



GENERAL PURCHASE ORDER TERMS & CONDITIONS

Purchase Orders issued by Votaw Precision Technologies contain the entire agreement of the parties and shall not be varied or supplemented by evidence of different or additional terms not contained therein. The following terms and conditions apply to all purchase orders issued by Votaw Precision Technologies, Inc. Please also reference the Votaw Supplemental Terms & Conditions (Form 7.4.2-6) and the Votaw Quality Assurance Clauses (Form 7.4.2-1) for additional requirements pertinent to your Order. These documents are located on the Votaw website in the Capabilities Section.

Seller shall control sub-tier supplier procurements to the extent necessary to ensure conformance to the quality requirements specified in Votaw's contract. All requirements specified in these Terms and Conditions as well as those identified in Votaw's Purchase Order Clauses and Purchase Order shall be flowed to sub-tier suppliers.

1. DEFINITIONS AND EXPLANATIONS

"Unless otherwise agreed upon in writing and signed by the parties, the following terms and conditions shall apply in full between Votaw Precision Technologies, Inc. (hereinafter "Buyer") and Seller with regard to all contracts, all release and purchase orders generated therefrom and/or relating thereto and other associated purchase documents ("Order" or "Contract"). Seller shall flow down to its lower-tier subcontracts all applicable terms and requirements of this Order and applicable law.

2. ACCEPTANCE

- (a) Seller shall be deemed to have accepted all of the terms and conditions of this Order upon either (i) signing the Order or providing any acknowledgment of the Order and delivering a copy of same to Buyer, or (ii), when Seller begins any performance under the Order.
- (b) Any acceptance of this Order is limited to acceptance of the express terms contained in these General Terms and Conditions or otherwise incorporated herein by reference ("Buyer's Terms"). If, during performance of this Order, any terms proposed in Seller's acceptance of this Order add to, vary from, or conflict with the Buyer's Terms, such additional, different, and/or conflicting terms proposed by Seller are deemed objected to and Buyer's Terms will constitute the complete and exclusive statement of the terms and conditions of this Order between the parties and will be deemed accepted by Seller without Seller's additional, different and/or conflicting terms. If this Order has been issued by Buyer in response to any offer, any acceptance by Buyer is subject to and conditional upon Seller's acceptance of Buyer's Terms (which is deemed given in 2(a)).
- (c) Seller acknowledges that no prior or subsequent instrument used by or delivered by Seller shall govern this Order and that Buyer and Seller are contracting solely on the basis of Buyer's Terms, which may be modified as provided herein.
- (d) The Term "Work" shall be defined as all labor, articles, materials, supplies, goods, components, tooling, equipment, raw materials and services to be provided by Seller constituting the subject matter of this Order.



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3. PAYMENT

- (a) The payment term is calculated from the later date of the arrival of the invoice at Buyer or the arrival of the Work at Buyer.
- (b) Unless otherwise stated, all prices include packaging and insurance.
- (c) The Order issued hereunder includes and Buyer retains any and all custom duty drawback rights (by substitution or otherwise) which are transferable from Seller to Buyer. Seller shall timely inform Buyer of any such rights and supply Buyer with all documents required for Buyer to obtain such drawback.
- (d) Unless the face of Buyer's Order form expressly states otherwise, payment terms are net 30 days.

4. FEDERAL, STATE, AND LOCAL TAXES

Seller agrees that, unless otherwise indicated in this Order, (a) the prices herein do not include any state or local sales, use or other tax from which an exemption is available for purpose of this Order, and (b) the prices herein include all other applicable federal, state and local taxes. Seller agrees to accept sales and use tax exemption certificates when supplied by Buyer if acceptable to the taxing authorities. In case it shall be determined that any tax included in the prices herein was not required to be paid by Seller, Seller agrees to notify Buyer, to make prompt application for the refund thereof, to take all proper steps to procure the same, and, when received, promptly pay the same to Buyer.

5. ENVIRONMENTAL HEALTH AND SAFETY PERFORMANCE.

Seller acknowledges and accepts full and sole responsibility to maintain an environment, health and safety management system ("EMS") appropriate for its business throughout the performance of this Order. Buyer expects that Seller's EMS will promote health and safety, environmental stewardship, and pollution prevention by appropriate source reduction strategies.

6. PRECEDENCE

- (a) In the event of any inconsistency or conflict between or among the provisions of this Order, such inconsistency or conflict shall be resolved in the following descending order of precedence:
 - 1. Order-specific provisions which are typed or handwritten on the Order as additions to the pre-printed terms;
 - 2. Documents incorporated by reference on the face page(s) of this Order;
 - 3. These Terms and Conditions of Purchase and any supplements thereto;
 - 4. Statement of Work; and Specifications attached hereto or incorporated by reference. Buyer's Specifications shall prevail over those of the United States Government, and both of the foregoing shall prevail over specifications of Seller.
- (b) 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 case of ambiguity in the specifications, drawings, or other requirements of this Order, Seller must, before proceeding, consult Buyer, whose written interpretation shall be final.
- (c) If the Order is identified as a Defense Priorities and Allocations System rated order, seller is required to follow the provisions of the Defense Priorities and Allocations System regulation (15 CFR 700) including the priority rating provided by Votaw to your subcontractor(s).



