

SUBCONTRACT TERMS AND CONDITIONS

All subcontract purchase orders are subject to OFC's Terms and Conditions of Purchase, available on our website www.ofalloncasting.com.

PRICING / PAYMENT TERMS

Price of services listed on purchase order are obtained by written quote from Supplier and agreed to by Purchaser. The purchase order shall not be satisfied at selling prices in excess of quote unless agreed to by Purchaser. Supplier shall agree to Net 45 day payment terms.

BATCH INTEGRITY

Batch integrity must be maintained for all subcontract work being performed. With each shipment of castings, OFC will issue a PO or PO release that details the OFC Part Number, OFC Order Number, OFC Batch Number and if required, the OFC serial numbers for each casting in the shipment. OFC part numbers will also be present on each box in the shipment. Supplier shall maintain batch integrity throughout all of their contracted work and return full batches, including any scrap pieces, to OFC at one time. Supplier will maintain traceability to the OFC Batch Number and Serial number (if applicable) at all times. Supplier will not deviate from this requirement without authorization from OFC's Authorized Procurement Representative.

DELIVERY

Upon receipt of a PO from OFC, Supplier shall promptly review and provide an order acknowledgement for each item within 3 business days of receipt of order. Should there be any reason that the delivery date on OFC's PO cannot be met, Supplier shall notify OFC's Authorized Procurement Representative within 3 business days. Supplier shall provide the reason the delivery date cannot be met and a firm delivery date that can be met.

Should anything delay the Supplier's ability to meet their previously acknowledged delivery schedule, Supplier shall promptly notify OFC's Authorized Procurement Representative the reason for the delay and the new delivery date that can be met. If the reason for the delay is the fault of the Supplier's and the new delivery schedule adversely affects OFC's ability to meet their customer's requirements, the Supplier will take all possible steps to expedite their delivery schedule, including expediting their process, their subcontractor's process and expedited shipping. These expedite steps shall be at no cost to OFC.

MATERIAL SCRAP ALLOWANCE

OFC expects the Supplier to make every effort to ensure that 100% of the castings supplied by OFC for subcontract work shall be in accordance with the drawing requirements and OFC's work instructions. Should any of the castings supplied by OFC for subcontract work be found to be non-conforming, Supplier will promptly notify OFC. Supplier's notification shall include:

- Exact details of what the non-conformance is
- Any possible impacts to delivery quantities or dates
- If applicable, a rework plan that will possibly restore the fit, form and function of the part
- The reason for the non-conformance and who is at fault

Any rework that is outside of the allowance of the drawing requirements or OFC's work instructions shall not be performed without consent from OFC.

Should the cause of the non-conformance be determined to be a defective casting, as mutually agreed upon by OFC and the Supplier, the Supplier will immediately stop all work and advise the fair and reasonable cost incurred prior to finding the non-conformance. At this point, OFC will advise the Supplier how to proceed and reimburse the Supplier for their cost incurred as agreed upon by OFC and the Supplier.

Should the cause of the non-conformance be found to be the fault of the Supplier, the Supplier shall return the defective part(s) to OFC, with no charge for the work performed. The returned part(s) shall be tagged as scrap with the cause listed and returned along with original batch to maintain batch integrity. In addition, OFC reserves the right for casting reimbursement should the number of defective parts found to be the fault of the Supplier exceed 5%, unless an amount otherwise agreed upon.

WARRANTY

OFC warrants each product manufactured and sold by us to be compliant to drawing specifications and of the quality described in our mission and values. Parts shall be free from defects in material and workmanship based upon generally accepted commercial standards. Our obligation under this warranty is limited to the replacement, or, at our option, to the refund of the purchase price of any product which our inspection discloses to be other than of the quality specified or defective in material or workmanship. As an extension of OFC's final product, Supplier shall honor described warranty.

COUNTERFEIT PARTS

Supplier must develop, implement and maintain effective methods and processes appropriate to their services to minimize the risk of counterfeit parts and materials being provided. Effective processes must be in place to detect, report and quarantine counterfeit parts and materials and to prevent such parts from re-entering the supply chain. If counterfeit parts and/or materials are detected or suspected, Supplier must provide immediate notification to the recipients of such counterfeit parts and/or materials.

INSPECTION AND ACCEPTANCE

All Items shall be subject to inspection and test at all reasonable times and places, including during manufacturing, by OFC and OFC's customer. If any inspection or test is made on Supplier's or its sub-tier supplier's premises, reasonable facilities and assistance for the safety and convenience of such inspectors shall be provided at no charge. Supplier shall include the terms of this section in any agreements with its sub-tier suppliers. These inspections and tests shall be performed so as to not unduly delay the work. All items are also subject to final inspection and acceptance at OFC's plant or specified place of delivery within a reasonable period of time after receipt, notwithstanding any payments or prior inspections. Notwithstanding any other term of this agreement, supplier shall be responsible to correct at its expense all latent defects caused by the Supplier which cannot be discovered by OFC through reasonable inspection methods.

