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Aero Arc Inc.
16634 South Figueroa St.
Gardena Ca. 90248

Denotes latest change

SQR 1 QUALITY SYSTEM APPROVAL

- A) The supplier quality system shall be certified or be in compliance to the requirements of **ISO9001 / AS9100** and if distributor **AS 9120**.
- B) The supplier system shall meet the requirements of **AS9100 Sec. 7.4 Purchasing**.
- C) The supplier shall retain generated records for at least 7 years in accordance with **ISO9001/ AS9100** Section 4.2.4
- D) AS6174 – Counterfeit Material; Assuring Acquisition of Authentic and Conforming Material.

SQR 2 APPROVALS / COMMUNICATION

The supplier must hold a **NADCAP / ISO 9001 / AS 9100** Certification. Processing to the requirements of this PO requires special process approval from *Aero Arc's* Customer; Notification of change to product, process, suppliers, approvals, significant facility or organizational change such as company name, location or senior quality management, status is required in writing to be forwarded to **Aero Arc Inc.** Quality Management.

Suppliers performing special processes per Boeing Specifications shall be an approved processor or shall use approved processors as required in Boeing's Clause Q020 effective 6/21/2004 and per D1-4426 "Approved Processors Sources". A list of the approved processors and associated processes are available from Buyer's Procurement 'Agent or at <http://active.boeing.com/doingbiz/d14426/index.cfm>

SQR 3 KEY CHARACTERISTIC REQUIREMENTS

Characteristics identified as **KEYS** must be processed in accordance with **AS9100 C**

SQR 4 FIRST ARTICLE INSPECTION

A Documented First Article Inspection Report is required with shipment of product. First article shall incorporate all Characteristics and Processes produced by the supplier. This shall be required on first production run and all additional revisions. First Article shall be per **AS9102 / First Article Form**.

SQR 5 PACKAGING AND SHIPPING

Packaging identification shall include the following:

- Part Number
- **Aero Arc Inc.** PO Number


Packing Conditions shall be in a way that the product will not be damage when handled; Identification shall be any method that shall produce legible marking; Shipping terms shall be as stated on the Purchase Order.

SQR 6 SOURCE INSPECTION

Source inspection required by **Aero Arc Inc.** Quality prior to shipment. Please contact **Aero Arc Inc.** Quality Management at (310) 324-3400 XT 204. Response shall be with in 48 hours.

SQR 7 ON TIME DELIVERY

Acceptance of this order requires notification to **Aero Arc Inc.** Purchasing Department if order can not be completed on time.

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SQR 8 CUSTOMER RIGHT OF ACCESS / SUBTIER FLOWDOWN

Acceptance of this order is recognition of the **RIGHT OF ACCESS** at your premises to **Aero Arc Inc, Aero Arc Inc's** customers and regulatory authorities to the applicable areas of all facilities at levels of supply chain involved in the order and to all applicable records for the purpose of verifying quality of work and materials.

Aero Arc's Suppliers must flow down to their supply chain the applicable documentation and requirements in the purchasing document (SQRs definitions), including AAI's Customers requirements. AAI's Suppliers must also flow down to the supply chain the records retention requirements per AS9100 (minimum of 7 years).

SQR 9 PRODUCT WARRANTY

Acceptance of this order is also acceptance of the responsibility to ensure all products manufactured or processed by your facility or by you procured sources meet all type design and quality requirements identified in purchase order. In case of nonconformities supplier shall be required to initiate a Root Cause Corrective Action when requested by **Aero Arc Inc**. Quality Management.

SQR10 AERO ARC FURNISHED MATERIAL-TOOLING / NONCONFORMANCE

Items manufactured under this purchase order shall be fabricated from **Aero Arc Inc.Inc.** furnished material. The supplier shall not substitute for or dispose of **Aero Arc Inc.Inc.** furnished material, except as instructed in writing. Unused material properly identified shall be returned with the last shipment of fabricated parts; the supplier shall notify **Aero Arc Inc** of Non-conformances and must obtain written approval prior to ship.