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7. RIGHT OF ACCESS

In the performance of this Order the Supplier agrees to provide access to technical information, equipment and process specifications; test and test equipment specifications and procedures, parts and quality control procedures, records and data; manufacturing and assembly procedures and records; and schedule and milestone data; all in their original form or reproduced form. The Supplier agrees to provide access to Buyer, its customer and regulatory authorities to applicable areas of the facilities, at any level of the supply chain, involved in the order and to applicable records.

8. TIME IS OF THE ESSENCE

- (a) Time is of the essence in the Order. Deliveries are to be made strictly in accordance with delivery schedules issued by Buyer. If delivery is not completed pursuant to Buyer's schedule, Buyer, in addition to its other rights and remedies hereunder: (i) can take such actions as it deems necessary to meet such schedules, including expedited shipping and routing, and (ii) can declare Seller in default hereof and exercise its remedies hereunder or under applicable law. The Seller shall immediately report any event, occurred or expected, which may reasonably affect delivery.
- (b) Quantities that are delivered to Buyer in excess of Buyer's request may be returned to Seller at Seller's expense. Buyer accepts no liability for such Work.
- (c) Seller will be liable for any extra freight costs resulting from shipping in a more expensive manner than specified herein or in the Order necessary to comply with Buyer delivery schedule.
- (d) Seller will be liable to Buyer for losses, damages and/or costs of Buyer, its direct and indirect customers, arising out of any failure to supply in the amounts and at the dates set forth in any Order, including without limitation excess scrap, shutdown costs, overtime expenses, premium freight and extra operational expenses.
- (e) Seller shall not ship any Work except as are expressly authorized to be shipped by the Order. Work which has been delivered in excess of Buyer's written request can be returned, shipping charges collect, to the Seller at its expense or, at Buyer's option and at Seller's risk and cost, held by Buyer in storage until the next scheduled deliver date, with payment withheld accordingly.
- (f) Except to the extent this Order expressly provides for a specific quantity of Work to be manufactured and shipped, this Order is a requirements contract and Seller is required to supply Buyer with Buyer's requirements, as ordered from time to time by Buyer. Buyer has no obligation to purchase any amount of Work and there is no minimum order amount or price. No projections or estimates given by Buyer shall constitute a commitment or obligation to purchase any specified amount and Buyer makes no such representation. Seller agrees to continue to supply as set forth in Buyer's Orders and releases until this Order is otherwise terminated by Buyer.

9. ADVERTISING, PROPRIETARY INFORMATION, & USE OF BUYER'S DATA

Seller shall not, without the written consent of Buyer, advertise or publish the fact that Buyer has placed this order with Seller.

- (a) Design, samples, drawings, specifications, schedules, technical data, or any other information supplied by Buyer ("Confidential Information") are proprietary and confidential and shall not be disclosed to any third party and shall not be used for any purpose other than the fulfillment of the Order.
- (b) The Seller shall not, without Buyer's prior written consent in each instance, advertise or in any other way publish or disclose Confidential Information or the fact that Seller supplies or has made an agreement to supply to Buyer.

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- (c) Seller agrees to return, after complete delivery of all Orders, or earlier immediately upon Buyer's request, all Confidential Information and all copies thereof. Copies of Confidential Information may only be made upon Buyer's written consent in each sentence.
- (d) Except as agreed to in writing by Buyer, no information disclosed to Buyer from Seller shall be deemed to be confidential or proprietary information.

Exception - Disclosure or use of Confidential Information is not restricted under the following conditions: The information

- *Was already in the public domain when the Buyer disclosed it to the Supplier,*
- *Entered the public domain after the Buyer disclosed it under this agreement, but through no fault of the Supplier, or*
- *Became generally known but through no fault of the Supplier*

10. INTELLECTUAL PROPERTY

- (a) Seller warrants and guarantees that the manufacture, use and/or sale of the Work does not infringe any copyright, patent or any intellectual or proprietary rights of another nor does it constitute unfair competition resulting from similarity in design, trademark or appearance.
- (b) Seller shall indemnify, protect and hold Buyer, its agents, customers or other Sellers harmless against any claims, losses, profits, royalties, damages and expenses, including actual attorney fees, which may arise out of any claim of infringement or unfair competition or otherwise based on the above, including any settlement thereof. Buyer may be represented and actively participate in any suit or proceeding arising out of any such claim and Seller shall pay all costs of such representation. If the sale or use of the Work is enjoined or Buyer reasonably believes it will be, Seller shall immediately procure a royalty-free right for Buyer, its customers, successors and assigns, to continue manufacturing, selling and using the Work, in addition to all of Seller's other obligations hereunder.
- (c) Seller grants Buyer, its customers, successors and assigns, a nonexclusive, royalty-free license to repair, replace, cover, rebuild, service and relocate the Work and to use all copyrighted or otherwise protected property of Seller which relate to the Work.

