



TERMS AND CONDITIONS OF PURCHASE

1. **Acceptance of Terms.** Seller agrees to be bound by and to comply with all terms set forth herein and in the purchase order, to which these terms are attached and are expressly incorporated by reference (collectively the “**Order**”), including, any amendments, supplements, specifications and other documents referred to in the Order and agreed to by Seller for the purchase of products and/or services purchased hereunder (the “**Items**”). Acknowledgement of the Order, including without limitation, by beginning performance of the work called for by the Order, shall be deemed acceptance of the Order. The Order does not constitute an acceptance by Buyer of any offer to sell, any quotation, or any proposal. Reference in the Order to any such offer to sell, quotation or proposal shall in no way constitute a modification of any of the terms of the Order. **ANY ATTEMPTED ACKNOWLEDGMENT OF THE ORDER OR ANY INVOICE CONTAINING TERMS INCONSISTENT WITH OR IN ADDITION TO THE TERMS OF THE ORDER IS NOT BINDING UNLESS SPECIFICALLY AGREED BY BUYER IN WRITING.**
2. **Buyer Orders.** a) Buyer may issue different types of Orders to Seller. An Order, as such term is used within these terms, shall include any electronically generated order, purchase order, purchasing contract, PO contract, delivery release, child PO or other named document indicating the Items, their associated pricing and any other relevant terms. Generally, Orders fall into three (3) categories: (i) Blanket Orders (“**Contract**”, “**Scheduling Agreement**”, or “**Supplier Owned Inventory Order**”), (ii) Delivery Orders (“**Delivery Schedule**”), and (iii) Spot Buy Orders (“**Purchase Order**”), as defined below.
 - b) A “**Blanket Order**” is an Order issued by Buyer that specifies the Items to be provided by Seller at the prices, and subject to any other terms, referenced therein, for the period of time noted. Following Seller’s acceptance of such Blanket Order in accordance with Article 1, Seller shall be bound by the terms therein. A Blanket Order shall not be binding on Buyer, and in the absence of a Delivery Order, Buyer shall not be obligated to procure any of the Items identified within the Blanket Order unless otherwise agreed to in writing by Buyer.
 - c) A “**Delivery Order**” is Buyer’s firm Order against an open Blanket Order. Delivery Orders specify the Items to be provided by Seller, the applicable pricing, the quantity of such Items and/or services and any other necessary terms. Following Seller’s acceptance of such Delivery Order in accordance with Article 1, Seller and Buyer shall be bound to the terms therein.
 - d) Where Buyer has not issued a Blanket Order, Buyer may issue a Spot Buy Order. A “**Spot Buy Order**” is an Order that specifies the Items to be provided by Seller, the applicable pricing, the quantity of such Items and any other necessary terms. Following Seller’s acceptance of such Spot Buy Order in accordance with Article 1, Seller and Buyer shall be bound to the terms therein.
3. **Prices and Payment.** a) All prices for Items purchased hereunder are firm and shall not be subject to change. Unless otherwise provided on the face of the Order, **THE PRICES APPEARING HEREIN INCLUDE ALL PACKAGING, CRATING, TARIFFS, FEDERAL, STATE, AND LOCAL TAXES, IF APPLICABLE, AND ARE FIRM FOR THE DELIVERY PERIOD SHOWN.**
 - b) Seller warrants that none of the Items furnished under the Order are surplus, used, remanufactured or reconditioned or of such age or so deteriorated as to impair the usefulness or safety thereof, unless otherwise specifically stated on the face of the Order and agreed to in writing by Buyer.
 - c) Unless otherwise stated on the face of the Order, payment terms are net sixty (60) days from the Payment Start Date. The “**Payment Start Date**” is the latest of: the Item’s required delivery date identified on the Order, the date the Items are received, or the date of receipt of a correct and undisputed invoice by Buyer. Payment will be made in accordance with the standard practices of the Buyer regarding payment cycles processes.
4. **E-Business and Supplier Online Reps and Certs Portal.** At Buyer’s direction, Seller shall access and use Buyer’s e-business website in connection with Seller’s duties under the applicable Order and shall comply with all requirements therein which are consistent with the applicable Order. Buyer shall provide reasonable assistance to Seller in its use of the e-business website. Seller shall plan manufacturing time to support the forecasted quantities for each Product as set forth on the applicable Order, and as detailed within the e-business website. In addition, Seller shall ensure that it updates the applicable required information on the Woodward’s Supplier Online Reps and Certs Portal (<https://app.suppliergateway.com/woodward/Default.aspx/>) on an annual basis, or as otherwise required by Woodward.
5. **Deliveries and Shipment.** Delivery of Items in accordance with the schedule is a material requirement of the Order. **TIME IS OF THE ESSENCE.** Seller shall not, without Buyer’s prior written consent, manufacture or procure materials in advance of Seller’s reasonable lead-time. Seller will, at its expense, ship by express or air shipment or by the most expeditious way if the delivery schedule is endangered for any reason other than Buyer’s fault. Buyer reserves the right to reject all or any part of any delivery that varies from the quantity authorized by Buyer for shipment. All Items shall be packaged in accordance with Buyer’s instructions or, if none are specified, in accordance with good commercial practice in a manner sufficient to ensure arrival in an undamaged condition. Items shipped in advance of Buyer’s delivery schedule may be returned at Seller’s expense. Seller shall be responsible for all costs and expenses incurred by Buyer as a result of Seller’s failure to meet delivery dates specified by Buyer. Seller shall comply with any additional shipping instructions identified on the face of the Order. If requested by Buyer, Seller shall give notice of shipment to Buyer at the time of delivery of any shipment of Items to a carrier for transportation. Title and risk of loss of Items shall transfer to Buyer at the point of delivery to Buyer’s destination, unless earlier passed pursuant to other provisions of the Order.
6. **Inspection.** Notwithstanding payment, passage of title, or prior inspection or test, all Items are subject to final inspection and acceptance or rejection by Buyer. At all reasonable times, including the period of manufacture, Buyer, its customers, and/or representatives of relevant regulatory agencies where applicable (e.g., FAA) may inspect and/or test the Items to be furnished hereunder at the places where the work is being performed, including those of the Seller’s suppliers, and Seller shall provide, without additional charge, reasonable facilities and assistance for safe and convenient inspection and test. Buyer may inspect 100% or a sample of all Items or any lot of Items at Buyer’s option, and Buyer shall have the right to reject all or any portion of the Items or lot of Items if any such inspection reveals them to be, in Buyer’s



