



CONDITIONS OF PURCHASE AVIOSPACE S.r.l.

ARTICLE 1 - DEFINITIONS

1.1 Conditions of Purchase: the following conditions of purchase.

Information: financial, commercial or technical information whatsoever communicated or obtained directly or indirectly in writing, orally or by any other means which is in any form whatsoever, in connection with the Work.

Particular Conditions: the particular conditions which are specified in the order by AVIOSPACE, of whatever nature (technical, quality, commercial, administrative...).

Parties: collective or individual designation of AVIOSPACE and the Supplier.

Supplier: the company designated in the order.

Work: set of services and supplies to be supplied and/or to be performed by the Supplier in accordance with the order.

1.2 Modification: any change in the definition of AVIOSPACE's technical requirements (technical specifications, technical conditions to complete the work ...).

Official Services: the national supervisory entities.

Specific Tooling: machines and equipments furnished by AVIOSPACE to the Supplier or designed and/or manufactured by the Supplier in performance of the order.

Waiver: written authorization by AVIOSPACE to use or deliver Work which departs from the specified requirements (technical specifications, technical conditions for performing the order...).

ARTICLE 2 - CONDITIONS TO COMPLETE THE WORK

The Work shall be carried out in accordance with the documents and data referred to in the order and strictly in accordance with the rules, laws and regulations into force including directives implemented into Italian law and directly applicable European regulations. The Supplier shall ensure that he has all appropriate elements (documents, data, material, tooling ...) which are necessary, prior to beginning the Work.

During the performance of the order, the Supplier warrants to AVIOSPACE that he has pre-registered and registered the chemical products considered in the REACH regulation (n°1907/06/CE adopted on 18 December 2006) in the manner requested by the said regulation. The Supplier shall submit to AVIOSPACE the proof of such registrations

For each chemical product concerned or not by the REACH regulation, the Supplier shall transmit to AVIOSPACE the list of chemical products concerned or not by the REACH regulation contained in the Work performed as well as the quantity of each chemical product and the documentation requested, whatever its quantity and/or its concentration.

ARTICLE 3 - ACCEPTANCE OF THE ORDERS

3.1 Acceptance of the order implies the acceptance of the Particular Conditions and these Conditions of Purchase. If there is a contradiction, the Particular Conditions shall prevail over these Conditions of Purchase.

3.2 The Supplier may only commence the performance of the order once he has duly approved and returned the acknowledgement of receipt attached to the purchase order to the AVIOSPACE correspondent designated in the order. The Supplier shall return the aforementioned acknowledgement within a time limit compatible with the delivery time limits provided in the order and at the latest within ten (10) working days of receipt of the order. Such acknowledgement shall be deemed to constitute an acceptance of the order. If the Supplier commences the Work without having followed this procedure he shall be deemed to have accepted these Conditions of Purchase and the Particular Conditions.

Any departure from the Particular Conditions which are specified in the order and/or from these Conditions of Purchase shall be subject to AVIOSPACE's prior written consent.

3.3 Any modification to the order after its acceptance is subject to a written amendment.

ARTICLE 4 - SUBCONTRACTING

4.1 If the Supplier intends to subcontract part of the Work, the Supplier undertakes to inform AVIOSPACE in writing of the name and address of the subcontractors when sending the aforementioned acknowledgement of receipt. AVIOSPACE shall be entitled to require the modification and/or the continuation of such subcontracting for quality or program reasons. Irrespective of whether the Work is carried out by the Supplier or by the Supplier's subcontractors, the Supplier shall be solely and entirely liable to AVIOSPACE for all the Work. As such, the Supplier alone shall represent all his subcontractors, and lead and manage all the Work. The Supplier undertakes to ensure that his suppliers and subcontractors comply with AVIOSPACE's requirements. In case of subcontracting, the subcontractor shall be deemed to have never contracted with AVIOSPACE. The Supplier warrants and indemnifies AVIOSPACE against any suits and/or claims brought against AVIOSPACE by any of the Supplier's subcontractors.

4.2 The companies chosen as subcontractors must be reputable companies in the defence, aeronautic and space field.

ARTICLE 5 - INVOICING

5.1 An invoice shall be made out in duplicate as soon as the Work is accepted as defined in article 7.

An invoice shall relate to a single order and must specify the references of such order. It must precisely describe the Work and indicate the item number, the currency, the banking details, and the delivery notes to which it relates. It must respect the provisions of article 21, par.2, of Italian D.P.R. n° 633 of October 26, 1972.



5.2 Subject to the final acceptance of the Work by AVIOSPACE, payments shall be made in Euros, by commercial transfer for Suppliers registered in Italy, by international transfer otherwise.

ARTICLE 6 - ACCESS TO THE SUPPLIER'S PREMISES

Subject to the Supplier's internal regulations, the representatives of AVIOSPACE, the Prime Contractor, the Official Services and the Competent Authority shall have access to the Supplier's premises, or the premises of the Supplier's subcontractors or suppliers, in which the Work is being carried out, at any time during normal business hours.

This right of access is more particularly granted to the representatives responsible for following-up the performance of the Work or for the audits, investigations or visits which are necessary for the Supplier's qualification.