All furnished tooling must be kept and protected per ISO9001/AS9100

SQR11 TEST SPECIMENS

The requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection, investigation or auditing are instructed in writing on the PO


SQR 12 REQUIRMENTS FOR MANUFACTURERS AND DISTRIBUTORS OF RAW MATERIAL (e.g. bar sheet metal, plate, tube, wire, weld materials etc.).

Distributor must include with each shipment a Certification of Conformance with the following Statements and Documents:

- Name of Manufacturer of Material
- Aero Arc's PO Number
- Certification Number
- Material Specifications to the latest Rev No
- Material Type and Temper
- Heat Lot Number of Material
- The statement "We hereby certify that all materials furnished conform to all the purchase order, drawing and specification requirements".
- Stamp, Date and Signature of Authorized Quality Representative.
- A copy of the Actual Mill Chemical and Physical Test Results traceable to the Distributor.

Material shall be supplied as identified on Purchase Order, to the specification and current revision or issue at time of Purchase Order acceptance unless otherwise noted on Aero Arc Inc. Purchase Order.

When current revisions or issue of specification, when identified on Aero Arc Inc Purchase

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Order cannot be obtained at time of acceptance or processing of Purchase Order, Manufacturer / Distributors of Raw material shall notify Aero Arc Inc. Purchasing Department

SQR 13 REQUIREMENTS FOR MANUFACTURERS AND DISTRIBUTORS OF COMPONENTS PRODUCED FROM METALLIC RAW MATERIAL (e.g. hardware, purchase parts).

Manufacturer / Distributor must include with each shipment a Certification of Conformance with the following Statements and Documents:

- Name of Manufacturer of Material
- Manufacturer Lot No
- Aero Arc's PO Number
- Certification Number
- Material Specifications to the latest Rev No
- The statement "We hereby certify that all materials furnished conform to all the purchase order, drawing and specification requirements".
- Stamp, Date and Signature of Authorized Quality Representative

Component shall be supplied as identified on Purchase Order, material used to produce component shall be to the specification and current revision or issue at time of Purchase Order acceptance unless otherwise noted on Aero Arc Inc. Purchase Order.

When current revisions or issue of specification, when identified on Aero Arc Inc Purchase Order cannot be obtained at time of acceptance or processing of Purchase Order, Manufacturer / Distributors of Raw material shall notify Aero Arc Inc. Purchasing Department

- No articles (or constituent parts thereof) or the accompanying paperwork (e.g., packages, shippers, etc.) contain any Federal Aviation Administration- Parts Manufacturer Approval (FAA-PMA) markings."


SQR 14 REQUIREMENTS FOR SUPPLIERS PERFORMING OR SUBCONTRACTING MANUFACTURING / INSPECTION PROCESS SUCH AS PLATING, PAINTING, HEAT TREATING, NDT (all special process).

The supplier will include with each shipment 3 copies of the certification with the following information as a minimum:

- Aero Arc Inc. PO Number
- Your Company Name and Address
- Certification Number
- Specification to the latest Rev No
- All Actual Test / Processing Data Results
- The statement "We hereby certify that all materials furnished conform to all the purchase order, drawing and specification requirements".
- Stamp, Date and Signature of Authorized Quality Representative.

Subcontractor shall be supplied as identified on Purchase Order, to the specification and current revision or issue at time of Purchase Order acceptance unless otherwise noted on Aero Arc Inc. Purchase Order.

When current revisions or issue of specification, when identified on Aero Arc Inc Purchase Order cannot be obtained at time of acceptance or processing of Purchase Order,

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Subcontractor shall notify Aero Arc Inc. Purchasing Department

SQR15 STANDARD CERTIFICATION OF CONFORMANCE FOR SUPPLIERS PRODUCING PRODUCT WITH MATERIAL SUPPLIED BY AERO ARC.