reasonable opinion, defective or nonconforming. Seller shall provide and maintain a test and inspection system acceptable to Buyer and its customers, if required. Records of all inspection work by Seller shall be kept complete and available to Buyer and its customers during the performance hereof and in accordance with the retention and disposition quality requirements stated in Section 12 below. For any Order in support of a U.S. Government program, Seller shall maintain all such inspection work records for the period set forth in the Supplemental Terms (as defined in Article 15) or as otherwise required by Buyer.

7. **Warranties.** a) Seller warrants that for a period of three (3) years after acceptance of the Items by Buyer, all Items furnished to Buyer will be free from defects in material and workmanship, will conform to applicable drawings, designs, specifications, and samples, will meet all functional and performance requirements and, to the extent the Order calls for services to be performed, that such services will be free from defects in workmanship, will meet all requirements of the Order and will be performed to the highest standards of workmanship in the industry (all of which are hereinafter collectively referred to as “**Conforming Items**”). At Buyer’s discretion, Seller shall repair, replace, or refund the fees paid for the Items that fail to comply with this warranty. Seller shall be responsible for the payment of any shipping and processing costs associated with the return of any non-Conforming Items; in the case that Buyer has paid for any such shipping costs, Seller shall reimburse Buyer for all shipping, processing and priority costs incurred in relation to the non-Conforming Items.
- b) In the event non-Conforming Items are furnished and returned to Seller, and within ten (10) business days therefrom, Seller shall repair or replace such non-Conforming Items. In the case of services, in the event that Seller is notified of the non-Conforming Item, within ten (10) business days therefrom, Seller shall repair, replace or re-perform such non-Conforming Items. The failure of Seller to repair or replace and redeliver or re-perform such non-Conforming Items within such ten (10) business day period shall entitle Buyer, at its election and in addition to any other rights or remedies it may have at law or in equity, to have such non-Conforming Items repaired, replaced, or serviced at Seller’s expense. Should Buyer receive non-Conforming Items, Buyer shall always retain the right to terminate the applicable Order and any associated Orders without obligation to remit payment for Items not yet received; in such an event, upon Buyer’s request, Seller shall issue to Buyer a pro-rated refund of fees paid for the non-Conforming Items. This remedy is not exclusive and shall be in addition to any other remedy available at law, in equity, or under the Order.
- c) In addition to the costs of repairing or replacing such non-Conforming Items Seller agrees that, notwithstanding the provisions of any warranties, expressed or otherwise, negotiated with respect to Items purchased from Seller by Buyer or Buyer’s customers, Seller shall reimburse Buyer for labor and material costs, including but not limited to overhead and general administrative and/or inspection expenses reasonably incurred by Buyer and any other costs incurred by Buyer from its customers related to the non-Conforming Item.
- d) Seller further warrants that each of its personnel has the proper skill, training and background necessary to accomplish their assigned tasks, and all services shall be performed in a competent, workmanlike and professional manner, by qualified personnel with the degree of skill and care that is required by current, good and sound professional procedures and practice and in conformance with generally accepted professional standards for the completion of such Services prevailing at that time.
8. **Hazardous Substances and Waste.** Seller shall be solely responsible for managing all wastes of any nature associated with its activities and or procedures and will manage any such wastes in compliance with local, state and federal regulations. Certification and/or any other form of manifestation of compliance must accompany any regulated wastes from any remediation or clean-up of any leaks or spills; any such records must include the names and addresses of any treatment, storage or disposal facility that is receiving such wastes, the amount of waste provided to the facility along with the date(s) of the shipment(s). When present or performing work on any Buyer site, Seller will not release hazardous substances or constituents to the environment and will take all necessary measures to prevent endangerment to human health by any such hazardous substances or constituents.
9. **Hardware, Software and Firmware.** Seller warrants that any hardware, software and firmware goods delivered under the Order: (i) shall not contain any viruses, malicious code, Trojan horse, worm, time bomb, self-help code, back door, or other software code or routine designed to: 1) damage, destroy or alter any software or hardware; 2) reveal, damage, destroy, or alter any data; 3) disable any computer program automatically; or d) permit unauthorized access to any software or hardware; (ii) shall not contain any third party software (including software that may be considered free software or open source software) that: 1) may require any software to be published, accessed or otherwise made available without the consent of Buyer, or 2) may require distribution, copying or modification of any software free of charge; and (iii) shall not infringe any patent, copyright, trademark, or other proprietary right of any third party or misappropriate any trade secret of any third party.
10. **Changes.** a) Buyer may at any time make changes within the general scope of the Order in any one or more of the following: (i) drawings, designs or specifications where the goods to be furnished are to be specially manufactured for Buyer; (ii) method of shipment or packing; (iii) place and time of delivery; (iv) amount of Buyer’s furnished property; (v) quality; (vi) quantity; or (vii) scope or schedule of the Items. If any changes cause an increase or decrease in the cost, or the time required for the performance of any work under the Order, a mutually agreed upon equitable adjustment shall be made in the Order price or delivery schedule, or both, in writing. Any claim for adjustment related to obsolescence, scrap, and/or rework resulting from any change shall be limited to the materials in process at the time of the change and within the Seller’s normal manufacturing cycle needed to meet the Purchaser’s delivery schedule. Any Seller claim for adjustment under this article will be deemed waived unless asserted within thirty (30) calendar days from Seller’s receipt of the change or suspension notification, and may only include reasonable, direct costs that will necessarily be incurred as a direct result of the change. Notwithstanding the above or any other provision of the Order, Seller hereby agrees that any changes made to meet the specified performance requirements of the Order shall not entitle Seller to any adjustment in either price or delivery.
- b) During performance of the Order, Seller shall not make any changes in the design of Items to be furnished by Seller under the Order without advance written notification to and written approval of Buyer. The above requirement applies whether or not there is a cost impact associated with the change and regardless of the type of change involved, including product improvements. Unless otherwise mutually agreed to in writing, Seller shall be responsible for all of Buyer’s costs incurred as a result of any changes implemented by Seller.