Subject to AVIOSPACE's agreement and/or the presence of AVIOSPACE representatives, AVIOSPACE's customers shall have access to the premises in which the Work is being carried out, at any time during normal business hours.

ARTICLE 7 - ACCEPTANCE OF THE WORK

7.1 The Work shall be received by AVIOSPACE as provided for in the order. Unless AVIOSPACE notifies the Supplier of its rejection in writing, final acceptance of the Work shall be deemed to have occurred thirty (30) days after delivery. If AVIOSPACE refuses final acceptance of the Work, the Supplier shall take all necessary actions (replacements, repairs, etc) and shall bear all costs in order to ensure, within a period compatible with AVIOSPACE's needs, the compliance of the Work with the requirements of the order.

7.2 Within ten (10) days of the notification of the rejection, the Supplier must remove the rejected Work at its expense and risk, otherwise it may be returned by AVIOSPACE at the Supplier's expense and risk.

7.3 If AVIOSPACE rejects all or part of the Work, AVIOSPACE reserves the right, in addition to the provision of article 20.1 herein, to:

- a) compel the Supplier to replace the rejected Work within an indicated period,
- b) perform or have a third party performed operations to render the Work in conformity with the order at the Supplier's costs if the Supplier fails to perform in due time the operations requested.

ARTICLE 8 - TITLE AND RISK

Notwithstanding any clause to the contrary contained in any document issued by the Supplier, the transfer of ownership of the Work occurs upon AVIOSPACE's final acceptance. Unless the order stipulates otherwise, the Supplier shall deliver the Work "Delivered Duty Paid" (DDP – Incoterms CCI 2000) at AVIOSPACE's premises and as indicated in the order. The Supplier is solely responsible for, and bears the risk of, the unloading.

The Supplier is liable for any loss of, or damage to, the Work until complete unloading of the Work.

ARTICLE 9 - TRANSPORT AND DELIVERY

9.1 All deliveries of the Work must be made to the place of delivery designated in the order.

The Supplier shall provide the conformity declaration or certificate which relates to the Work and/or any other document as specified in the order. The Supplier agrees to provide a specification sheet in Italian, at the latest at the time of the delivery of the Work. The Supplier undertakes to affix the CE mark on the Work. Any transport of dangerous goods must be carried out in conformity with the applicable regulations.

9.2 All deliveries must be accompanied by a delivery note which indicates:

- the order reference,
- the address and telephone number of the correspondent specified in the order,
- the item number, the delivered quantities, measurements or weights,
- the nature and references of the Work, the accompanying documents and or materials, and
- the value of the delivered Work.

9.3 The Work must be properly packaged and protected in order to avoid any damage during transport and storage. It is the Supplier's responsibility to ensure that the packaging conforms to the regulations and norms in force. The Supplier is liable for all the consequences of any default, insufficient protection and packaging, or inadequate marking of the Work. The Supplier undertakes to replace, at his sole expense and risk, any lost or deteriorated Work within a period specified by AVIOSPACE.

ARTICLE 10 - DELAY IN DELIVERY

10.1 The compliance with the delivery time limits is considered an essential clause of the order.

The time limits specified in the order are imperative. The Supplier shall notify any delays and the reasons thereof to the AVIOSPACE correspondent designated in the order, as soon as they can be anticipated. The Supplier agrees to take any necessary steps in order to mitigate such delays, and to inform the AVIOSPACE correspondent specified in the order of the corrective actions that the Supplier puts, or intends to put, in place. Any delay in delivery will result in a penalty specified in the order.

10.2 If the Supplier's delay has become incompatible with AVIOSPACE's program constraints, AVIOSPACE reserves the right to:

- terminate all or part of the order without giving any kind of formal notice, and/or
- order that all or part of the Work be supplied by another supplier at the Supplier's expense and risk.

The supplier shall grant to AVIOSPACE the intellectual property rights which are strictly necessary for the supply or the completion of the Work.

10.3 Any Work rejected by AVIOSPACE is deemed to be undelivered.



ARTICLE 11 - WARRANTY

11.1 Without prejudice to the application of legal warranties, the Supplier contractually warrants that the Work shall:

- comply with the order, its applicable documents and be suitable for its intended use,
- be in accordance with the state of the art and the state of the technique,
- be free from any defects in design and material.

11.2 The contractual warranty shall be effective from the final acceptance date of the Work and shall remain in effect for 36 months.

11.3 The contractual warranty shall consist of either (1) repairing or replacing the Work at the Supplier's expense, within a period agreed by the Parties and which respects AVIOSPACE's program constraints, or (2) reimbursing AVIOSPACE for the defective Work. In each case, the Supplier shall pay the associated costs. After consultation between the Parties, the final choice of which solution to adopt shall rest with AVIOSPACE.

11.4 The actions taken in execution of the contractual warranty may be performed at AVIOSPACE's option:

- a) by AVIOSPACE or by a third party, and invoiced to the Supplier,
- b) by the Supplier in AVIOSPACE's factories and under the Supplier's responsibility,
- c) by the Supplier after the defective Work has been returned to his factories, with the return transport costs being borne by the Supplier,
- d) by the Supplier, at AVIOSPACE's customer's premises, or
- e) by any other solution which turns out to be the most appropriate.

