

TERMS AND CONDITIONS

The following Terms and Conditions are hereby incorporated into this purchasing contract and are binding on the Buyer, Seller, and other associated parties as stated below:

1. **ACCEPTANCE OF SHIPMENT**
The risk of loss from any casualty to the goods regardless of the cause of the casualty shall be on Seller until the goods have been accepted by Buyer at Buyer's dock unless otherwise stated on the face of this order. All shipments shall be FOB Buyer's dock unless otherwise stated on the face of this order. If Buyer is required to pay any freight cost, Seller shall ship in accordance with specified shipping instructions on the face of this order and Seller shall determine that the shipping agent is properly insured to replace shipment due to any casualty. If the shipment value exceeds coverage limits, Seller shall notify Buyer to secure written insurance instructions prior to shipment.
2. **DELIVERY: NOTICE OF LABOR DISPUTES**
Time is and shall remain of the essence of this order, and no acts of Buyer, including without limitation modifications of the order or acceptance of late deliveries, shall constitute waiver of this provision. Buyer also reserves the right to refuse or return at Seller's risk and expense shipments made in excess of Buyer's orders or in advance of required schedules, or to defer payments on advance deliveries until scheduled delivery dates. Seller shall notify Buyer immediately of any actual or potential labor dispute which is delaying or threatens to delay the timely performance of this order.
3. **TERMINATION: BREACH OF CONTRACT: DAMAGES: COST**
Buyer may by notice in writing direct Seller to terminate this order or work under this order in whole or in part at any time, and such termination shall not constitute a default. In such event, unless Seller shall have defaulted or be in default in performance hereof, Buyer and Seller shall have the rights and obligations in accordance with the clause "Termination for convenience of the Government" set forth in FAR 52249-2, as amended to the date of this order, which clause is hereby incorporated by reference and made a part thereof. The insolvency or adjudication of bankruptcy of, or creditors by either party, shall be a material breach hereof. In no event shall Seller be entitled to anticipatory profits, or to special or consequential damages. In the event of Sellers default or potential inability to perform this order, Seller agrees upon demand by Buyer to deliver to Buyer the raw materials and work in process acquired in order to perform under this order, and Buyer may then complete the work deducting the cost of such completion from the price, or in the alternative, pay to Seller the cost of such raw materials and work in process. Seller agrees to pay any and all costs including reasonable attorney fees incurred by Buyer to enforce any obligation hereunder or in the successful defense of any claim or action brought by Seller.
4. **BUYER'S PROPERTY**
All specifications, drawings, tools, jigs, dies, fixtures, materials or other items which are supplied by Buyer or which are to be furnished by Seller as an item or items on this order shall be confidential. They shall be and remain the property of Buyer (or of the United States Government or other party where the government or such other party has or acquires title thereof) and Buyer shall have the right to enter Seller's premises and remove them at any time without being guilty of trespass or liable to Seller for damages of any sort. All such items shall be used only in the performance of work under this order unless Buyer consents otherwise in writing except as to any such items which are owned by the Government or which the Government has the right to use, the Seller may use such items in the performance of any direct contract between the Seller and the Government on a non-interference basis after the government has expressly authorized such use in writing with written notice of such authorization to the Buyer. Seller shall prominently mark all such items as the property of and, if directed, the area in which they are located as containing property of Buyer (or as the case may be, of the United States Government or said other party). Seller shall also mark such items with the corresponding drawing number and/or Government number. Seller shall similarly list all such items on invoices, and shall be responsible for them as an insurer until delivered to Buyer. Seller shall not dispose of any such items without Buyer's written consent. The provisions of this article 4 herein above set forth shall survive delivery and payment, and remain in consent. Seller shall without limitation as to time indemnify and save Buyer harmless from all claims which may be asserted against said property, including without limitation mechanics liens or claims arising under Workman's Compensation or Occupational Disease laws, and from all claims for injury to persons or property arising out of or related to such items unless the same are caused solely and directly by Buyer's negligence.
