

TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE.** The purchase order incorporating these terms and conditions becomes a binding contract on the terms set forth herein, when it is accepted by acknowledgement or commencement of performance. Whether the purchase order is accepted by acknowledgement or commencement of performance, said purchase order can be so accepted only on the exact terms herein set forth and no terms which are in any manner whatsoever additional to or different from those herein set forth shall become a part of or in any way after the aforementioned contract.
2. **WARRANTIES.** Seller warrants the articles delivered hereunder to be free from defects in workmanship, material and manufacture, and to be in compliance with any drawings or specifications incorporated or referenced herein and with any samples furnished by the Seller. All warranties shall run to P.S.C.O. (hereinafter referred to as Buyer) its successors, assigns, and customers and to the users of its products.
3. **COMPLIANCE WITH STATUTES AND REGULATIONS.** Seller warrants and certifies that in the performance of this contract, it will comply with all applicable statutes, rules, regulations, and orders of the United States, and of any state or political subdivision thereof, including laws and regulations pertaining to labor, wages, hours and other conditions of employment, applicable price ceilings, if any, and that the articles delivered hereunder shall be produced in compliance with the Fair Labor Standards Act.
4. **EQUAL OPPORTUNITY.**
 - A. The contract provisions set for the in Section 202 of Executive Order 11246 dated September 25, 1965, as they may be amended from time to time, are incorporated therein by reference, except to the extent this contract may be exempt from the provisions of said order by the rules and regulations issued thereunder. Wherever the word "Contractor" appears in said contract provisions, it shall mean "Seller".
 - B. The provisions of Executive Order 11246, as amended by Executive Order 11375 (Equal Employment Opportunity), 38 USC 4212 (Vietnam Era Veterans Readjustment Assistance Act), Section 503 of the Rehabilitation Act of 1973 (Handicapped Regulations), and the implementing regulations found at 41 CFR 60-1&2, 41 CFR 60-250, and 41 CFR 60-741, respectively, are hereby incorporated by reference.
5. **MATERIAL FURNISHED.**
 - A. If Buyer furnishes any material for fabrication hereunder, Seller (i) agrees not to substitute any other material in such fabrication without Buyer's written consent, (ii) agrees that title to such material shall not be affected by incorporation in or attachment to any other property and (iii) agrees to state and warrant on its shipper and invoice for final parts. "All material furnished by Buyer on this contract (except that which became normal industrial waste) has been returned in the form of parts and unused material." Proceeds of scrap salvage shall accrue to Seller and are reflected in the prices stated herein.
 - B. Seller agrees that it will use any designs, tools, patterns, drawings, information and equipment, title to which is in Buyer, only in the performance of this contract and not otherwise unless Buyer's prior written consent has been obtained. The foregoing shall not be construed as limiting the right of the Seller to use designs, tools, patterns, drawings, information and equipment in the manufacture of end items for direct sale to the United States Government to the extent that the government has the right under its prime contract with Buyer or otherwise to authorize such use by Seller, and further, to the extent that such use will not interfere with Seller's performance of this or other orders from Buyer relating to Government contracts in effect at the time Seller enters into direct sale to the Government; provided further, that the Seller furnishes prior written notice to Buyer of such intended use and to the extent practicable Seller prominently identifies each such end item as being manufactured by the Seller for direct sale to the United States Government. Seller agrees that no inaccuracy in tools or fixtures, which Buyer furnishes, shall excuse performance not in strict accordance with specifications. Upon completion or termination of this contract Seller shall obtain from Buyer shipping instructions or other authorized disposal instructions prior to the return of any items furnished by Buyer under this contract. Unless otherwise specified in this contract, the contract price includes the cost of gauges, jigs, fixtures, dies, molds, tools, patterns, and similar property that may be obtained or required by Seller for use in the manufacture, fabrication or assembly of the articles called for herein, and unless otherwise specified, title to such property will remain in the Seller.
6. **DISCOUNT DATE.** The date for calculation of any cash discount offered by the Seller and provided for on the face of this purchase order is (i) the date material is received, (ii) the date material is scheduled to be received under the purchase order, or (iii) the date an acceptable invoice is received, whichever is later. Where such date falls within the first 15 days of any month, discount will be taken when payment is made by the 25th of said month. Where such date falls on or after the 16th and before the end of any month, discount will be taken when payment is made by the 10th of the following month.
7. **OVER AND ADVANCE SHIPMENTS.** No overshipments will be accepted except those resulting in good faith from conditions of loading, shipping, packing or allowances in manufacturing processes, and in no case exceeding (i) 5% of the quantity called for or \$25.00, whichever is the lesser, or where applicable (ii) the Forging Industry Association quantity tolerances. Unauthorized advance shipments are returnable at Seller's expense.
8. **RESPONSIBILITY FOR PERFORMANCE.** Buyer's issuance of this Order is based in part on Buyer's reliance upon Seller's ability, expertise and awareness of the intended use of the Goods, and the Seller's continuing compliance with all applicable laws and regulations during the performance of this order. Seller shall not by contract, operation of law, or otherwise assign any of its rights or interest in this order, including but not limited to any right to monies due or to become due, or delegate any of its duties or obligations under this Order or subcontract all or substantially all of its performance of this Order to one or more third parties without Buyer's prior written consent. No assignment delegation or subcontracting by Seller's, with or without Buyer's consent, shall relieve Seller of any of its obligations under this oath.
9. **DEFAULT AND EXCUSABLE DELAYS.** Time is of the essence in the performance under this order. Buyer reserves the right to cancel this contract in the event of default or anticipatory breach by Seller or if shipments are not made within specified time. Such cancellation shall not be construed as a rescission or waiver of any remedy unless expressly so stated upon cancellation. In the event of any delay, non-delivery or default in delivery of products which results in Buyer being unable to perform its duties and responsibilities, including delivery of Buyer's products, Seller shall be responsible for paying Buyer in United States currency the amount obtained by multiplying the (i) total number of hours Buyer's employees, or any employees of any third party Buyer has subcontracted with, are unable to perform their duties as a result of the delay, nondelivery or default and (ii) the effective hourly labor rate. The maximum penalty under this formula will be \$500 per day. This remedy shall be in addition to any other remedy provided to Buyer by