The supplier will include with each shipment a certification of conformance which states that products shipped meet all design requirements and those identified by the purchase order and shall include the following information:

- **Aero Arc Inc.** PO Number
- Your Company Name and Address
- Certification Number
- Statement of Work Performed.
- The statement **“We hereby certify that the product supplied conforms to all the purchase order, drawing and specification requirements”**.
- Stamp, Date and Signature of Authorized Quality Representative.

SQR 16 CERTIFICATE OF CONFORMANCE REQUIRMENTS FOR MANUFACTURERS AND DISTRIBUTORS OF PAINTS, PRIMERS, ADHESIVES, CHEMICAL / SYNTHETIC MATERIALS AND COMPOUNDS.

Manufacturer / Distributor must include with each shipment a Certification of Conformance with the following Statements and Documents:

- *Aero Arc Inc.* PO Number
- Certification Number
- Material Specification to the latest Rev No
- Batch / Lot Number
- Date of Manufacturing
- Expiration Date.
- The statement **“We hereby certify that the product supplied conforms to all the purchase order, drawing and specification requirements”**.
- Stamp, Date and Signature of Authorized Quality Representative.
- Chemical/Physical of the actual test results when supplying raw material. Certification must refer to the lot number that is on the reports and material; reports must be traceable to the supplier.


Material shall be supplied as identified on Purchase Order, to the specification and current revision or issue at time of Purchase Order acceptance unless otherwise noted on Aero Arc Inc. Purchase Order.

When current revisions or issue of specification, when identified on Aero Arc Inc Purchase Order cannot be obtained at time of acceptance or processing of Purchase Order, Manufacturer / Distributor shall notify Aero Arc Inc. Purchasing Department

SQR 17 CERTIFICATE OF CONFORMANCE REQUIRMENTS FOR MANUFACTURERS AND DISTRIBUTORS OF COMPONENTS PRODUCED FROM SYNTHETIC OR RESIN BASE RAW MATERIAL (e.g., Rubber, composites or non-metallic parts or material).

Manufacturer / Distributor must include with each shipment a Certification of Conformance with the following Statements and Documents:

- *Aero Arc Inc.* PO Number
- Certification Number
- Material Specification to the latest Rev No
- Name and address of Manufacturer.
- Date of Certification

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- Lot / Batch Number & Expiration Date when required.
- The statement “We hereby certify that the product supplied conforms to all the purchase order, drawing and specification requirements”.
- Stamp, Date and Signature of Authorized Quality Representative.
- Chemical/Physical of the actual test results when supplying raw material. Certification must refer to the lot number that is on the reports and material.

Material shall be supplied as identified on Purchase Order, to the specification and current revision or issue at time of Purchase Order acceptance unless otherwise noted on Aero Arc Inc. Purchase Order.

When current revisions or issue of specification, when identified on Aero Arc Inc Purchase Order cannot be obtained at time of acceptance or processing of Purchase Order, Manufacturer / Distributor shall notify Aero Arc Inc. Purchasing Department

- No articles (or constituent parts thereof) or the accompanying paperwork (e.g., packages, shippers, etc.) contain any Federal Aviation Administration- Parts Manufacturer Approval (FAA-PMA) markings."

SQR18 PART AND FOREIGN OBJECT DEBRIS / DAMAGE (FOD) PROTECTION

Parts manufactured under this contract shall be protected at all times from damage, deterioration, contamination and Foreign Objects Debris through the manufacturing and shipping cycles. Parts shall be protected using the following applications as applicable:

- **Containers** of wood, fiberboard or plastic
- **Pallets**
- **Packaging** materials shall not cause corrosion or be exposure to contamination and Foreign Objects Debris.

Foreign Object Damage program shall be in compliance to AS9146

SQR18.1 FOREIGN OBJECT DEBRIS / DAMAGE (FOD) per LM Quality Clause Q4R

Parts manufactured under this contract shall be protected at all times from contamination to prevent FOD (Foreign Objects Debris / Damage) per **Lockheed Martin** Aero FOD Quality Clause **Q4R**.