11.5 When the Work performed or the material used in such Work has a use-by date, the Supplier shall indicate:

- the necessary actions to ensure preservation during storage,
- the total period of preservation until the use-by date, as from the manufacturing date,
- the use-by date, affixed in an appropriate and indelible manner on part of the packaging which directly contains, supports or protects the product. Work delivered must have a remaining period of preservation greater or equal to 80% of the total preservation period, as from the manufacturing date.

ARTICLE 12 - QUALITY REQUIREMENTS

12.1 "Quality Management Systems" requirements

The Supplier shall be able to provide evidence of his certification for a Quality Management System (hereafter "QMS") based on ISO 9001: 2000, for so long as contractually or statutorily required.

For products classified "FLIGHT or considered as FLIGHT" the Supplier's QMS shall equally meet the requirements of:

- EN 9100 (AS 9100, JISQ 9100) « Aerospace series, Quality management systems – Requirements and Quality systems – Model for quality assurance in design, development, production, installation and servicing », or
- EN 9120 « Quality management systems, Requirements for stockist distributors ».

12.2 "Manufacturing the Work" requirements

The Supplier shall keep an up-to-date list of his suppliers and/or his subcontractors who follow special processes as defined in the certification specified in article 12.1.

The Supplier shall notify AVIOSPACE prior to any:

- change of definition,
- significant change in the manufacturing or control process,
- transfer of manufacturing to another site. The Supplier shall guarantee the same performances and the same quality of the Work.

12.3 "Identification and traceability" requirements

Traceability is a requirement. The Supplier therefore undertakes to take all necessary measures to maintain and guarantee the traceability of the Work, at all levels, for so long as contractually or statutorily required.

ARTICLE 13 - WAIVERS

13.1 Any request for a Waiver by the Supplier during the development or manufacture of the Work or at the time of the final acceptance shall be notified to AVIOSPACE in writing as soon as possible. This request for Waiver shall include a technical justification of the non-conformity, signed by the Supplier.

13.2 Only a written authorization by AVIOSPACE constitutes a valid Waiver. The Supplier shall bear all the consequences of the Waiver. Moreover, AVIOSPACE is authorized to renegotiate the price of the Works subject of the Waiver. The contractual date of delivery for Work covered by the Waiver remains unchanged.

ARTICLE 14 - MODIFICATIONS

14.1 Modifications requested by AVIOSPACE

The Supplier shall implement all Modifications which may be requested in writing by AVIOSPACE. The Supplier shall submit to AVIOSPACE an estimate for each Modification. After negotiation and agreement between the Parties, the order shall be amended in writing to confirm the Modification. If need be, AVIOSPACE will determine the model or row of implementation of the Modification. The updates, such as updating drawings and technical specifications for controlling or production adjustments shall not be considered as Modifications and will not imply any repercussion on prices. In case of urgency and at AVIOSPACE's written request, the Supplier undertakes to apply a Modification without waiting for the estimate to be drawn up and the amendment to be signed.

Work relating to Modifications that cannot be carried out before delivery by the Supplier shall be carried out by the Supplier.

14.2 Modifications proposed by the Supplier

Modifications proposed by the Supplier must be previously approved in writing by AVIOSPACE before such Modifications are enacted. The provisions of article 14.1 shall apply to such Modifications.



ARTICLE 15 - RISK MANAGEMENT

15.1 The Supplier is responsible for managing the risks. While performing the Work, the Supplier undertakes to manage the technical, program and financial constraints relating to the Work. The Supplier undertakes to inform AVIOSPACE and answer AVIOSPACE's requests as necessary. The Supplier shall inform AVIOSPACE of any corrective actions and reductions of risks to allow the consequences of such risks to be anticipated.

15.2 The Supplier shall notify AVIOSPACE of any event relating to the performance of the Work, within 48 hours of its discovery.

15.3 The Supplier undertakes to provide the articles and spares which relate to the Work, during the time period specified by AVIOSPACE or for as long as AVIOSPACE or AVIOSPACE's customers use them. The Supplier undertakes to warn AVIOSPACE as soon as possible of any foreseeable change in the Work or if he ceases to manufacture an article. In such case, the Supplier undertakes to ensure the continuity of the product as long as materially possible and to propose an equivalent replacement product.

15.4 At any time after the Supplier is notified, AVIOSPACE shall be entitled to conduct an audit at the premises of the Supplier, the Supplier's subcontractors and/or suppliers (technique, quality, process...). The Supplier agrees to provide AVIOSPACE with the necessary means and information for this audit, at no cost. Such information shall include the briefs relating to performance, production methods and logistics. Prior to an audit, the relevant members of AVIOSPACE's personnel shall sign a personal non disclosure agreement.

ARTICLE 16 - COMPETITIVENESS

The Supplier shall make his best efforts to reduce the costs and production cycle of the Work whilst keeping the same quality. The Supplier shall equally make his best efforts to improve the way he works for AVIOSPACE. The Supplier shall inform AVIOSPACE of his prospects of improvement and their impact on the execution of the Work.