applicable law or in equity, including, but not limited to, reimbursement for any increased costs Buyer has to pay to another Seller for replacement products, incidental and consequential damages incurred by the Buyer's customer, damaged goods or scrap caused by Seller's unacceptable quality, or late fees imposed by the Buyer's customer. Seller will not, however, be liable for damages occasioned by delays in delivery due to acts of God, war, Government issued priorities, general strike or similar causes beyond Seller's control and without its fault or negligence, provided Seller notifies Buyer in writing as soon as Seller has knowledge that any such delay may occur.

10. DELIVERY. Shipments window for receipt shall arrive between 3 days early and 0 days late. Shipments arriving at the destination facilities more than 3 working days prior to the agreed upon delivery date may be returned at seller's expense for reshipment per the established schedule. Any shipments that are past-due from the Seller must be expedited and shipped UPS Red at the Seller's expense.
11. WAIVER. The failure of Buyer to enforce at any time any of the provisions of this contract, or to exercise any option herein provided, or to require at any time performance by seller of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this agreement or any part thereof, or the right of the Buyer thereafter to enforce each and every such provision.
12. TERMINATION. Buyer may terminate this contract in whole or, from time to time, in part effective as of the date specified by Buyer, in accordance with the clause set forth in FAR 52.249-2, which clause, as of the date of this form, is incorporated herein by reference and made a part hereof. If this contract is not issued under a Government prime contract or subcontract thereunder the last sentence of paragraph (i) of said clause shall be deemed deleted.