11. FORCE MAJEURE

- (a) Buyer may delay delivery acceptance under any Order occasioned by causes beyond its control, including, but not limited to, industrial disputes, strikes, lockouts, riots, mobs, fires, floods, wars, embargo, or by reason of regulations, orders or omissions of any government agency.
- (b) Should such delays extend beyond six months due to any of these circumstances, then Buyer may cancel the respective portion of any order for deliveries so delayed and unexecuted in accordance with the Termination for Convenience provision.

12. INDEMNITY

Seller agrees to indemnify, defend and hold harmless Buyer, its agents representatives, owners, managers, officers, directors, successors, assigns, customers, agents and employees from and against any and all damages (including incidental and consequential damages), claims, suits, judgments, demands and costs, including, but not limited to, all legal expenses and attorney fees, whatsoever arising out of or relating in any way to any real, purported or alleged; (i) defects or negligence or defect in the design, manufacture, shipping or handling of the Work to be



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provided pursuant to the Order, (ii) inadequate warnings related thereto; (iii) infringement of patent or copyright or unfair trade practice with regard to the Work or any component thereof ; (iv) any environmental liability arising out of any violation of any environmental rule, law, or other regulation ("Environmental Law"); (v) breach of warranty or other terms of the Order; (vi) strict liability claims; and/or (vii) any act or omission of Seller, its agents, employees or subcontractors. This indemnity is in addition to any warranty obligations of Seller.

13. TRANSPORTATION AND PACKAGING

- (a) Seller shall at all times comply with Buyer's written shipping instructions.
- (b) All Work shall be packed, marked and prepared for shipment in the manner which is specified in the Order, provided that to the extent no specific manner is set forth in the Order, then: (a) in accordance with good commercial practice, (b) acceptable to common carriers for shipment at the lowest rate for the particular Work and in accordance with applicable federal, state, or local regulations, (c) in accordance with the current edition of Buyer's packing standards, and (d) adequate to ensure safe arrival of Work at the named destination. Country of origin shall be documented, including code section references for U.S. goods, and appropriate labels.
- (c) Any transportation charges shall be prepaid by Seller and any such charges for which it is entitled to reimbursement shall be added to Seller's invoice as a separate item. All Work shall be shipped F.O.B. point of origin and in the manner set forth on the Order.
- (d) No charge shall be made by Seller for containers, crating, boxing, bundling, dunnage, drayage, storage or insurance, except as expressly provided in the Order.
- (e) In the event of any improper packing, marking, shipping or routing and/or any failure to observe the conditions of this Section, Seller shall reimburse Buyer for all expenses arising therefrom and shall pay any resulting additional freight, cartage or other costs incurred, directly or indirectly.
- (f) Except as otherwise required, all containers to be returned to Seller shall be shipped on a no-charge basis with Seller's name and address and demand for return clearly marked thereon.
- (g) Each shipment must include packing slips, bills of lading, and invoices bearing the applicable Order number and the location of the plant to which Work are to be shipped. All invoices shall contain the following assurance: "Seller represents that it has complied with the Fair Labor Standards Act of 1938, as amended, in supplying or performing the services covered by this invoice."

14. BUYER PROPERTY

- (a) Buyer's Property is defined herein as all tools, supplies, jigs, fixtures, forms, gauges, inspection equipment, templates and like items, together with all accessories or replacements which are (i) manufactured by Buyer for the production or quality control of Work; (ii) provided to or by Buyer, directly or indirectly; (iii) paid for in part or in whole by Buyer; (iv) in any other way financed or reimbursed by Buyer; or (v) to be so paid, financed or reimbursed by Buyer. All Buyer Property is the sole property of Buyer or Buyer's customer, as the case may be, and is freely at the disposal of Buyer and shall be held by Seller on a bailment basis and will be marked conspicuously accordingly. Buyer Property shall be kept separate and used exclusively for production in accordance with accepted Orders for Buyer upon Buyer's request and shall not be used for any other party other than Buyer.
- (b) Seller shall, at its own cost (i) bear all risk of loss and damage to all Buyer Property; (ii) safeguard, store and maintain the Buyer Property in first class condition; (iii) replace worn Buyer Property to extent necessary to produce acceptable parts, in Buyer's sole judgment, and (iv) maintain and provide Buyer with proof of insurance on the Buyer Property and any replacements or modifications thereof in an amount equal to its replacement cost, with Buyer or its designee as additional insured and the sole loss payee.