SQR19 STANDARD CERTIFICATION

The supplier will include with each shipment a certification of conformance which states that products shipped meet all design requirements and those identified by the purchase order and shall include the following information:


- **Aero Arc Inc.** PO Number
- Your Company Name and Address
- Certification Number
- Manufacture’s Name and Lot Number when applicable
- Stamp, Date and Signature of Authorized Quality Representative.
- The statement “**We hereby certify that the product supplied conforms to all the purchase order, drawing and specification requirements**”.

SQR20 PROCUREMENT OF FOREIGN MATERIALS / DMS 2201 QPL

All materials of this order procured from foreign sources shall be in accordance with **DMS 2201 QPL**. Materials procured from a foreign source other than those listed in the DMS 2201 QPL must be approved by **Aero Arc Inc.** Quality in writing prior to shipment.

SQR20.1 PROCUREMENT OF FOREIGN MATERIALS / DFAR

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All materials of this order procured from foreign sources shall be in accordance with **DFAR Requirements 252.225-7014 and with SUBPART 225.8 Section 225.872**

Material procured from a foreign source other than those listed in Subpart 225.8, Sec 225.872 will not be accepted by Aero Arc, Inc.

http://www.acq.osd.mil/dpap/dars/dfars/html/current/225_8

(Copy and paste if not able to link)

SQR 20.5 EXPORT CONTROL / ITAR REQUIREMENTS

Information contained on documents and any special processing performed are subject to Export Control Laws and or **CFR 120-130**

(http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title22/22cfr120_main_02.tpl)


And **EAR CFR 730-774**

(http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title15/15cfrv2_02.tpl)


SQR22 TERMS AND CONDITIONS

1. **ACCEPTANCE.** This Purchase Order ("Order) is accepted by Seller solely in accordance with the terms set forth herein upon the earlier of Seller's 1) signing and returning the acknowledgement copy hereof, or 2) commencement of effort, or delivery in whole or in part of articles or the furnishing of services required herein.
2. **ADDENDA.** All supplemental sheets, schedules, exhibits, specifications, drawings, data or riders that may be annexed hereto or referenced herein are made part of this Order.
3. **APPLICABLE LAW AND DISPUTES.** The law of the state of California shall govern any dispute arising under or related to this order.
4. **ASSIGNMENT AND SUBCONTRACTING.** This Order or any interest hereunder shall not be assigned or transferred by Seller without the prior written consent of Buyer.
5. **BUYER FURNISHED PROPERTY.** If any property, including material, tooling and equipment is identified in this Order either 1) to be furnished to Seller by Buyer solely for performance of this order or 2) to be acquired by Seller for performance of this order, title to such property shall remain with the Buyer. Title to such property, shall not be affected by incorporation or attachment to other property. Buyer must authorize use of such property, other than in performance of this Order, in writing. Seller shall bear the risk of loss, destruction of and damage to such property. When instructed by Buyer, Seller shall deliver the property to Buyer, F. O. B. Seller's plant, at the completion or termination of the Order.
6. **BUYER'S RIGHTS IN SELLER'S DATA AND PATENTS.** If at any time during the performance of this Order 1) Seller suspends business operations or becomes bankrupt or insolvent, 2) this Order is terminated for default, or 3) if at any time Seller, for any reason discontinues acceptance of follow-on orders, Buyer shall have a royalty-free nonexclusive license to use and license others to use Seller's patents, designs, processes, know how, drawings and technical data relating to the supplies and services as defined in this Order for purposes of producing and selling items required to be supplied by Buyer's existing or follow-on contracts with its customers.
7. **CHANGES.** Buyer may at any time by a written order make changes within the general scope of this Order in any one or more of the following: 1) drawings, designs, or specifications; 2) method of shipping or packing; 3) place or time of delivery; and 4) quantity. Seller shall proceed immediately to perform this Order as changed. If any such changes cause an increase or decrease in the cost of or the time required for the performance of this Order, an equitable adjustment shall be made in the price or delivery schedule, or both and this Order shall be modified in writing accordingly. Any claim for adjustment under this provision must be submitted in writing within twenty (20) days from the date the change is ordered together with cost or pricing data sufficient to permit evaluation of such claim. Failure of the parties to agree upon any adjustment to be made under this clause shall not excuse Seller from proceeding with the Order as changed, or as directed by an authorized representative of Buyer's Purchasing Department.
8. **COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS.** Seller has complied with and shall comply with all applicable Federal, State, and Local laws and ordinances and all orders, rules and regulations thereunder. Seller shall save and hold Buyer harmless from, and reimburse it for any and all costs, damages and expenses (including attorney's fees) suffered or occasioned to it through any failure of Seller to comply with any laws, orders, rules, regulations or ordinances.
9. **CONFIDENTIAL RELATIONSHIP.** Unless the written consent of Buyer is first obtained, Seller shall not in any manner advertise or publish or release for publication any statement mentioning that Seller has furnished or contracted to furnish to Buyer items and/or services required by this Order.

