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Updated by: Nick Mucciarone	Effective Date: 9/25/18

All Purchase Orders and Amended Purchase Orders (“PO” or “PO’s”) Issued To Supplier (“Supplier” or “Suppliers”) By AeroCision, LLC and/or AeroCision AeroComp India Private Limited (Either company referred to below as “AeroCision”), Are Subject To The Following Terms And Conditions:

1. Supplier Quality System: For All Materials, Sub-Contract Machining, and Special Process Suppliers

Supplier shall maintain a first rate, aerospace-grade quality system (AS9100) demonstrating compliance with all PO and Customer Documents requirements. Supplier shall demonstrate a firm understanding of AeroCision’s end-customer (“OEM”) Quality System requirements, material and process specifications, terms and conditions. It is Supplier’s responsibility to 100% understand and accept all Customer Documents prior to PO acceptance. (“Customer Documents” are defined as: The PO specifications and adherence to the language contained in the PO’s), all Blue Print design features, all Blue Print callouts, all Blue Print specifications & requirements, Process Instructions, Op Sheets, Process Sheets, First Article Requirements, OEM Quality System latest revision specifications and requirements, Conditions Of Supply requirements (“COS”), Data Card requirements, Terms & Conditions (T&C’s)). Use of customer-designated or approved external providers, including process processes may be a requirement.

2. PO Acceptance

Supplier agrees that once a PO as drafted by AeroCision is accepted by Supplier (PO’s are considered accepted upon written acceptance by Supplier, and/or automatically accepted after 7 calendar days in the absence of a Supplier’s written communication declining a PO), Supplier is liable for the 100% of the Deliverables (“Deliverables” is defined as Materials, and/or Services, C of C’s, including NADCAP conformance and all other contractual terms and conditions as detailed in the PO and/or AeroCision’s Terms and Conditions).

3. Workmanship

Supplier must prove that Supplier has the resources, skill and Quality System commensurate with an aerospace-grade Supplier. Supplier shall allow AeroCision and/or OEM Quality or Purchasing personnel to perform due diligence on Supplier’s Quality System and production process controls. If AeroCision and/or the OEM determine that Supplier fails a test of Process Control or Quality assurance, AeroCision may cancel any and all PO’s considered or outstanding at any time.

4. On-Site Survey & Surveillance

AeroCision, the OEM’s and regulatory agencies (e.g. FAA or DOD) shall have the right individually or as a group to conduct surveys and surveillance within Supplier’s plant, including Supplier’s sub-tiers’ plants and operations to evaluate capability and compliance with the PO and Quality requirements. Supplier will be required to assist AeroCision’s, OEM’s or regulatory agency’s representatives with access to adequate the plant, facilities, equipment, Quality systems, records and responsible Supplier personnel.

5. Certificate of Conformance

Supplier must submit a Certificate Of Compliance (“C of C”), in an acceptable industry-standard, OEM-acceptable in all respects format to certify that the Deliverables and processes used to fulfill the PO meet all specified requirements. The necessary documentation and test data inspection documentation must be on file to substantiate the C of C. The C of C must include at a minimum and applicability; PO number, batch/heat treat number(s), authorized signatures and Approved Personnel Title (typed and signed), and objective evidence of any required Supplier test(s) if applicable.

6. Control of Suppliers’ Sub-Tier(s)

Supplier shall be responsible for 100% conformance to AeroCision’s and the OEM’s Customer Documents for the Deliverables purchased from Supplier’s Sub-Tiers. Supplier shall assure and guarantee their Sub Tiers’ performance. Subtiers’ processes shall be included in Supplier’s C of C stating that the Subtiers’ Deliverables meet the requirements found in the Customer Documents.

7. Supplier’s Raw Materials

Supplier’s Deliverables supplied to AeroCision and the OEM shall conform to all Customer Documents. Raw materials C of C’s shall clearly identify the composition, heat treatment, source location and any other characteristics imposed upon Supplier by the Customer Documents. Suppliers shall agree to abide by all laws, rules and regulations imposed by the FAA, DOD and any federal agency tasked with ITAR regulations and enforcement.