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- (c) Buyer Property must not be improved, repaired, altered or scrapped, shall not be commingled with Seller's or anyone else's property and shall not be removed from Seller's possession without Buyer's prior written approval. Buyer shall have the right to enter Seller's property at all reasonable times to inspect and audit Buyer Property and all records regarding them. All replacements of, modifications or attachments to, Buyer Property shall belong to Buyer.
- (d) All Buyer Property shall be deemed personal or intangible property and shall be kept free and clear of all claims, liens, mechanics liens or any other rights or interests of Seller or any third party.
- (e) Immediately upon completion of the Order, or upon 24 hours written notice by Buyer, Seller shall properly pack mark and ready any Buyer Property for shipment and, at Buyer's option, deliver it to any location requested by Buyer. F.O.B. Seller's plant or permit Buyer on its premises to recover same.
- (f) In no event shall Seller's obligation to return Buyer Property to Buyer or as directed by Buyer be subject to any set off or counterclaim whatsoever.
- (g) Buyer is granted the option to take possession of any property of Seller that is used for the special production of the Work upon payment to Seller of the net book value thereof, less amounts Buyer has paid for or has been allocated to the value thereof.

15. QUALITY CONTROL

- (a) This Order is subject to all quality standards and policies of Buyer as are in writing and delivered to Seller, as revised or amended from time to time by Buyer ("Quality Criteria"). Seller acknowledges receipt of the Quality Criteria and accepts same. All such Quality Criteria are incorporated herein by this reference. Seller agrees that Buyer may revise or amend any Quality Criteria at any time and that all such revisions and/or amendments made available to Seller are binding on the Order and on Seller.
- (b) Seller shall permit a designated representative of Buyer and/or Buyer's customer or ultimate customer to visit Seller's premises to observe and monitor the development and production of the Work to verify compliance with Quality Criteria and this Order, including inspection of the manufacturing process and disclosure of the test records. Upon Buyer's request, Seller shall make available to Buyer all quality records including, without limitation, documents and any other data, which relate to specified requirements and the effectiveness of Seller's quality system. Seller shall retain such quality records for at least ten (10) years.
- (c) Seller shall ensure that all of its sub-contractors are contractually bound to comply with the terms of this Section.



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16. INSPECTION, TESTING AND REJECTION

- (a) Once samples from production tooling have been accepted by Buyer, no change of function, appearance, properties, material or manufacturing methods shall be made without the written approval of Buyer.
- (b) Buyer's acceptance of initial samples from production tooling shall in no manner constitute acceptance of the Work and does not limit the Seller's warranty liability contained herein nor Buyer's rights to further inspect, test and/or reject the Work as provided herein or under applicable law.
- (c) Seller shall immediately notify Buyer in writing of any non-conformance or defects, discovered or anticipated, in Work which has been delivered to Buyer. Seller shall include the reasons for the nonconformance or defects, if known, as well as a detailed corrective action plan and the date such plan shall be completed.
- (d) Payment for Work delivered hereunder shall not constitute acceptance thereof. Buyer shall be entitled to, but shall in no manner be deemed to be required to, make inspections, tests and other investigations at Seller's premises, either itself or through a third party representative. Seller shall permit such access, including access to any assistance, tools and/or equipment reasonably necessary to inspect such Work and confirm any processes in manufacturing such Work as may be requested by Buyer. Verification by Buyer shall not absolve the Seller of the responsibility to provide acceptable Work, nor shall it preclude subsequent rejection by Buyer.
- (e) All Work is subject to final inspection as determined by Buyer and no such preliminary inspection shall be deemed a substitution or waiver thereof by Buyer. Buyer, at its option, may reject any and all of said Work which is defective (which shall be defined as including Work which is nonconforming) or otherwise do not meet the requirements or specifications of this Order. Work so rejected and/or Work supplied in excess of quantities called for herein may be returned to Seller at its expense and risk and, in addition to Buyer's other rights, Seller shall, at Buyer's option, (i) pay Buyer all expenses of unpacking, examining, repacking and reshipping such Work and the cost to correct allegedly defective Work (ii) replace such Work at Seller's cost; and/or (iii) pay Buyer the cost of replacing such Work, all without Seller's approval.
- (f) In the event Buyer receives Work whose defects or non-conformity is not apparent on examination, Buyer reserves the right to reject acceptance, require correction or replacement, obtain replacement Work at Seller's cost, as well as payment of damages. If Buyer requires replacement or correction, Seller's failure to replace or correct in the time specified by Buyer shall be a default hereunder.
- (g) Nothing contained in the Order shall relieve Seller's obligation of testing, inspection and quality control.

17. ADVANCE MANUFACTURING OR PROCUREMENT

Seller shall not, without Buyer's prior written consent, manufacture or procure materials in advance of Seller's normal flow time or deliver in advance of schedule. In the event of termination or change, no claim will be allowed for any such manufacture or procurement in advance of such normal flow item unless there has been such prior written consent of Buyer.

