



("Buyer")

California Amforge Corporation

750 North Vernon Avenue

Azusa, CA 91702

TELEPHONE (626) 334-4931 – FAX (626) 664-1351

CONDITIONS OF PURCHASE

1. **ACKNOWLEDGEMENT:** Supplier shall acknowledge this order promptly (within 7 days of receipt of order), advising shipment will be made as specified.
2. **BILLS OF LADING:** On day of shipment, Supplier shall forward (electronically and by mail) original Bill of Lading to consignee.
3. **NOTICE OF SHIPMENT:** Supplier shall forward (electronically and by mail) Notice of Shipment promptly to consignee. Any demurrage caused by Supplier's delay in forwarding such notice will be at Supplier's expense.
4. **FREIGHT CHARGES:** Freight Charges are to be prepaid on all materials purchased F.O.B. Destination.
5. **INVOICES:** Supplier shall forward (electronically and by mail) invoices on the same day shipment is made; a separate invoice shall be rendered for each shipment.
6. **EXTRA CHARGES:** No charges of any kind, including charges for boxes or cartage will be allowed unless specifically agreed to by Buyer in writing. Price is to cover net weight of material, unless otherwise agreed.
7. **DELAYS OR FAILURE IN DELIVERY:** Time is of the essence for this order and should Supplier fail to comply with Buyer's delivery schedule or otherwise commit substantial breach of its obligations hereunder, so that Buyer must purchase product/material from an alternate source, Supplier will assume any additional cost that may result from such action. In such case, Buyer may terminate the order without liability or charges of any kind.
8. **WARRANTY & REJECTIONS:** Supplier expressly warrants that all products and/or services to be provided to Buyer pursuant to this purchase order (hereinafter the "Deliverables") will conform to all the specifications, drawings and other requirements furnished by Buyer; and will be merchantable, be of satisfactory quality, be of good material and workmanship and be free from defects. In the event Supplier ships any Deliverables which are not compliant with such requirements, in addition to any other rights which Buyer may have under warranties or otherwise, unless Buyer expressly agrees in writing to accept such Deliverables, Buyer may reject and return such goods at Supplier's expense, and Buyer may elect (i) to cancel the order, or (ii) to require that Supplier shall replace any defective Deliverables (including all materials used therein and labor to install or incorporate said materials), at Supplier's sole cost and expense. Supplier further warrants that it has good title to the Deliverables, including any raw material and components thereof, and that the Deliverables will be free and clear of all liens and security interests and all other encumbrances.
9. **BUYER'S PROPERTY:** Unless otherwise agreed in writing, all tools, equipment or material of every description furnished to Supplier by Buyer or specifically paid for by Buyer, and any replacement thereof, or any materials affixed or attached thereto, shall be and remain the personal property of Buyer. Such property (and wherever practical each individual item thereof), shall be plainly marked or otherwise adequately identified by Supplier as "Property of California Amforge Corporation" and shall be safely stored separate and apart from Supplier's property. Supplier shall not substitute any property for

Buyer's property and shall not use such property except in filling Buyer's orders. Such property while in Supplier's custody or control shall be held at Supplier's risk, shall be kept insured by Supplier at Supplier's expense in an amount equal to the replacement cost with loss payable to Buyer; and shall be subject to return at Buyer's written request, in which event Supplier shall prepare such property for shipment and shall redeliver to Buyer in the same condition as originally received by Supplier, reasonable wear and tear accepted.

10. **NON-ASSIGNMENT:** Any attempted assignment by Supplier of this order or any interest herein or any payment due or to become due hereunder, without the written consent of the Buyer, shall be void.
11. **SET-OFF:** Buyer shall be entitled at all times to set-off any amount owing at any time from Supplier to Buyer or any of its affiliated companies against any amount payable at any time by Buyer in connection with this order.
12. **COMPLIANCE WITH LAWS:** Supplier shall comply with all applicable State, Federal, and local laws, rules and regulations. The parties also acknowledge that the Deliverables and/or any information provided or received pursuant to this order ("Information") may be subject to United States export control laws and regulations, (including the United States Department of State International Traffic in Arms Regulations ["ITAR"] and the United States Department of Commerce Export Administration Regulations ["EAR"]); and Supplier will strictly comply with all applicable requirements under such laws and regulations concerning any information, parts or materials provided to or received by it in relation to this order or otherwise related to the Deliverables Agreement or an order. Supplier warrants and undertakes it will not use or permit the use of, export or transfer (by electronic or other means), any information or Deliverables which are subject to export control laws and regulations without fully complying with such laws and regulations (including all codes of conduct) relevant to export license(s), export authorization(s), guidelines, notices and instructions and all related requests and requirements of Buyer. Supplier warrants and represents that it has, at the time of order acknowledgement, and prior to the shipment of the Deliverables, disclosed any and all restrictions which may apply to the onward movement of the relevant Deliverables, and will ensure that at all times it has and maintains all licenses and permissions required to enable export and onward movement of all information and

