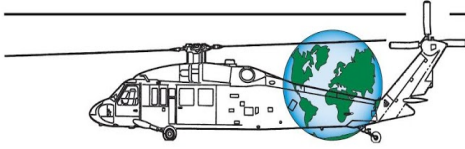


ALL-SYSTEM

AEROSPACE INTL., INC.



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PURCHASE ORDER (PO) TERMS, CONDITIONS AND INSTRUCTIONS

1. DEFINITIONS. In these Terms and Conditions “CONTRACT” means the Purchase Order, these Terms and Conditions, any Annexes expressly referred to in the Purchase Order or Terms and Conditions, and any other documents expressly incorporated by reference in the Purchase Order or Terms and Conditions, but excludes the Request for Quotation., if any; “PURCHASER” means form or agency issuing Purchase Order; “VENDOR” means the Offeror named on the face of the Purchase Order; “SUPPLIES” means any goods being purchased under the contract; “ACCEPTANCE” takes place when Purchaser or his representative has performed a final inspection of Supplies or Services and has executed an appropriate “Acceptance form”; “DELIVERY”, unless otherwise specified in the Purchase Order, takes place when Supplies are handed over to a carrier at the vendor’s facility or when services are performed.

2. CERTIFICATES OF CONFORMANCE: Certificates of conformance are required, certifying that all materials and parts furnished against the attached All-System Aerospace International, Inc. purchase order, have been manufactured in accordance with applicable OEM/Government and/or Customer specifications and technical orders called out on the face of our purchase order.

3. INSPECTION: Unless otherwise stated in the Contract, Supplies to be provided by Vendor shall be subject to inspection both before delivery and upon arrival in their final place of use or storage, by Purchaser or its representative, at Purchaser’s option. Unless otherwise stated in the Contract, only inspection at the final place of use or storage shall constitute final inspection, which must precede Acceptance. Except as otherwise stated in the Contract, vendor shall meet the standards and requirements, and be bound by the provisions of the non-Alternate clause set out in the Federal Acquisition regulations 52.246-2 in effect on the date of this contract. (“INSPECTION OF SUPPLIES-FIXED PRICE (APR 1996)”), and Purchaser shall have such right as the U.S. Government has under that clause. Purchaser acknowledges that, prior to use, it will inspect all goods delivered. In the event that such inspection and testing reveals any damage, error, shortage or deficiency in quality standards, Purchaser shall notify Vendor within (90) ninety days of the date of delivery. If the Purchaser fails to make any claim within such time or uses the goods, such failure or such use, as the case may be, shall constitute irrevocable acceptance of the goods and the waiver of any and all claims with respect thereto.

4. DEFAULT: 4.1. If Vendor: (1) fails to deliver the Supplies or perform the Services within the time specified herein or any approved extension thereof; (2) fails to comply with any other provision of the Contract; (3) so fails to make satisfactory progress as to endanger performance of the Contract in accordance with its terms; or (4) becomes bankrupt, makes an assignment for the benefit of creditors, goes into liquidation whether compulsory or voluntary, or has appointed a receiver or manager of its property or any part thereof, Purchaser may, by written notice of default to Vendor, terminate the whole or any part of this Contract. Purchaser’s right to terminate this Contract under (2), (3), or (4) above may be exercised if vendor does not cure such failure within (10) ten days (or more if authorized in writing by Purchaser) after receipt of notice from Purchaser specifying the failure. Vendor shall notify Purchaser as soon as Vendor has reason to believe that an event (including an event relating to a subcontractor) constituting a default has taken place or is about to take place.

4.2. In the event of such termination, Purchaser may, without prejudice to any other rights arising herein or arising otherwise under law, procure Supplies and Services similar to those so terminated, and Vendor shall

be liable to Purchaser for any excess costs of such similar supplies. In the event of such termination, Purchaser shall have no obligation to pay for the work done by Vendor, except to the extent payment is expressly required under this Contract for Supplies and Services delivered to and accepted by Purchaser. In Purchaser terminates part of this Contract pursuant to this clause, Vendor shall continue the performance of this Contract to the extent not terminated by Purchaser.

4.3. If this Contract is terminated as provided in clause 4.1., Purchaser, in addition to its other rights, may require Vendor to deliver, as and to other extent directed by Purchaser, (1) any completed Supplies and (2) such partially completed Supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and rights (herein called “manufacturing material”) as Vendor has produced or acquired for the performance of such part of this Contract as has been terminated. Payment for completed Supplies shall be at the contract price. Payment for manufacturing material shall be at reasonable price based on the value of such material in relation to the price of finished supplies.

