

Date of Issue: Dec. 2011

1. Scope

1.1 The following Conditions of Purchase apply to orders which are issued by Diehl Aerospace, Inc. ("Purchaser") for deliveries and services ("Delivery Item"). Amendments and supplementary information regarding these Conditions of Purchase by the Supplier are conditional to the written acceptance by the Purchaser.

1.2 The Supplier's general terms and conditions of business that vary from or complete the following Conditions of Purchase are not binding, even if the Purchaser does not expressly negate such conditions. The unconditional delivery applies as recognition of the Purchaser's Conditions of Purchase – irrespective of possible former objections by and/or varying conditions of the Supplier.

2. Change in Orders

In the case of orders that have not yet been fully processed, the Purchaser shall be entitled to request amendments regarding design, delivery quantities and delivery time. In this respect, repercussions such as cost impact and change of the delivery dates shall be taken into account.

3. Prices

3.1 The agreed prices are fixed and shall include DDP (Incoterms® 2010) delivery to the place of delivery which is mentioned in the purchase order. In case of delivery outside of the continental U.S., state and local sales tax shall not be included in the price. All duties and taxes applicable to the country receiving the Delivery Item shall be the sole responsibility of the Purchaser.

3.2 The prices shall include packaging and the cost of packaging. The Supplier shall bear the additional cost for expedite shipment in case requirement for such transportation is Supplier's responsibility.

4. Invoices, terms of payment

4.1 Invoices shall be issued in duplicate. The Purchaser cannot process invoices without details of the order or detailed payment instructions. In such case the invoice will not fall due as long as the necessary corrections are not made. Payment terms shall be applicable from the date corrected invoice is received.

4.2 Payment is to be effected following delivery of Delivery Item as per agreement and receipt of the proper and verifiable invoice within 30 days less 3 % trade discount or within 60 days net. A discount may also be applicable in case of setoff or by executing a lien.

5. Delivery date, default

5.1 The agreed delivery deadlines and dates are binding.

5.2 If the Supplier becomes aware that it cannot comply with the delivery deadlines and dates, it is the Supplier's responsibility to inform the Purchaser of this situation without delay and in writing, stating the reasons and the probable duration of the delay. This shall not affect the Supplier's responsibility to execute the contract in good time.

5.3 In case of delay in the delivery of the Delivery Item, either wholly or in part, a penalty in the amount of one per cent (1%) for each calendar week of delay starting on the first Monday following the promised delivery date shall apply up to maximum of five per cent (5%) of the price of the outstanding part of the Delivery Item. The Purchaser's right to claim penalty shall remain in force even if it is not reserved upon acceptance of the Delivery Item. This shall not impair the right of the Purchaser for additional claims.

6. Shipping Documents, Partial or Excess Deliveries

6.1 The Supplier's shipping documents shall contain the Purchase Order number, quantity and relevant quality documents as requested and shall be included with each Delivery Item. If applicable, Material Safety Data Sheet shall be provided.

7. Export control

As far as the Delivery Item is subject to export controls, the Supplier shall submit in good time prior to the delivery the required written declarations and authorizations regarding the Delivery Item as per the Export Administration Regulations (EAR), regulated by the Department of Commerce's Bureau of Industry and Security (BIS). The Purchaser shall be informed of a change of origin without delay and without request.

8. Passing of ownership

Transfer of ownership of the Delivery Item shall take place upon receipt of the Delivery Item at the designated place of delivery.

9. Quality

The general quality requirements listed in the Quality Management System (QMS) of the Purchaser (Certificate #C2009-0357) in accordance with ISO 9001:2008/AS9100:2009 Rev. C shall be complied with.

10. Claim, Liability for faults (Warranty)

10.1 The Purchaser shall inform the Supplier within 2 weeks in writing of any defects regarding the Delivery Item. Payment prior to the detection of defects does not constitute an acceptance of the Delivery Item and that the Delivery Item was free from defects.

10.2 The Supplier guarantees that the Delivery Item is free of defects in regard to design, manufacture and material and that the prescribed specification and characteristics were adhered to.