ARTICLE 17 - SPECIFIC TOOLING

17.1 Specific Tooling may be directly furnished by AVIOSPACE to the Supplier for the performance of the order.

17.2 For the performance of the order, Specific Tooling may be designed and/or manufactured by the Supplier in compliance with the regulations then in force. The total price of the order includes this Specific Tooling. Therefore, such Specific Tooling shall be the property of AVIOSPACE or AVIOSPACE's customers. This Specific Tooling shall be identified and marked as such in accordance with the conditions specified by AVIOSPACE. A detailed list of the Specific Tooling shall be established by the Supplier. It shall be kept up to date and transmitted to AVIOSPACE upon each change.

Concerning the Specific Tooling made or subcontracted by the Supplier, the Supplier shall provide AVIOSPACE with the specifications, designs and drawings and more generally any data useful for the design, manufacture, operation and maintenance of said Specific Tooling. Such documents shall bear exclusively the legend hereafter or the one specified in the order: "This document is the property of AVIOSPACE; it shall not be communicated to third parties and/or reproduced without prior written agreement of AVIOSPACE. Its contents shall not be disclosed. © AVIOSPACE r.r.l. s.r.l. (date of publication)". Such documents shall be transmitted as soon as they are established or at the latest upon introduction into service of the Specific Tooling. The Supplier shall keep such documents up to date and provide AVIOSPACE with the revisions.

17.3 The Supplier shall be entirely responsible and liable for the Specific Tooling that is necessary to perform the order. As such, he shall bear all costs resulting from the following obligations, unless otherwise provided in the order:

- a) maintaining the Specific Tooling in perfect working order and preservation, checking, calibrating them periodically in conformance with their nature and the standards and requirements applicable to them,
- b) replacing the Specific Tooling following any deterioration or loss,
- c) replacing the Specific Tooling which presents abnormal or excessive wear and tear, and
- d) placing the Specific Tooling at AVIOSPACE's disposal after having performed the order and until expiration of the warranty period, at first demand, within eight (8) days and in perfect working order.

17.4 The Specific Tooling shall remain at the Supplier's disposal, in his premises and shall solely be used for carrying out of the Work covered in the order placed by AVIOSPACE. Any change of location of the Specific Tooling and/or any other use than that specified above shall be subject to the prior written consent of AVIOSPACE. In the event of an insolvency procedure, the Supplier undertakes to store the Specific Tooling property of AVIOSPACE in a specific warehouse and agrees not to dispose of it without AVIOSPACE's prior written consent.

17.5 Necessary modifications or adjustments to the Specific Tooling put at the disposal of the Supplier by AVIOSPACE are subject to AVIOSPACE's written authorisation. Such authorisation shall define the state in which the modified Specific Tooling shall be returned to AVIOSPACE.

ARTICLE 18 - RAW MATERIALS - PARTS AND EQUIPMENT

18.1 Raw materials, products, parts and equipment supplied to the Supplier by AVIOSPACE or by AVIOSPACE's customer

The definition of requirements for the Work assigned to the Supplier shall be established and regularly updated by AVIOSPACE. Coefficients for rejects shall be fixed and jointly agreed by AVIOSPACE and the Supplier. However, proof of consumption may be requested from the Supplier.

The Supplier shall be the custodian of the raw materials, parts and equipment supplied under the order by AVIOSPACE or by AVIOSPACE's customer. Said raw materials, parts and equipment shall be identified, quantified and stored in a warehouse reserved for AVIOSPACE and for AVIOSPACE's customer.

The Supplier shall use the raw materials, parts and equipment supplied by AVIOSPACE for performance of the Work. The Supplier shall not draw the raw materials, parts and equipment necessary for performance of the orders from his own stocks. However he may exceptionally do so with the prior written consent of AVIOSPACE. In such a case AVIOSPACE undertakes to replace or pay the Supplier at cost price for the raw materials, parts and equipment used, and the Supplier shall provide a written warranty that the items taken comply with the specifications and the conditions for acceptance laid down in the order.

When AVIOSPACE supplies raw materials, parts and equipment to the Supplier, the latter shall inform AVIOSPACE of rejects as soon as they occur and shall physically identify them.

- a) In the event of rejects for defects noted after delivery to the Supplier's premises, AVIOSPACE shall take charge of the replacement, either



through immediate replacement according to the availability in AVIOSPACE's stock, or at the Supplier's premises with AVIOSPACE's consent.
b) In the event of rejects caused by the Supplier's negligence and not taken into account in the reject coefficient defined by the Parties, and except with an authorization by AVIOSPACE, the Supplier shall keep the rejects in such conditions as to avoid any deterioration, confusion or substitution, pending AVIOSPACE's decision.

The Supplier shall bear the costs resulting from the replacement of rejected items, calculated on the basis of the cost of the procurements increased by the consignment expenses and, as the case may be, by the cost of the Work and actual hours spent by AVIOSPACE in relation to the said procurements.

c) In any case, the rejects returned to AVIOSPACE shall be the subject of a special delivery note. Satisfactory parts and rejects shall not be enclosed in the same consignment.