TERMINATION—DEFAULT. Buyer may terminate this Order in whole or, from time to time in part, effective as the date specified by Buyer, in accordance with the termination provisions of FAR 52.249-8, which provisions are incorporated herein by reference, in the event of any Seller default, or in the event of Seller's suspension of business, insolvency, reorganization or arrangement of liquidation proceedings, assignment for the benefit of creditors, or actual or constructive rejection by a bankruptcy trustee, or appointment of a Receiver for the Seller's property. In FAR 52.249-8, "Government" and "Contracting Officer", except in paragraph (c), shall mean Buyer, "Contractor" shall mean Seller, and all references to a "Disputes" clause are deleted. If Buyer and Seller fail to agree on the amount to be paid for manufacturing materials referred to in paragraph (i) of FAR 52.249-8, the amount shall be the reasonable value thereof, but not to exceed that portion of the price of this Order that is reasonably allowable to such materials.

TERMINATION—INSOLVENCY. If at any time Seller's financial condition is such, in Buyer's reasonable judgment, as to endanger performance under this Order, Buyer shall have the right to cancel and terminate this Order. Such termination shall be deemed "For Default" and the rights of the parties shall be determined under FAR 52.249-8.

13. PATENT INDEMNITY. Seller agrees to defend, at its own expense, all claims and actions asserted against Buyer and its customers, and to indemnify and hold harmless Buyer and its customers against all claims, demands, loss, and liability, including costs and attorney's fees, resulting from actual or alleged infringement of any U.S. Patent, trademark, or copyright, by reason of the use or disposal of the materials or articles called for hereunder, unless such infringement necessarily arises from the Seller's compliance with drawings, data or instructions of Buyer directing the performance of work hereunder in a manner not normally practiced by the Seller.
14. NEW ITEMS OF MANUFACTURE. In the event (i) there are any new features of design conceived in the performance of the work hereunder or incorporated in any material, article, or machine made under this contract, (ii) a substantial portion of the development cost thereof is being charged by Seller directly or indirectly to Buyer, and (iii) the material, article or machine to be made hereunder is not merely a slight modification of a material, article or machine with respect to which Seller already possesses patent or proprietary rights, then Seller grants to Buyer the right of reproduction of such material, article or machine together with a royalty-free, non-exclusive, irrevocable license under any U.S. patents covering such new features of design.
15. PROPERTY LIABILITY. Seller shall (i) immediately notify Buyer of and (ii) be liable for the loss of or damage to Buyer and/or Government property while such property is in Seller's possession. Seller shall maintain in serviceable condition, preserve and account for all property furnished hereunder, and shall not use or dispose of same except in accordance with Buyer's written instructions. Seller shall also be liable for all losses to Buyer occasioned by Seller's failure to furnish timely written notice to Buyer of loss or damage to Buyer and/or Government furnished property suffered in transit or prior to receipt by Seller. Seller agrees that Buyer and/or Government representatives shall at all reasonable times have access to any premises upon which Buyer and/or Government property is located for the purpose of inspecting such property.
16. INSPECTION. All items are subject to final inspection and acceptance at destination notwithstanding any payments or inspection at source. Such final inspection and acceptance shall be conclusive, except as to latent defects, fraud, such gross mistakes as amount to fraud, and the Seller's warranty obligations. Buyer retains the right to subject supplies ordered hereunder to inspection by Buyer and/or Government inspectors upon the premises of the Seller. At the time of inspections, Seller shall make available to the inspectors copies of all drawings and specifications, and process, preservation and packaging data applicable to the articles ordered herein, and reasonable facilities and assistance for the safety and convenience of the inspectors. All such information, facilities and assistance shall be furnished at no additional cost to Buyer.
17. ASSIGNMENT. Neither this contractor nor any interest herein may be assigned or otherwise transferred in any manner, except that claims for monies due or to become due Seller under this contract may be assigned to a bank, trust company or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract not already paid, shall not be made to more than one (1) party, and shall be subject to the right hereby reserved and exercisable by and granted to Buyer to make at any time deductions from assigned claims by way of setoff or recoupment in the same manner that such deductions could be made if such assignment did not exist. This right of setoff or recoupment shall exist whether or not the subject of the setoff or recoupment arose before or after the assignment or before or after any notice with respect hereto that Seller or its assignee may give to Buyer. It is also a condition of this limited consent that if in spite of the prohibitions herein contained, multiple assignees are involved, Buyer shall be entitled to apportion recoupment of setoff amongst such assignees in any manner it may elect.
18. CHANGES. Buyer may at any time, in the manner described hereinafter, and without notice to sureties, make changes within the general scope of this contract in any one or more of the following, (i) drawings, designs, or specifications of supplies being specially manufactured to Buyer, (ii) method of