5. **SUBCONTRACTING**
None of the work contemplated by Buyer as to be performed by Seller under this order shall be subcontracted without the prior written consent of Buyer.
6. **SPECIFICATIONS: WARRANTY: INSPECTION:**
Material made in accordance with Buyer's specifications and drawings shall not be furnished or quoted to any other person or concern without Buyer's written consent. The foregoing shall not be construed as applicable to any use by Seller of drawings or specifications which are owned by the Government or as to which the Government has the right to authorize use in the performance of any direct contract between the Government and the subcontractor on a non-interference basis provided the Government will give notification of such use to Buyer. In the event of conflict between specifications, drawings, samples, designated type, part number or catalog description, the specifications shall govern over drawings, drawings over samples, whether or not approved by Buyer, and samples over designated type, part number or catalog description. In cases of ambiguity, specifications, drawings or the requirements of the order, Seller must, before proceeding, consult Buyer, whose written interpretation shall be final. Seller warrants the materials delivered or services rendered on this order to be free from defects in workmanship, materials, and design, and to be in accordance with Buyer's specifications, drawings, and/or samples in all respects. These warranties shall survive acceptance and payment. Seller shall be liable for and save Buyer harmless from any loss, damage or expense whatsoever that Buyer may suffer from breach of any of these warranties. All material and workmanship shall be subject to inspection by Buyer before and after delivery. The Buyer may require Seller to replace rejected material or Buyer may accept any materials that conform to Seller's warranties and upon discovery of materials not so conforming may reject or keep and rework any such materials not so conforming. Buyer may make 100% inspection or reject an entire shipment if Buyer's sampling plan indicates rejection at the 1% acceptable quality level (or such greater or lesser percentage as Buyer and Seller may agree upon in writing). Cost of rework, inspection, transportation, re-packaging and/or re-inspection by Buyer shall be at Seller's expense.
7. **CHANGES**
Buyer shall have the right by written order to suspend work, or to make changes from time to time in the services to be rendered or the materials to be furnished by Seller hereunder. If such suspension or changes cause an increase or decrease in the cost of performance of this order or in the time required for its performance, an equitable adjustment shall be negotiated promptly and the order shall be modified in writing within 30 days from the date of receipt by Seller of notification of the change or suspension, and shall be followed as soon as practicable with specification of the amount claimed and supporting cost figures ...however, nothing herein shall excuse the Seller from proceeding with this Purchase Order as changed.
8. **PATENTS**
THE SELLER WARRENTS that the sell, use or incorporation into manufactured products of all machines, devices and material furnished hereunder which are not of Buyer's design, composition or manufacture shall be free and clear of infringement of any valid patent, copyright or trademark. Seller shall save Buyer and its customers harmless from any and all expenses, liability and loss of any kind (and the costs and expenses, including attorneys fees) growing out of claims, suits or actions alleging such infringement, which claims, suits or actions Seller agrees to compose or defend.
9. **TAXES**
The price stated on the face hereof includes all taxes. All Local, State and Federal excise, sales and use taxes, where applicable, shall be stated separately on Seller's invoice.
10. **ASSIGNMENT**
Seller may not assign monies due or to become due under this order without prior written consent of Buyer which will ordinarily be given subject to Buyer's standard conditions. In any case, assigned accounts shall be subject to set-off, recoupment or other claim of Buyer against seller.
11. **COMPLIANCE WITH LAW: GRATUITIES**
Seller warrants that the materials to be furnished and the services to be rendered under this order, and the classes of the property described in Article 4, shall be manufactured, sold and used in compliance with all relevant Federal, state and local laws and regulations. All invoices must carry the following certificate: "Seller certifies that with respect to the production of the articles and/or the performance of the services covered by the invoice, it has fully complied with Section 6,7,12 and 15 of the Fair Labor standards Act of 1938, as amended, and of regulations and orders of the United States Department of Labor under Section 14 thereof."