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10. **DELIVERY.** Buyer reserves the right to refuse shipments made in advance of the schedule set forth in this Order, to return advance shipments at Seller's expense, and/or to hold any pre-dated articles and pay invoices on such shipments on normal maturity after schedule date. If Buyer agrees to accept deliveries after the date of delivery has passed, Buyer shall have the right to direct the Seller to make shipment by the most expeditious means and any additional cost of such expedited shipment and handling shall be borne by the Seller. Acceptance of late deliveries shall not be deemed a waiver of Buyer's right nor shall it act as a modification of the Seller's obligation to make further deliveries in accordance with the delivery schedule set forth in this Order.
11. **DRAWINGS, SPECIFICATIONS AND TECHNICAL INFORMATION.** Drawings, data, designs, inventions and other technical information supplied by Buyer in connection herewith (hereinafter called "Data") shall remain Buyer's property and shall be held in confidence by Seller. Such Data shall not be reproduced, used or disclosed to others by Seller without Buyer's prior written consent. Upon completion of work by Seller under this Order, Seller shall make no further use, either directly or indirectly, of any such Data or any information derived there from without Buyer's prior written consent.
12. **FALSE CLAIMS AND INDEMNITY.** The Seller shall indemnify the buyer for any cost incurred and any payments made by the Buyer resulting from false claims submitted by the Seller under this Order or as a result of the Seller's misrepresentations of fact or fraud relating to any claim or dispute arising under or related to this Order.
13. **INDEMNIFICATION AND INSURANCE.** If, in the course of the performance of this Order, Seller, its agents, employees, or subcontractors enter upon premises occupied by or under control of Buyer, Seller shall take all necessary precautions to prevent occurrence of any injury, including omissions of Seller, its agents, employees, or subcontractors. Seller shall indemnify Buyer for, and hold Buyer harmless from any liability, losses, damages, claims and expenses arising out of or connected with any act or omission of Seller, its agents, employees, or subcontractors except for injury or damage due solely to Buyer's negligence or other fault. Seller shall maintain such liability and property damage insurance as will protect Buyer from any such risks.
14. **INDUSTRIAL LAWS AND BENEFITS.** Seller's relationship to Buyer in the performance of this Order is that of an independent Contractor. Neither the Seller nor any of the persons furnishing materials or performing work or services which are required by this Order are employees of Buyer within the meaning of or the application of any Federal or State Unemployment Insurance Law or other Social Security Labor Law. The Seller shall, at its own expense, comply with such laws and assume all liabilities or obligations imposed by any one or more of such laws and regulations thereunder with respect to this Order.