When there is a loss by the Supplier of raw materials, parts and equipment supplied by AVIOSPACE, or by AVIOSPACE's customer, the cost of replacement of the lost items shall be borne by the Supplier under the financial conditions stipulated in article 22A.

18.2 Raw materials, products, parts and equipment provided by the Supplier

Raw materials, parts and equipment provided by the Supplier shall comply with the conditions stipulated in the order (including the technical specifications) and with the rules and regulations in force. The Supplier shall provide AVIOSPACE and AVIOSPACE's customers with raw materials, parts and equipment free from products prohibited by law, used in any form whatsoever. The Supplier shall give AVIOSPACE written confirmation, with a certificate by the relevant authorities if necessary, stating that the raw materials, parts and equipment do not contain any products prohibited by law, used in any form whatsoever.

18.3 Dangerous products

If the Supplier uses raw materials, parts or equipment which are subject to the rules and regulations on dangerous products, the Supplier must send to AVIOSPACE an up-to-date file containing the security data (in Italian), information on the storage and use, and mark such products in respect of the regulations in force, before performing the Work.

ARTICLE 19 - FORCE MAJEURE

19.1 If the Supplier puts forward an event of *Force Majeure*, he undertakes to notify such an event within five (5) days. Such notification must precisely describe the event and must quote all the elements necessary to evaluate the impact of the event on the performance of the Supplier's contractual obligations. It is agreed that AVIOSPACE's acknowledgement of an event of *Force Majeure* is subject to AVIOSPACE's customer's acknowledgement. The end of the event of *Force Majeure* is equally notified by the Supplier within the same time limit. Any event of *Force Majeure* which has not been notified in writing within five (5) calendar days following its occurrence shall not allow the Supplier to take advantage of this clause.

19.2 AVIOSPACE's acknowledgement of an event of *Force Majeure* suspends the performance of the obligations rendered impossible during the event. Neither Party shall pay any amount pursuant to the event. The contractual time limits shall be extended for a period corresponding to the period of the event of *Force Majeure*.

19.3 If the Work is delayed due to an event of *Force Majeure* in excess of one (1) month, AVIOSPACE shall be entitled to terminate the order pursuant to article 20, unless the Parties otherwise agree.

19.4 During the event of *Force Majeure*, AVIOSPACE shall have the right to substitute itself for the Supplier, or to substitute a third party for the Supplier, and to freely make use of design work carried out, tools, procurements, manufactured parts or parts in the course of manufacture under the terms of the order.

ARTICLE 20 - TERMINATION - LIQUIDATION OF ORDER

20.1 Termination for Default

20.1.1 In the event of incapacity or refusal on the part of the Supplier to perform all or part of the order or non observance of any one of the conditions of the order, AVIOSPACE will have the right, after giving formal notice by registered letter with acknowledgement of receipt which has had no result within fifteen (15) days, to terminate all or part of the order for default of the Supplier, without prejudice to the damages and interest that AVIOSPACE may claim.

20.1.2 In the event of such a failure AVIOSPACE shall have the right to substitute itself for the Supplier or to substitute a third party for the Supplier, for the performance of all or part of the remaining Work, at the Supplier's expense.

The costs which result from placing an order to a third party shall be entirely borne by the Supplier, including the costs of qualifying the substituted third party.

Where the Supplier is replaced in this way, the Supplier undertakes to licence to AVIOSPACE and/or the substituted third party all intellectual property rights held by him that are necessary to continue to perform the Work.

20.2 Termination without Default

AVIOSPACE may terminate all or part of the order, without any default attributable to the Supplier, at any time by giving 15 (fifteen) days prior written notice to the Supplier by registered letter with acknowledgement of receipt.

In the event of such a termination and except as otherwise stipulated in the order, AVIOSPACE shall pay to the Supplier:

- the contractual value of the Work delivered and received, or in the process of being delivered at the date of notification,
- an equitable and reasonable price for the Work in the process of being manufactured and for the tools necessary for such manufacturing, less those that the Supplier desires to keep subject to AVIOSPACE's agreement.

On no account shall the termination costs exceed the expenditure incurred to meet the contractual delivery terms and on no account shall they exceed the total price for the performance of the order.

20.3 Operations for liquidation of the order.

On receipt of a termination notice, the Supplier shall cease all work in connection with the terminated order, both in his workshops and in those of his own suppliers and/or subcontractors. The Supplier shall send to AVIOSPACE forthwith a progress report of the order together with any necessary documents justifying the expenditure at the termination date and the amount of money already paid by AVIOSPACE. The Supplier undertakes to return to AVIOSPACE's premises, the tools, raw materials, parts and equipment supplied by AVIOSPACE or by AVIOSPACE's customers in performance of the order.