18. SPARE PARTS

Subject to receiving written orders from Buyer, Seller shall supply Buyer with parts sufficient to allow Buyer to provide parts to its customers for 15 years after discontinuation of production of the end product.



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19. WARRANTY

- (a) Seller expressly warrants and guarantees that all Work furnished hereunder shall (i) conform to all specifications, drawings, appropriate standards and other requirements of Buyer and the Order; (ii) will be new; (iii) will be fit for the particular purpose intended by Buyer and its customer; (iv) will be of merchantable quality and free from defects in material, workmanship and design.
- (b) Upon, and only upon, Buyer's written request, Seller shall promptly replace or adjust nonconforming or defective Work free of charge or, at Buyer's option, compensate Buyer for the value of the Work or the cost for correction of defects. Seller shall pay Buyer all costs, losses or damages, including all incidental or consequential damages incurred by Buyer, arising out of Seller's delivery of such nonconforming or defective Work, including without limitation, all cost of inspection and any costs required to be paid to or on behalf of Buyer's customers.
- (c) Buyer may resolve any alleged warranty claim, correct allegedly defective Work at the Seller's expense and/or replace such Work at Seller's cost, all without Seller's approval.
- (d) If inspection by Buyer of all delivered Goods is affected after discovery of defective Work, the Seller shall reimburse Buyer for the cost of such inspection.
- (e) Seller shall reimburse Buyer its freight costs for the delivery of any defective Work and, if returned to the Seller, the return freight, including any extra costs for urgent delivery.
- (f) Inspection, test, acceptance or use of the Work or services furnished hereunder shall not affect the Seller's obligation under this warranty and such warranties shall survive inspection, testing, acceptance and use.
- (g) Should a hidden defect be subsequently discovered in any Work which was delivered within the warranty period, the Seller will be responsible hereunder as though discovered and properly claimed during the warranty period.
- (h) This warranty shall be valid for a period of twelve (12) months after final acceptance by the end customer.
- (i) Seller's warranty shall survive Buyer's acceptance of any Work and shall run to Buyer, its successors, assigns and customer's and users of the Work sold by Buyer.



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20. TERMINATION FOR CONVENIENCE

- (a) Buyer reserves the right to terminate this Order, or any part hereof, for its convenience. In the event of such termination, Buyer shall terminate by delivering to Seller a Notice of Termination specifying the extent of termination and the effective date. Seller shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of this Order, Seller shall be paid a percentage of the Order price reflecting the percentage of the Work performed prior to the notice of termination, plus reasonable charges Seller can demonstrate to the satisfaction of Buyer using its standard record keeping system have resulted from the termination. Seller shall not be paid for any Work performed or costs incurred which reasonably could have been avoided.
- (b) In no event shall Buyer be liable for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the total Order price. Seller's termination claim shall be submitted within ninety (90) days from the effective date of the termination.
- (c) Seller shall continue all Work not terminated.

21. TERMINATION FOR DEFFAULT

- (a) Buyer, by written notice, may terminate this Order for default, in whole or in part, if Seller (i) fails to comply with any of the terms of this Order; (ii) fails to make progress so as to endanger performance of this Order; (iii) fails to provide adequate assurance of future performance; (iv) files or has filed against it a petition in bankruptcy; or (v) becomes insolvent or suffers a material adverse change in financial condition. Seller shall have ten (10) days (or such longer period as Buyer may authorize in writing) to cure any such failure after receipt of notice from Buyer. Default involving delivery schedule delays, bankruptcy or adverse change in financial condition shall not be subject to the cure provision.
- (b) Following a termination for default of this Order, Seller shall be compensated only for Work actually delivered and accepted. Buyer may require Seller to deliver to Buyer any supplies and materials, manufacturing materials, and manufacturing drawings that Seller has specifically produced or acquired for the terminated portion of this Order. Buyer and Seller shall agree on the amount of payment for these other deliverables.
- (c) Upon the occurrence and during the continuation of a default, Buyer may exercise any and all rights and remedies available to it under applicable law and equity, including without limitation, cancellation of this Order. If after termination for default under this Order, it is determined that Seller was not in default, such termination shall be deemed a termination for convenience.
- (d) Seller shall continue all Work not terminated or cancelled.

22. GENERAL TERMINATION PROVISIONS

If the Order relates to Seller's purchase of Work that is not to be inventory or for resale, Buyer will have an immediate right to purchase said Work for the lesser of the Seller's book value or Seller's actual cost, in either case less any amounts allocated thereto under the Order prior to termination.