- 11. Confidentiality.** a) All tangible and intangible property, including, but not limited to, information or data of any description, tools, materials, drawings, computer software, know-how, documents, trademarks, copyrights, equipment, deliverables and material furnished to Seller by Buyer or specially paid for by Buyer, and any replacement thereof, and any materials affixed or attached thereto, and any product produced for Buyer that uses, is based on or incorporates any of the foregoing, shall be and remain Buyer's property (hereinafter referred to as "**Buyer Proprietary Information and Property**"). Except to the extent specifically provided in the Order, Seller shall have no rights in any Buyer Proprietary Information and Property. Subject to the provision of Article 11 b) below, Seller may use Buyer Proprietary Information and Property only in the performance of work for Buyer and, upon Buyer's request, Seller will deliver all Buyer Proprietary Information and Property and all copies thereof to Buyer.
- b) Seller shall keep Buyer Proprietary Information and Property confidential and may not disclose such to any person or entity or otherwise reveal or in any manner display or demonstrate such in any public or private forum without Buyer's prior, express, written permission. If, with Buyer's prior, express, written permission, Seller furnishes Buyer Proprietary Information and Property to any supplier or subcontractor of Seller for use in performance of Buyer's Orders, Seller shall (i) insert the substance of this Article in all orders to such supplier or subcontractor; and (ii) remain responsible hereunder for any breach by such supplier or subcontractor of this Article.
- c) Seller shall not disclose the making of any Order or display any products manufactured for Buyer that utilize, are based on or incorporate any of Buyer Proprietary Information and Property in any advertisement, journal, magazine or other publication or on the internet or in any other medium. Seller may not use Buyer's (or its affiliate's) name or logo (including any trademark of Buyer) in any of its advertising or publicity material without Buyer's prior written consent, which may be withheld or given in Buyer's absolute discretion. d) Seller shall not use (and shall not assist others in using) any Buyer Proprietary Information and Property to engage in activity outside of the Order, including, without limitation, support of the aftermarket for the Items.
- 12. Intellectual Property.** Seller warrants that the Products and/or services provided or process used shall not infringe any patent, copyright, trademark, or other proprietary right of any third party or misappropriate any trade secret of any third party. The Seller agrees to indemnify, defend, and hold harmless Buyer Indemnitees ("**Buyer Indemnitees**" shall mean and include any of Buyer and its subsidiaries, affiliates, agents, representatives, customers and invitees and their respective officers, directors, shareholders, and employees) from all costs and expenses related to any suit, claim or proceeding (including any and all attorneys' fees) brought against any of the Buyer Indemnitees based on a claim that any service, article or apparatus, software, material, equipment, part, device or process, or any part thereof included in the Items furnished hereunder, or any device or process necessarily resulting from the use thereof, constitutes an infringement of any patent, copyright, trademark, trade secret or other intellectual property right of any third party. Buyer shall notify Seller of any such suit, claim or proceeding and give Seller authority, information, and assistance (at Seller's expense) for the defense of same, and Seller shall pay all damages and costs awarded therein. If use of said service, article or apparatus, material, equipment, part, device or process ("**Infringing Material**") is enjoined, Seller shall, at its own expense and at its option, either procure for Buyer (and Buyer's customer(s)) the right to continue using said article or apparatus, material, equipment, part, process or device, (or in the case of a service, Seller shall procure for Buyer (and Buyer's customer(s)) the right to continue receiving such service) or replace same with a non-infringing equivalent. Any modification to or substitute for any Infringing Material provided under this Article is subject to all of the terms and conditions herein, including, without limitation, the indemnification provisions of this Article. Where neither of the foregoing options is possible, Seller shall reimburse Buyer for all costs and fees that it has paid for the impacted Items, including without limitation, costs or fees associated with transportation, installation and removal of the Infringing Material.
- 13. Record Retention.** Seller shall retain all records related to: (i) the Items, and (ii) any transactions between Seller and Buyer, including but not limited to records related to quality and PPAPs, in accordance with the document retention and disposition requirements of the latest WPQR 9100 version., or longer if required by Buyer, applicable law, or regulation. Upon Buyer's written request, Seller will promptly deliver all such records to Buyer or its designee, or dispose of such records, unless such records are required to be retained by Seller pursuant to applicable law, regulation, or for insurance purposes.
- 14. Seller's Status.** It is understood and agreed that Seller and/or its employees engaged in the performance of the Order by Seller are not employees of Buyer and are not entitled to Buyer employee benefits or privileges or any payment from Buyer (other than as expressly provided for in the Order) and the Seller shall pay the salaries or expenses, applicable taxes, including Social Security and unemployment benefits of said employees. Seller shall also pay any expenses normally paid by an employer in connection with its employees assigned to Buyer's account. Seller and its employees are and shall be deemed to be independent contractors at all times during its performance of the work specified in the Order.
- 15. Supplemental Terms and Conditions.** Buyer may issue Orders to Seller from time to time for U.S. Government programs. If any Order is issued pursuant to a U.S. Government Prime Contract, the Woodward "**Federal and Defense Acquisition Regulation Supplemental Terms and Conditions**" ("**Supplemental Terms**"), document 4-74-4502, applicable as of the date of the original Order shall remain valid and enforceable. The Supplemental Terms are hereby incorporated by reference and made a part of the Order.
- 16. Compliance with Laws and Governmental Requirements; Materials.**
- a) Compliance with All Laws. Seller shall comply with all applicable state, federal, local, national and provincial laws, rules and regulations, including, without limitation the Federal Acquisition Regulations ("**FAR**") and the Defense Federal Acquisition Regulation Supplement ("**DFARS**"), the California Transparency in Supply Chains Act of 2010, the most current European regulation for Registration, Evaluation, Authorization (and Restriction) of Chemicals ("**REACH**"), the most current European Restriction of the use of certain Hazardous Substances Directive ("**ROHS**"), the most current European Waste Electrical and Electronic Equipment Directive ("**WEEE**"), all EU Data Privacy Regulations relating to the protection of personal data. While any Order is in effect, Seller shall provide Buyer with status information regarding any legal or arbitral proceedings or any proceedings by or before any governmental body, now pending or threatened against Seller.



