



PURCHASE ORDER TERMS AND CONDITIONS

Supplier's Inspection Control System - The supplier will provide and maintain a documented inspection system which, as a minimum, complies with Specification MIL-I-45208A, Inspection System Requirements. In addition, the supplier's system shall provide and maintain a system to control purchases of supplies and services for Dell's requirements. It is permitted to use the Performance Review Institute (PRI) third party accreditation program for the purpose of providing audits of nondestructive test (NDT) systems and NDT personnel performing the inspections.

Access to Facility - Seller agrees that the Buyer's authorized representatives and agents and the Government and/or FAA representatives shall be entitled to enter the plant of Seller at all reasonable times for reviewing Seller's manufacturing and processing plans and records, and for conducting preliminary inspection, tests and other associated quality control/inspection activities. Seller also agrees that a similar provision shall be included by Seller in its subcontracts. If required by Buyer, Seller shall provide, at no charge to Buyer, appropriate facilities reasonably necessary for this access and these activities.

Nonconforming Material - Any process that results in a violation of any requirement shall be approved by Dell's Material Review Board. The approval is required prior to shipment from the source performing the process, even though the condition is repairable, unless the repair is permitted by the process specification. Any products that contain nonconforming characteristics which can not be reworked to the applicable requirements using the original machining or fabrication methods shall be submitted to Dell's Material Review Board for approval prior to shipment. The supplier shall request approval by submitting a detailed description of the nonconformance which shall include a closed loop cause and corrective action statement for each nonconforming item. Products accepted by Dell's Material Review Board shall be shipped separately from conforming articles. Dell's approval number shall appear on the packing slip.

Drawing and Specification Revision Control - The supplier is responsible for obtaining and maintaining the current issue of all Specifications and Standards referenced by the Purchase Order and other applicable documents in addition to the specifications and standards supplied with the Purchase Order by Dell.

Flow Down Requirements - The supplier is responsible for communicating, in writing or by electronic means, all applicable purchase order specifications and requirements to subtier suppliers, including applicable paragraphs of these Terms and Conditions.

Record Retention - Objective evidence of quality status such as: receiving inspection reports; inspection, test, and NDT reports; inspection record sheets; corrective action reports; personnel qualification; process certifications and certificates of conformance; etc., shall be retained for a minimum of 10 years by the supplier, shall be traceable to the parts processed or supplied, and shall be available for review by Dell. The supplier is responsible for assuring that all records for subcontracted services are maintained in accordance with this paragraph.

Statistical Quality Assurance - When the Engineering drawing specifications, or the Purchase Order require 100% inspection or test, statistical sampling shall NOT be applied. Sampling procedures (less than 100% inspection) may be used if: (A) they are based on MIL-STD-105, or other sound mathematical practice, or (B) the process has as a minimum ± 3 sigma control within drawing tolerances. If sampling inspection procedures are used, the plan shall not

allow the acceptance of known defectives in the lot and summary records shall accompany the shipment if requested by the Purchase Order.

Certifications – If a certification is required, a certification of conformance to Dell's purchase order requirements shall accompany each shipment and all material supplied shall be traceable to the original manufacturing mill. Certification and test reports, such as chemical and physical properties, NDT and functional test results, may be incorporated into one legible document, provided the certification includes and properly identifies all the information referenced in the requirements listed below. The supplier shall review and accept all reports for all purchased material or processes. Lot, Batch, Serial or Heat Numbers shall appear on the Seller's certification when applicable and shall be traceable to the product being sold.

Acceptance of Order - This Order is Buyer's offer to Seller and acceptance is expressly limited to its terms without additions, deletions, or other modifications. Seller's commencement of performance, delivery of any supplies or services or acknowledgment of this Order shall conclusively evidence such acceptance.

Changes - Buyer may by written notice, or an oral change to be followed within ten (10) days by written confirmation, make changes within the general scope of any Order in any one or more of the following: (1) drawings, designs or specifications; (2) method of shipment or packaging; (3) place of inspection, delivery or acceptance; (4) reasonable changes in quantity; (5) reasonable changes in delivery schedule; and (6) amount of Buyer-furnished property. Seller shall proceed immediately to perform this Order as changed. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any part of the work in this Order, Buyer and Seller will agree upon an equitable adjustment in the purchase price or delivery schedule or both. Buyer shall be informed in a timely manner prior to any significant changes in the Seller's process that would impact **quality**^[jmw1].

Termination/Stop Work - By written notice Buyer may terminate all or any part of this Order. In such event, Buyer and Seller will agree upon an equitable adjustment of the Order price, provided that such adjustment shall not exceed the Order total price and no amount will be allowed for anticipated profit for performance not rendered.

Default - The Buyer may by written notice of default to the Seller, terminate this Order in whole or part if the Seller fails to deliver the supplies or to perform the services within the time specified in this Order or any extension; or make progress, so as to endanger performance of this Order. Except for defaults of subcontractors at any tier, the Seller shall not be liable for any excess costs if the failure to perform the contract arises from causes beyond the control and without the fault or negligence of the Seller.