ADDITIONAL T&C's

Supplier shall notify OFC of changes in product and/or process, changes of sub-tier suppliers, changing of manufacturing facility location, and where required, obtain approval from OFC before proceeding.

Supplier shall comply with all requests for certification.

Supplier shall comply with all Statutory and Regulatory requirements, if applicable.

Supplier shall use OEM approved process suppliers for any sub-tier contracts. If needed, contact OFC's Authorized Procurement Representative for help locating customers APSL.

Supplier shall retain product records per AS9100 and / or any additional requirements as stated on the purchase order.

With acceptance of purchase order, the Supplier agrees to incorporate all applicable terms and conditions outlined herein, including quality standards, delivery requirements, and OEM flow-downs into any subcontracts with lower-tier suppliers, ensuring that all sub-tier suppliers adhere to the same standards as specified in this agreement.

SUPPLIER'S NOTIFICATION OF ESCAPEMENT

When a nonconformance is determined to exist or is suspected to exist on goods and/or services provided to OFC under this Contract, Supplier shall provide written Post Delivery Notification Letter or Letter of Disclosure [Notification of Escapement (NOE)] to OFC's Authorized Procurement Representative. Supplier shall provide the letter and all required NOE information within 24 hours of when nonconformance was determined. However, if the nonconformance affects safety of flight or is mission critical; Supplier shall immediately provide the letter and all available information.

At minimum, Supplier shall include the following NOE information:

- Date(s) goods and/or services were shipped under this Contract
- OFC's contract number and line item number
- Part number(s) and when applicable, the associated serial number(s) and / or lot number(s)
- Quantity
- Date of manufacture and any other pertinent information
- Specific description of nonconformance (i.e., "should be" and "is" condition) with reference to applicable engineering documentation
- Statement declaring whether the nonconformance was determined to exist or suspected to exist
- Preliminary root cause and root cause corrective action
- Name of Supplier's Quality personnel involved in the collection and reporting of the NOE information

DFARS Defense Federal Acquisition Regulation Supplement

The Federal Acquisition Regulations System is established for the codification and of uniform policies and procedures for acquisition of all executive agencies. The Acquisition Regulations System consists of the Federal Acquisition Regulation (FAR) the primary document, and agency acquisition regulations that implement or supplement the FAR.

The DFARS are the Defense Federal Acquisition Regulations Supplement, a supplement to the FAR that provides the DoD specific acquisition regulations. The office of the Under Secretary of Defense for

Acquisition Technology and Logistics maintains the Defense Procurement and Acquisition Policy.

DFARS 252.225-7014, Preference for Domestic Specialty Metals, Alt 1 has the following basic requirements:

- Specialty metals must be melted in the United States or a qualifying country, or they can be melted anywhere but must be "incorporated in an article manufactured in a qualifying country". The clause allows a qualifying country to manufacture parts from metal that was melted anywhere, provided it meets specifications, but a United States company can only use metal that was melted in the United States or a qualifying country.
- As of the date of this document, the qualifying countries are Australia, Belgium, Canada, Denmark, Egypt, Germany, France, Greece, Israel, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and Northern Ireland.

"Specialty Metals" means:

(a) Steel with a maximum alloy content exceeding one or more of the following limits: manganese, 1.65%, silicon, 0.60%, or copper, 0.60%, or containing more than 0.25% of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten, or vanadium.

- Example 1: Steel containing 1.15% chromium melted in Japan and used in the United States by the manufacturer of an item to be delivered pursuant to a contract with the US Government is not compliant with DFARS 252.225-7014 Alt 1.

Explanation: Steel containing more than .25% chromium is defined as a specialty metal and, therefore, must either be melted in the United States or a qualifying country, or be melted anywhere and incorporated into a deliverable item in a qualifying country. Japan is not on the list of qualifying countries.

- Example 2: Steel melted in Mexico containing .20% chromium and not having alloy or element contents in excess of the thresholds set forth in DFARS 252.225- 7014, Alt I is compliant with the DFARS clause.

Explanation: Steel containing more than .25% chromium is defined as a specialty metal. The steel described in Example 2 is not a "specialty metal" and therefore does not have to be produced in the United States or a qualifying country. This material from Mexico would be acceptable. Note that Mexico is not on the list of Qualifying Countries, however, the material does not meet the definition of "Specialty Metal".

(b) Metal alloys consisting of nickel, iron-nickel, and cobalt base alloys containing a total of other alloying metals (except iron) in excess of 10 percent;

Example: All Samarium Cobalt magnets are considered "Specialty Metals" because its cobalt content is over 10% and therefore may not be supplied to the US Government on contracts that impose this clause. Alnico magnets are also considered "Specialty Metals" because it consists of nickel and again fall under the same provisions as described.

(c) Titanium and titanium alloys; and

(d) Zirconium and zirconium base alloys