8. Age Control Materials / Shelf Life

All materials furnished to support the PO must be clearly marked and identified with the respective cure date, manufacturing date, shelf life, and expiration date. All perishable or limited shelf life items requiring controlled storage temperatures must be supplied in containers noting the special storage requirements. Material shipped to AeroCision shall have a minimum of 75% remaining specified shelf life.

9. Quality Control Records

Records of all Deliverables, such as, but not limited to, inspection, test, purchased materials, special processing, engineering changes (internal and AeroCision or OEM mandated), serial numbers and other quality assurance activities shall be maintained and made available for review by AeroCision, OEM personnel, and regulatory agencies. Such records shall be stored for no less than (10) years after completion of the Customer Deliverables. After the 10 year retention, the supplier shall contact AeroCision for disposition instructions.

10. Sampling Procedures

When performing less than 100% inspection, sampling procedures shall be based upon MIL-STD-1916 or an equivalent statistically based plan approved by AeroCision. Regardless of sampling plan used, any rejects found by AeroCision will be a cause for rejection of the entire lot. Supplier shall within 48 hours provide a Return Authorization to AeroCision and the Supplier may be charged a penalty to recover AeroCision’s quantified and certified cost of the Supplier’s rejection.

11. Change Control

Supplier shall not make any changes to the Deliverables unless AeroCision provides, in writing, an approved revision to the Customer Documents reflecting Supplier’s approved change(s). Supplier shall maintain a robust change control system to ensure that all changes to Supplier’s drawings, specifications and/or test methods are incorporated in the Supplier’s quality and process documentations. Supplier’s requested changes to Supplier’s drawings and processes must be transmitted to AeroCision with sufficient data in AeroCision’s sole discretion, to enable AeroCision to perform a complete evaluation of the change requests. AeroCision reserves the right to deny all change requests.



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12. Process Control

Specific controls in fulfilling the Deliverables shall be established, defined in writing, maintained and recorded by Supplier in all Supplier's manufacturing processes. Supplier in the course of continued supply of the Deliverables shall not make any changes to any of the operating or control parameters associated with the processes without AeroCision's written approval. These processes shall include, but are not limited to, all forms of testing, calibration, bonding & impregnation, coatings, metal finishing, soldering, additive manufacturing, welding, brazing, electrical discharge, laser machining, magnetic particle inspection, penetrant inspection, radiographic inspection and ultrasonic testing.
(NOTE; NDT Digital equipment shall be calibrated at minimum of 3 points to establish linearity.)

13. Tooling, Gauging & Test Equipment

Supplier shall maintain suitable tools, gauges and test equipment for fabricating, measuring and testing for conformance. Supplier shall maintain a system for periodic inspection & calibration of the test equipment traceable to the National Institute of Standard Technology (NIST). Supplier must also have a positive recall system in place and notify AeroCision immediately (within 24 hours of Supplier's non-conformance discovery) as well as a positive action taken for equipment received out of tolerance that could compromise the quality of the Deliverables.

14. Identification

All product supplied to AeroCision shall be identified in accordance with Customer Documents. If serial numbers are required by the Customer Documents the serial numbers shall be forever nonrecurring and the supplier shall maintain written and electronic records of their application.

15. Packaging, Non-Conforming Parts, Preservation, Part Handling and Shipping Requirements

Packaging – Supplier shall provide effective damage-avoidance packaging, specifically no metal-to-metal contact of parts (i.e.; provide suitable separators between each part and appropriate dunnage (e.g. avoid parts coming into contact and rattling in the container). Newspaper or small styrofoam peanuts are not permissible in aerospace parts packaging.

Nonconforming Parts - shall be identified in all shipments of Deliverables clearly with tags, including statement of drawing characteristic, location and actual description of the nonconformity.