shipment or packing, (iii) place of delivery, inspection or acceptance, and (iv) delivery schedules. If any such change causes an increase or decrease in the cost of, or the time required for, performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule or both, and the contract shall be modified in writing accordingly. Buyer employees have no authority (a) to direct any change affecting (i) above which increase the contract price, except by a change advice issued by Buyer, or (b) to direct any other change affecting (i) through (iv) above except by a change advice or other writing issued or signed by Buyer.

Any claim by Seller for adjustment under this clause, and any claim by Seller for adjustment predicted upon the contention that Buyer has directed a change by means other than those stated above, must be asserted in writing to Buyer purchasing department not later than ten (10) days after the date of receipt by Seller of the change advice or other writing referred to above or allegedly equivalent direction or within such extension of that ten (10) day period as Buyer, in its sole discretion, may grant at Seller's request prior to the expiration of said period or any extension thereof. Nothing in this clause shall excuse Seller from proceeding with the contract as changed.

19. **PACKING.** All articles are to be packed in suitable containers for protection in shipment and storage, and if Government specifications are applicable, in accordance with such specifications. Any highly polished, highly finished or precision parts are to be properly preserved and packed in containers which will afford protection against atmospheric deterioration. Each container shall be marked with Buyer purchase order number. Each container, of a multiple container shipment, shall be identified (i) to show the number of the container and the total number of containers in the shipment and (ii) the number of the container in which the packing sheet has been enclosed. Material for different purchase orders shall be listed on separate packing sheets. Unless otherwise specified, a certificate of compliance should be included in every shipment. When applicable, first article may be included with production parts providing it is identified as first article and includes a first article report AS9102.
20. **SHIPPING INSTRUCTIONS.** Shipments must be made as specified on the face of the purchase order unless subsequently modified in writing by Buyer. If shipment does not exceed 20 pounds gross weight, ship parcel post uninsured. All bar stock must be cut into lengths of less than seven feet. Originals of all Government bills of lading, commercial bills of lading, air bills, and rail and air express receipts shall be mailed to the traffic department of Buyer.
21. **LABOR DISPUTES.** Whenever Seller has knowledge that any present or potential labor dispute is delaying or threatens to delay the timely performance of this contract, Seller shall immediately give notice thereof, including all information relevant thereto, to Buyer purchasing department. Seller agrees to insert the substance of this Article 20, including this sentence, in any subcontract hereunder wherein a labor dispute might delay timely performance of this purchase order, except that each such subcontract shall provide that in the event its timely performance is delayed or threatened by any actual or potential labor dispute, the subcontractor shall immediately give Seller notice thereof, including all information relevant thereto.
22. **GOVERNMENT CONTRACTS.**
 - A. If it is indicated on the face of the purchase order form that it is issued under a Department of Defense prime contract or subcontract thereunder, each of the hereinbelow identified clauses, as set forth in the FAR in effect on the date of this contract, is incorporated herein by reference, if such clause (or any earlier variant thereof) is in said prime or subcontract, the clauses so incorporated herein apply to Seller as though Seller were a prime contractor, and in such manner as will enable Buyer to meet its obligations arising out of the Department of Defense prime or subcontract.

FAR 52.225 "Buy American Act" – FAR 52.203 "Covenant Against Contingent Fees" (the term "Government" shall mean Buyer) – FAR 52.404 "Military Security Requirements (excluding the last sentence of paragraph (e) thereof) – FAR 52.215 "Examination of Records" – FAR 52.222 "Contract Work Hours Standards Act Overtime Compensation".
 - B. If it is indicated on the face of the purchase order form that it is issued under a National Aeronautics and Space Administration (NASA) prime contract or subcontract thereunder, each of the hereinbelow identified clauses as set forth in the National Aeronautics and Space Administration Procurement Regulations in effect on the date of this contract, is incorporated herein by reference, if such clause (or any earlier variant thereof) is in said prime or subcontract, the clauses so incorporated herein applying to Seller as though Seller were a prime contractor, and in such manner as will enable Buyer to meet its obligations arising out of the National Aeronautics and Space Administration prime or subcontract.