23. CHANGES

Buyer may at any time, by a written order and without notice to the sureties, make changes, within the general scope of this Order in any one or more of the following: (i) drawings, design, or specifications, where the supplies to be furnished are to be specifically manufactured for Buyer in accordance therewith, (ii) method of shipment or packaging; and (iii) place of delivery. If any such change causes an increase or decrease in the cost, or the time required for the performance of any part of the work under this order, whether changes or not changed by any such order, and equitable adjustment shall be made in the order price or delivery schedule, or both, and the order shall be



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modified in writing accordingly. Any claim by Seller for adjustment under this clause must be asserted within twenty (20) days from the date of receipt by seller of the notification of change, provided, however, that Buyer if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this order. Where the cost of property made obsolete or excess as a result of a change is included in Seller's claim for adjustment. Buyer shall have the right to prescribe the manner of disposition of such property. Nothing in this clause shall excuse Seller from proceeding with the order as changed.

24. CHANGE NOTIFICATION

The Seller shall notify Buyer of any changes listed below:

- (a) Proposed changes to the company, Seller, and sub-tier suppliers approved designs (including proprietary designs)
- (b) Proposed changes to fabrication, test methods, processes, and/or tooling
- (c) Changes in point of manufacture
- (d) Management or ownership changes
- (e) Prolonged labor disputes
- (f) Prolonged shut down of normal manufacturing operations
- (g) Changes in sub-tier locations

25. ASSIGNMENT

- (a) Neither this Order nor any duty or right under it shall be delegated or assigned by Seller without the prior written consent of Buyer, except that claims for monies due or to become due under this order may be assigned to a bank, trust company or other financing institution, including any Federal lending agency, by Seller without such consent. Buyer shall be furnished with two signed copies of any such assignment. Payment to an assignee of any such claim shall be subject to setoff or recoupment for any present or future claim or claims which Buyer may have against Seller except to the extent that any such claims are expressly waived in writing by Buyer. Buyer reserves the right to make direct settlements and/or adjustments in price with Seller under the terms of this order notwithstanding any assignment of claims for monies due or to become due hereunder and without notice to the assignee.
- (b) Seller shall promptly notify Buyer in writing of any organizational changes made by Seller, including name or ownership changes, mergers or acquisition.

26. BUYER APPROVAL AND REVIEWS

The review or approval by Buyer of any Work hereunder or of any designs, drawings, specifications or other document prepared hereunder shall not relieve Seller of any of its obligations under this order nor excuse or constitute a waiver of any defects or nonconformities in any articles or service furnished under this Order or change, modify or otherwise affect any of the provisions of this order, including, but not limited to, the prices and delivery schedules contained herein.

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27. NOTIFICATION OF NONCONFORMING PRODUCT

The Seller shall notify the Buyer of any nonconformances that require Buyer's material review within 24 hours of discovery. Within 72 hours a documented report shall be sent to the Buyer. A report number shall be assigned each letter or message and shall include the following information:

- (a) Date and Order number
- (b) Supplier's name, and if different, manufacturer's name
- (c) Nomenclature of material
- (d) Drawing or specification number, revision, and if applicable, change number
 - Material serial or lot number (subcomponent serial or lot number if applicable).
 - Exact description of nonconformance (Example: Zone 4-B, Detail F, 5.000 ± 0.010 is 5.015).

28. FOREIGN OBJECT DAMAGE (FOD) PREVENTION

The Seller shall maintain a FOD control program assuring work is accomplished in a manner preventing foreign objects or material from entering and remaining in deliverable items or contaminating deliverable items. The following items constitute the minimum requirements under this clause:

- (a) The Seller shall establish and implement a Foreign Object Damage (FOD) program procedure
- (b) Employees shall be trained in FOD recognition and response
- (c) A training program for the FOD program shall be established and maintained
- (d) The Seller shall document and investigate all FOD incidents assuring elimination of the root cause
- (e) Housekeeping of the work area shall preclude the risk of FOD incidents
- (f) Control of tools, parts, and material shall preclude the risk of FOD incidents
- (g) Tooling, jigs, fixtures, test equipment, and handling devices shall be maintained in a state of cleanliness and repair to prevent foreign object damage
- (h) Proposed process changes shall be assessed to determine potential FOD issues
- (i) Procedures relating to closing inaccessible or obscured areas or compartments during assembly and packaging shall provide for inspection for foreign objects/materials
- (j) Buyer and/or Buyer's customer shall have the right to perform inspections and/or audits as a method of verification that the Seller's FOD control program is functional, documented, and effective

29. RECORD RETENTION REQUIREMENTS

The Seller shall have on file certifications, in-process records, incoming records, final inspection records, X-ray film (or digital file) and other manufacturing, inspection and test data, whether generated by the Seller or his sub-tier suppliers to show compliance to purchase agreement requirements. Unless otherwise specified these records shall be the originals. Data shall be available at the Seller's facility at no cost to the Buyer for a period of 10 years after final delivery, unless otherwise specified by the Order.