b) Denied Party Screening. Seller shall notify Buyer immediately in writing if Seller, or Seller's subcontractors, are listed as Specially Designated National, debarred, sanctioned or designated as a denied party on any denial or sanctions list published by the United States Government.

c) International Trade.

(i) Seller shall comply with all applicable state, federal, local, national and provincial laws, rules and regulations with respect to international trade including, without limitation, the Export Administration Regulations, the International Traffic in Arms Regulations, and any other regulations promulgated by the U.S. Office of Foreign Assets Control (OFAC), and the import and export control laws of the countries in which the parties do business.

(ii) Seller shall comply with all applicable registration and licensing requirements under the export control laws of the United States and the laws of the countries in which Seller operates. Seller shall not disclose, transfer or export hardware or technical data, or perform services controlled under the ITAR or the EAR to any non-U.S. person or firm, including non-U.S. persons employed by or associated with Seller, nor to any non-U.S. government, without first complying with all requirements of the ITAR or the EAR, including the requirement for obtaining an export license or other required authorization. Seller shall provide to Buyer the USML category number and/or the ECCN, as applicable, for products and technical data delivered under any Order.

(iii) If any Order requires either party to obtain government-approved export authorization to facilitate activities and obligations set forth under an Order, the Seller shall exercise reasonable efforts to support the preparation and management of the authorization in full compliance with applicable government regulations. The Seller shall without delay respond to requests for supporting documentation, including clarifying questionnaires or any other requested information necessary to secure government authorization. Each party, as applicable, shall be individually responsible for obtaining required documentation or other information from any third party required by such party to perform its obligations under all Orders. Failure to obtain any required documentation or information from a third party shall result in the third party's exclusion from the government authorization. The parties shall exchange copies of all government export authorizations related to the Technical Data or Items, and all provisions or conditions or information relating to the authorization, including but not limited to, any restriction on sublicensing, retransfer, resale or re-export, any requirement for non-disclosure agreements, and any limitation on individuals having access to Technical Data or Items, to the extent permitted by governmental agencies and with allowance for redaction of registration numbers. Each party, as applicable, shall be individually responsible for compliance with all government export authorizations, including without limitation ensuring that all export-related paperwork and documentation (e.g., Destination Control Statements, Electronic Export Information filed via Automated Export System) are properly completed and timely filed.

(iv) Where Seller is the design authority for the Technical Data or Items that are subject to an Order, Seller shall provide Buyer with (i) the applicable Harmonized Tariff Schedule Number, (ii) either 1) the USML category of such Technical Data or Items that are controlled by the ITAR, or 2) the ECCN of such Technical Data or Items that are controlled by the EAR. If, under any Order Seller engages in any manufacturing or exporting of USML items, or the provision of defense services (as defined in 22 C.F.R. § 120.9), Seller shall maintain registration with the DDTC as may be required by 22 C.F.R. Part 122 of the ITAR. Upon request, Seller shall provide Buyer annually with its DDTC registration expiration date.

(v) Country of Origin. "**Country of Origin**" for purposes of this Article 16 only, shall mean either the country where an Item has been wholly obtained or, when more than one country is concerned in the production of the Item or, the country where the last substantial transformation has been carried out. The Seller shall identify the Country of Origin of all Items on the commercial invoice or pro forma invoice accompanying the shipment, and in any other format as Buyer may direct, including but not limited to, electronic, and/or scan-readable format. Where the Seller is not the manufacturer of the Item, it shall obtain the Country of Origin from the manufacturer of such Item.

(vi) Country of Origin Marking. Seller shall mark all Items with the English name of the Country of Origin in accordance with the local laws of the destination country. Where the Item is exempt from the Country of Origin marking requirements of the destination country or no such markings are otherwise required, Seller shall mark the container of such Item with the name of the Country of Origin of the Item.

(vii) Preferential Treatment. Upon Buyer's request, Seller shall assist in obtaining from its downstream Sellers, certificates of origin, declarations, and/or affidavits necessary to support Buyer's claims for duty-free or preferential duty treatment under international agreements, multi-lateral or bilateral free trade agreements, or other preferential tariff programs (e.g., Generalized System of Preferences, North American Free Trade Agreement ("NAFTA"), U.S.A. – Singapore Free Trade Agreement, U.S. Goods Returned, etc.).

