

TERMS and CONDITIONS

01. GENERAL: Every purchase order issued by Advanced Machining Technologies (AMT LLC) includes any purchasing documentation incorporated herein by reference contains the entire agreement between the parties. Terms and conditions set forth by this document are the only terms and conditions applicable hereto. Any attempt by Supplier (Seller) to supplement, modify, alter, revoke or amend these terms and conditions or any part of the purchase order shall not be effective unless specifically agreed to by AMT LLC in writing.

02. WARRANTY of MATERIAL: Supplier warrants to AMT LLC customers that all articles specified herein shall be free from material and workmanship defects and shall conform to the requirements of the purchase order. They shall be received subject to inspection and applicable tests. Rejected articles will be returned at Supplier's expense and adjustment made either by credit or replacement at Advanced Machining Tech's discretion.

03. CHANGES: AMT LLC shall have the right to make changes subject to an equitable adjustment of the price. No modification of original purchase order shall be binding unless made by AMT LLC in writing.

04. DELIVERIES: Time and quantities expressly make the essence of the purchase order. Thus, AMT LLC reserves the right to terminate it as to any or all articles if shipment is not made as required. Supplier shall not be liable for delays due to causes beyond Supplier's control and without Supplier's fault.

05. FURNISHED MATERIALS and INFORMATION: All designs, tools, patterns, drawings or other information or materials supplied by AMT LLC to Supplier for use in manufacturing of the articles contracted for herein shall remain property of AMT LLC and shall not be used in the manufacture, production or design of the articles for any other purchaser, nor for the manufacture or production of larger quantities than those specified. Supplier shall not disclose nor make available any such information or materials to any other party except with the expressed consent in writing from AMT LLC. At the termination of the purchase order such information or materials shall be disposed of as AMT LLC shall direct.

06. WARRANTY of INTELLECTUAL PROPERTY: By acceptance and in consideration of AMT's purchase order Supplier warrants that the sale or use of any or all articles or materials delivered hereunder will not infringe any intellectual property rights, that Supplier will at his own expense defend any action, suit or claim in which such an infringement is alleged, and that Supplier will save AMT LLC and Advanced Machining Tech's from any loss damage or liability of any nature arising from any claim of such infringement.

07. PRICE: Price to be paid for the articles covered by the purchase order shall in no event exceed applicable maximum price, if any, established by the Government regulation, and any provision or condition of the purchase order which is in violation of any such regulation shall be of no effect.

08. COMPLIANCE with LAWS: In the performance of the work hereunder Supplier shall comply at all times with all applicable State Federal and Local laws, rules and regulations. In accepting the purchase order Supplier shall be deemed to represent that all articles will be or were purchased in compliance with all applicable requirements of sections 6, 7 and 12 of the Fair Labor Standards Act as amended, and of regulations of the United States Department of Labor issued under section 14 thereof. Supplier shall insert a certificate on all invoices submitted in connection with the purchase order stating compliance with the above Fair Labor Standards Act of 1938 as amended. Supplier should promote ethical behavior within organization.

09. LABOR DISPUTES: Whenever an actual or potential labor dispute is delaying or threatening to delay performance of the purchase order (issued by AMT LLC) Supplier will immediately give notice thereof to AMT LLC. Such notice shall include all relevant information with respect to such dispute including what steps are being taken to assure timely performance.

10. GOVERNMENT CONTRACTS: If the purchase order is a Government subcontract, any applicable provisions of the Federal Statutes and Regulations as are mandatory under AMT LLC contract shall be incorporated herein and become a part of discussed purchase order.

11. TERMINATION: AMT LLC may terminate the purchase order in whole or in part at any time by notice in writing. Upon receipt of such notice or at the time specified therein, if any, Supplier shall incur no further costs of performance and shall terminate all orders and subcontracts given. Supplier will then deliver, and AMT LLC will accept and pay at the purchase order price for all articles completed and ready for delivery in the final form and according to specifications. As to uncompleted articles, if the articles are for use by AMT LLC in fulfilling a contract that is subject to termination, settlement shall be made on the basis of and by analogy to the procedures provided by AMT LLC contract. Otherwise, settlement shall be made on the basis of and by analogy to the Government termination procedures. If a dispute shall arise as to any sum claimed by Supplier it shall be determined from an audit of the Supplier's books by certified public Accountant chosen by Supplier and acceptable to AMT LLC.