Preservation – Material shall be properly protected from initial receipt of WIP parts through shipment of Supplier-finalized parts and appropriate Customer Documents to AeroCision (i.e.; shipped, delivered and/or picked up) to prevent damage, contamination and deterioration. Supplier's personnel shall be trained and have knowledge of this clause including all instructions regarding special handling requirements as applicable. Raw material shall be protected against corrosion or rust during manufacturing, storage and shipment. Magnesium alloys, carbon steels, low alloy steels, bare 400 series stainless steels and any known rust or corrosion prone materials shall be protected adequately.

Shipping Requirements –Supplier must use the carrier and mode of transportation identified in the Customer Documents.

16. Acceptance

Acceptance shall be at AeroCision's plant or otherwise specified in the Customer Documents. Any units or lots determined as nonconforming shall be returned to Supplier and Supplier shall provide a Return Authorization within 24 hours of AeroCision demand and the costs of the nonconformance shall be debited accordingly, including a penalty and/or AeroCision's documented costs invested in Supplier's nonconforming Deliverables. AeroCision's Shop Rate is \$150/hour for managing nonconforming parts. AeroCision shall not be obligated to subject nonconforming shipments to 100% inspection. If AeroCision requests that Supplier re-ships the Deliverables back to AeroCision, which have

been reworked as a result of a return to Supplier as nonconforming, Supplier shall indicate on the packing slip and certification, "Return of Reworked Material" and include the debit memo number and rejection report number under which the original Deliverables were returned to the Supplier.

17. Nonconforming Material Within Supplier's Deliverables

The supplier shall notify Aerocision of nonconforming products, processes or services and obtain approval for their disposition. Deliverables that do not conform to Customer Documents requirements shall not be shipped to AeroCision without prior written approval by AeroCision. Supplier shall maintain a system for the control, segregation, quarantine, identification and disposition of nonconforming counterfeit, suspect or fraudulent product. If AeroCision has approved acceptance of nonconforming product in writing, a copy of the written approval shall accompany the identified and tagged nonconforming product when it is shipped to AeroCision. Requests for formal corrective action must be answered within the time period specified on the "Corrective Action Request Form".

18. Software Control

Supplier shall establish and implement a "Software Quality Assurance Plan"(SQAP), as applicable, to assure that deliverable and non-deliverable software used directly for design, fabrication, inspection, test or operation of Deliverables is controlled, compliant and backed up.

19. Source Inspection

AeroCision's Quality Department shall have the right to inspect product at Supplier's facility as part of or in addition to its incoming inspection activity. Acceptance of Deliverables by AeroCision's source inspection does not preclude subsequent return of the product if further inspection detects nonconformances. Aerocision shall notify Supplier 24 hours prior to a facility source inspection request.

20. Mercury Free Material

Material furnished under the Customer Documents must be certified as "Free Of Mercury" in any form. Mercury bearing instruments and/or equipment, which may cause contamination, shall not be used in the manufacture, assembly or testing of these materials. This requirement shall be passed on to Supplier's sub-tier suppliers as well.

21. Quantitative Test Data

All Deliverables shall be accompanied with quantitative test data by attributes. The data sheet heading must include, but not limited to, AeroCision's PO number, AeroCision's and Supplier's part number, part revision status, test identification (report name), inspection level and AQL, product date code(s), quantity tested and quantity accepted for eachlot.

22. Certified Suppliers

Suppliers shall maintain an AeroCision-approved quality assurance system, inspection plans and related documentation which shall meet all specifications found in the Customer Documents. Aerocision monitors quality and delivery performance and will initiate corrective, as appropriate.

23. Heat Lot Codes; Metals

All Deliverables must be identified with the representative heat lot code. The heat lot code must be applied in accordance with applicable Customer Documents. If permanent traceability identification is removed during manufacturing and required to be reapplied based upon Customer Documents, reapplication shall be approved in writing by AeroCision and the reapplication shall be in an area of the part that is not affected by future manufacturing processes. If part configuration does not allow part marking, then the material, product, or piece(s) shall be. tagged

24. Special Process Certifications

When the PO requires special processes, a C of C is required for each special process, including the source(s) performing the process. Special Process Suppliers shall be NADCAP accredited with respect to the special process demanded within the Customer Documents.