15. **INSPECTION.** All supplies shall be subject to inspection and test at all times and places, including the period of manufacture, by Buyer and its customers. If any inspection or test is made on Seller's premises, Seller, without additional charge shall: 1) provide all reasonable facilities and assistance for the safety and convenience of Buyer and its customer inspectors; 2) make available to the inspectors copies of all drawings, specifications, and processes applicable to the articles ordered; and 3) promptly furnish Buyer with any and all resulting inspection certificates. All articles are subject to final inspection and acceptance at Buyer's plant notwithstanding any payment or other prior inspections. Buyer may reject and hold at Seller's expense. All supplies not conforming to applicable specifications, drawings or descriptions. Without limiting any other rights or remedies; Buyer, at its option may 1) require Seller to repair or replace at Seller's expense any item of supplies ordered which fails to meet the requirements of this Order; 2) require Seller to refund the price of any such item; 3) elect to retain and repair any such items with an appropriate reduction from the price otherwise due the Seller to offset Buyer's costs of effecting necessary correction; or 4) recover by offset or otherwise any and all damages and expenses incurred by Buyer as a result of such rejection. Neither final inspection, payment, nor any limitations contained in the warranty clause shall relieve Seller from responsibility for the correction or replacement of defective articles arising due to fraud, gross mistakes amounting to fraud or for latent defects. Seller shall maintain an inspection system suitable to Buyer and unless otherwise specified, meeting the requirements of MIL-I-45208A
16. **INVOICING AND PAYMENT.** A separate invoice shall be issued to Buyer for each shipment made by Seller. Unless otherwise specified in this Order, an invoice shall not be issued prior to shipment of items and payment will not be made prior to receipt of items and correct invoice to the date Buyer's check is mailed.
17. **LIMITATIONS OF LIABILITY.** Notwithstanding any other provision of this Order, Buyer's maximum liability to Seller shall not exceed the purchase price of this Order. Seller shall not be entitled to any incidental, special or consequential damages if Buyer breaches or otherwise fails to perform any obligations under this Order.
18. **MODIFICATION OF ORDER.** This Order contains all the agreements and conditions of sale and no course of dealing or usage of the trade shall be applicable unless expressly incorporated in this Order. The terms and conditions contained in this Order may not be added to, modified, superseded or otherwise altered except by a written modification signed by an authorized representative of the Buyer's Purchasing Department. Each shipment received by Buyer from Seller shall be deemed to be only upon the terms and conditions that may be contained in any acknowledgement, invoice or other form of Seller, and notwithstanding Buyer's act of accepting or paying for any shipment or similar act of Buyer.
19. **NOTICE OF DELAY.** Whenever any event threatens to delay the timely performance of this order, Seller shall immediately give notice thereof.
20. **PACKING, MARKING AND SHIPPING.** Seller shall pack, mark and ship all goods and supplies in accordance with the requirements of this Order so as to be in compliance with transportation regulations and good commercial practice for protection and shipment and shall secure the most advantageous transportation service and rates consistent therewith. No separate or additional charge is payable by Buyer for containers, crating, boxing, bundling, dunnage, drayage or storage unless specifically stated in this Order. A packing list showing

