

# CAMBRIDGE VALLEY MACHINING, INC

## PURCHASE ORDER TERMS AND CONDITIONS

- 1. CONTRACT:** This Purchase Order is expressly limited to and made conditional on the PURCHASER'S acceptance of and assent to the terms and conditions set forth herein. These terms and conditions are deemed to be incorporated into every Purchase Order issued by Cambridge Valley Machining, Inc. ("PURCHASER") whether or not the Purchase Order makes specific reference to these terms and conditions. The term "SELLER" as used herein means the party to whom PURCHASER has issued a Purchase Order. Acceptance of a Purchase Order issued by PURCHASER constitutes SELLER'S agreement to all of these terms and conditions, except to the extent that the face of the Purchase Order expressly provides to the contrary, and shall become a binding contract including such terms and conditions upon SELLER'S signing and returning an acknowledged copy of this order. The Purchase Order issued by PURCHASER, together with these terms and conditions, constitutes the entire and sole agreement between PURCHASER and SELLER with respect to the goods or services referred to in the Purchase Order. Any terms or conditions proposed by SELLER that are inconsistent with, or in addition to, the terms and conditions of purchase herein contained shall be void and of no effect. To be effective against PURCHASER, any modification of these terms and conditions, other than on the face of the Purchase Order, must be agreed to by an authorized representative of PURCHASER in a writing that makes specific reference to these terms and conditions. When used herein, the terms this "order" and "orders" refer to the Purchase Order that PURCHASER has issued to SELLER, together with these terms and conditions. No other document containing terms and conditions other than those specified herein, written by SELLER to PURCHASER shall be binding unless signed by the person who signed this Purchase Order and returned to SELLER. In the absence of such a document as described above, all deliveries of Product must conform to the terms, conditions and specifications of the Purchase Order.
- 2. PRICES AND PAYMENT:** The price charged to PURCHASER shall not exceed the price stated on this Purchase Order. Where no prices are stated on this order, the price charged shall be the lesser of (1) SELLER'S lowest prices for products or services of like grade and quality or (2) the fair market value of the products or services. The prices stated on this Purchase Order shall be deemed to include any and all charges associated with PURCHASER'S order, and PURCHASER shall not be responsible for any extra charges, including but not limited to charges for freight, packing, storage, taxes, tooling, surcharges, or tool maintenance unless specifically listed on this Purchase Order. Payment shall be made in U. S. dollars per payment terms listed on Purchase Order.  
All invoices to PURCHASER must contain PURCHASER'S order number, part number, description of goods, unit cost, and total cost. Terms and charges of invoice must be the same as terms and charges of this order unless modified in writing by the PURCHASER upon SELLER'S request. SELLER shall be solely responsible for any delay in payment by PURCHASER caused by failure of SELLER to provide PURCHASER with invoices meeting the requirements of this paragraph.  
The prices stated on the face of the Purchase Order include all local, state and federal excise, sales and use taxes. All such taxes shall, when applicable, be separately identified on SELLER'S invoice
- 3. DELIVERY, NOTICE OF LABOR DISPUTES OR OTHER EXCUSABLE OR NON-EXCUSABLE DELAYS:** Unless otherwise stated in the Purchase Order, all goods will be shipped prepaid, F.O.B. destination, by least expensive common carrier or SELLER'S own vehicle. Time is and shall remain of the essence for this order. No acts of PURCHASER, including acceptance of late deliveries, shall constitute a waiver of this provision. PURCHASER also reserves the right to refuse or return, at SELLER'S risk and expense, late shipments, or shipments made in excess of PURCHASER'S orders or in advance of required schedules or (if such shipments are not refused or returned) to defer payment on such deliveries until scheduled delivery dates. SELLER shall notify PURCHASER immediately, in writing of any actual or potential labor dispute or other cause that delays or threatens to delay the timely performance of this order. In such event, SELLER, will update PURCHASER regarding delivery status from time to time, as necessary to fully inform PURCHASER of the status of all delays and the anticipated date of delivery. No such notice shall relieve or modify SELLER'S obligation to render timely performance in accordance with the terms of this order. Unless otherwise specified, shipper must forward by most direct route and over routes taking through rates. Excessive or additional charges caused by the SELLER'S misrouting or splitting of shipments without PURCHASER'S approval will be charged against SELLER.
- 4. DEFECTIVE PRODUCTS; QUALITY, QUANTITY, LIABILITY:** PURCHASER shall alert SELLER to any defects in the Products not caused during shipping, within (30) days of such Products by PURCHASER. PURCHASER shall remain solely responsible for damage caused during shipment while the Products are with PURCHASER'S carrier. All Product sold and delivered to PURCHASER pursuant to this order shall be in full conformity with PURCHASER'S specifications set forth or referred to in this agreement. If PURCHASER provides no specifications or instructions provided by PURCHASER appear to conflict with other specifications or instructions or are insufficient or unclear, it shall be the duty of SELLER to request clarification from PURCHASER and SELLER shall bear all risks and liability arising from failure to obtain such clarification. PURCHASER shall have the final authority to determine whether the Product delivered is nonconforming under provided specifications and instructions.  