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30. RESPONSIBILITY AND INSURANCE

Seller shall be responsible for the actions and failure to act of all parties retained by, through, or under Seller in connection with the performance of this Order. Seller shall also maintain and cause its subcontractors to maintain such General Liability, Property Damage, Employer's Liability, and Workers' Compensation Insurance, professional Errors and Omissions Insurance, and Motor Vehicle Liability (Personal Injury and Property Damage) Insurance as are specified in this Order, or, if none are specified, such amount as will protect Seller (and its subcontractors) and Buyer from said risks and from any claims. Seller shall provide Buyer with certificates evidencing required insurance should same be requested by Buyer.

31. SETOFF

In addition to any rights of Buyer under law or the Order, all claims for money due or to become due from Buyer shall be subject to deduction or set off by Buyer by reason of counterclaim arising out of this or any other transaction with Seller or any affiliate of Seller. All amounts due from Buyer to Seller or any affiliate of Seller shall be net of any amounts due to Buyer from Seller or any affiliate of Seller.

32. SEVERABILITY

In the event any clause or provision hereof should, under applicable local law, be held to be illegal and/or void, such clause or provision shall be considered severable and the remaining portion of these conditions shall continue in full force and effect. In such case, the parties hereto shall make every effort to make an agreement in lieu of the ineffective provision which will ensure the same or as approximate an effect as the one which has become ineffective.

33. DISPUTES AND GOVERNING LAW

- (a) Any controversy or claim that may arise out of or in connection with this Order that, after good faith negotiations, cannot be resolved to both Parties' satisfaction may be resolved by submitting the claim to a court of competent jurisdiction.
- (b) Irrespective of the place of performance, the Order shall be governed by the law of the State of Delaware. All claims under the Order shall be brought in the state courts or federal courts of the State of Delaware. All parties irrevocably stipulate to submit to the personal jurisdiction therein, waive all challenges to the personal jurisdiction thereof and agree not to assert any claim of forum non conveniens relating thereto.

34. OTHER COMPLIANCE

- (a) Seller agrees that (1) in the manufacture and sale of Work to Buyer, Seller shall comply with all applicable federal, state, and local laws, Executive Orders, and regulations thereunder, including without limitation, all orders and implementing rules relating to equal employment opportunity, veterans' rights and jobs listing provisions, affirmative action, and the federal Occupational Safety and Health Act, (2) the Work sold by Seller to Buyer shall conform to the requirements of such laws, orders and regulations and (3) the Order shall be deemed to incorporate by reference all the clauses required by the provisions of said laws, orders and regulations.
- (b) **This contractor and subcontractor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability.**
- (c) All materials used in manufacture shall satisfy current government and safety constraints on restricted, toxic and hazardous materials, as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale.



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- (d) Seller shall have a process to assure that governmental and safety constraints on restricted, toxic and hazardous substance are complied with relative to the Work and the manufacturing process.
- (e) All on-site work of Seller shall be conducted in a manner which is protective of the environment. All Environmental Laws must be complied with. All waste materials must be properly disposed of. Any potential environmental impact must be fully disclosed to Buyer in writing prior to the commencement of work and all methods that can provide proper protection and prevent violations or accidents must be incorporated in Seller's work. Seller must submit all records relating to all environmental impacts and compliance with all Environmental Laws as required by regulation, Environmental Law or by Buyer.
- (f) Seller warrants that the Work will be made in compliance with the Fair Labor Standards Act, as amended.
- (g) Notification of Employee Rights Under Federal Labor Laws. To the extent Executive Order 13496 applies to this Order, the text of 29 CFR Part 471, Appendix A to Subpart A (as amended, modified, restated or supplemented from time to time) is hereby incorporated by reference into this Order as if set forth fully herein. Seller shall comply with all the requirements set forth in 20 CFR Part 471, Appendix A to Subpart A, and all promulgated regulations applicable thereto.