4.4. If, after notice of termination of this Contract under the provision of this clause, it is determined for any reason that Vendor was not in default, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the “Termination for Convenience” clause of this Contract.

5. QUALITY ASSURANCE REQUIREMENTS: **5.1** The vendor is responsible for maintaining effective control of the quality of supplies. If the vendor himself is not the manufacturer of supplies, he shall impose these quality requirements upon his subcontractors. **5.2** Employees authorized by All-System Aerospace, representative of customer of All-System Aerospace and the representatives of public authorities shall have the access to all business premises (at all times during regular business hours) in which work is carried out for All-System Aerospace, irrespective of whether these are business premises of the vendor or of his subcontractors, and may inspect all applicable and order-related documents for auditing purposes or to verify legal requirements. **5.3** Any changes to supplies and/or the process definition shall be immediately notified to All-System Aerospace and written approval must first be obtained before delivery of the item. **5.4** All-System’s purchase information shall be flowed down to any subcontractors. **5.5** Quality records of products delivered shall be retained for a minimum of seven years. **5.6** All-System Aerospace shall be informed of nonconforming processes, products or services and written approval must be obtained for their disposition. **5.7** The vendor shall prevent the use of suspected unapproved, unapproved, and counterfeit parts. **5.8** The vendor shall use statistical techniques and related instructions for product acceptance. **5.9** The vendor shall ensure that persons are aware of their contribution to product conformity, their contribution to product safety and the importance of ethical behavior.

6. TERMINATION FOR CONVENIENCE: Purchaser shall have such rights to terminate for its convenience all or any parts of this Contract as the U.S. Government has under the non-Alternate clause set out in Federal Acquisition regulation 52.249-2 (“TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED PRICE) (APR 2004). In the event of such termination, the rights and obligations of Purchaser and Vendor shall be set forth in that clause.

7. WARRANTY AS TO SUPPLIES AND SERVICES: Vendor warrants that all Supplies shall be free from defects in materials and workmanship and shall conform to the specifications, drawings, and samples, if any, and to all other requirements of this Contract. In addition, without derogation from the foregoing, standard commercial Supplies and Services shall be covered by the most favorable warranties that Vendor gives to any customer for such Supplies or Services. Purchaser shall give written notice to Vendor of any breach of warranties in this Clause 7 within (12) twelve months (5 years in the case of latent defects) of delivery of the non-conforming Supplies or Services. Within a reasonable time after such notice, Purchaser may either (1) by written notice require Vendor promptly and at Vendor’s expense to correct or replace any Supplies, Services, or parts thereof (including preservations, packaging, packing, and marking) that do not conform to the requirements of this contract and pay all shipping costs incident thereto, or (2) retain such Supplies or Services or parts, whereupon the Contract price thereon shall be reduced by an amount equitable under the circumstances.

8. CORRECTED OR REPLACEMENT SUPPLIES: Any Supplies, Services or parts thereof corrected or furnished in replacements pursuant to Clause 7, shall be subject to the provisions of Clause 8 to the same extent as Supplies or Services initially delivered. The warranties with respect to such Supplies or Services,

or parts shall run from the date of delivery of such corrected or replacement Supplies or Services, and Purchaser shall give written notice of any breach of warranties within (12) twelve months (5 years in the case of latent defects) of delivery of the non-conforming Supplies or Services.

9. PATENT AND OTHER RIGHTS: With respect to Supplies manufactured by Vendor, Vendor shall indemnify and hold harmless Purchaser and its officers, agents, and employees against any damage or liability, including costs and attorney's fees, for infringement or alleged infringement of any patent copyright, trademark, trade secrets, or intellectual property right, and, if so requested by Purchaser, shall defend at Vendor's expense any suit or action based in whole or in part on such infringement or alleged infringement. This indemnity shall not apply unless Purchaser informs Vendor, as soon as practicable, of the suit or action alleging such infringement and Vendor shall have been given such opportunity as is afforded by applicable laws, rules or regulations to participate in its defense.

This indemnity shall not apply to: (1) an infringement resulting from compliance with specific written instructions of Purchaser directing a change in the material or equipment to be used, or directing a manner of performance of the Contract not normally used by vendor; (2) an infringement resulting from addition to or change in Supplies or components furnished that was made subsequent to delivery or performance; or (3) a claimed infringement that is unreasonably settled without the consent of vendor, unless required by final decree of a court of competent jurisdiction.

10. DISPUTES: Any dispute, controversy or claim arising out of or relating to the Contract, or the breach, termination or invalidity thereof, shall be resolved through arbitration before one arbitrator in the State of New York or other location chosen by the arbitrators as governed by the New York State arbitration laws or under the rules of the United Nations Commission on International Trade Law (UNCITRAL) as at present in force. If the parties cannot agree upon the choice of the arbitrator, the arbitrator shall be appointed by the appropriate regulatory agency. All-System Aerospace International, Inc. shall be reimbursed all costs and attorney's fees incurred as a result of such dispute, controversy or claim arising out of or relating to the Contract, or the breach, termination or invalidity thereof.

