is disclosed, provided, or made available by a Party (the "Disclosing Party") to the other party (the "Receiving Party") or otherwise received or obtained by the Receiving Party in contemplation of or in connection with the Order, in whatever form or medium disclosed, provided, made available or received, that (1) is considered proprietary or confidential by the Disclosing Party, regardless of whether marked proprietary or confidential; or (2) is information received from others that the Disclosing Party is obligated to treat as confidential. Proprietary Information includes any information about the Order, including the existence, terms, contents, or status thereof. Proprietary Information also includes memoranda, reports, analyses, extracts or notes the Receiving Party produces that are based on, reflect or contain any of the Disclosing Party's Proprietary Information.

B. Each Receiving Party agrees that it shall maintain in confidence and secrecy, and not disclose to any third party or use, directly or indirectly, except as set forth below, all Proprietary Information received from or made available by the Disclosing Party or received orally or visually. Each Receiving Party shall protect the Disclosing Party's Proprietary Information from unauthorized disclosure and use with at least the same degree of care the Receiving Party normally exercises to protect its own Proprietary Information to prevent undesired dissemination and use thereof, and in no case shall the degree of care be less than reasonable care.

C. Each Receiving Party may: (1) copy the Proprietary Information received from the Disclosing Party on an as-required basis in order to fulfill the Receiving Party's obligations under the Order, provided that all such copies or portions thereof bear copies of the Disclosing Party's original legends (if

any); and (2) disclose the Proprietary Information to those of the Receiving Party's officers and employees (including officers and employees of its Affiliates), and others under the Receiving Party's control (collectively, "Representatives"), who have a need-to-know for purposes of its performance under the Order. The Receiving Party shall cause all of its Representatives to observe the terms of this Proprietary Information clause and shall be responsible for any breach of the terms of this Proprietary Information clause by it or its Representatives. "Affiliate" shall mean, with respect to any entity, any other entity directly or indirectly controlling, controlled by, or under common control.

D. The obligations imposed by this Proprietary Information clause shall not apply, or shall cease to apply, to any Proprietary Information if or when, but only to the extent that, such Proprietary Information:

- (1) was known to the Receiving Party prior to its receipt of the Proprietary Information hereunder;
- (2) passes into the public domain (other than by act or omission attributable to the Receiving Party);
- (3) becomes known to the Receiving Party from sources other than the Disclosing Party under circumstances not involving, to the knowledge of the Receiving Party, any breach of any confidentiality obligation; or
- (4) is independently developed by the Receiving Party who had no substantive knowledge of the Disclosing Party's information or data, as evidenced by the written records thereof.

E. It shall not be a breach of the confidentiality obligations herein for a Receiving Party to disclose Proprietary Information in circumstances where, but only to the extent that, such disclosure is required by law or applicable legal process, provided in such case the Receiving Party shall to the extent not prohibited by law or regulatory process, (1) give the earliest notice practicable to the Disclosing Party that such disclosure is or may be required and (2) cooperate, at the expense of the Disclosing Party, in protecting the confidential or proprietary nature of the Proprietary Information which must so be disclosed.

F. In the event that the Parties have previously entered into a nondisclosure agreement or proprietary information agreement, the Parties agree that their rights and obligations with respect to the Proprietary Information shall be governed by the most favorable provisions as to the Disclosing Party's rights and obligations and protection of the Disclosing Party's information as are set forth in such nondisclosure agreement or proprietary information agreement or in this Proprietary Information clause.



G. Except as expressly provided in this Proprietary Information clause or in the Intellectual Property clause, no right in, or license to, any present or future idea, invention, patent, trade secret, proprietary information, copyright, mask work, trade name or trademark is either offered or granted under this Proprietary Information clause, nor may any such right or license be implied by the disclosure or receipt of any information or data hereunder.

18. INFORMATION SECURITY

Seller shall implement and maintain commercially reasonable physical and cybersecurity safeguards and security mechanisms to protect the confidentiality and integrity of Buyer's non-public data and the systems that house or handle such data. Seller shall immediately notify Buyer of: (1) any unauthorized possession, unauthorized disclosure, or unauthorized use of, loss, or any other potential corruption, compromise, or destruction of any of Buyer's non-public data, or the systems that house or handle that data; (2) the effect of such use or possession; and (3) the corrective action taken in response thereto. Seller acknowledges that Buyer may be required to notify its customers, regulators, and/or employees of such security incidents and agrees to assist and cooperate with Buyer, at Seller's expense, with any investigation, disclosures to affected parties, and other remedial measures, in each case, as reasonably requested by Buyer or required by any applicable regulations or privacy laws.