12. ASSIGNMENT: The purchase order shall not be assigned by Supplier without consent in writing from AMT LLC.

13. INSPECTION: (A) All articles in the purchase order shall be subject to inspection by AMT LLC before and after delivery. AMT LLC may require Supplier to replace rejected articles or may accept any articles that conform to Supplier's warranties and upon discovery of the non-conforming articles may reject or keep and rework any such articles. Cost of rework, inspection, transportation, repacking and re-inspection by AMT LLC shall be at Supplier's expense. **(B)** All materials and articles to be used in performance of the United States Government contracts may be inspected and tested at all reasonable times and places, either before, during or after manufacture, by AMT LLC or by Government agency concerned at AMT LLC discretion. **(C)** If inspection and test are made on the premises of Supplier or Supplier's subcontractor, Supplier shall furnish without additional charge all reasonable facilities and assistance for the safe and convenient inspection and tests. The foregoing provisions of this Article are supplementary to and not in lieu of the provisions of **(A)** above. **(D)** Inspection or failure to inspect by AMT LLC does not relieve Supplier of liability to perform according to the terms of the purchase order.

14. GOVERNMENT SOURCE INSPECTION: If Supplier is informed that Government Source Inspection is required prior to shipment from Supplier's premises, Supplier must promptly (not later than 48 hours) notify and furnish a copy of the order to the Government representative who normally services Supplier's facilities so that appropriate planning can be accomplished. If a Government representative does not service Supplier's plant, Supplier must contact the nearest Army, Air Force, Navy or Defense Supply Agency inspection office. In the event the representative or office cannot be located, AMT LLC purchasing agent should be notified immediately.

15. PHYSICAL AND CHEMICAL ANALYSIS: When required, materials and articles shipped against discussed purchase order may need copies of the chemical and physical test results showing actual readings taken and conformance to applicable specifications. These documents must be identifiable to the items they represent and shall be included with each shipment.

16. AGE CONTROLS of PERISHABLE ITEMS: When required, materials and articles delivered under the purchase order shall contain: **(A)** date of manufacture, **(B)** expiration date, **(C)** batch or lot number. The remaining shelf life shall not be less than 80% of the total shelf life at the time of delivery. In addition, materials and articles purchased under this provision shall include a copy of manufacturer's technical bulletin describing use and precautions if applicable.

17. NON-CONFORMITIES: Supplier must notify AMT LLC of the non-conforming articles and need to obtain approval from AMT to be able to ship product.

18. CHANGES to PRODUCT and/or PROCESS: Supplier must notify AMT LLC of changes in material and/or process definition and where required obtain AMT LLC approval.

19. RIGHT OF ACCESS: Supplier must grant right of access by AMT LLC, AMT's customers and regulatory authorities to all facilities involved in the purchase order and to all applicable records.

20. FLOWDOWN REQUIREMENTS: Where required Supplier must flow down to the sub-tier suppliers applicable requirements in the purchasing documentation including key characteristics as well as qualification of personnel that are used in the realization of materials being purchased.

21. RECORDS RETENTION: Supplier shall retain records specified by AMT LLC's Purchasing Documentation for ten (10) years.

22. CERTIFICATE of COMPLIANCE: Supplier shall furnish a "Certificate of Compliance" with each shipment that assures full conformity with the quality assurance requirements, pertinent drawings and specifications and that inspection records and applicable test reports are on file at Supplier's or manufacturer's facility and are available for AMT LLC and Government agency review. This certificate shall be validated by authorized representative of Supplier's quality department.

23. PRODUCT SAFETY: Supplier must maintain product safety on all parts/products outsourced from AMT LLC for processing.