

 <p>PROPRIETARY NOTICE</p> <p>This material contains proprietary information. Any disclosure without prior, written permission from Universal Avionics Systems Corporation is strictly prohibited.</p>	<p>STANDARD OPERATING PROCEDURE</p> <p>PURCHASE ORDER TERMS AND CONDITIONS</p> <p>SOP-MMD-08.11 REV 03</p>	<p>APPROVALS PROCESS OWNER</p> <p>BILL MOSSURG</p> <hr/> <p>QUALITY REPRESENTATIVE</p> <p>DARREN EVANS</p>
---	---	--

1. PURPOSE AND SCOPE

The purpose of this procedure is to establish the Terms and Conditions for purchase orders issued by Universal Avionics Systems Corporation (UA) Manufacturing Division.

This procedure describes the terms and conditions between Universal Avionics Systems Corporation and the vendors who are issued purchase orders

2. RESPONSIBILITY

- It shall be the responsibility of Purchasing Personnel to understand and apply the terms and conditions set forth in this document.

3. DEFINITIONS

- UASC-MFG Universal Avionics Systems Corp., Tucson AZ Manufacturing Division.
- P.O. Purchase Order.

4. PROCEDURE

4.1. Applicable Terms and Definitions

These terms and conditions are an integral part of this order. As used herein below, the following terms have the indicated meanings:

4.1.1. "Seller" shall mean the recipient of the Purchase Order

4.1.2. "Buyer" shall mean Universal Avionics Systems Corporation

4.1.3. "Order" shall mean the Universal Avionics Systems Corporation Purchase Order Number

4.1.4. "FAA" shall mean the Federal Aviation Administration

4.2. Packing and Shipping

- 4.2.1. All material shall be suitably packed, marked and shipped as designated by Buyer in accordance with the requirements of common carriers in a manner to secure lowest transportation cost, and no additional charge shall be made to Buyer therefore unless otherwise stated herein.
- 4.2.2. F.O.B. point and cash discount terms must be shown on all invoices.
- 4.2.3. Transportation must be prepaid on all shipments to which delivered price applies.
- 4.2.4. Charges for prepaid transportation must be substantiated by attaching the original transportation bill to the invoice, receipted by the carrier.
- 4.2.5. This order may not be filled at prices higher than those last charged or quoted for the same material without notification and acceptance by Buyer of the advanced prices.
- 4.2.6. No charges for packing, packaging, or drayage will be accepted except by express agreement to such charges.
- 4.2.7. Drafts against Buyer will not be honored, nor C.O.D. shipments accepted, except by express agreement to that effect.
- 4.2.8. Shipments for which Buyer is responsible for transportation charges must be properly described on the bill of lading to obtain the lowest applicable charge. The lowest valuation available must be declared when the carrier offers released valuation rates.

4.3. Contract

This order becomes a binding contract on the terms set forth herein when accepted by Seller by (1) giving Buyer a formal written acknowledgement hereof, or (2) the commencement by Seller of any of the work called for by this order, and Seller shall give notice of acceptance with a reasonable time after commencement of work. Acceptance of this offer is expressly limited to the terms of this order and any additional terms contained in Seller's acknowledgement of the order, and any alterations in this order, shall have no force or effect and that Seller by such acceptance thereby agrees that any such provisions therein or any such alterations in this order shall not constitute any part of the contract resulting from Seller's acceptance of this order. This order is non-assignable by Seller. If any term or provision of this order or the application thereof shall, to any extent, be invalid or unenforceable, the remainder of this order, or the application of such term or provision to persons or circumstances other than those as to which is held invalid or unenforceable, shall not be affected thereby and each term and provision of this order shall be valid and be enforced to the fullest extent permitted by law.

4.4. Delivery Schedules

Time is of the essence on this order and deliveries are to be made in quantities and at times specified in schedules furnished by Buyer. Buyer will have no liability for payment for material or items delivered to Buyer which are in excess of quantities specified in the delivery schedules. Buyer may from time to time change deliver schedules or direct temporary suspension of scheduled shipments. Acceptance by Buyer of late delivery of either the whole or part of the order shall not constitute a waiver of any claim for damages which Buyer may have arising from and out of such late delivery. Goods shipped to Buyer in advance of delivery schedule, without express written consent of Buyer, may be returned to Seller at Seller's expense.