(viii) Seller shall provide complete and accurate customs documentation, including without limitation, documentation regarding entry requirements, classification, valuation, preferential treatment, duty drawback, and trade terms. Seller shall be liable for any penalties, fines, additional duties, or third party costs that Buyer may incur as a result of Seller's failure to promptly and accurately provide such necessary information, including the costs and fees incurred by Buyer to classify items (HTS or export classifications) and to determine country of origin. Buyer shall set-off such incurred amounts that would otherwise be due to Seller without prejudice to Buyer's other rights and remedies available to it.

d) Defense Priorities and Allocations System Regulation ("DPAS"). The Order may contain rated order quantities certified for national defense use, and in such instances, Seller shall follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR part 700) as it pertains to the rated quantities. In the absence of a rated order designation on the Order, Seller shall access Buyer's e-Business website to verify the applicable rating for the respective Order quantities and will comply with all such applicable DPAS requirements. Once in e-Business, Seller may refer to the e-Business tutorial for guidance in locating the DPAS ratings applicable to the respective Order.

e) Full Material Disclosure. Seller shall comply with all requests made by Buyer regarding Seller's Full Material Disclosure, including but not limited to those set forth in Buyer's Material Content and Source Requirements document number: 3-OF-04058 found at:

<http://www.woodward.com/supplierdocindex.aspx>. All such information and data required pursuant to the Material Content and Source Requirements document shall be provided to Buyer at least thirty (30) days prior to shipment of the applicable Product. Seller shall flow the terms and conditions set forth in the Material Content and Source Requirements document to its supply chain and the information and data required therein from Seller's supply chain shall be provided to Buyer at least thirty (30) days prior to shipment of the applicable Product. For the purposes of the foregoing sentence, Seller's "**Supply Chain**" includes, but is not limited to, the lowest downstream supplier providing raw material contained in the Products.

f) **Conflict Minerals.** Seller warrants and certifies that it complies with Section 1502 of the Dodd Frank Act and the Final Rule issued by the U.S. Securities and Exchange Commission, and any subsequent rules and regulations related thereto issued by the United States Government and, where identified by Woodward, other governments and/or authorities in regions that Woodward provides its products ("**Conflict Minerals Regulations**"), and has implemented compliant processes to ensure its suppliers are in compliance with the Conflict Minerals Regulations. Where Seller does not have direct and formal reporting requirements under the Conflict Minerals Regulations, and upon request by Buyer, Seller agrees to provide due diligence and Responsible Country of Origin Inquiry ("**RCOI**") information under this Agreement to Buyer in support of Buyer's reporting requirements (the "**RCOI Requirements**"). Further, Seller shall promptly comply with all requests by Buyer to provide documentation, and other substantiating data and assurances with respect to its compliance with Conflict Minerals Regulations and the RCOI Requirements as Buyer may deem necessary from time to time. In the event: (a) Buyer deems Seller is not in compliance with the Conflict Minerals Regulations or the RCOI Requirements, (b) Buyer is not satisfied with the outcome of any review of Seller documentation and/or data or otherwise, or (c) Seller does not provide the documentation, other data and/or other further assurances to Buyer as requested by Buyer, Buyer shall have the right to terminate this Order or any portion thereof without penalty or further liability to Buyer.

g) **Indemnification.** Seller shall defend, indemnify and hold harmless Buyer, its directors, officers, employees, agents and invitees from and against all liability, demands, claims, losses, costs, damages, and expenses, including but not limited to attorneys' fees, arising from or in any way related to Seller's failure to comply with this Article 16, Compliance with Laws.

17. **Counterfeit Goods.** a) For the purposes of this Article, Goods consist of those parts deliverable under this contract that are the lowest level of separately identifiable items (e.g., articles, components, goods and assemblies). "**Counterfeit Goods**" means Goods or Items that have been misrepresented as having been designed and/or produced under an approved system or other acceptable method. Counterfeit Goods include, but are not limited to Goods or Items that: (i) are an illegal or unauthorized copy or substitute of an Original Equipment Manufacturer ("**OEM**") item; (ii) are not sufficiently traceable to an OEM to ensure authenticity in OEM design and manufacture; (iii) do not contain the proper internal or external materials or components or are not manufactured in accordance with the OEM design; (iv) are used, refurbished, or reclaimed but that Seller represents as being new; (v) have not successfully passed all OEM required testing, verification, screening, and quality control but that Seller represents as having met those requirements; (vi) have a label or other marking intended, or reasonably likely, to mislead a reasonable person into believing a non-OEM Good is a genuine Good or Item when it is not.

b) Seller warrants and certifies that Goods and Items delivered pursuant to this contract, unless otherwise specifically stated on the face of the Order, shall (i) be new, (ii) be and only contain materials obtained from the OEM or an authorized OEM reseller or distributor, (iii) not be or contain any Counterfeit Goods, and (iv) contain only authentic, unaltered OEM labels and other markings. Goods and Items shall not be acquired from independent distributors or brokers unless specifically authorized in writing by Buyer.

c) Seller shall maintain a method of item traceability that ensures traceability of the supply chain back to the manufacturer of all electrical, electronic, and electromechanical parts sold separately as Goods or Items or included in assemblies and subassemblies being delivered per this contract. This traceability method shall clearly identify the name and location of all of the supply chain intermediaries from the manufacturer to the direct source of the product for Seller, and shall include the manufacturer's batch identification for the item(s) such as date codes, lot codes, serializations, or other batch identifications. When requested by Buyer, Seller shall provide OEM documentation that authenticates traceability of the affected items to the applicable OEM. Buyer shall have the right to audit, inspect, and/or approve the methodology described herein at any time before or after delivery of the Goods or Items ordered hereunder. Buyer shall have the right to require changes to the processes to conform to Buyer's defined standards, if any.

d) Seller shall immediately notify Buyer in writing of the pertinent facts if Seller knows or has reason to believe that Counterfeit Goods have been delivered under the applicable Order.

e) In the event Goods or Items delivered under this contract constitute Counterfeit Goods, Seller shall at its expense promptly replace such Goods with genuine Goods conforming to the requirements of this contract. Notwithstanding any other provision of this contract, Seller shall be liable for all costs relating to the removal or replacement of Counterfeit Goods, including without limitation Buyer's or Buyer's customer's costs of removing such Counterfeit Goods, reinserting genuine Goods or Items, and any testing necessitated by the reinstallation of any Goods or Items after Counterfeit Goods have been exchanged. Buyer reserves the right to turn over suspected Counterfeit Goods to U.S. Governmental authorities for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation. The remedies available under this Article are in addition to any other remedies Buyer may have available to it in law or in equity, or in any other provisions in this contract.

f) In the event Buyer suspects that Seller may have provided Counterfeit Goods under any Order, Buyer shall immediately notify Seller in writing, and provide sufficient detail to enable Seller to promptly initiate its own internal investigation. Seller will cooperate fully with any investigation of Counterfeit Goods conducted by Buyer, and shall promptly provide all documentation and other information reasonably requested by Buyer.

g) This Article 17 applies in addition to any other quality provision, specification, or statement of work included in this contract addressing the authenticity of Goods and Items. To the extent such provisions conflict with this Article 17, this paragraph prevails.

h) Seller shall flow the requirements of this Article 17 to its subcontractors and suppliers at any tier for the performance under any Order.

