

**ADVANCED OPTICAL SYSTEMS, INC.**

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## **Purchase Order Terms and Conditions**

### **1. Terms and Conditions**

This Purchase Order ("Order") is subject to the following terms and conditions and by acknowledgment of this Order, or upon Seller's commencement of performance, Seller shall have agreed to and accepted said terms and conditions. Upon acceptance, this Order is the complete and exclusive statement of the terms of the agreement between seller and buyer and no change shall be binding on either party unless agreed to in writing by Buyer.

### **2. Changes**

By written revision to the Order Buyer may, from time to time make changes in drawings, designs, specifications, quantity, services and method of shipment. If any such change causes an increase or decrease in the price or delivery of this Order, the revised price or delivery will be by mutual agreement. Changes shall not be binding upon Buyer except when specifically confirmed by written revision to the Order by an authorized officer of Advanced Optical Systems, Inc. ("AOS"). Information, advice, approval or instructions given by Buyer's technical personnel or other representatives shall be deemed expressions of personal opinions only and shall not affect Buyer's and Sellers' rights and obligations hereunder.

### **3. Indemnification**

In the event any item purchased and delivered under this order shall be defective in any respect whatsoever, Seller will indemnify and hold Buyer harmless from all claims, losses, expenses, and damages that may happen or occur in connection with the use or resale of such item.

### **4. Assignments and Subcontracts**

Neither this Order nor any interest herein nor claim hereunder may be assigned by Seller, nor may all or substantially all of this Order be subcontracted by Seller without the prior written consent of Buyer.

### **5. Jurisdiction**

The rights and obligations of the parties shall be governed by the law of the State of Alabama.

### **6. Warranties**

Seller warrants to Buyer and Buyer's customers that all items purchased and delivered will conform with the stated requirements hereto and will be free from defects. In addition to other remedies, Buyer, at its option, may return to Seller any non-conforming or defective items or require correction or replacement of the item, all at Seller's risk and expense. Payment by Buyer shall not relieve Seller of its responsibilities hereunder.

### **7. Inspection/Acceptance**

Inspection and acceptance of all items purchased and delivered will be at destination, unless otherwise provided on the face of this Order, and will take place within a reasonable time of delivery.

### **8. Termination**

In the event of Seller's failure to deliver when specified or failure of items to meet requirements, Buyer reserves the right to cancel all or part of this Order.

### **9. Compliance with Law**

Seller shall comply with all Federal, State, County and Municipal laws or ordinances which in any manner affect the work to be performed under this Order. Seller shall require all of its representatives, agents and employees to observe and comply with said laws and ordinances and shall indemnify and hold Buyer harmless from all claims, damages and expenses arising from or based on the violation of any such law or ordinance by Seller or its representatives, agents or employees.

### **10. Additional Terms and Conditions**

Certain Government terms and conditions will apply if a Government contract number is stated on the face of this Order. These terms and conditions will be those in effect as of the date of the Order.

In the event of any conflict or inconsistency between the above terms and conditions and the following Federal Acquisition Regulations (FAR) the FAR shall apply. The following FARs can be found at <http://www.acqnet.gov/far/current/html/FARTOCP52.html#wp340130>

a. All Orders include the following:

52.211-5, Material Requirements  
52.222-26, Equal Opportunity  
52.222-4, Contract Work Hours & Safety Standards Act - Overtime Compensation  
52.222-50, Combating Trafficking in Persons  
52.222-54, Employment Eligibility Verification  
52.225-13, Restrictions on Certain Foreign Purchases  
52.227-1, Authorization and Consent  
52.229-3, Federal, State and Local Taxes

b. All Orders exceeding \$10,000 include the following additional clauses:

52.225-8, Duty-Free Entry  
52.222-20, Walsh-Healy Public Contracts Act  
52.222-36, Affirmative Action for Workers with Disabilities

c. All Orders Exceeding \$25,000 include the following additional clauses:

52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans  
52.222-37, Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans

d. All Orders exceeding \$25,000 may be modified to include additional clauses.

11. If "Aerospace Critical" is stated on the face of this order, these additional terms and conditions apply. In the event of any conflict or inconsistency between the above terms and conditions and the following Federal Acquisition Regulations (FAR) the FAR shall apply. The following FARs can be found at <http://www.acqnet.gov/far/current/html/FARTOCP52.html#wp340130>

Subcontractor, suppliers, and vendors hereinafter referred to as suppliers.

a. AOS, their customers, and regulatory authorities retain the right of access to all applicable supplier's facilities and records involved in the Aerospace Critical order.

b. Where required on the face of the Purchase Order, the supplier must use AOS' customer-approved special process sources.

c. The supplier is required to contact the Buyer immediately in the event of a nonconforming product/material. Arrangements for the approval of supplier nonconformances must be directed by the AOS Buyer.

The supplier is also required to notify the Buyer of any changes to a product and/or process. When applicable, AOS will provide approval for such change.

d. Requirements for Material Certificates, Certificates of Conformity, and/or other supporting documentation may be specified on the face of the Purchase Order or otherwise communicated in writing to the supplier.

e. The supplier shall not subcontract any product or process to a sub-tier supplier without the expressed, written consent of the Buyer.

f. AOS will perform inspection activities to ensure that purchased product meets purchase requirements. When appropriate, AOS may delegate inspection authority to one of its approved suppliers. AOS will communicate the inspection requirements, methods, and record of such to the suppliers as applicable.

Inspection activities may include:

Receiving Inspections  
Physical Inspection of the product against the order requirements  
Verification of Certification of Conformity and Materials Certification, and if appropriate to the drawing or specification

Additionally, Special Processes where the compliance cannot be verified by AOS inspection will require a Certificate of Conformity.

g. If verification is to be conducted at the suppliers' premises; AOS will state this intent and the arrangements for such on the purchase documents.

h. AOS may also require specific actions when timely and/or effective corrective actions to a supplier issue(s) are not achieved. These actions may include but are not limited to: withholding payment until the issue is resolved, removal of the supplier from AOS' Approved Supplier List, and legal action.

i. Verification by the customer is not used by AOS as evidence of effective quality control by the supplier and shall not absolve AOS or its suppliers of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.

REV 12/18/2009