4.5. Excusable Delays

Strikes, fires, accidents or other causes beyond the reasonable control of Buyer which affect its ability to receive and use the material ordered hereunder shall constitute valid grounds for suspension of shipment under this order upon notification to Seller by facsimile or letter, and any such suspension of shipment shall be without penalty or cost to Buyer. Except for delays of Seller's subcontractors, Sellers shall not be liable for damages to Buyer or its customers for delays or defaults in deliveries due to unforeseeable contingencies beyond Seller's control and without Seller's fault or negligence. Seller's delays or defaults in deliveries shall be grounds for cancellation of this order regardless of the cause thereof. Seller shall within five (5) days of the occurrence thereof notify Buyer in writing of the occurrence of any cause which will give rise to a delay in delivery. Failure to give such notice shall render Seller liable for all damages, including incidental and consequential damages to Buyer and its customer occasioned by delay in the delivery of the material covered by this order.

4.6. Warranty

Seller expressly warrants that all the material and work covered by this order will conform to the specifications, drawings, samples, or other description furnished or specified by the Buyer, and will be merchantable of good material and workmanship and free from defects. Seller expressly warrants that all material covered by this order which is the product of Seller, or is in accordance with Seller's specifications, will be fit and sufficient for the purposes intended, will be free from defects in design, and will be merchantable.

4.7. Extension of Warranty

Any right, cause of action or remedy under the terms and conditions hereof, including Warranty and Patent Indemnity, assumed by or imposed upon Seller, shall extend without exception to any company (1) affiliated with Buyer, or (2) upon whose behalf this order is issued by Buyer, and shall also extend to the customers of Buyer.

4.8. Quality Control

By accepting this Order, Seller agrees that they will establish and maintain a quality system as defined in UA document SOP-QA-08.13, Supplier Quality Requirements.

4.9. Changes

Buyer reserves the right at any time to make changes in 1) drawings and specifications, 2) methods of shipment and packaging, 3) schedules, 4) quantities, 5) the place of delivery, as to any material or work covered by this order. Any difference in price or time of performance resulting from such changes shall be equitably adjusted and the contract shall be modified in writing accordingly, but any claim by Seller for any adjustment must be made within thirty (30) days of the receipt of such changes.

4.10. Obsolescence

Supplier shall advise UASC in writing no less than twelve (12) months prior to a Product potentially being rendered obsolete ("Obsolete Product"). Six (6) months prior to the end of production of the Obsolete Product, Supplier shall provide UA with a replacement Product for the Obsolete Product which has design parameters and specifications documentation fully consistent with the Obsolete Product's then current design parameters including but not limited to meeting the form, fit and function of the Obsolete Product. At UA's request and expense, Supplier shall also make a final production run of sufficient quantity, as determined by UA, of the Obsolete Product to satisfy UA's lifetime buy requirements under Section 12 below). Any changes to the form, fit or function of Product shall be subject to engineering change orders as set forth in Section 14 below. Supplier shall provide test data and on-site engineering assistance as requested by UA to help qualify new, substitute or alternate Products.

4.11. Lifetime Buys

Where Supplier intends to cease offering for sale any particular Product after the end of the Continued Supply requirements, or where Supplier has substituted Products or Parts pursuant to the "Obsolescence" Section above, then Supplier shall notify UA at least one (1) year in advance of the planned obsolescence date and shall afford UA a final opportunity to place (and Supplier shall promptly fill) a final purchase order to purchase such Products in such volumes as UA may require and UA take delivery of within 12-months of order.

4.12. Remedies

The remedies herein reserved shall be cumulative, and additional to any other or further remedies provided in law or equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach, or of such provision.

4.13. Patent Indemnity

By accepting this Order, Seller guarantees that the material hereby ordered and the sale or use of it will not infringe any United States or foreign Letters of Patent, and Seller agrees to indemnify, defend, protect and save harmless Buyer, its successors, assigns, customers, and users of its products, from all damages, costs, and expenses, including attorney's fees, arising from a claim for actual or alleged infringement of any Patent by reason of the manufacturing, use of sale of the material hereby ordered, and Seller agrees at its own expense to undertake the defense of any suit against Buyer brought upon such claim or claims.