Deliverables so as to meet its obligations under this order. Upon Buyer's request, Supplier shall notify Buyer of the Harmonized Traffic Systems Classification Numbers and the Export Control Classification Numbers ("ECCN") for the Deliverables, as well as the ECCN's for any components thereof (if different from the associated Deliverable(s))

13. **FAIR LABOR STANDARDS ACT:** In accepting this order, Supplier shall be deemed to represent that the Deliverables to be furnished hereunder were or will be produced in compliance with the requirement of the Fair Labor Standards Act of 1938, as amended; and unless otherwise agreed to in writing, Supplier shall insert a certificate on all invoices submitted in connection with this order stating that the goods covered by invoice were produced in compliance with the requirement of the Fair Standards Act of 1938, as amended.
14. **PATENTS AND INTELLECTUAL PROPERTY:** Supplier shall defend and save harmless Buyer and its affiliated companies, their successors, assigns, customers and users of their products (hereinafter collectively "Protected Persons"), from all damages, claims, demands, actions or suits based upon actual or alleged infringement of any United States or foreign patent, trademark, or copyright covering or purporting to cover the acquisition, use, consumption, or resale of any of the Deliverables. Furthermore, if any allegation is made or any claim asserted against Buyer, or any person claiming title from or through Buyer or any Protected Persons, that the receipt or any use or sale of the Deliverables constitutes a violation or infringement of any Intellectual Property (as hereinafter defined), including any patent, registered design or other proprietary right, held by a third party; Supplier will indemnify and hold harmless Buyer and all Protected Persons for and against any loss or damage (including, without limitation, all costs, expenses and attorneys' fees) arising directly or indirectly out of such allegation or claim howsoever caused, unless the allegation or claim is the result of Supplier following a design or process expressly required by Buyer. "Intellectual Property" is defined to include any and all inventions whether or not patentable, utility models, trademarks, component designs or manufacturing processes and any improvements or enhancements thereto, copyrights, database rights, trade secrets and

know-how, in each case whether registered or unregistered, and also including identified technical and non-technical or business related information such as specifications, computer programs, drawing or blueprints, and contract details such as terms and conditions and details of any negotiations.

15. **FOR WORK ON BUYER'S OR ITS CUSTOMER'S PREMISES:** If Supplier's work under this order involves operations by Supplier on the premises of Buyer or one of Buyer's customers, Supplier shall (i) take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work; (ii) indemnify Buyer and such customer against all loss which may result in any way from acts and omissions of Supplier, its agent, employees, or subcontractors; and (iii) maintain such Public Liability, Property Damage and Employee's Liability and compensation insurance as will protect Buyer and such customer from all said risks and from any claims under any applicable Workman's Compensation and occupational Disease Acts.
16. **TERMINATION:** If Supplier ceases to conduct its operations in the normal course of business (including inability to meet its obligations as they mature), or if any proceeding under the bankruptcy or insolvency laws is brought by or against Supplier, or a receiver for Supplier is appointed or applied for, or an assignment for the benefit of creditors is named by Supplier; Buyer may terminate this purchase order without liability, except for deliveries previously made or for goods or services covered by this order which are already then completed and are subsequently delivered in accordance with the terms of this order.
17. **RIGHT OF ACCESS:** Buyer hereby reserves, for itself and its customers and any applicable regulatory authorities, the right of access/surveillance to all facilities (including facilities of Supplier's subcontractors), and applicable records involved in fulfilling this purchase order.
18. **RECORDS:** Supplier shall maintain records which are legible, readily identifiable, and retrievable, to provide evidence of conformity to all purchase order requirements. Records shall be maintained for a minimum of 10 years. California Amforge will be notified prior to the destruction of any

quality records and given the option to have records shipped to .

19. **INDEMNIFICATION:** Supplier will indemnify and hold harmless Buyer (including all officers, directors and employees of Buyer), and Buyer's customers (including all officers, directors and employees of said customers), from and against all losses, liabilities, claims or demands whatsoever (including without limitation, all costs, expenses and attorneys' fees), arising out of any personal injury (including death) or any damage to or loss or destruction of property, in any manner based upon, occasioned by, or attributable or related to the Deliverables or to any act or omission (negligent or otherwise), in the performance of this order by Supplier or any of its subcontractors, or by any employee of Supplier or its sub-contractors.
20. **HANDLING OF PROPRIETARY INFORMATION:** "Proprietary Information" is defined to include all commercial, financial, technical or operational information, and any intellectual property not publicly known or available, which by its nature is confidential (whether or not specifically marked as confidential). Any proprietary information disclosed by Buyer to Supplier in connection with this purchase order will be treated in confidence and will not be copied or disclosed to any third party without the prior written consent of Buyer.
21. **CONFLICT MINERALS:** Buyer is committed to purchase only those products containing minerals that have been procured through a validated conflict-free supply chain, so as to avoid the use of minerals that have financed in the covered countries; and Supplier is required to abide by the same standard. Supplier is required to adhere to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires reporting related to Supplier's use of tin, tantalum, tungsten, and gold (Conflict Minerals) in any products provided to Buyer. Supplier shall promptly provide written certifications concerning Conflict Minerals contained in the Deliverables.
22. **QUALITY MANAGEMENT SYSTEM REQUIREMENTS:**
 - a) Supplier must have a quality management system that meets ISO 9001, AS9100 or must be NADCAP accredited. Any exceptions must be listed on Buyer's approved external provider listing.