19. INTELLECTUAL PROPERTY

A. "Intellectual Property" means patented and unpatented inventions and discoveries, pending patent applications, mask works, copyrighted works and copyrightable subject matter in published works and unpublished works, pending copyright registration applications, computer software, data, databases and documentation thereof, trade secrets and other confidential information, know-how and proprietary processes, business methods, formulae, designs, models, technical data and methodologies, trademarks, trade names, and other similar intangible assets.

B. Seller shall own any Intellectual Property invented, authored, or developed by Seller prior to the date of the Order that relates to the Products delivered or Services performed by Seller under the Order, and Seller hereby grants Buyer a nonexclusive, royalty-free, non-terminable, irrevocable, worldwide right and license to practice and use and license others to practice and use such Intellectual Property, and to make, have made, use, sell, offer for sale, and import into the United States (and all other countries in which Seller may have

rights in such Intellectual Property) products, processes, services, or inventions incorporating or embodying such Intellectual Property, to the extent such Intellectual Property would otherwise interfere with use or enjoyment of the Products or Services by Buyer, its subcontractors or suppliers at any tier, or its customers or users at any tier.

C. Buyer shall own and Seller acknowledges that any Intellectual Property invented, authored, or developed by Seller in the performance of the Order shall be owned exclusively by Buyer, and Seller agrees to and hereby does presently assign such Intellectual Property to Buyer and further agrees to and shall (i) execute any and all documents necessary and requested by Buyer to perfect Buyer's title in such Intellectual Property, including, but not limited to, assignments of all right, title, and interest Seller may have in such Intellectual Property; (ii) obligate Seller's employees and/or contractors involved in the invention or development of such Intellectual Property to execute all documents necessary and requested by Buyer to perfect Buyer's title in such Intellectual Property, including, but not limited to, inventor's declarations and assignments of all right, title, and interest such employees may have in such Intellectual Property; and (iii) obtain for Buyer all such executed documents as set forth in section (ii) above. Buyer hereby grants Seller a limited, nonexclusive, royalty-free, irrevocable, worldwide right and license to use Intellectual Property invented, authored, or developed by Seller in the performance of the Order, and to make, have made, use, sell, offer for sale, or import into the United States (and all other countries in which Buyer may have rights in such Intellectual Property) products, processes, services, or inventions incorporating or embodying such Intellectual Property, but such license to Seller is specifically limited to and for the sole purpose of Seller fulfilling its requirements and responsibilities under the Order.

D. Seller represents and warrants that Seller owns, or has and will maintain a license to use, all intellectual property rights necessary for the performance of its obligations under the Order. In addition to and without in any way diminishing or restricting Seller's obligations under this Intellectual Property clause, if any Product or Service, or any component, part or feature thereof, becomes the subject of any claim, suit or action related to the infringement of any intellectual property rights, or in the event of an adjudication that any Product or Service, or component, part or feature thereof, infringes any intellectual property rights, or, if the manufacture, sale, use or maintenance of any Product or Service, or part, component or feature thereof, is enjoined or restricted, Seller shall, in order for Buyer



and its customers and users at any tier to have uninterrupted use and enjoyment of such Product or Service, or part, component or feature thereof, at Seller's option and expense: (i) procure for Buyer and its customers and users at any tier the rights, under such intellectual property rights, to manufacture, sell, use or maintain such Product or Services, or part, component or feature thereof; (ii) replace such Product or Service, or part, component or feature thereof with one of a similar nature and quality that is non-infringing; or (iii) modify such Product or Service, or part, component or feature thereof to make same non-infringing.

E. Except to the extent such infringement arises from Seller's compliance with formal specifications issued by Buyer and such infringement could not be avoided in complying with such specifications, Seller shall indemnify, defend, and hold harmless Buyer, any of its customers or users at any tier, and their respective Affiliates, and each of their respective officers, directors, employees, subcontractors, agents, successors and assigns (collectively, "Buyer Indemnitees") from and against any and all claims, suits, actions, awards (including, but not limited to, awards based on intentional infringement of patents known to Seller and exceeding actual damages and/or actual attorneys' fees), liabilities, damages, penalties, fines, costs, expenses, and attorneys' fees arising from any actual or alleged infringement of any United States or foreign intellectual property rights (including, but not limited to, any right in a patent, copyright, trademark, industrial design, or mask work, or based on misappropriation or wrongful use of information or documents) related to any Product or Service or otherwise related to Seller's performance under or in contemplation of the Order. The Buyer Indemnitee shall duly notify Seller of any such claim, suit, or action, and Seller shall, at its own expense, fully defend such claim, suit, or action on behalf of the Buyer Indemnitees.