Consigned Material and Consigned Tooling - Title to such Dell furnished property shall be and remain in Dell at all times. Dell does not guarantee the accuracy of any tooling or the quality or suitability of any material supplied by it. Seller shall bear the risk of loss, damage or destruction of consigned material and consigned tooling and shall promptly replace or repair without expense to Buyer any property which is lost, damaged or destroyed, unless such loss, damage or destruction is solely, directly and proximately caused by Buyer's negligence. Without limiting the foregoing, Seller agrees to obtain and maintain insurance satisfactory to Buyer insuring to the full insurable value thereof all Buyer's property in Seller's possession against loss or damage resulting from fire including extended coverage, malicious mischief and vandalism. All Buyer-furnished property, shall be returned to Buyer at termination or completion of Buyer's Order unless Buyer shall direct otherwise in writing.

Proprietary Information, Patents, Trademarks, Copyrights, Trade Secrets, and Special Tooling - Seller shall not use, reproduce, appropriate or disclose to anyone other than Buyer any samples, drawings, designs, specifications, software, technical information, special tooling, dies, processing and other like property or data furnished by Buyer, nor shall Seller use the same to produce or manufacture articles other than those required in Buyer's Order, without prior written authorization from Buyer. **This Order is not valid unless Dell's**

Confidentiality Agreement for Suppliers (DF149) has been signed by an authorized representative of the Seller and has been returned to Dell.

Special Tooling and Other Materials - Unless otherwise herein agreed, Special Tooling which is used in the manufacture of Products shall be furnished by and at the expense of Seller. When necessary, Special Tooling shall be replaced by Seller without expense to Buyer. Buyer may at any time reimburse Seller for the cost of any Special Tooling and/or replacements and become the owner, take title, and be entitled to the possession of the same. If the Buyer's order includes the cost of any Special Tooling fabricated or acquired by Seller for the purpose of filling Buyer's order, such Special Tooling and any process sheets or tool drawings related thereto shall become the property of Buyer and to the extent feasible shall be identified by Seller as such. Seller shall, at its own expense, maintain Special Tooling owned or furnished by Buyer in good condition and proper working order. Unless otherwise specified herein, Buyer shall make payment for Special Tooling only upon acceptance of the first run of Products fabricated therewith. Buyer may assign ownership of the Special Tooling with no change in the above requirements.

Invoicing, Packing and Shipping - Separate invoices are required for each Order. Premium transportation will be paid by Buyer only when specifically authorized. Separate packing lists are required for each Order and shall accompany each shipment. The location of the packing slip shall be clearly marked on the container. The complete Order Number shall appear on all documents. Test reports, X-ray, certificates and other supporting documents shall accompany each shipment when required by the Order. No invoice shall be issued prior to shipment of Products. No payment will be made prior to receipt of Products and a correct invoice; Buyer reserves the right to delay payment until Products have been accepted. Payment due dates, including discount periods, will be computed from date of receipt of Products and/or from the date of receipt of a correct invoice, whichever is later. No payment shall constitute acceptance of any Products. In the absence of other specific packaging requirements, and in addition to those in the Purchase Order Requirements, proper packaging shall provide corrosion prevention and not permit any part-to-part contact during shipment or storage. Special care shall be given to parts containing: internal or external threads or seal surfaces; or, internal fuel or oil passages, to assure the integrity of the intended use. Reusable plastic or metal caps are to be employed for protection of these areas as applicable.

Delivery - Time is of the essence of any Order placed hereunder and deliveries are to be made both in quantities and at times specified by Buyer; failure to do so shall constitute a breach of contract. Buyer will not be liable for payment for Product delivered to Buyer which is in excess of quantities specified in the Order and its delivery schedules. EACH ITEM ON THIS PURCHASE ORDER SHALL BE SHIPPED IN ONE LOT ONLY UNLESS OTHERWISE SPECIFIED BY DELL MFG.

Inspection/Rejection - All delivered Products shall be subject to Buyer's right of inspection and rejection. The exercise or reservation of Buyer's right to inspect, count, and test shall in no way relieve Seller of its obligation to furnish all Products in strict accordance with the Order. Payment for Product prior to inspection, counting or testing shall not constitute acceptance thereof. Buyer has the right, as its sole discretion, to reject any Products which fail to conform to Buyer's specifications or any other requirement of an Order. Nothing contained in this Order shall relieve Seller in any way from the obligations of testing, inspection, and quality control.

Taxes - Seller agrees that, unless otherwise indicated in any Order placed under this Agreement, (1) the prices to be quoted and/or invoiced do not include any state or local sales, use or other tax from which an exemption is available for purposes of the Order, and (2) such prices include all other applicable federal, state and local taxes in effect at the date of the Order. Seller agrees to accept and use tax exemption certificates when supplied by Buyer if acceptable to the relevant taxing authorities.