35. COMPLIANCE WITH DEFENSE AND EXPORT MATTERS

- (a) Buyer is a defense contractor subject to U.S. export control laws and regulations under 22 C.F.R. § 120 et seq. of the International Traffic in Arms Regulations ("ITAR") and 15 C.F.R. § 730 et seq. of the Export Administration Regulations ("EAR").
- (b) The Seller acknowledges that Buyer, as a defense contractor, is subject to the laws and regulations under ITAR and EAR, and by entering into this Order (its terms incorporated herein), the Seller agrees that it will not violate any laws and/or regulations under ITAR and EAR including, without limitation, the following:
- (c) Seller agrees to control access to all Work, hardware, technical or controlled data or all other information related in any manner to a defense article, defense service, significant military equipment, major defense equipment, or any other matter of whatever kind or nature regulated or protected under ITAR or EAR ("Defense Data").
- (d) Seller shall only assign personnel to perform work on Defense Data under this Order who are either U.S. citizens or who have been granted permanent resident alien status in the United States. Upon request of Buyer, Seller shall provide proof of citizenship or permanent resident alien status to Buyer for all personnel covered under this subparagraph who will perform services under this Order on Buyer premises;
- (e) Seller shall not disclose or transfer any Defense Data to any third person or entity without the express written consent of Buyer;
- (f) Seller shall not disclose or transfer any Defense Data to a foreign person or entity whether or not related to or affiliated with Supplier without the express written consent of Buyer. Therefore, if Seller is a foreign entity, it shall not re-export, or if Seller is a U.S. entity, it shall not disclose or transfer to any foreign person or entity, any Defense Data acquired under this Order until after notifying Buyer and obtaining written authorization from both Buyer and the appropriate U.S. Government agency; and
- (g) Seller agrees to flow down ITAR and EAR requirements to its sub-contractors in the event Buyer consents to Seller's use of a sub-contractor under this Order.
- (h) If Seller is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, Seller represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with the ITAR.

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- (i) As set forth above, Seller agrees that it will not violate any laws and/or regulations under ITAR and EAR, and acknowledges that the provisions set forth in this Section are merely a summary or outline of some, but not, all of its obligations under ITAR and EAR.
- (j) Unless otherwise provided, all terms set forth in this Section shall have the same meaning as set forth in ITAR or EAR.
- (k) If Seller does not comply with its obligations under this Section or any other terms specified in this Order, Buyer, at its option, may unilaterally terminate this Order or any part hereof, and Seller will indemnify, hold harmless, and defend Buyer as to any violations that Seller may cause under ITAR and EAR. Seller shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorney's fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Seller, its officers, employees, agents, Sellers, or subcontractors at any tier, in the performance of any of its obligations under this Section.

36. GRATUITIES AND KICKBACKS

Seller agrees that neither it nor any of its personnel, agents, or representatives have offered or given, or will offer or give, any gratuities or kickbacks to Buyer's personnel, agents, or representatives for the purpose of securing this Order or securing favorable treatment under this Order.

37. ADDITIONAL MODIFICATIONS

Seller, upon Buyer's request, will enter into amendments to this Order to incorporate additional provisions herein or to change the provisions as Buyer may deem reasonably necessary in order for Buyer to comply with the provisions of its prime contract or with the provisions of amendments to its prime contract. If any such amendment causes an increase or decrease in the price hereof, or the time required for the performance of this Order, Seller shall submit a claim in writing for equitable adjustment within ten (10) days to Buyer from the date of notice to Seller of such amendment.

38. COUNTERFEIT WORK

- (a) For purposes of this clause, Work consists of those parts delivered under this Order that are the lowest level of separately identifiable items (e.g. articles, components, goods, and assemblies). "Counterfeit Work" is defined as Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The terms also include approved Work that has reached a design life or has been damaged beyond possible repair, but is altered and misrepresented as acceptable.
- (b) Seller shall not deliver Counterfeit Work to Buyer under this Order.
- (c) Seller shall only purchase products to be delivered or incorporated as Work to Buyer directly from the Original Component Manufacturer (OCM/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by Buyer.
- (d) Seller shall immediately notify Buyer with the pertinent facts if Seller becomes aware or suspects that it has furnished Counterfeit Work. When requested by Buyer, Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.
- (e) This clause applies in addition to any quality provision, specification, statement of work or other provision included in this Order addressing the authenticity of Work. To the extent such provisions conflict with this clause, this clause prevails.
- (f) In the event that Work delivered under this Order constitutes or includes Counterfeit Work, Seller shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this



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Order. Notwithstanding any other provision in this Order, Seller shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation Buyer's costs of removing Counterfeit Work, of installing replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under provisions of this Order.

DOCUMENT HISTORY

Document Title: GENERAL PURCHASE ORDER TERMS & CONDITIONS

Document Number: Form 7.4.2-5

* If this is a pre-printed form, the identification number is also valid until new forms "...are ordered.

Rev.	Date	Description	Process Leader	Approvals	
				QA Manager	President
IR	03/09/2012	Initial Release as Form 7.4.2-6	W. Bullock	S. Merrell	S. Wallace
A	1/16/2014	Added #27 Counterfeit Work per Lockheed Martin purchasing requirement.	W. Bullock	S. Merrell	S. Wallace
B	2/4/2014	Added "...access to ...facilities...at any level of the supply chain..." to Clause #7	W. Bullock	S. Merrell	S. Wallace
C	11/21/2014	Changed document number from Form 7.4.2-6 to Form 7.4.2-5 for logical sequence. Additional terms & conditions added on advisement by legal counsel.	/s/ Woody Bullock	/s/ Scott Merrell	/s/ Scott Wallace
D	3/22/2019	Updated Section 34. Other Compliance to include Affirmative Action Clause per regulation 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a).	A. Garcia	M. Woods	S. Lamb