25. Approved Special Process Sources

Suppliers performing special processes shall be NADCAP accredited and shall meet all requirements contained in the Customer Documents, including OEM approvals, prior to acceptance of the PO.

26. Certificate of Analysis - Metals

A completed Mill certified test report, including chemical & physical properties for all raw materials are required with each shipment and attached to the packing list with the other Deliverables. Whenever direct reference to the specific material specification is made by the Customer Requirements all C of C's shall include the applicable specification and its latest revision letter. Notwithstanding the provisions of the applicable specification, Supplier's processing shall not ever alter the chemistry, metallurgical or physical properties of the item referenced within the Customer Documents and/or Deliverables. All voids are unacceptable and any Deliverables with voids shall be found nonconforming.

27. Parts Sold To The Government: Source Inspection

All Government work is subject to inspection and test by the Government at all times prior to shipment. The Government representative must be notified 48 hours in advance of the time articles or processes are ready for inspection & test. Therefore, contact AeroCision Purchasing 48 hours in advance of Government inspection.

28. Castings - Tooling

One sample piece, representative of each casting, mold or forging/forming tool or die/mold cavity(s), in stable material, accompanied with a copy of Supplier's detailed inspection report, must be submitted for AeroCision's written approval of supplier-produced tooling. When a casted part includes cored passages or other dimensional design features requiring sectioning of the product for evaluation, Supplier must submit their sectioned layout sample for AeroCision's evaluation and written approval as well. AeroCision will not be responsible for any Deliverables produced by Supplier prior to AeroCision's approval of supplier's tooling and sample product, notwithstanding approval (including First Article approval) by the OEM. AeroCision's acceptance of a tooling sample(s) does not constitute acceptance or approval of Supplier's subsequent production pieces.

29. Casting – Supplier Radiograph (X-ray) and Other NDT

The first casting from each new or modified pattern tooling shall be radiographed in accordance with ASTM E 1742 and Customer Documents. Radiographs shall be interpreted in accordance with SAE- AMS2175 and Customer Documents. One complete set of radiographic technique sheets along with the radiographic inspection report shall accompany the "First Piece" casting submitted for AeroCision's review and written approval prior to casting production. Radiographic identification numbers shall be vibro-etched on each casting. AeroCision's acceptance of a radiographed sample(s) does not constitute acceptance or approval of Supplier's subsequent production pieces. Other NDT techniques shall be performed as per the requirements outlined in the Customer Documents.

30. Casting – Production Conformance and Non Conformance

Casting Deliverables shall meet all requirements as detailed in the Customer Documents. Casting Deliverables shall be free of all defects, voids, porosity, scratches and attribute deformity that will be detrimental to the Casted part's post-machined final state, and subsequently sold to AeroCision's end-customer(s) or OEM customer. If the finished Casted part in final part form exceeds acceptable physical limits, defects, voids, porosity, scratches and attribute deformity due to an imperfect Casting process, the Deliverables shall be deemed nonconforming and the Casting Supplier shall be responsible for the cost of the Casting(s) and all other AeroCision's costs incurred to date in the manufacture of the finished part(s). Acceptable radiograph reports, and other NDT inspection techniques that reveal an approved Deliverable shall not supersede AeroCision's

and or OEM's finished part requirements and conformance. Supplier shall maintain a robust continuous operational improvement program.

31. Forgings – Tooling

First run pieces, representative of each forging, accompanied with a copy of Supplier's detailed inspection report, must be submitted for AeroCision's written approval of supplier-produced tooling. When a forging requires sectioning of the product for evaluation, Supplier must submit their sectioned layout sample for AeroCision's evaluation and written approval. AeroCision will not be responsible for any Deliverables produced by Supplier prior to AeroCision's approval of supplier's tooling and first run product, notwithstanding approval (including First Article approval) by the OEM. AeroCision's acceptance of a tooling sample(s) does not constitute acceptance or approval of Supplier's subsequent production pieces.