18. Suspension. Buyer may at any time, by notice to Seller, suspend performance of the work for such time as it deems appropriate. Upon receiving notice of suspension, Seller shall promptly suspend work to the extent specified, properly caring for and protecting all work in progress and materials, supplies and equipment Seller has on hand for performance. Upon Buyer's request, Seller shall promptly deliver to Buyer copies of outstanding purchase orders and subcontracts for materials, equipment and/or services regarding the suspended work and take such action relative to such purchase orders and subcontracts as Buyer may direct. Buyer may at any time withdraw the suspension as to all or part of the suspended work by written notice specifying the effective date and scope of withdrawal. Seller shall resume diligent performance on the specified effective date of withdrawal of suspension. All claims for increase or decrease in the cost of or the time required for the performance of any work caused by such suspension shall be pursued pursuant to, and consistent with, Article 10 regarding "Changes."

19. Notice of Existing or Likely Problems. Seller will: (i) promptly notify Buyer of any facts or circumstances that adversely affect, or are reasonably likely to adversely affect, the supply or selling price of the Products, cause technical performance or quality problems, or cause delays in schedule performance or timely delivery, and (ii) promptly provide Buyer with all applicable, non-proprietary information relating to such potential delays.

20. Termination. a) By written notice, Buyer may terminate the Order or any part hereof, for its sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder and shall promptly cause all of its suppliers and subcontractors to cease work. Subject to the terms of the Order, Seller shall be paid a portion of the Order price reflecting the actual costs incurred for the work performed prior to the notice of termination, plus reasonable charges Seller can reasonably demonstrate to the satisfaction of Buyer using its standard record keeping system, that have resulted from the termination. Seller shall submit its claim no later than sixty (60) days, or within the time designated by Buyer's customer, after receipt of the termination notice. Seller shall make reasonably available to Buyer or Buyer's representative, any books, records, and papers supporting its claim. Seller shall not be paid for any work performed or costs incurred which should have been avoided. In consideration of Buyer remitting any such payments, upon request by Buyer, Seller shall ship to Buyer any Items or portions of Items which have been produced up to the date of termination.

b) By written notice, Buyer may terminate the Order in whole or in part: (i) if Seller fails or refuses to perform in accordance with any of the requirements of the Order (a "Default"), (ii) if Seller becomes insolvent or suspends any of its operations or if any petition is filed or proceeding commenced by or against Seller (whether voluntary or involuntary) under any federal or state law, or under any agreement, instrument, security interest, or similar arrangement, relating to bankruptcy, arrangement among debtor and creditors, reorganization, receivership or assignment for the benefit of creditors, or (iii) if Seller is added to the federal Excluded Parties List System ("EPLS") or any other government denial list including but not limited to the Denied Persons List, Specially Designated Nationals List, or any other sanction or embargo lists issued by the U.S. Department of State, U.S. Department of Commerce or Office of Foreign Assets Control. Any such termination will be without liability to Buyer except for completed Items delivered and accepted by Buyer, payment for which can be set off against damages incurred by Buyer. Buyer may require Seller to transfer title and deliver to Buyer any or all property produced or procured by Seller for performance of the work completed as of the termination and Seller shall be credited with the reasonable value thereof not to exceed Seller's actual incurred costs or the Order price, whichever is less. Seller will be liable for damages caused by or resulting from its Default including but not limited to excess costs of re-procurement. In the event of termination by Buyer in accordance with this Article 20 b), Woodward shall have the right to enter Seller's premises at any time upon providing reasonable notice to Seller to recover any Woodward owned property (including but not limited to equipment, tooling and drawings). If, after a termination pursuant to clause (i) of this Article, it is determined that Seller was not in Default, the termination shall be deemed a termination for convenience in accordance with Article 20 a) above. Buyer or its designee shall have the right to audit all elements of any termination claim and Seller shall make available to Buyer or Buyer's designee on request all books, records, and papers relating thereto. Termination of the Order pursuant to this Article shall be without prejudice to any other rights and remedies of Buyer under statute or common law.

c) To the extent the Order is not terminated pursuant to Articles 20 a) or b), above, Seller shall continue performance.

21. Force Majeure. The Parties will be excused from timely performance and will not be liable for any delay or breach hereunder, in whole or in part, caused by an Event of Force Majeure (any act or event that (a) is caused by events beyond such Party's reasonable control, including acts of God, the public enemy, fires, floods, storms, pandemics, epidemics, earthquakes, riots, civil disobedience, war or war operations, or restraints of governmental bodies, and (b) is not the result of the fault or negligence of the Party claiming the Event of Force Majeure. Events of Force Majeure shall not include strikes, lock-outs and other similar disruptions, and/or component, product or material obsolescence). If an Event of Force Majeure affects a Party's ability to perform its obligations hereunder, then such Party will (a) promptly, upon learning of such Event of Force Majeure and ascertaining that it will affect its performance hereunder, give notice to the other Party stating the nature of the Force Majeure event, its anticipated duration and any action being taken to avoid or minimize its effect, and (b) continue to satisfy all obligations arising before or not affected by the Event of Force Majeure. The Party asserting the Event of Force Majeure will suspend the performance of its obligations hereunder only to the extent and for the duration necessary under the circumstances. Notwithstanding the forgoing, in the event Seller is prohibited from performing its obligations hereunder due to an Event of Force Majeure, which will or does exceed a period of thirty (30) business days, Buyer will be entitled to terminate the Order (or any portion hereof) and look for, and potentially contract with, alternative sources for the manufacture, development, delivery and sale of the Items under said Order.