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this Order number shall be included with each shipment, and each container shall be marked to show the Order number. Seller shall mail the original bill of lading to Buyer as instructed. Any transportation charges paid by Seller for whom Seller is entitled to reimbursement shall be shown in Seller's invoices as a separate line item with the receipted freight bill attached to the invoice.

21. **PRICES.** Unless otherwise stated on the face hereof, Seller represents that the price of this Order: 1) includes all federal, state or local taxes, fees, excises, and/or charges which are now or may be hereafter imposed with respect to the manufacture and sale of such items; and 2) includes all charges or costs associated with the suitable packing, packaging, preparation for shipment, crating or cartage of the items ordered. Seller further, represents that the price or prices specified in the order are based on current pricing data and do not exceed the prices quoted or charged or currently being quoted for the same or substantially similar articles taking into account quantity and schedule considerations.
22. **SPECIAL EQUIPMENT.**
 - a) Title to all tools, dies, jigs, and fixtures used in the manufacture of the supplies required hereby (hereinafter referred to as "Special Equipment") shall vest in Buyer immediately upon Seller's manufacture or acquisition thereof, Seller agreeing that the purchase price stated on the face hereof includes the cost of any such Special Equipment used by Seller as owned, furnished, or paid for by Buyer under the terms of this or other of Buyer's Purchase Orders and used hereon shall remain the property of Buyer or Buyer's customers and shall not be altered or modified without Buyer's consent.
 - b) Unless otherwise approved by Buyer, such Special Equipment shall be used only in the performance of this Order.
 - c) At no additional cost to Buyer; Seller shall: i) follow normal industrial practices in the identification, maintenance, preservation, and segregation of Special Equipment; ii) establish and maintain property control records available for inspection by Buyer or its customer at all reasonable times; and iii) if title to such Special Equipment vests in the United States Government, will maintain and control such Special Equipment in accordance with the FAR Part 45 in effect as of the date hereof, which is incorporated herein by reference.
 - d) Upon delivery to it, or manufacture or acquisition by it of any Special Equipment, Special Tooling or Special Test Equipment, title to which is in Buyer or its customer, Seller assumes the risk and shall be responsible for any loss thereof or damage thereto while in its possession. Unless otherwise directed by Buyer upon completion or termination of this Order or other Buyer's orders utilizing such Special Equipment, Special Tooling, or Special Test Equipment, Seller shall promptly furnish, in suitable form, a list thereof with a request for disposition instructions. Pending receipt of such instructions, Seller shall hold and preserve such Special Equipment, Special Tooling, or Special Test Equipment free of charge for a period of six (6) months. All Special Equipment, Special Tooling, or Special Test Equipment furnished to Seller by Buyer shall be returned to Buyer in the same condition as received, normal wear and tear excepted.
23. **STOP WORK.** Buyer may, at any time, by written order to Seller require Seller to stop all or any portion of the work called for by this Order.
24. **TERMINATION.**
 - a) **For Convenience:** Buyer may terminate this Order for its convenience in whole or in part from time to time. If this Order is terminated for convenience solely by Buyer, audits and examination of records, as required by Buyer shall be performed by Buyer and/or a mutually acceptable independent audit agency, the expense of which shall be shared equally by Buyer and Seller. Notwithstanding anything to the contrary, Buyer shall not be liable for any incidental, special or consequential damages. The provisions of this clause shall not limit or affect the right of Buyer to terminate this Order for default.
 - b) **For Default:** This Order may be terminated if Seller becomes insolvent or is subject to proceedings under any law relating to bankruptcy, or in the event of an appointment of a receiver or trustee, or the assignment by Seller for the benefit of creditor.
25. **TITLE AND RISK OF LOSS.** Title to and all risk of loss or damage to supplies to be delivered hereunder shall remain in Seller until such supplies are delivered to Buyer at the destination specified on the face of this Order. Seller shall bear all risk of loss or damage to supplies rejected by Buyer, after notice of rejection until such supplies are redelivered to Buyer. Passing of title upon delivery shall not constitute acceptance of the items by Buyer. All items to be delivered hereunder and all property to be returned to Buyer shall be free and clear of any and all liens and encumbrance whatsoever.
26. **WARRANTY.** Seller warrants that articles ordered to Buyer's specifications will conform thereto and to any drawings or other descriptions furnished by Buyer. Such warranties together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of, and payment for the articles and shall run to Buyer, its successors, assigns and customers. Buyer may, at its option, either return for credit or require prompt correction or replacement of the defective or nonconforming article or part thereof. Return to Seller of such article and delivery to Buyer of any correspondence or replaced articles shall be at Seller's expense. Articles required to be corrected or replaced shall be subject to the provisions of this clause and the inspection clause in the manner and to the same extent as articles originally delivered under this Order. All warranties, both express and implied shall be construed as conditions as well as promises, and shall not be deemed to be exclusive.