32. Forging – Non Destructive Testing (“NDT”)

All forgings requiring NDT inspection(s) per the requirements outlined in the Customer Documents shall be subject to written approval and acceptance by AeroCision. AeroCision's acceptance of any approved Deliverables does not constitute acceptance or approval of Supplier's subsequent production pieces.

33. Forgings, Bar Stock and Sheet Stock (all referenced as “Forged” or Forging”) – Production Conformance and Non Conformance

Forged part Deliverables shall meet all requirements as detailed in the Customer Documents. Forged part Deliverables shall be free of all defects, voids, porosity, scratches and attribute deformity that will be detrimental to the Forged part's post-machined final state, and subsequently sold to AeroCision's end-customer(s) or OEM customer. If the finished Forged part in final part form exceeds acceptable physical limits, defects, voids, porosity, scratches and attribute deformity due to an imperfect Forging process, the Deliverables shall be deemed nonconforming and the Forging Supplier shall be responsible for the cost of the Forging(s) and all other AeroCision's costs incurred to date in the manufacture of the finished part(s). Acceptable radiograph reports, and other NDT inspection techniques that reveal an approved Deliverable shall not supersede AeroCision's and or OEM's finished part requirements and conformance. Supplier shall maintain a robust continuous operational improvement program.

34. Heat Treat

Annealing, heat treating or stress relief requirements as outlined in the Customer Documents must be documented with the furnace time and temperature chart(s). The chart(s) shall be kept on file subject to AeroCision's quality assurance review and approval, in writing.

35. First Article

First Article Inspection as outlined within the Customer Documents, and written acceptance of product produced is required prior to the start of production and or fabrication per PO requirements. There will be no charge to AeroCision or OEM for Supplier's First Article(s).

36. Statistical Process Control (SPC)

Suppliers must utilize SPC while performing the Deliverables. Supplier's SPC plan must be submitted to AeroCision for written approval prior to acceptance.

37. Spline & Gear 100% Inspection

Spline & gear data are required for 100% of the parts (AQL=0). Traces of tooth-to-tooth error, total composite error and testing radius information must accompany the product and must have traceability to the product in which they apply. When product is required to be serialized, traces must also be serialized.

38. Spline & Gear Sample Inspection

Spline & gear data required for a sample of the product in accordance with MIL-STD-1916 AQL 1.0. Traces of tooth-to-tooth error, total composite error & testing radius must accompany the Deliverables and must have traceability to the Deliverables in which they apply. When Deliverables are required to be serialized, traces must also be serialized.

39. Material Safety Data Sheets (MSDS)

The supplier must supply an MSDS with the Deliverables. If data is not immediately available, forward MSDS data form to AeroCision’s Buyer within 10 calendar days of receiving the PO.

40. International Traffic in Arms Regulation (ITAR)

All Customer Documents provided may contain information subject to the International Traffic in Arms Regulations (ITAR) or the Export Administration Regulation (EAR). Transfer of any Technical Data by any means to a foreign person or foreign entity, whether in the United States or abroad, without first complying with the export license requirements of the ITAR and/or the EAR is against the law and in violation of the terms of Customer Documents. By agreeing to accept any PO, Supplier certifies to AeroCision that Supplier has not violated any ITAR and/or EAR laws in the fulfillment of this PO or any subsequent or previous PO. Supplier shall be liable for any ITAR related penalties or costs associated with Suppliers Deliverables.