ARTICLE 21 - CIVIL LIABILITY OF SUPPLIER

- a) Subject to the provisions of art. 26 of Italian decree n° 81 of April 9, 2008 which could be applicable, the Supplier shall be liable for accidents which might happen to its employees, the employees of AVIOSPACE or any other person, in connection with or resulting from the completion of the Work and shall assume all consequences thereof.
- b) The Supplier shall be liable, during performance of the Work, for any loss or damage to existing facilities or installations belonging to AVIOSPACE, or to third parties.
- c) The Supplier shall be liable for accidents or damage arising in connection with the Work by the act of its personnel (or in connection with any equipment that may be put at the Supplier's disposal by AVIOSPACE) except in case of wilful misconduct by AVIOSPACE personnel or defectiveness of the equipment attributable to AVIOSPACE.
- d) The Supplier shall be responsible and liable for the waste he produces until its final elimination. The intervention of a third party does not reduce his liability or responsibility. The transport, storage and elimination of such waste and more generally all intermediary operations must comply with the regulations and norms in force, at Supplier's cost, without further charging of AVIOSPACE. The Supplier must comply with the rules and regulations in force (both Italian and European) which concern the disposal of products at the end of their life. The Supplier shall perform the order in compliance with the applicable rules, regulations and norms in force concerning the protection of the environment. As such he shall take all necessary measures to prevent any environmental accident or pollution. The Supplier shall be liable for any pollution which results from the performance of the order.
- e) The Supplier shall be solely responsible and liable for all the damage caused by his Work, products, sub-assemblies or manufacturing process and more generally for all consequences for which he may be legally held responsible.

ARTICLE 22 - INSURANCE

The Supplier shall take out insurance cover in particular against the following risks:

A) Damage to entrusted articles

a) Damage to articles entrusted by AVIOSPACE or by AVIOSPACE's customer

"Entrusted Articles" means, within the context of articles 17.1 and 18.1, the items put at the disposal of the Supplier in order to perform the Work. The Entrusted Articles shall be listed in a document with their identification and cost.

For these Entrusted Articles, AVIOSPACE shall exonerate the Supplier from any liability beyond 1,000,000 Euros, except in the case of malicious act, gross negligence or wilful misconduct attributable to the Supplier. The Supplier shall insure the Entrusted Articles up to said amount (or their actual value if such value is lower than the above threshold). Said insurance shall cover the Entrusted Articles for their value as new against all insurable risks or damage. However, if the Supplier maintains a guarantee higher than the above-mentioned amount, he shall inform AVIOSPACE and undertakes not to reduce his coverage.

The Supplier undertakes, on penalty of losing any right under this paragraph, to have in his workshops means of prevention, protection and fighting against fire and explosions which correspond to the risks faced by the Supplier and comply with the legal provisions in force.

For lifting or ground handling equipment, transpallets, self-propelling trolleys, forklift trucks...etc, placed at the disposal of the Supplier by AVIOSPACE and for any vehicle lent by AVIOSPACE, the Supplier shall take out a policy covering the Civil liability in accordance with art. 122 of Italian decree n° 209 of September 7, 2005 which could be applicable and shall remain liable for the damage caused to the equipment/vehicles.

b) Damage to articles entrusted by the Supplier

The Supplier and his insurers declare that they waive any claim they might be entitled to make against AVIOSPACE and AVIOSPACE's insurers pursuant to damage to items belonging to the Supplier, whatever the nature and the origin of the damage, under the same conditions as those agreed to by AVIOSPACE.

B) Professional civil liability for Work at AVIOSPACE's premises

The Supplier shall provide evidence of the subscription to and actual payment of the premiums of an insurance policy in respect of Civil Liability guaranteeing against loss and damage caused to AVIOSPACE and due to the presence of the Supplier's agents and employees at AVIOSPACE's premises. Such insurance shall provide for cover of at least 1,000,000 Euros per accident in the event of damage to property and other assets and consequential damage; above the said sum AVIOSPACE's insurers will not exercise any recourse against the Supplier. Any malicious act, gross negligence or wilful misconduct would deprive the Supplier of the benefit of the waiver described above. If the Supplier maintains a guarantee higher than 1,000,000 Euros it shall inform AVIOSPACE and undertakes not to reduce his coverage.

The Supplier and his insurers declare that they waive any claim they might be entitled to make against AVIOSPACE and AVIOSPACE's insurers pursuant to damage involving AVIOSPACE's civil liability, under the same conditions as those agreed to by AVIOSPACE.

C) Product Civil Liability after delivery.

The Supplier undertakes to guarantee his liability for any direct and indirect damage (materiel, immaterial and corporeal) caused by his Work, products, sub-assemblies or manufactures and more generally for all consequences for which he may be legally held responsible.

D) Miscellaneous provisions

The Supplier shall send AVIOSPACE all insurance certificates corresponding to all the policies taken out and shall provide evidence of the payment of the premiums each year.

Said certificates shall mention the amount of the indemnities and shall designate AVIOSPACE as direct beneficiary of the indemnities in case of loss or damage to its property, with no possibility to deduct from said indemnities the amount of the applicable excess.

Any excess borne by the Supplier shall not be charged against AVIOSPACE.

The Supplier shall notify AVIOSPACE of any loss or damage within 24 hours of their occurrence. Any opposition from the insurers caused by the Supplier, will result in the latter bearing the whole costs of the loss or damage.