- b) Supplier must notify Buyer of nonconforming processes, products or services, and obtain approval for their disposition.
- c) Supplier must plan, implement, and control processes, appropriate to the organization and product, for the prevention of counterfeit or suspect counterfeit parts and their inclusion in the Deliverables in accordance with AS6174. Supplier shall ensure that the counterfeit part prevention process includes a mechanism for reporting counterfeit parts to CAC within 3 working days of it being confirmed.
- d) Supplier must plan, implement, and control processes, appropriate to the organization and product, for the prevention of foreign object damage / debris and their inclusion in the Deliverables in accordance with AS9146.
- e) Supplier must plan, implement, and control processes, appropriate to the organization and product, for the application of Acceptance Authority Media (AAM).
 - a. Supplier shall be able to provide evidence of communication to its employees and to its supply chain; use of AAM must be considered as a personal warranty of compliance and conformity.
- f) Supplier must notify Buyer of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain Buyer's approval.
- g) Supplier must ensure that all persons involved in the Deliverables are aware of:
 - Their contribution to product or service conformity
 - Their contribution to product safety
 - The importance of ethical behavior.

23. **SPECIAL END USE CUSTOMER REQUIREMENTS:**

- a. **BOEING:** For purchase orders stating "Boeing approved source", "D1-4426 approved source", "Boeing end use" or similar wording. Supplier shall comply with the applicable requirements of Boeing Form X31764 "Boeing Quality Purchasing Data Requirements". Subtier processors shall conform to the quality requirements and standards set forth by the relevant Boeing contract's Terms and Conditions.
 - i. To ensure Supplier is performing to the latest Boeing Form X31764, Supplier shall

access this form by selecting "Supplier Quality" from the menu bar and "Other Quality Requirements" of "Doing Business with Boeing" home page located at the following URL address: <http://www.boeingsuppliers.com/>. When entering the URL, use lower case letters only. Supplier shall be responsible for reviewing the URL when purchase order is received to ensure that Supplier is in compliance with the latest revision of Form X31764.

- ii. CAC, its subcontractors, and their subcontractors are required to comply with all US laws, sanctions and regulations including EAR, ITAR, and other relevant Import/Export Controls in the production of Boeing parts.
- iii. CAC, its subcontractors, and their subcontractors are required to comply with all laws governing basic working conditions and human rights, including laws regarding slavery and human trafficking.
- iv. CAC, its subcontractors, and their subcontractors are required to retain relevant quality records for a period of the calendar year + 10 years from the date of shipment. At the end of the 10 year period, CAC must notify Boeing and they may request the delivery of the quality records rather than the disposal.
- v. CAC must provide a statement on the packing sheet certifying that its QC department has inspected the parts and they adhere to all requirements and applicable drawings/specifications, including certifications from subtiers.
- vi. Shipping documentation on any shipments direct to Boeing must contain the following statement: "Seller hereby acknowledges that the parts and/or materials being shipped under this order are intended for use under Boeing's Federal Aviation Administration issued Production Certificate 700 and no articles (or constituent parts thereof) or the accompanying paperwork (e.g., packages, shippers, etc.) contain any Federal Aviation Administration-Parts Manufacturer Approval (FAA-PMA) markings."

- vii. CAC, its subcontractors, and their subcontractors are required to allow entry and audit privileges to representatives from Boeing and/or the FAA to inspect and evaluate the facilities, systems, data equipment, personnel and any completed articles manufactured for installation on Boeing commercial production airplanes.
- viii. Any parts returned to CAC or its subtiers for rework or repair must be accompanied by proof of acceptance and/or conformance when resubmitted to Boeing. Resubmitted product shall be accompanied by proof of test data and inspection acceptance as well as a reference of the applicable Boeing Nonconformance documents.
- ix. CAC, its subcontractors, and their subcontractors are required to label shipping or storage containers of ozone-depleting substances and products manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR Part 82, Subpart E, as applicable. "Warning: Contains/Manufactured with _____, a substance which harms public health and environment by destroying ozone in the upper atmosphere. Ozone-depleting substances are defined by the EPA in 40 CFR Part 82.
- x. For Product(s) which have been delivered to or on behalf of Boeing and Seller knows or suspects that such Product(s) are or may be nonconforming, Seller shall, within 3 business days after the day of discovery of a potential escape, the notification from sub-tier supplier, and/or the entry of the issue into the quality process, notify Boeing in writing as set forth herein to allow Boeing to conduct a preliminary safety risk assessment. The minimum information required at this stage of the notice of investigation are: a. Affected process(es) or Product(s) part number(s) and name(s); b. Description of the nonconforming condition and the affected engineering requirement (i.e., what it is, what it should be and per what requirement). If the