4.14. Indemnification, Insurance

In the event Seller, its employees, agents or subcontractors enter premises occupied by or under the control of Buyer or its customers in the performance of this order, Seller will indemnify and hold harmless Buyers, its customers and their officers and employees from any loss, cost, damage, expense or liability by reason of property damage or personal injury of whatsoever nature or kind, occasioned in whole or in part by the actions or omissions of Seller, its employees agents, or subcontractors, and Seller agrees that it and its subcontractors will maintain public liability and property damage insurance in reasonable amounts covering the obligations set forth above and will maintain proper workmen's compensation insurance covering all employees performing this order. Seller shall provide written evidence of such insurance upon request of Buyer. While on the premises of Buyer, Seller and its employees shall comply with all statutory and governmental safety and health regulations, and with the safety, health and plant, regulations of Buyer.

4.15. Advertising

Seller shall not, without first obtaining the written consent of Buyer, in any manner, advertise or publish the fact that Seller has contracted to furnish Buyer the material herein ordered, and for failure to observe this provision, Buyer shall have the right to terminate the contract resulting from the acceptance of this order without any obligation to accept deliveries after the date of termination or make further payments except for completed material delivered prior to termination.

4.16. Insolvency

This contract may be terminated by Buyer by giving written notice to Seller, in the event Buyer has a reasonable basis for concluding that Seller's financial condition is such that Seller is at or near insolvency, and Seller, within ten (10) days after receipt of such notice, does not provide acceptable information upon which it is reasonable to conclude that Seller is not at or near insolvency and will be able to perform its obligations under this contract.

4.17. Compliance with Laws

Seller guarantees that all equipment, work and other items supplied by Seller pursuant to this order will comply with all applicable federal, state, and local laws, ordinances and regulation. Unless otherwise expressly set forth herein, the laws of the state from which this order issues as shown by the address of Buyer shall apply to and govern the interpretation, performance and enforcement of this order. Seller further guarantees that all equipment furnished by Seller in performance of this order will comply fully with the Occupational Safety and Health Act of 1970 (84 U.S. Stat. 1950), as amended, and state plans approved under such Act, and the regulations hereunder, to the extent applicable to such equipment, and Seller shall indemnify Buyer and its customer, if any, from and against any and all claims, loss, or liability arising from failure of such equipment to comply therewith. Seller agrees, in connection with the production of the material specified herein and services performed hereunder, to comply therewith. Seller agrees, in connection with the production of the material specified herein and services performed hereunder, to comply with all applicable local, state, and federal laws, regulations, rulings and executive orders issued pursuant thereto, and agrees to indemnify Buyer against any loss, cost, liability, or damage by reason of Seller's violation of this paragraph. Without limiting the generality of the foregoing, Seller agrees to comply with the applicable provisions of the following laws and any regulations, ruling or executive orders hereunder (or any amendments thereof, successors thereto, or other similar laws and regulations); any and all of which provisions are incorporated herein by reference. Applicable laws, regulations, ruling and executing orders include, but are not limited to the following:

- a) The Wage Hour Act (40 U.S.C. 324-326).
- b) The Fair Labor Standards Act (29 U.S.C. 209-219).
- c) The Federal Occupational Safety and Health Act (Pub. L. 91-596).
- d) The provisions of Section 202 of Executive Order 11246 and rules and regulations issued pursuant to Section 201 therein are hereby incorporated by reference and the Seller represents, by acceptance of this purchase order, that Seller will comply with such Executive Order and rules and regulations and amendments thereto, to the extent the same are applicable to the manufacture and/or sale of goods purchased hereunder; or the contracting and/or subcontracting of services or work hereunder.
- e) The Vietnam Era Veterans Readjustment Assistance Act of 1974 (Pub. L. 93-508, as it amends 38 U.S.C. 2012).
- f) The Rehabilitation Act of 1973 (Pub. L. 93-112 as amended by Pub. L. 93-516).
- g) The Walsh-Healy Public Contracts Act as amended (41 U.S.C. 35-45).

4.18. Independent Contractor

Seller agrees that the relationship established by this order constitutes him an independent contractor, and that no tax, assessment or legal liability of Seller, or of Seller's agents or employees, becomes, by reason of this order, an obligation to the Buyer.