22. Set off. Where Seller has incurred any liability to Buyer under or in connection with an Order, Buyer may set-off the amount of such liability against any sum that would otherwise be due to Seller by Buyer under the applicable Order or any other agreement.

23. Indemnification. Seller shall defend, indemnify and hold harmless Buyer Indemnitees from and against all liability, demands, claims, losses, costs, damages, and expenses, including but not limited to attorneys' fees, by reason or on account of: (i) property damage, death, and personal injury of whatsoever nature or kind arising out of, as a result of, or in connection with the performance of the Order that is occasioned by the actions or omissions of Seller or its suppliers or subcontractors at any tier and/or (ii) Seller's breach of any of its obligations under these Terms and Conditions of Purchase and/or any Order.

- 24. Insurance.** Seller will procure at its own expense and maintain in effect throughout the term of this Order, and shall ensure that each of its sub-tier suppliers and contractors secure and maintain insurance coverage with the following minimum limits of insurance: (a) Workers' Compensation and Employers Liability insurance with a minimum limit of \$1,000,000, (b) Commercial Automobile Liability insurance with a minimum combined single limit of \$500,000 per occurrence, (c) Commercial General Liability insurance including products and completed operations with a minimum limit of \$2,000,000 per occurrence, and (d) Aviation Products Liability insurance (only if Order is for aerospace Products/Services) at a minimum limit of \$5,000,000 per occurrence. All policies shall name Buyer as additional insured, except workers' compensation, and include a waiver of subrogation in favor of Buyer. Seller shall, when requested by Buyer, deliver copies of certificates of insurance for each required policy evidencing the above requirements to Buyer. By requiring the insurance as set forth in this section, Buyer does not represent that coverage(s) and/or limit(s) required herein will necessarily be adequate to protect Seller (including its sub-tier contractors at any level), and such coverage(s) and limits(s) shall not be deemed as a limitation of Seller's (including its sub-tier contractors at any level) liability under the indemnities provided to Buyer in this Order.
- 25. Proper Business Practices and Policies.** Seller shall in its performance under the Order, act in a manner consistent with the highest ethical standards in the industry, comply with all laws concerning improper or illegal payments and gifts or gratuities and agrees not to pay, promise to pay or authorize the payment of any money or anything of value, directly or indirectly, to any person for the purpose of illegally or improperly inducing a decision or obtaining or retaining business in connection with the Order. Further, in the execution of its obligations under the Order, Seller shall take the necessary precautions to prevent any injury to persons or to property. Seller shall comply with the principles contained within Buyer's Codes of Business Conduct and Ethics, which may be located at <http://www.woodward.com/CorporateGovernance.aspx>, to include the Supplier Code of Conduct 4-OF-06940 located at www.woodward.com/pubs/corp/supplier_doc_index.cfm. Seller personnel on Buyer premises shall comply with all Buyer health and safety and security policies and procedures in effect from time to time.
- 26. Quality Assurance.** a) The Seller shall implement and maintain a quality system conforming to the latest version of Buyer's Supplier Quality System Requirements Document WPQR-9100. Seller will grant Buyer, its customer, and relevant regulatory agencies access to its facilities, and all relevant data, records and material in order to observe, evaluate and verify Seller's compliance with its quality obligations under the Order. Seller will further provide Buyer, its customer and relevant regulatory agencies with reasonable facilities and assistance for safe and convenient observation, evaluation and verification.
- b) Unless otherwise agreed to in writing, each shipment as specified by Buyer on the Order, shall contain a Certificate of Conformance ("C of C") and a Material Certification with authorized signatures from Seller. Each C of C must state that all Items contained in a shipment meet all requirements of the Order (including, without limitation specification requirements), reference Buyer's Order number, part number, engineering change revision level, serial number (if applicable), and quantity represented. Raw material certifications shall accompany shipments when the Order specifies that 'additional aerospace requirements apply (per WPQR-9100). Seller's certification must identify the specific Aerospace Material Specification (AMS, AISI, etc.) requirement stated on the Order or engineering drawing. Exceptions to the certification requirement will be specified on the printed e-Business Shipping Document. The Material Certification must be attached to the shipping documents or incorporate sufficient information to match it with the pertinent Order and specific shipment.
- c) Notwithstanding anything to the contrary, unless otherwise mutually agreed upon in writing between the parties, Seller will provide PPAP or FAI at no charge to Buyer. PPAP and FAI shall be updated by Seller at a frequency to be determined by, and at no additional charge to, Buyer.
- 27. Further Assurances.** Upon request by Buyer, Seller will: (i) furnish to Buyer any additional information reasonably requested, (ii) execute and deliver, at its own expense, any other documents reasonably requested to be executed and delivered, and (iii) take any other actions as Buyer may reasonably require to more effectively carry out the intent, and comply with the terms, of this Agreement. Further, Seller will promptly respond to requests by Buyer for information regarding the qualifications, experience, past performance and financial condition of Seller.
- 28. Tools and Gauges.** Any tool, gauges or other materials furnished to Seller by Buyer in support of the Order (hereinafter referred to as "**Buyer Furnished Property**") shall remain the property of Buyer, be used exclusively in support of the Order, and shall be identified as the property of Buyer. Seller shall maintain and calibrate Buyer Furnished Property within calibration cycle requirements. All Buyer Furnished Property shall be returned following completion or termination of the Order along with all relevant documentation. Items are to be returned in the same condition in which they were furnished to Seller, reasonable wear and tear excepted, and Seller shall reimburse Buyer for the replacement cost of Buyer Furnished Property where such Buyer Furnished Property is lost or damaged beyond economic repair as determined by Buyer in its reasonable discretion.
- 29. Audit.** a) Buyer may by itself and/or by engaging a reputable third party auditor, audit the Seller's performance under these terms and/or the applicable Order. Buyer shall give the Seller reasonable prior notice of any intended audit (unless Buyer is aware of or has reasonable grounds to suspect fraud). The Seller shall provide Buyer and/or the relevant auditor access to all information, facilities, materials, installations, premises, procedures or other resources (including staff) as it shall reasonably require to undertake the audit (or, in the case of facilities and premises that are not within the Seller's control shall use reasonable efforts to obtain such access), subject to Buyer requiring the auditor to enter into a reasonable confidentiality agreement with the Seller restricting disclosure of the Seller's confidential information to a reasonable extent.
- b) For public companies- Seller shall, upon request and reasonable notice, provide to Buyer Seller's financial records for the prior three (3) year period. For private companies- Upon request from Buyer, Seller shall provide a letter from a Certified Public Accountant or reputable financial institution describing Seller's then current financial health and condition (which must include any known contingencies), and, if required by Buyer, description regarding any prior year's financial health and condition (not to exceed three prior years). Such financial records will be used by Buyer to assess Seller's ongoing financial viability and will be treated as Confidential Information hereunder.