12. IDEMNITY AGAINST CLAIMS

Seller shall indemnify Buyer against all loss on account of claims of injury to person (including death) or damage to property which may result in any way from any act or omission of Seller, or of its agents, employees, or subcontractors. Seller shall also maintain such Public Liability, Property Damage, Employers' Liability and Compensation Insurance and Motor Vehicle Liability (Personal Injury and Property Damage) as will protect Seller (or its subcontractors) and Buyer from said risks and from any claims under any applicable Workman's Compensation or Occupational Disease statutes.

13. INSPECTION

Materials to be used in the performance of Government contracts may be inspected and tested at all reasonable times and places, either before, during or after manufacture by Buyer or by the Government Agency concerned, at Buyer's discretion. If inspection and test are made on the premises of Seller or Seller's subcontractor, Seller shall furnish without additional charge all reasonable facilities and assistance for the safe and convenient inspection and tests required by the inspectors in the performance of their duty. The foregoing provisions of the Article are supplementary to and not in lieu or in derogation of, the provisions in Article 6 above.

14. STOP WORK ORDER

- (a) Buyer may at any time, by written order to Seller, require Seller to stop all, or any part of the work called for by this purchase order for a period of 90 days after the Stop Work Order is delivered to Seller and for any further period to which the parties may agree. Any such order shall be specifically identified as a Stop Work Order issued pursuant to this clause. Upon receipt thereof Seller shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Stop Work Order during the period of work stoppage. Within said period, or any extension thereof, Buyer shall either (i) cancel the Stop Work Order, or (ii) terminate the work covered by such Order as provided in Clause 3 above.
- (b) If a Stop Work Order is cancelled or the period of the Order or any extension thereof expires, Seller shall resume work. An equitable adjustment shall be made in the delivery schedule or contract price or both, if (i) the Stop Work Order results in an increase in the time required for, or in Seller's costs properly allocable to, the performance of any part of this purchase order, and (ii) Seller asserts a claim for such adjustment within 25 days after the end of the period of the work stoppage.
- (c) If a Stop Work Order is not cancelled and the work covered by such Order is terminated for convenience; the reasonable cost resulting from the Stop Work Order shall be allowed in arriving at the termination settlement. However, if such termination is for Seller's default, the reasonable cost resulting from the Stop Work Order only shall be allowed by equitable adjustment or otherwise.

15. GOVERNMENT CONTRACT PROVISIONS

When the materials or product furnished are for use in connection with a Government contract or subcontract, in addition the above provisions, the following clauses which are incorporated by reference from the "Federal Acquisition Regulation" (FAR) and the "Defense Federal Acquisition Regulations Supplement (DFAR) shall apply to this contract to the extent indicated. In all of the following clauses, Contractor shall mean Seller.

- (1) 52.203-5 Covenant Against Contingent Fees
- (2) 52.203-6 Restrictions on Subcontractor Sales to the Government
- (3) 52.203-7 Anti-Kickback Procedures
- (4) 52.204-2 Security requirements (excluding any reference to the changes clause of contract). This clause only applies if access to classified material is required.
- (5) 52.211-5 New Material
- (6) 52.211-15 Defense Priority and Allocation Requirement
- (7) 52.215-2 Audit and Records -Negotiations.
- (8) 52.215-14 Integrity of Unit Prices (excluding Paragraph c.).
- (9) 52.219-8 Utilization of Small Business Concerns and Small Disadvantaged Business Concerns.
- (10) 52.219-9 Small Business and Small Disadvantaged Business Subcontracting Plan This clause only applies if this contract exceeds \$500,000 and Seller is Not a Small Business Concern.
- (11) 52.222-4 Contract Work Hours and Safety Standard Act - Overtime Compensation. Buyer may withhold or recover from Seller such sums as the contracting officer withholds or recovers from Buyer because of liabilities of Seller or its subcontractors under this clause.
- (12) 52.222-20 Walsh-Healy Public Contracts Act.
- (13) 52.222-26 Equal Opportunity (Subparagraph b (1) thru (11).
- (14) 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans. This clause only applies if this contract is \$25,000 or more.
- (15) 52.222-36 Affirmative Action for Handicapped Workers. This clause only applies if this contract exceeds \$10,000.
- (16) 52.222-37 Employment Reports on Special Disabled Veterans and Veterans of Vietnam Era. This clause only applies if this contract is \$25,000 or more.
- (17) 52.223-6 Drug-Free Workplace
- (18) 52.223-14 Toxic Chemical Release Reporting.
- (19) 52.225-1 Buy American Act - Supplies
- (20) 52.225-13 Restrictions on Certain Foreign Purchases
- (21) 52.227-1 Authorization and Consent
- (22) 52.227-2 Notice and Assistance Regarding Patent and Copyright infringement (A copy of each notice sent to the Government shall be sent to Buyer).
- (23) 52.227-10 Filing of Patent Applications - Classified Subject Matter.
- (24) 52.243-1 Changes - Fixed Price
- (25) 52.245-2 Government Property.
- (26) 52.246-23 Limitation of Liability.
- (27) 52.247-63 Preference for U. S. Flag Air Carriers.
- (28) 52.247-64 Preference for Privately Owned U. S. Flag Commercial Vessels.
- (29) DFAR 252.225-7014 Preference for Domestic Specialty Metals, Alternate 1.