10.3 Warranty claims by the Purchaser shall be limited to a period of 30 months calculated from delivery date of the Delivery Item, unless longer periods are prescribed by law or agreement. Claim processing time shall not accumulate against the warranty period and any additional claims at a later date shall not be affected either.

10.4 If a defect is identified upon the receipt of Delivery Item, the Purchaser shall be entitled to assert warranty claims regarding the entire delivery. The same applies to cases in which a defect is identified in the course of further processing.

10.5 Reworked parts shall be packed separately from newly manufactured parts, and identified on the delivery note. Such parts shall be marked "reworked" on the delivery note and the packaging. The Purchaser's audit report no., order no. and Purchase Order shall be mentioned on the delivery note.

11. Third Party Rights

If the Supplier breaches the rights of a third party for reasons within Supplier's responsibility, Supplier shall indemnify and hold harmless the Purchaser against claims by the concerned third party.

12. Purchaser Furnished Equipment

12.1 Purchaser reserves the right to keep ownership for material that Purchaser may supply to the Supplier.

12.2 Material such as drawings, models, samples, tools and gauges which the Purchaser provides to the Supplier shall be marked as Purchaser's property and may neither be sold to third parties, pledged or otherwise forwarded nor in any way used for third parties without prior written approval from the Purchaser.

12.3 Material which is supplied by the Purchaser shall be returned upon request at the Supplier's costs and risk after termination. The Supplier waives asserting rights of retention.

12.4 If the Purchaser bears the costs of tooling, a separate standalone agreement shall be concluded.

12.5 Processing or transformation of supplied material does not affect the Purchaser's property rights. If supplied material is inseparably combined with tools that do not belong to the Purchaser, Purchaser shall obtain co-ownership of the new item in proportion of the value of the supplied material (purchase price plus taxes) to the other combined items at the time of combination.

12.6 The Supplier shall subscribe new-for-old insurance for the tools owned by the Purchaser at Supplier's own expense with coverage against damage by fire, water and theft. The Supplier shall maintain and repair supplied material at Supplier's own expense. All storage, use and maintenance of supplied material shall be at Supplier's expense.

13. Environmental Protection and Safety

13.1 The Supplier shall observe statutory regulations on environmental, occupational health, and safety. The Purchaser is entitled to review adherence to this regulation via an appropriate audit.

13.2 The Supplier shall take care that the detrimental effects on the environment are kept to a minimum during design and manufacture of the Delivery Item as well as subsequent use and disposal (life-cycle management).

14. Confidentiality and Advertising

14.1 The Supplier shall keep confidential commercial and technical information and documents that are not accessible to the public or general public knowledge and of which Supplier gains knowledge during the business relationship. This obligation shall also remain in force following the expiry or termination of the contract as long as justified interest exists. Furthermore Supplier undertakes to use such information/documents solely to perform the ordered Delivery Item. Supplier' subcontractors are subject to the obligation of confidentiality accordingly.

14.2 The obligation to maintain confidentiality pursuant to subsection 14.1 also applies to all diagrams, drawings, calculations and other documents and information received from the Purchaser. These may only be disclosed to third parties with explicit written consent by the Purchaser in advance.

14.3 The Supplier may only state the Purchaser's name for advertising purposes, references or as part of other publications only after prior approval in writing by the Purchaser.

15. General

15.1 Orders and deliveries shall be governed by the laws of the United States without regard to the choice or conflicts of law provisions and of the UN Convention on Contracts for the International Sale of Goods dated 11.04.1980 (CISG).

15.2 The Supplier authorizes the Purchaser to use Supplier data as well as personal data as far as permissible under federal privacy laws and The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (Public Law 107-56), usually referenced by its short name, USA Patriot Act and as far as necessary to fulfill the contract, and to forward these to the departments in the Group dealing with the execution of the contractual relationship and to third parties for data processing and storage.

15.3 In the event that a provision of the contract or these Conditions of Purchase is or becomes invalid this shall not affect the validity of the contract in other respects. The contracting parties undertake to replace the invalid provision with a largely equivalent regulation and also to fill in deficiencies.

15.4 The place of delivery is deemed to be the place of jurisdiction. The Purchaser is also entitled to bring an action before a court with jurisdiction for the Supplier's principal place of business or branch.