The Supplier undertakes to obtain from his insurers their complete adherence to the above-mentioned provisions.

ARTICLE 23 - INTELLECTUAL PROPERTY



23.1 Background rights

Each Party shall conserve the ownership of its background intellectual property rights, generated or acquired independently and/or prior to the date of signature of the order, subject to any rights of third parties (hereafter "Background Rights"). The Supplier shall license to AVIOSPACE free of charge, the right to use, reproduce, represent, adapt, modify or translate the Background Rights which are necessary in order to perform the order.

23.2 Property of the Results

"Result" means without limitation the results of works, information, knowledge, inventions, know-how, software, sets of drawings, drawings, technical documents, models, mock-ups, prototypes, process, whatever the nature and/or medium, protected or not by intellectual property right or title generated during the execution of the Work by the Supplier.

AVIOSPACE acquires the full and entire property of the Results generated during the performance of the Work by the Supplier according to the following provisions.

23.2.1 Author's Rights

The Supplier shall grant exclusively to AVIOSPACE, along with payments in accordance to the order, the full and entire title for the economic rights of the Results protected by author rights (including software and databases) for the whole duration of the protection and for all countries where such a protection exists.

As such, AVIOSPACE will acquire without limitation the rights to use, reproduce, represent, adapt, modify, translate, distribute, and commercially exploit all or part of the Results whatever the medium for the whole duration of the protection and for all countries. AVIOSPACE may equally assign or sublicense all or part of these rights to third parties.

23.2.2 Patent rights

If the Results are patentable, AVIOSPACE alone will have the right to file any application for a patent in its name and at its expense.

As such, the Supplier undertakes not to file any application for a patent in its name for the Results and agrees that each of its employees cited as the inventor shall accomplish all the necessary formalities to permit the filing of the patent as provided for in this article.

23.2.3 Trademarks

AVIOSPACE is the sole owner of all the trademarks, names, signs, logos, colours, graphics or any other signs which may be generated in performance of the order, whether their creation is intentional or not.

23.3 Counterfeiting

The Supplier shall indemnify and hold harmless AVIOSPACE from and against all third party claims in respect of intellectual property for the Work he delivers and shall be liable for any consequences and financial claims that AVIOSPACE might suffer as a result. Moreover, the Supplier shall at his own expense, either (1) obtain the right to continue to use the Results of the Work, (2) replace or modify the Work so that it no longer constitutes an infringement while keeping the functions initially specified by AVIOSPACE, or (3) if the above cannot be achieved, take back the Work and replace it by equivalent work defined by the Supplier in agreement with AVIOSPACE, without prejudice for AVIOSPACE to recover damages.

23.4 All the stipulations of the present article 23 must be flow downed by the Supplier to his co contractors, subcontractors and/or suppliers.

ARTICLE 24 - CONFIDENTIALITY

24.1 All information, drawings, models and plans which have been communicated to the Supplier remain the property of AVIOSPACE. Any use other than in the performance of the order is strictly forbidden except with the prior written consent of AVIOSPACE.

24.2 The Supplier agrees to disclose the Information received from AVIOSPACE only to its personnel and/or the personnel of its authorised suppliers and subcontractors having a need to know such Information to carry out the Work, the subject of the order. The Supplier shall clearly inform its employees, subcontractors and suppliers of the confidential nature of the Information and shall ensure that they undertake to respect said confidentiality.

24.3 Upon expiration of the order for any reason whatsoever, the Supplier shall return in good condition all Information, documents and data... whatever their form transmitted by AVIOSPACE, or worked out for the purposes of the Work covered in the order and shall not keep any copies of said information, documents and data.

24.4 The Supplier shall not disclose such Information and documents during the performance of the order and for a time period of ten (10) years as from the end of the contractual relations between the Parties. The Supplier agrees that it will not refer to the Work covered by the order for the requirements of advertising.

24.5 The Copyright stamped by the Supplier on its documents will not limit the exercise of the rights granted to AVIOSPACE by the order. The Supplier shall not identify the contractual supplies as confidential.

ARTICLE 25 - EXPORT AND/OR IMPORT CONTROL

25.1 By all means the Supplier shall have identified and notified to AVIOSPACE all the parts included in his Work which are subject to specific exportation or importation regulations (hereafter "Export Regulations") at the date of signature of the order. The Supplier undertakes to immediately notify AVIOSPACE of any useful information which relates to any change in the status or classification of his Work, of component parts included in his Work, or in the Export Regulations. The Supplier undertakes to assist AVIOSPACE in order to ensure compliance with these changes.

25.2 The Supplier shall be responsible for obtaining in good time and at no cost to AVIOSPACE all the relevant official approvals, licences and authorisations required under the Export Regulations in order to export, import, use, or integrate any part of his Work (hereafter "Export Licences"). Such export licences shall equally permit the delivery to, and the use by, AVIOSPACE's customer and subcontractors.

AVIOSPACE agrees to communicate the final destination certificates and all the necessary information in order to obtain the Export Licences (identity of the subcontractors who shall provisionally have the Work in their possession).