20. INSURANCE AND INDEMNITY

A. During the entire period of the Order, and irrespective of the place(s) of performance, Seller, at its own expense, shall provide and maintain, and shall cause its subcontractors to provide and maintain, the following insurance coverages:

(1) Commercial General Liability insurance written on an "occurrence" basis with a combined single limit for bodily injury and property damage of at least \$2,000,000 per occurrence, and \$5,000,000 annual aggregate. Coverages shall include but not necessarily be limited to premises and operations, products and completed operations, contractual liability, broad form property damage liability, and personal and advertising liability. The policy shall

name Buyer as an additional insured and include a waiver of subrogation in favor of Buyer.

(2) Aviation General Liability insurance, including products and completed operations liability, premises liability, grounding liability and war liability, with limits of at least \$5 Million per occurrence and in the aggregate. The policy shall name Buyer as an additional insured and include a severability of interests provision.

B. If performance of the Order requires entry onto Buyer's or Buyer's customers' premises or a U.S. Government installation, Seller, at its own expense, shall also provide and maintain, and shall cause its subcontractors to provide and maintain, the following additional insurance coverages:

(1) Statutory Workers' Compensation coverage for all of its employees, including occupational disease coverage, as required by applicable law, and Employer's Liability insurance with limits of at least \$1,000,000 bodily injury each accident, \$1,000,000 bodily injury by disease each employee, and \$1,000,000 bodily injury by disease in the aggregate. The policy must be endorsed to include "all States" coverage and a waiver of subrogation in favor of Buyer, where allowed by law.

(2) Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of at least \$1,000,000 each accident, covering all hired, owned and non-owned vehicles. The policy shall name Buyer as an additional insured and include a waiver of subrogation in favor of Buyer.

C. An Umbrella or Excess Liability insurance policy may be used in conjunction with the primary policy to achieve coverage limits as required under paragraphs A and B above.

D. Seller, at its own expense, shall also provide and maintain, and shall cause its subcontractors to provide and maintain, Property and Inland Marine insurance, with a limit of liability inclusive of the full replacement cost value of all such items, to cover physical loss, destruction or damage to Buyer's assets and other property in which Buyer has an interest pursuant to the Order, at all times while such items are in Seller's possession, care, custody or control. Such insurance shall provide coverage on an "All Risk" basis. Coverage will also extend during inland transit of such items, from the commencement of loading at the originating location until completion of unloading at the destination location. The policy shall name Buyer as loss payee and include a waiver of subrogation in favor of Buyer. Seller shall give prompt written notice to Buyer in the event of any loss, destruction or damage to any assets or property required to be insured under this paragraph D.

E. All required insurance shall be procured from



insurers with an A.M. Best rating of “A-VIII” or better, who are authorized to do business in the state(s), province(s) or country, if applicable, in which the work is performed. Satisfactory evidence of all required insurance must be furnished to Buyer prior to the commencement of any work under the Order, and upon Buyer’s request thereafter. At least thirty (30) days’ prior written notice must be given to Buyer in the event of cancellation or material change to any required insurance. None of the requirements contained in the Order as to insurance coverage to be maintained by Seller is intended to and shall not in any manner limit, qualify or quantify the liabilities and obligations assumed by Seller under the Order or otherwise provided by law or in equity. All of Seller’s insurance coverages shall be primary and without contribution from any insurance coverages which may otherwise be carried by Buyer.

F. In addition to any other indemnification provisions of the Order, Seller shall indemnify, defend and hold harmless the Buyer Indemnitees from and against any and all claims, suits, actions, awards, liabilities, losses, damages, penalties, fines, costs, expenses, and attorney’s fees, that arise out of or are based upon any actual or alleged: (1) injuries or death to persons or damage to property or the environment in any way arising out of or caused or contributed to, or alleged to have been caused or contributed to, by the Products or Services or otherwise related to Seller’s performance under or in contemplation of the Order; or (2) violation or failure to comply with any applicable Law. The Buyer Indemnitee shall notify Seller of any third-party claim, suit, or action, and Seller shall, at its own expense, fully defend such claim, suit, or action on behalf of the Buyer Indemnitees.

21. COMPLIANCE WITH LAWS

A. Seller represents and warrants that it shall comply with all applicable Laws. For purposes of these Merritt General Purchase Order Terms and Conditions, the term “Laws” shall mean any federal, state, provincial, local or foreign law, rule, regulation, order or other similar authority, including, but not limited to employment, safety, health, packaging, labeling, transportation and environmental laws, now and hereinafter in effect.