condition is a possible safety of flight issue, submit all available information immediately. This applies to new or initial instances of an escape or potential escape, escapes or potential escapes that were previously identified and isolated by Boeing but Seller identifies additional units or a nonconformance cannot be verified inspected for the same nonconformance condition. This notification requirement is applicable to all Sellers, including Sellers with D-13709-4 Appendix C Escaped Product Disposition authority. Seller shall conduct an investigation to confirm and identify if a nonconformance exist or is suspected to exist. Seller shall notify Boeing through the Boeing supplier information system or the Preliminary Investigation Notification (Form X39312) may be used with Boeing approval or in case of system outage or unavailability. Such notification shall include the information set forth below along with any information that may be identified on the Boeing supplier information system or in Form X39312 referenced above. Once a nonconformance has been verified as escaped from the supplier quality management system, all information listed in a and b above (including revisions and updates) as well as c and d listed below shall be submitted to Boeing through the Boeing supplier information system within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis. c. Quantities, shipping dates, purchase orders and destinations of delivered shipments; d. Suspect/affected serial number(s) or date codes, lot numbers, or other part identifiers and airplane line units when applicable. For Sellers with D-13709-4 Appendix C Escaped Product Disposition authority, instead of submittal to Boeing, Seller must provide notification to the Seller's delegated material review engineers for technical review within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis. If the nonconformance condition has been previously identified by Boeing using

a nonconformance record and a Boeing corrective action notification included Immediate Correction (IC) or Immediate Action (IA) and Root Cause Corrective Action (RCCA) has been received, Seller shall notify the Boeing investigator identified on the notification that additional parts are affected. The requirements set forth above shall be flowed down by Seller to Seller's supply chain, with the modification that all supply chain notification shall pass through Seller (and not made directly from the supply chain to Boeing). Seller shall notify Boeing of all sub-tier parts which have left the Seller's production system with escaped nonconformances in accordance with the respective communication process set forth herein. For purpose of this note, supply chain shall mean Seller's complete network of material, equipment, information and services integrated into the Products and Services. References Seller shall reference the following documents for additional NOE instructions and requirements: a. The D6-84111 Document b. The D012Z026-01 Document (787 only);c. The T89 Purchase Order Note (if applicable, all programs);d. The D012Z028-01 Document (if applicable, 787 only).

For Product(s) delivered which have been suspected or determined to contain engineering errors, (Product does not comply with certification, Product design, and/or business agreement related airplane design requirements), Seller shall provide written notification to Boeing within 3 business days. The Boeing notification shall include: a. Affected process(es) or Product(s) part number(s) and name(s);b. Description of the nonconforming condition and the affected engineering requirement (i.e., what it is and what it should be)Once a noncompliance or suspect noncompliance to a design or customer requirement has been verified as escaped from the supplier quality management system, all information listed in a and b above (including revisions and updates) as well as

c and d listed below shall be submitted to Boeing through the Boeing supplier information system within 10 business days from the day of escape confirmation unless otherwise agreed upon by Boeing on a case by case basis. c. Quantities, shipping dates, purchase orders and destinations of delivered shipments; d. Suspect/affected serial number(s) or date codes, lot numbers, or other part identifiers and airplane line units when applicable. Notification shall be made in the Boeing Customer and Supplier Data Transmittal (CSDT) system by submitting a Design Escapement Notification (DEN): - The Boeing procurement representative will be notified by the submittal in CSDT;- The Seller shall notify the Boeing SQR that has oversight of the Seller's facility.

The requirements set forth above shall be flowed down by Seller to Seller's supply chain, with the modification that all supply chain notification shall pass through Seller (and not made directly from the supply chain to Boeing). Seller shall notify Boeing of all sub-tier parts which have left the Seller's production system with design errors in accordance with the respective communication process set forth herein. For purpose of this note, supply chain shall mean Seller's complete network of material, equipment, information and services integrated into the Products and Services. Seller shall complete the DEN submittal in accordance with these requirements: a. D950-11041-1 Supplier CSDT User Guide b. Contact the Boeing Procurement Agent for access to the CSDT system c. D6-82240 Supplier change notification process requirements d. X Form X39672 (non-CSDT suppliers).