4.19. Buyer's Design and Property

Seller shall keep confidential the features of any equipment, tools, gauges, patterns, designs, drawings, engineered data or other technical or proprietary information furnished by Buyer and will use such items only in the production of material covered by this order or other orders from Buyer. In no event shall Seller use data designs, or information supplied by or on behalf of Buyer for manufacture of Buyer's products or cause others to do so without the express written consent of Buyer. Upon completion or termination of this order, Seller shall return all such items and copies thereof made by Seller to Buyer or make such other disposition thereof as may be directed or approved by Buyer. Any material furnished by Buyer on other than a charge basis in connection with this order shall be deemed to be held by Seller on consignment. Seller agrees to pay for any such material damaged, destroyed or not satisfactorily accounted for. Buyer will specify acceptable scrap allowances, of any, and any amount in excess of this will be paid for Seller at Buyer's cost. All tools, gauges, patterns, dies, and other equipment furnished to Seller by Buyer shall remain the property of Buyer. Such property shall be plainly identified by Seller as "Property of Universal Avionics Systems Corporation" and shall be safely stored and not used except in filling Buyer's orders. Such property, while in Seller's possession, shall be maintained in good condition at Seller's expense and shall be kept insured at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer. Buyer's property may be removed at any time.

4.20. Patent Rights

Where payment is made for experimental, developmental or research work to be performed or actually performed under this order, Seller agrees promptly to disclose to Buyer and, on request, to assign to Buyer without additional compensation full and complete title to each improvement and invention conceived or reduced to practice hereunder, free and clear of any encumbrances or restrictions, and for this purpose Seller will procure the execution of all documents necessary to vest full title to such improvements and inventions in Buyer and, where Buyer decides to file foreign or domestic patent applications on such inventions, Seller will procure the execution of all oaths, declarations and other documents necessary or required to file such patent applications and vest full title therein in Buyer.

4.21. Termination Clause

- a) Buyer may terminate work under this order in whole or in part at any time by written or facsimile notice to Seller. Such notice shall state the extent and effective date of such termination, and upon receipt thereof Seller will, as and to the extent directed by Buyer, stop work under this order and the placement of

further orders or subcontracts hereunder, terminate work under orders and subcontracts outstanding hereunder, and take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest.

- b) If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to Seller for such termination, Buyer, in addition to making prompt payment of amounts due for material delivered or services rendered prior to the effective date of termination, will pay to Seller the following amounts without duplication:
 - 1) The contract price for all material or services which have been completed in accordance with this order and not previously paid for.
 - 2) The documented actual costs incurred by Seller which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this order, including the cost of discharging liabilities which are so allocable and apportionable.
 - 3) The reasonable costs of Seller in making settlement hereunder and in protecting the property in which Buyer has or may acquire an interest. Payments made under this sub-paragraph (3) shall not exceed the aggregate price specified in this order, less payments otherwise made or to be made.
- c) With consent of Buyer, Seller may retain, at an agreed price, or sell, at an approved price, any completed articles, or any articles, material, work in process or other things, the cost of which is allocable or apportionable to this order under sub-paragraph (b) (2) above, and will credit or pay the amounts so agreed or received as Buyer directs. As directed by Buyer, Seller will Transfer title to and make delivery of any such articles, and material or work.

4.22. Cancellation

Buyer reserves the right to cancel all or any part of the undelivered portion of this order if seller does not make deliveries as specified in the schedules as promised, or if Seller breaches any of the terms hereof, including the warranties of Seller, said rights to cancellation to be exercised by Buyer without penalty.

4.23. Facility or Organizational Changes

Supplier shall notify UA Purchasing Department immediately of changes to facility location, company name, or senior management.

This contract represents the complete and exclusive final agreement of the parties hereto with respect to the subject matter of this contract and supersedes any prior or contemporaneous oral, written, or implied agreements with respect thereto. This contract may not be modified except by a writing signed by all the parties hereto. No modification will be affected by any contract term or condition set forth in any of Buyer's orders, documents, or correspondence.

4.24. Equal Employment Opportunity

UA is dedicated to providing and promoting equal employment opportunities without regard to race, color, religion, gender, ancestry, sexual orientation, age, disability or veteran status in accordance with applicable federal, state, and local laws.

5. ASSOCIATED DOCUMENTS

Document Type	Document Number	Title
Standard Operating Procedure	SOP-QA-08.13	Supplier Quality Requirements

6. REVISION HISTORY

Date	Revision	Changes
01/26/11	02	Added section 4.22: EEO statement. Deleted quality requirements section and referred to SOP-QA-08.13.
11/07/19	03	Added section on Obsolescence and Life Time buys.