B. Without limiting the foregoing,

(1) Seller represents and warrants that, if the Order involves delivery of any Hazardous Material, the packaging and shipment of such Hazardous Material shall be made in accordance with all applicable Laws, and Seller shall submit a copy of a current Safety Data Sheet (SDS) to Buyer prior to delivery of that material. “Hazardous Material” shall mean any

pollutant, contaminant or other substance regulated as a result of its potential to pose a meaningful risk to public health or the environment.

(2) Seller further represents and warrants that (i) the Products and any substances contained therein or utilized in the production thereof are not prohibited or restricted by, and shall be offered, supplied and utilized in compliance with, all applicable Laws, including but not limited to European Regulation (EC) No. 1907/2006, as may be amended, concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (“REACH”), and (ii) all such Products have been pre-registered, registered, evaluated, addressed in notifications and/or authorized as required under REACH. Seller shall bear all costs, charges and expenses related to pre-registration, registration, evaluation and authorization required under REACH of the Products and substances in Products that are the subject of the Order.

(3) In addition to the foregoing obligations, Seller shall, at Seller’s expense, timely provide Buyer with all relevant information, on the Products and any substances contained therein or utilized in the production thereof, as Buyer determines to be useful or necessary for Buyer and/or Buyer’s customers to timely and accurately fulfill their obligations under REACH and other applicable Laws.

(4) Seller shall promptly notify Buyer in writing of any Substances of Very High Concern on the REACH “Candidate List” that are present in any Products at levels above 0.1% weight of such Products, where the Products were supplied either (i) six (6) months before the inclusion of the substances concerned on the REACH “Candidate List” or (ii) at any time after such inclusion on the Candidate List. In addition, Seller shall properly and timely inform Buyer of the inclusion in Annex XIV of REACH of a substance contained in Products. In such event, Seller shall discuss with Buyer any needed actions to ensure continued supply and use of the Products in compliance with REACH. Subject to compliance with antitrust rules, Seller shall use its best efforts to obtain and maintain authorization under REACH for Buyer’s use of such substances, on the condition that (i) Buyer confirms in writing that it requests Seller to request or renew an authorization for such specific use(s), and (ii) it can be demonstrated that the risks of such uses are adequately controlled and/or Seller can



otherwise be granted an authorization as specified in REACH. If Seller cannot reasonably meet these conditions, Seller shall diligently seek to identify and develop alternatives and obtain any necessary authorizations for Product use by Buyer before any relevant “Sunset date” under REACH. The listing of a substance present in the Product in the REACH Candidate List or in Annex XIV of REACH shall not in itself constitute a valid cause for Seller to fail to perform or delay performance under an Order pursuant to the Excusable Delay and Disaster Recovery clause.

- C. Seller represents and warrants that it shall not furnish “counterfeit products” to Buyer, defined as Products or separately-identifiable items or components of Products that may without limitation: (1) be an illegal or unauthorized copy or substitute of an original equipment manufacturer or original component manufacturer (collectively “OEM”) item; (2) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (3) do not contain the proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (4) have been re-worked, re-marked, re-labeled, repaired, reclaimed, refurbished; or otherwise modified from OEM design but are represented as OEM authentic or as new; (5) have not passed successfully all OEM required testing, verification, screening, and quality control processes; or (6) fail to meet the requirement of an “Approved Part” as defined in FAA Advisory Circular 21-29C and any updated version thereof. Counterfeit products shall be deemed to be non-conforming and defective, and in addition to any other rights Buyer may have at law or pursuant to this Order, Seller shall disclose the source of the counterfeit product to Buyer and cooperate with Buyer with respect to any investigations or remedial actions undertaken by Buyer.
- D. Seller shall provide to Buyer, upon Buyer’s reasonable request, the identity of its suppliers and/or the location of manufacture of the Products or any subcomponents of the Products, as applicable, or any other relevant information as Buyer may reasonably request, in order to confirm compliance by Seller and/or Buyer with applicable Laws or the Order.

22. EXPORT AND IMPORT COMPLIANCE

A. Seller shall comply with the Laws of the United States relating to exports, imports, and foreign transactions, including, but not limited to, the

International Traffic in Arms Regulations (ITAR, 22 CFR 120-130), the Export Administration Regulations (EAR, 15 CFR 710-774), the Arms Export Control Act, the International Emergency Economic Powers Act (IEEPA), Title 19, Parts 1-199 (Customs Duties) of the Code of Federal Regulations, regulations and orders administered by the Treasury Department’s Office of Foreign Assets Control, including, but not limited to, 31 CFR 501-598 and the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq. (“FCPA”).