NASA PR 1.503 "Covenant Against Contingent Fees" (the term Government shall mean Buyer) – NASA PR 6.104-5 "Buy American Act" – NASA PR 7.103-13 "Renegotiation" – NASA PR 7.104-12 "Security Requirements" (excluding the last sentence of paragraph (e) thereof) – NASA PR 7.104-15 "Examination of Records" – NASA PR 9.101-4 "New Technology" (applicable only if this purchase order involves research, experimental, design, engineering or development work) – NASA pr 9.103 (a) "Authorization and Consent" – NASA PR 9.105 "Notice and Assistance Regarding Patent and Copyright Infringement" (A copy of each notice sent to the Government in compliance with NASA PR 9.105 shall also be sent to Buyer NASA PR 12.303-1 "Contract Work Hours Standards Act – Overtime Compensation" NASA PR 12.604 "Walsh-Healy Public Contracts Act."
23. **EXAMINATION OF RECORDS.** If this order is issued under a Government contract or subcontract thereunder, Seller's manufacturing plant (or such part thereof as may be engaged in work under this order), material and workmanship in connection therewith and Seller's books shall at all times be subject to inspection and audit by any person designated by the head of any executive department of the Government or by any Contracting Officer, and Seller shall, for a period of three years after final payment hereunder, preserve and make available for such inspection and audit, its books, records, documents and other evidence bearing on its costs and expenses under this purchase order, including records, documents and other evidence in respect to any termination hereunder.
24. **TITLE.** If the F.O.B. point stated on the face of this purchase order is the point of destination of the shipment of the material ordered hereunder, title of said material will pass to Buyer or the Government as applicable upon receipt of said material by the carrier.
25. **UTILIZATION OF SMALL BUSINESS CONCERNS AND CONCERNS IN LABOR SUPRPLUS AREAS.** If this purchase order amounts to \$5,000.00 or more, the Seller agrees to accomplish the maximum amount of subcontracting to Small Business and to Labor Surplus Area. Concerns as set forth in FAR 20.301 and FAR 20.302. If this purchase order amounts to \$5,000.00 or more, the Seller agrees to establish and conduct a Small Business Subcontracting Program and Labor Surplus Area Subcontracting Program as set forth respectively in FAR 20.301 or NASA PR 1.707.3(b) and ASPR 1-805.3(b) or NASA PR 1.805.3(b). The above shall be accomplished consistent with the efficient performance of this contract. Notwithstanding anything to the contrary this clause is applicable to commercial as well as Government procurements.

26. **RELEASE OF NEWS INFORMATION.** If this purchase order is issued under a Government prime contract or subcontract thereunder no news release, public announcement, denial or confirmation of same or any part of the subject matter of this contract or any phase of any program hereunder shall be made without written approval of Buyer.
27. **CONFIDENTIAL INFORMATION.** All information, including but not limited to writings, drawings, tools, models, and oral disclosures, not in the public domain, received by Seller from Buyer or learned of or produced by Seller in connection with the performance of work under this order is the sole property of Buyer and will be held by Seller in confidence at all times hereinafter and will not be used by Seller or disclosed by Seller to any person, firm, or corporation without prior written consent of Buyer. The foregoing shall not be construed as limiting the right of the Seller to use such writings, drawings, tools, models, and disclosures in the manufacture of end items for direct sale to the United States Government to the extent that the Government has the right under its prime contract with Buyer, or otherwise, to authorize such use by Seller, and further, to the extent that such use will not interfere with Seller's performance of this or other orders from Buyer relating to Government contracts in effect at the time Seller enters into direct sale to the Government, provided further, that Seller furnishes prior written notice to Buyer of such intended use and to the extent practicable Seller prominently identifies each such end item as being manufactured by the Seller for direct sale to the United States Government.
28. **INTERPRETATION.** This Purchase Order will be interpreted and performance determined in accordance with the laws in the state of the "Ship To" address.