The grant of Export Licences for the Work is imperative and is an essential obligation of the Supplier. Consequently the Supplier undertakes to:

- clearly indicate on all documents (delivery notices and invoices) all information concerning the export control classification and applicable Export Licences; and
- provide AVIOSPACE with a copy of the Export Licences which relate to the Work, as well as a copy of all restrictions required by any applicable authority.

25.3 If one of more Technical Assistance Agreements ("TAAs") or Non-transfer and use certificates (DSP83) are required by the US Government for the performance of the order, the TAAs or the DSPs shall be agreed with AVIOSPACE before being submitted to the export authorities. A copy of the US Export Licence and all the related provisos imposed by the American export authorities shall be provided to AVIOSPACE.



25.4 If despite his diligence, the Supplier does not manage to obtain the necessary Export Licences, the Supplier shall, at its own cost, and within a time-frame compatible with AVIOSPACE's business needs, replace or modify the restricted technology so that the product ceases to infringe the Export Regulations, while fulfilling all requirements defined by the order; this is without prejudice to AVIOSPACE's rights to claim compensation for all costs, damages and losses suffered as a consequence of the said breach and/or to terminate the order for Supplier's default.

25.5 The Supplier shall be liable for all damage, losses and liabilities incurred by AVIOSPACE as a result of the Supplier's non-compliance with its obligations under this article.

ARTICLE 26 - COMPLIANCE WITH EMPLOYMENT LAW

26.1 The Supplier undertakes to comply with any legal provisions, and specifically the Italian rules and regulations which relate to moonlighting.

26.2 The Supplier undertakes, as from acceptance of the order and every six (6) months during its performance, to provide AVIOSPACE with all updated documents referring to: (i) enrolment in the Companies' Register, (ii) with reference to his employees, the respect of payments, of social security charges and of insurance premiums, (iii) full compliance with provisions of law and regulation relating to tax payments and the keeping of record of the relevant documentation, and the lack of serious breaches, finally ascertained by the competent Authorities, of provisions of law and regulation relating to tax payments.

26.3 The Supplier undertakes to comply with the legal provisions relating to the protection of the workforce, health and security and conditions of work. When performance of the Work necessitates an intervention at AVIOSPACE's premises, the Supplier undertakes to comply with AVIOSPACE's rules and regulations concerning health and security.

26.4 The work equipment provided under the order, must comply with the legal provisions in force.

ARTICLE 27 - COMPENSATION - OFFSET

If during performance of the order, the Supplier contracts for products or services for which AVIOSPACE has directly or indirectly undertaken offset obligations, the Supplier undertakes to fully cooperate in order to have the amount of the order taken into account by the competent offset organisation as part of the said obligations.

ARTICLE 28 - CORRESPONDENCE

All communications of a contractual nature shall be addressed to AVIOSPACE's purchasing department, for the attention of the person designated in the order. Invoices and assimilated documents (in particular provisions, deposits, credit notes) along with the notifications of article 29 hereof shall be addressed to AVIOSPACE's accountancy department as stipulated on the order.

ARTICLE 29 - ASSIGNMENT AND TRANSFER - MODIFICATIONS IN SUPPLIER'S LEGAL SITUATION

29.1 The order to the Supplier being "*intuitu personae*" i.e. placed in consideration of the quality of the Supplier, it shall not be assigned nor transferred in whole or in part by the Supplier except with the prior written consent of AVIOSPACE. The Supplier undertakes to notify to AVIOSPACE any modification in its share capital and/or any change in its direct or indirect control (as defined in article 2359 of Italian Civil Code) before such modification/change becomes effective. In the event of such modification/change, AVIOSPACE may terminate the order, without default of the Supplier, under article 20.2.

29.2 The Supplier undertakes to inform AVIOSPACE by registered letter with acknowledgement of receipt of:

- any alert issued by the auditors, union or staff representatives, shareholders or associates which concerns the situation of the Supplier,
- any request filed by the Supplier in order to benefit from an insolvency procedure, out-of-court settlement or any request to nominate a proxy,
- any declaration of default of payment.

ARTICLE 30 - MISCELLANEOUS

Failure by AVIOSPACE or the Supplier in exercising any right under these Conditions of Purchase shall not constitute a waiver of any such right for the future.

ARTICLE 31 - SEVERABILITY

The invalidity of any one of the provisions of these Conditions of Purchase shall not affect the validity of any other provision and the Parties agree to negotiate in good faith the modification of the provision so invalidated in order to obtain another provision having substantially the same effect.

ARTICLE 32 - LANGUAGES

In the event of any conflict between the Italian text of these Conditions of Purchase and any translation into other languages, the Italian text shall prevail.



ARTICLE 33 - APPLICABLE LAW AND DISPUTE RESOLUTION

These Conditions of Purchase and the orders placed hereunder shall be governed by the laws of Italy.

In the event of any dispute arising in connection with the performance and/or interpretation and/or termination of these Conditions of Purchase and the orders placed hereunder, the Parties agree to try to resolve such dispute amicably. If the Parties fail to resolve such dispute amicably within one (1) month following its notice, then such dispute shall be determined and settled by the court of Torino.

Signature