B. Seller shall not disclose any technical data, nor deliver or export any Product manufactured by use of technical data, (1) out of the United States, (2) to a national of a third country, or (3) to foreign persons within the United States, without proper authorization from the U.S. Government.

C. Upon Buyer’s request, Seller shall notify Buyer of the Harmonized Tariff Systems Classification Numbers and the Export Control Classification Numbers (“ECCNs”) for the Products, as well as the ECCNs for any components or parts thereof (if different from the associated Product(s)).

D. If the Order supports commercial aircraft end use, Seller represents and warrants that (1) the Products, and the parts and components thereof, provided under the Order are not “defense articles” (as defined in ITAR or the 600 series of the EAR) and (2) the Services provided under the Order are not “defense services” (as defined in ITAR). Seller further represents and warrants that an official capable of binding Seller to a contract knows or has otherwise determined that the Products, and the parts and components thereof, are not described on the United States Munitions List (as set forth in ITAR) and are not subject to a 600 series ECCN (as set forth in the EAR). Upon Buyer’s request, Seller shall provide documentation or other information that supports or confirms these representations.

E. To the extent that any Products, or any parts or components thereof, were specifically designed or modified for a military end use or end user, Seller shall notify Buyer of this fact and shall provide Buyer written confirmation from the U.S. Department of State that such Products, and all such parts and components thereof, are not subject to ITAR. Such confirmation may consist of a Commodity Jurisdiction Determination or General Correspondence response.

F. If Seller is not a U.S.-based entity or person, the following additional subparagraphs shall apply:

- (1) Where applicable, if Buyer or Seller is unable to obtain any required governmental approvals or licenses relating to import or export of Products, materials, or technical data relating to the Order from the government of its



country, Buyer may terminate the Order, in whole or in part, without liability to Seller.

(2) Export licenses under which technical data was exported must be renewed upon their expiration if performance under the Order extends beyond the period of validity of the license. In the event Buyer is unable to obtain such renewal, Buyer may terminate the Order, in whole or in part, without liability to Seller.

G. Seller shall include the substance of paragraphs A through F of this Export and Import Compliance clause in Seller's orders and subcontracts issued at all tiers pursuant to the Order.

H. Seller and its sub-tiers who either ship directly or package Products for shipment shall comply with all requirements of the border security programs of the destination country (e.g. Customs Trade Partnership Against Terrorism (C-TPAT), Authorized Economic Operator (AEO), Partners in Protection (PIP) or similar).

I. If Seller will ship the Products to any third countries (other than the U.S. or Seller's country) it shall comply with the export and import laws and regulations of that country to the extent the contractual terms of delivery may require it to do so.

23. CONFLICT MINERALS

Seller agrees to assist and cooperate with Buyer to comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 13(p) of the Securities Exchange Act of 1934, as amended, and related implementing rules thereunder (collectively, and as they may be amended from time to time, the "Conflict Mineral Rules") relating to the sourcing of a "conflict mineral" (as defined in the Conflict Mineral Rules), including tin, tantalum, tungsten and gold from the Democratic Republic of the Congo and adjoining countries ("DRC Countries"). Seller further agrees to assist and cooperate with Buyer to implement and further Buyer's Conflict Minerals Policy, as it may be amended from time to time. In addition to the foregoing, Seller commits to, and to cause Seller's suppliers to, have in place supply chain policies and processes: (1) to undertake a reasonable inquiry into the country of origin of conflict minerals incorporated into Products that Seller provides to Buyer and to communicate the results of such inquiry to Buyer; (2) to establish a due diligence framework approved by Buyer, to determine if conflict minerals sourced from the DRC Countries are "DRC conflict-free" as defined in the Conflict Mineral Rules; and (3) to take risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures.

24. OFFSET COMMITMENT; DUTY DRAWBACK

A. To the exclusion of all others, Buyer or its assignee shall be entitled to all industrial benefits or offset credits which might result from the Order (even if such Order is not made in direct support of a foreign sale), including, but not limited to, the value of any orders or subcontracts placed by Seller for the Order. Seller shall provide or execute any documentation or information that Buyer or its assignee may reasonably request to substantiate claims for industrial benefits or offset credits. Seller agrees to use reasonable efforts to identify the qualifying non-US content of goods which Seller either produces itself or procures from other countries for work directly related to the Order. For all suppliers and subcontractors in identified offset countries outside of the United States utilized for work under the Order, Seller shall promptly, after selection, notify Buyer of the name, address, point of contact (including telephone number), products or services procured, and the dollar value of the related orders(s) and/or subcontract(s). Seller shall require its suppliers and subcontractors, including those at all lower tiers, to maintain records of the above information. Seller shall include the substance of this paragraph, in favor of Buyer, in Seller's orders and subcontracts issued at all tiers pursuant to the Order.