11. VARIATIONS IN QUANTITY: No variation in quantity of any item called for by this Contract will be accepted unless such variation has been caused by conditions of loading, shipping, or packing, or by allowance in manufacturing processes, and then only to the extent, if any, specifically authorized by Purchaser.

12. CHANGES: Purchaser may at any time, by a written order, make changes within the general scope of the Contract, in any one or more of the following: (1) drawings, designs, or specifications of Supplies; (2) method of shipment or packing of Supplies; (3) description or Services or time of their performance; and (4) place of delivery of Supplies or performance of Services. If any of the changes cause an increase or decrease in the cost of or the time required for the performance of any part of the work under Contract, whether changed or not changed by any such order, an equitable adjustment shall be made in the Contract price or delivery schedule, or both, and the Contract shall be modified in writing accordingly. Any claim by the Vendor for adjustment under this clause must be asserted within (30) thirty days from the date of receipt by vendor of the notification of change, provided however, that Purchaser, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under the Contract. Where the cost of property made obsolete or excess as a result of the change is included in Vendor's claim for adjustment, Purchaser shall have the right to prescribe the manner of disposition of such property. Failing to agree to any adjustment shall be a dispute within the meaning of a clause of the Contract entitled "DISPUTES". However, nothing in this clause shall excuse Vendor from proceeding with one Contract as changed.

13. PROPRIETARY INFORMATION: All technical data or information communicated by Purchaser to vendor in connection with this Contract is considered commercial-on-confidence and proprietary to Purchaser, and the data and information shall be used only in performance of the Contract and shall not be disclosed to third parties.

14. PRECEDENCE: In the event of any inconsistency, the following documents shall take precedence in the following order: (1) the Purchase Order; (2) these Terms and Conditions; (3) other documents incorporated in the Contract by reference.

ANNEX A
TECHNICAL AND QUALITY ASSURANCE REQUIREMENTS

The following is a list of technical and quality assurance requirements which are to be adhered to in **ALL** instances as applicable to the items being supplied.

RUBBER-ITEMS: Packings, O-rings, and rubber items are to be packed conforming to current specification MIL-P-4861. Preservation methods are to conform to sub-method 1C-1 of specifications MIL-P-116. All O-rings/ packings are to be **INDIVIDUALLY** packaged in accordance with paragraph 3.6 of MIL_P_25732C which states: "each envelope shall have the following information printed on the outside: NSN; P/N; MANUFACTURER'S NAME/CODE; BATCH NUMBER; CURE DATE, SHELF LIFE."

SHELF LIFE: Items age from date of cure to date of delivery to our receiving facility shall not exceed **2 QUARTERS**. Items which have a cure date that exceeds the 2 QUARTERS limit must be excepted on a case-by-case situation and accepted by an authorized representative of ALL-SYSTEM AEROSPACE INTERNATIONAL, INC.

ADHESIVES: Material is to be newly manufactured and is to have MAXIMUS SHELF LIFE available at time of receipt at ALL-SYSTEM AEROSPACE INTERNATIONAL, INC. The items offered must originate from and bear the part number of the manufacturer specified on the applicable QPL and comply with the relevant military/ government/ manufacturer specifications. An item DATA SHEET is to be provided with each consignment. In addition, the following information is to be provided as marking on individual containers and also on the outside of any bulk containers of individual items: DATE OF MANUFACTURE, SHELF LIFE, STORAGE CONDITIONS, MANUFACTURER'S NAME, PART NUMBER, and BATCH NUMBER, EXPIRATION DATE.

RESTRICTED ITEMS: The SUPPLIER/ MANUFACTURER of a "restricted Article" must provide certification and or information to ALL-SYSTEM INTERNATIONAL, INC. that allows them to ship the material under DOT (Dept. of Transportation) and/or IATA regulations.

MATERIAL CONDITION: All material supplies to ALL-SYSTEM AEROSPACE INTERNATIONAL, INC. must be identified clearly if it is not FACTORY NEW (FN) or NEW MANUFACTURE (NM). The following are definitions of material conditions: New SURPLUS (NS); OVERHAULED CERTIFIED (OHC)

EXPORT LICENSES: The MANUFACTURER/ SUPPLIER must state if item(s) require: A) STATE DEPT. LICENSE; B) COMMERCE DEPT. LICENSE; or of the item(s) being ordered are commercial use only, military use, or both.