- 30. Order of Precedence.** Except as provided otherwise in a written document executed by authorized representatives of Buyer and Seller, in the event of any conflict among the provisions of the Order and any other associated documentation, the following order of precedence shall apply in interpreting the Order: (i) the text of a purchase order to which the Order applies, (ii) the Supplemental Terms and Conditions, (iii) any special or supplemental terms and conditions incorporated by reference in such purchase order, (iv) these Terms and Conditions of Purchase, and (v) other Order documents.
- 31. Disputes and Choice of Law.** The parties shall attempt to amicably resolve any dispute which arises under these Terms and Conditions of Purchase or any Order by engaging the appropriate representatives within each party's company. The Order shall, in all respects, be interpreted, construed, and governed by and in accordance with the laws of the state of Colorado, excluding its conflict of laws rules. Claims arising from or relating to this Order shall be brought only in courts located in Denver, Colorado. The Parties hereby submit to personal jurisdiction and venue in Denver, Colorado, and waive any defense of forum non conveniens.
- 32. Rights and Remedies of Buyer.** The rights and remedies of Buyer set forth herein shall be in addition to any other rights and remedies provided in law or equity and the failure or delay by Buyer to exercise any rights or remedies under the Order shall not operate as a general waiver thereof.
- 33. Non-waiver.** Neither any failure nor any delay by Buyer in exercising any right, power, or privilege under any Order will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. The waiver by Buyer of a breach of any provision of any Order will not operate or be construed as a waiver of any subsequent breach.
- 34. Assignment and Subcontracting.** a) Seller shall flow the substance and obligations of the terms herein to its subcontractors and to its sub-suppliers. Seller shall remain fully responsible for any acts or omissions of such subcontractor(s) and/or sub-supplier(s) as if such subcontractor(s) and/or sub-supplier(s) is/are Seller. Any assignment or subcontract for a majority of the materials, services and/or labor by Seller of or under the Order shall be void unless the prior written consent of the Buyer is granted in writing. Notwithstanding the foregoing, Buyer may assign its rights and/or obligations under this Order, in whole or in part, without consent of Seller. Any assignment in violation of this paragraph shall be void. This Order shall be binding upon the parties' respective successors and permitted assigns.
- b) Seller shall not transfer production of Products supplied under this Order, in whole or in part, to a production location located outside the United States of America without prior written consent of Buyer.
- 35. Change in Control.** Seller shall inform Buyer of any anticipated and/or actual instances that may result in a Seller Change in Control within a reasonable period of time following Seller's awareness of any anticipated and/or actual instances that may result in a Seller Change in Control. For purposes of this contract ("Change in Control") means that Seller (a) enters into any transaction of merger with any party other than an affiliate of Seller, (b) conveys, sells, leases, transfers or otherwise disposes, in one or a series of transactions, all or substantially all of its assets, or all or substantially all of its or their assets dedicated to Seller's business, to any party other than an affiliate of Seller, (c) enters into a joint venture or other business combination with a third party that has a direct impact on Buyer's business, or (d) sells or otherwise disposes of to any party other than an affiliate of Seller, or any party other than an affiliate of Seller acquires, more than 49% of its capital stock.
- 36. Headings.** Headings set forth in the Order are for convenience of reference only and do not alter the meaning, content, or enforceability of any Article hereof.
- 37. Severability.** In the event any provision of the Order is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions of the Order will not be affected and, in lieu of such invalid or unenforceable Article, there will be added automatically as part of the Order provisions as similar in terms as may be valid and enforceable under applicable law.
- 38. Entire Agreement.** The Order, with documents as are expressly incorporated by reference, is intended as a complete and exclusive expression of the parties' agreement with respect to the subject matter herein and supersedes any prior or contemporaneous agreements, whether written or oral, between the parties. Each Party has full authority to enter into this Order and perform its obligations herein. The Order may be executed in one or more counterparts, each of which shall for all purposes be deemed an original and all of which shall constitute the same instrument. Facsimile signatures on such counterparts are deemed originals except where Buyer has indicated that it requires originals. No course of prior dealings or usage of the trade shall be relevant to determine the meaning of the Order even if the accepting or acquiescing party has knowledge of the performance and opportunity for objection. All provisions or obligations contained in the Order, which by their nature or effect are required or intended to be observed, kept or performed after termination or expiration of the Order will survive and remain binding upon and for the benefit of the parties, their successors (including without limitation successors by merger) and permitted assigns.
- 39. Amendment.** The provisions of the Order may not be modified or amended except by a written instrument duly executed by both parties.