B. Seller agrees to assign to Buyer any and all of Seller's U.S. Customs duty drawback rights related to the Products furnished under the Order in order for Buyer to seek duty drawback. Such duty drawback rights shall include rights developed by substitution and duty drawback rights obtained from sub-tier suppliers related to the Products. Seller agrees to inform Buyer of the existence of such duty drawback rights of which Seller becomes aware. Seller agrees to furnish upon request documents that Buyer reasonably requires, including, but not limited to, proof of importation and signed U.S. Customs Form 7552 (Certificates of Delivery), for Buyer to recover import duties related to the Products. Seller further agrees to provide such assistance to Buyer as requested in connection with the recovery of said import duties. Buyer and Seller may agree outside of this Order on division of drawback refunds actually received on duty originally paid by Seller. Buyer may employ a drawback broker who may serve as an intermediary to protect Seller's proprietary business information while facilitating Buyer's drawback claims.

25. ACCESS TO PREMISES

If the Order requires Seller's personnel to enter Buyer's or Buyer's customers' premises, Seller



agrees to comply with, and require its personnel to comply with, such rules, regulations and instructions pertaining to access and security as may be prescribed by Buyer and/or Buyer's customers from time to time.

26. PROPERTY AND TOOLING

A. "Property and Tooling" means all property and tooling (including, but not limited to, all materials, dies, jigs, tools, patterns, molds, tapes, gauges, models, equipment, fixtures, software tools and other items) whether (1) furnished or made available by Buyer or Buyer's customers or (2) specifically fabricated, acquired, or otherwise provided by Seller or its suppliers or subcontractors in support of the Products or the Order.

B. Except as otherwise specified within the Order, Buyer or Buyer's customers, as applicable, shall own and retain title to any and all Property and Tooling. Seller shall use clear marks identifying all Property and Tooling as belonging to Buyer or its customer, as applicable. Seller shall not use such Property and Tooling other than in the performance of the Order without Buyer's prior written consent, and shall handle such Property and Tooling in accordance with industry standard practices for prevention of physical damage and environmental concerns. Seller shall permit Buyer's personnel to enter Seller's premises without any restriction, to confirm that the Property and Tooling are being correctly used. Seller shall bear all risk of loss, damage, or destruction of such Property and Tooling while such Property and Tooling remains in Seller's possession, custody or control, including any transfer to Seller's suppliers or subcontractors. Seller shall maintain the Property and Tooling, and shall submit a current inventory of all Property and Tooling to Buyer upon Buyer's request. Buyer reserves the right to inspect or otherwise audit the Property and Tooling inventory. Buyer shall have a right to retrieve or require Seller to return, at any time and for any reason, any such Property or Tooling, and Seller shall comply, at Seller's expense, with Buyer's direction regarding transfer, removal, delivery, retention and/or disposal of the Property and Tooling. Seller hereby irrevocably appoints Buyer as its attorney-in-fact (which appointment is coupled with an interest) and authorizes Buyer to file a financing statement with respect to its ownership of the Property and Tooling in such jurisdictions as Buyer deems appropriate, as well as any continuation statements and amendments thereto.

27. PAYMENT FOR LABOR AND MATERIAL; WAIVER OF LIENS

A. Seller shall be responsible for the prompt payment of its suppliers, subcontractors, and other

persons who furnish goods, services, materials, equipment, supplies or other items used or to be used in the performance of the Order. Seller shall keep all property owned or controlled by Buyer or Buyer's customer(s) free and clear of all liens, claims and encumbrances arising out of or relating to the performance of the Order by Seller or its suppliers, subcontractors or other persons.

B. Seller shall indemnify, defend, and hold harmless the Buyer Indemnitees from and against any and all claims, demands, causes of action or suits, of whatever nature, and any and all laborer's, material men's, mechanic's or other liens or encumbrances upon property owned or controlled by Buyer or Buyer's customer(s), arising out of or relating to any payment or other obligation owed to any third party by Seller or its suppliers, subcontractors or other persons, or any actual or alleged breach or default of any agreement or purchase order for goods, services, materials, equipment, supplies or other items furnished or to be furnished to Seller or its suppliers, subcontractors or other persons, in connection with the Order.