41. No Nonconforming Deliverables Policy

AeroCision will not accept nor pay Supplier for any nonconforming Deliverables. Supplier shall, no later than 24 hours after notification by AeroCision, forward a Return Authorization for all nonconforming Deliverables. AeroCision shall review the nonconforming Deliverables and determine, with Supplier’s assistance if required, if the Deliverables are salvageable or not. Supplier shall reimburse AeroCision at a rate of \$150 per manufacturing, administrative and/or engineering hour for AeroCision’s cost of handling, repairing, technical reviewing or working on any potential solutions to repair the nonconforming parts. All “late” fees, “Concession” fees and/or other Quality or Delivery fees and surcharges assessed by AeroCision’s end Customer shall be passed through to Supplier due to Supplier’s nonconformance and or late delivery. In the event AeroCision deems a Deliverable is not salvageable, due to supplier error, Supplier shall pay AeroCision 100% of the Part Cost (“Part Cost” shall be defined as AeroCision’s official BOM costs to date as of the Deliverable disposition date).

42. Administrative Damages

For every occurrence of the following Incidents caused by Supplier, Buyer may charge Supplier Administrative Damages, as defined below, in addition to any Damages (“Damages” shall be defined as the cost of any and all non- conforming material, any costs charged to Buyer by Buyer’s End Customer, and, any Administrative Damages incurred), in the stated amounts for the purpose of compensating Buyer’s internal administration and factory overhead efforts associated with such incident. For the avoidance of doubt, the payment of Damages hereunder by Supplier shall not preclude Buyer from making any other claim for Damages against Supplier, including any and all charges and penalties incurred by Buyer from Buyer’s End Customer.

Incident	Administrative Damages
Rejects at Buyer’s facilities	\$1,500 per rejection document
Concessions	\$1,000 per, Buyer approved
Quality Rejections Found During Machining (Voids)	\$4,000 per occurrence
Authorization to ship non-conforming product	\$500 per submission
Penalties paid to buyer’s customers	End customer penalty + \$500 per occurrence

43. Non Disclosure Agreement (“NDA”)

AeroCision may from time to time demand that Supplier sign a mutual NDA as part of the Customer Documents as required by AeroCision’s end-customer OEM’s. Supplier shall have 48 hours to comply with AeroCision’s NDA request. Suppliers, who do not sign an NDA upon AeroCision’s request, shall be terminated and all PO’s shall be null andvoid.

44. Defense Federal Acquisition Regulation (“DFAR”)

Supplier must conform to all DFAR requirements in all respects regarding acquisition of material found in the Supplier’s Deliverables.

45. Blanket PO’s Policy

A Blanket PO may, from time-to-time, be supplied as a courtesy toSupplier in order to afford Supplier a way to economically schedule Supplier’s production and identify in advance any capacity constraints, shipment interruptions, raw material challenges, etc. that may arise over the term of the Blanket PO. The term “Blanket PO” is defined as follows:“a courtesy, non-binding forecast of demand, evidenced by a PO with more than one delivery line, beyond Supplier’s agreed upon Lead Time”. Therefore, if a PO has more than one delivery line, and the additional delivery lines reflect demand beyond Supplier’s Lead Time, then the balance of the demanded items shall be non-binding. AeroCision provides Blanket PO’s to Suppliers when AeroCision receives demand information from its customers’ forecasts. In the event that the OEM's forecast(s) changes, AeroCision has the right to change, at any time, the Supplier’s forecasted demand and delivery dates found in Suppliers’ Blanket PO(’s) at no cost to AeroCision. AeroCision retains the right to alter delivery quantities and/or delivery dates for parts due beyond the stated lead time from the date of notification, with no liability to AeroCision for excess finished stock, WIP or raw materials.

46. Legal Venue

All legal disputes regarding the legal interpretation(s) contained within the Terms and Conditions and PO language shall be tried in a State of Connecticut court in all instances.

47. Counterfeit parts.

The supplier shall prevent the use of counterfeit parts.

48. Awareness

- Suppliers shall ensure that persons are aware of:
 - Their contribution to product or service conformity
 - Their contribution to product safety
 - The importance of ethical behavior

Document History

Revision	Date	Page	Description	Changed by	Approved by
X	10/16/2018	5	Added Paragraphs 47 & 48	N. Mucciarone	B. Francis