C. Seller, for its suppliers, subcontractors, material men, laborers and for all other persons furnishing any goods, services, materials, equipment, supplies or other items used or to be used for any of the work, hereby waives and releases, to the fullest extent permitted by law, all right to file or maintain any mechanic's or other liens or claims for or on account of the Products and/or Services provided under the Order.

28. ASSIGNMENT

A. Seller shall not assign (by operation of law, merger or otherwise) the Order or any of its rights or obligations under the Order without Buyer's prior written consent. Any assignment by Seller without Buyer's prior written consent will be null and void, and shall constitute an "Event of Default" under the Order. For purposes of all of the foregoing, an assignment shall also be deemed to have occurred upon a Change in Control of Seller. A "Change in Control" shall mean (1) the merger, consolidation or combination of Seller with an unaffiliated entity as a result of which Seller is not the surviving entity; (2) the sale of all or substantially all of the assets of Seller to an unaffiliated entity; or (3) a change in ownership of at least fifty percent (50%) of the outstanding equity interests of Seller, excluding any transfer of such interests to any Affiliate of Seller.

B. All of the terms, agreements, covenants, representations, warranties and conditions of the Order are binding upon, and inure to the benefit of and are enforceable by, the Parties and their respective successors and permitted assigns.



29. SUBCONTRACTING

Seller shall not subcontract, and shall not permit its first-tier suppliers or subcontractors to subcontract, the whole or any aspect of any Products or Services ordered hereunder, without the prior written approval of Buyer. Any such approval shall not relieve Seller of responsibility for the performance of its suppliers or subcontractors.

30. INDEPENDENT CONTRACTOR STATUS

The relationship of Seller to Buyer shall be that of an independent contractor, and nothing contained in the Order shall be construed as creating any employer/employee, agency, partnership, or other relationship of any kind between Buyer and Seller or any of Seller's employees, subcontractors, agents, or representatives. Seller's employees, subcontractors, agents or representatives involved in the performance of the Order shall at all times be under Seller's direction and control. Seller shall be responsible for and shall pay all wages, salaries, and other amounts due such persons, and shall be responsible for all reports and obligations for such persons, including, but not limited to, Social Security and income tax withholdings, unemployment compensation, worker's compensation premiums, and equal employment opportunity reporting.

31. NOTICES

All notices required or permitted to be given under or pursuant to the Order shall be in writing and shall be deemed to have been properly delivered when sent by (i) registered, air courier, or certified mail, postage prepaid; or (ii) electronic mail (provided that such electronic delivery shall be deemed to have occurred upon the other Party's acknowledgment of receipt); addressed to the Party to whom it was sent at the address of such Party set forth on the face of the Order, or at such other address as such Party has subsequently designated to the other in writing by notice given in accordance with this section. Notice shall be deemed effective upon delivery.

32. PUBLICITY; CUSTOMER CONTACT

A. Seller shall not, without Buyer's prior written consent, make any disclosure, news release or public announcement, denial or confirmation, regarding any part of the subject matter of the Order, or in any manner advertise or publish the fact that Seller has supplied or contracted to supply to Buyer the Products and Services described in the Order. Seller shall not use Buyer's or Buyer's customers' marks, logos or names, or release photographs of any of Buyer's or Buyer's customers' facilities, products, or personnel, without Buyer's prior written consent in

each instance.

B. Seller shall not make any contact with or respond to any inquiry from actual or potential customers of Buyer or Buyer's customers on the subject of the Order, without the prior written consent of Buyer. Seller shall promptly notify Buyer of any such inquiry.

33. RETENTION OF RECORDS

Seller shall maintain complete and accurate records and documents supporting all Products and Services provided, and costs and expenses incurred, by Seller in the performance of the Order. Such records and documents shall be made available for examination, reproduction, and audit at Seller's office at all reasonable times from the date of the Order until ten (10) years after final payment or settlement under the Order, or for such longer period as may be required by Buyer's applicable quality requirements. Seller shall provide assistance to interpret such records and information, if requested by Buyer.

34. ETHICS

A. Neither Seller nor any employee, agent, or representative of Seller shall offer or provide any gifts, gratuities or other unauthorized benefits to any employee or representative of Buyer for the purpose of obtaining favorable treatment under the Order. Seller is otherwise prohibited from providing, offering, or attempting to offer kickbacks or soliciting or accepting kickbacks. Seller shall have and shall follow procedures designed to prevent and detect possible violations of the foregoing.

B. It is Buyer's policy to enter into supplier and subcontractor agreements only with companies that have a demonstrated record of and a commitment to the highest ethical standards. Seller shall conduct itself fairly, impartially and in an ethical manner, and shall adhere to a reasonable code of ethical standards. In the event that Seller has cause to believe that Buyer or any of its representatives has acted improperly or unethically in connection with an Order, then Seller shall promptly report such conduct to Buyer's Authorized Purchasing Representative.

35. DISPUTES AND GOVERNING LAW

A. Any dispute arising under or relating to the Order shall be reduced to writing and submitted to the other Party. The manager of Buyer's Authorized Purchasing Representative and Seller's equivalent manager or executive shall use their best reasonable efforts to resolve the dispute. If they are unable to resolve the dispute within thirty (30) calendar days after submission of the dispute, Buyer's senior procurement executive and Seller's equivalent level executive shall attempt to resolve the dispute.



B. For any dispute that cannot be resolved to both Parties' mutual satisfaction within sixty (60) calendar days after the initial submission of the dispute, or such other time as the Parties agree upon in writing, either Party may bring suit. Except as otherwise stated on the face of the Order or in the Company-Specific Addendum, such suit shall be brought exclusively in federal or state court in the State of Texas. Each Party irrevocably waives the defense of an inconvenient forum in connection with any such suit.

C. Notwithstanding the foregoing, any Party may immediately seek injunctive or other equitable remedies in any court of competent jurisdiction in order to prevent breaches of the Order, or to enforce specifically the terms and provisions thereof.

D. Pending final resolution of any dispute, Seller shall proceed diligently with performance of the Order.

E. Except as otherwise stated on the face of the Order or in the Company-Specific Addendum, both Parties agree that, irrespective of the place of performance of the Order, the Order will be construed and interpreted according to the law of the State of Texas, excepting that state's principles on conflicts of law.

F. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES HEREBY WAIVE THEIR RIGHTS TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING OR HEARING ON ANY MATTER WHATSOEVER ARISING UNDER, RELATING TO, OR IN ANY WAY CONNECTED WITH THE ORDER, THE RELATIONSHIP OF SELLER AND BUYER OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW NOW OR HEREAFTER IN EFFECT.

36. MISCELLANEOUS

A. Complete Agreement. Except as provided in the Proprietary Information clause, any Vendor Managed Inventory Agreement, and/or any Electronic Commerce Agreement entered into by and between the Parties, the Order is intended by the Parties as a final expression of their agreement, is the complete and exclusive statement of all terms and conditions of agreement with respect to the subject matter hereof, and supersedes and cancels all prior understandings, proposals, communications, and agreements between the Parties, whether written or oral, concerning the matters addressed in the Order.

The U.N. Convention on Contracts for the International Sale of Goods shall not apply to the Order.

B. Order of Precedence. In the event of any conflict or inconsistency between the terms of the Order or between the terms of the Order and the terms of any other document regarding the subject matter of the Order, the conflict or inconsistency shall be resolved by giving precedence in the following order:

- (1) Terms expressly stated on the face of the Order (excluding any documents incorporated by reference on the face of the Order);
- (2) Any documents expressly incorporated by reference on the face of the Order (excluding the Company-Specific Addendum and these Merritt General Purchase Order Terms and Conditions);
- (3) The Company-Specific Addendum applicable to the Order, if any (including any documents incorporated by reference or referenced therein (other than these Merritt General Purchase Order Terms and Conditions));
- (4) These Merritt General Purchase Order Terms and Conditions; and
- (5) Any other documents incorporated by reference or referenced in these Merritt General Purchase Order Terms and Conditions.

C. Remedies. The rights and remedies set forth in the Order are cumulative and in addition to any other or further rights and remedies available at law or in equity. Buyer shall be entitled to recover from Seller the costs (including reasonable attorneys' fees) incurred in enforcing the terms of the Order, and any rights or remedies that Buyer may have thereunder, at law or in equity.

D. Partial Invalidity. If any provision of the Order is held to be void or unenforceable by a court of competent jurisdiction, all other provisions of the Order shall remain valid and enforceable.

E. Non-Waiver. A Party's failure at any time to enforce any provision of the Order shall not constitute a waiver of such provision or prejudice a Party's right to enforce such provision at any subsequent time. Any waiver of any provision of the Order may only be effectuated in writing.

F. Headings. The descriptive headings contained in the Order are for convenience of reference only, and in no way define, limit or describe the scope or intent of the Order.



G. Survival. The terms and conditions of the Order regarding proprietary information, intellectual property, warranties, indemnification, and disputes, and all others that by their sense and context are

intended to survive the performance, termination or expiration of the Order shall survive and continue in effect.