Unless specifically stated on this order, PURCHASER will NOT accept any deviation in order quantity. Any change in order quantity must have written approval by PURCHASER to SELLER. In the event of SELLER'S delivery of a quantity of Product in excess of that ordered by PURCHASER, PURCHASER shall have the right to return the excess shipment at SELLER'S expense. If SELLER delivers a quantity of Product below the quantity ordered by PURCHASER, PURCHASER shall have the right to either return the entire shipment at SELLER'S expense or retain the product delivered and demand delivery of the remaining Product ordered. In any event, PURCHASER shall be obligated to SELLER only to the extent of the lesser of (1) the purchase price set forth on this Purchase Order, or (2) the purchase price set forth on this Purchase Order, ratably reduced by the amount the quantity of goods and/or services delivered fails to meet the quantity of Product ordered.
- 5. INSPECTION OF GOODS:** PURCHASER reserves the right to inspect and approve or reject Product within a reasonable time after delivery. Rejected Product may be returned to SELLER at SELLER'S expense and are not to be replaced without a new order from PURCHASER. Acceptance or payment for Product delivered does not waive PURCHASER'S right to assert a breach of warranty or other claim. SELLER shall promptly reimburse PURCHASER for all damages sustained by PURCHASER as a result of failure of Product delivered to conform to the provisions and specifications set forth in this Purchase Order. In addition to all other rights and remedies available to it, PURCHASER may require SELLER to replace rejected goods or PURCHASER may accept any goods that conform to SELLER'S warranties and upon discovery of goods not so conforming may reject or keep and rework any such goods not so conforming. Cost of rework, inspection, transportation, repackaging, and/or reinspection by PURCHASER shall be at SELLER'S expense. SELLER, at its expense, shall provide and maintain an inspection system that complies with all specifications stated in this order or, in the absence of such specifications, an inspection system that is acceptable to the PURCHASER. SELLER shall maintain complete inspection records for all goods including, without limitation, the results of such inspections and the disposition of non-conforming or rejected goods. PURCHASER is not required to inspect the Product delivered, and no inspection or failure to inspect will reduce or alter SELLER'S obligations under this Purchase Order. Goods made in accordance with PURCHASER'S specifications or drawings shall not be furnished or quoted to any other person or concern without the prior written consent of PURCHASER. In case of ambiguity in the specifications, drawings or other requirements of this order, SELLER shall, before proceeding, consult PURCHASER, whose written interpretation shall be final. SELLER warrants that all goods delivered or services rendered pursuant to this order shall be free of defects in workmanship, materials and design, and shall be in accordance in all respects with the design and, where applicable, the performance specifications, drawings and/or samples specified by PURCHASER. These warranties shall survive acceptance and payment. SELLER shall be liable for and save PURCHASER harmless from any loss, damage or expense whatsoever that PURCHASER may suffer from breach of any of these written warranties.
- 6. CHANGES:** PURCHASER shall have the right, by written change order, from time to time, to make changes in services rendered or the goods to be furnished by SELLER, hereunder. If such changes cause an increase or decrease in cost of the performance of this order, or in the time required for its performance, an equitable adjustment shall be negotiated and this order shall be modified in writing accordingly. Any claim by SELLER for adjustment under this section must be asserted in writing within 30 days from the date of receipt by SELLER of notification of the change and shall be followed as soon as practicable with specification of the amount claimed, together with supporting cost figures.

7. **PURCHASER'S PROPERTY** All specifications, drawings, tools, jigs, dies, fixtures, materials and other items supplied by PURCHASER or paid for by PURCHASER pursuant to the terms of this order shall be and remain the property of PURCHASER and PURCHASER shall have the right to enter SELLER's premises and to remove them at any time without being guilty of trespass and without liability to SELLER for damages of any sort. All such items shall be treated as confidential and proprietary to PURCHASER and shall be used only in the performance of work under this order, unless prior written consent has been given by an authorized representative of PURCHASER. SELLER shall prominently mark all such items (or, if approved in writing by PURCHASER, the entire area in which items are located) as being the property of PURCHASER. Where applicable, SELLER shall also mark such items with the corresponding drawing number. SELLER shall be responsible for all such items until they have been delivered to PURCHASER. SELLER shall not dispose of any such items (even though no longer being used), without PURCHASER's prior written consent. The provisions of this section hereinabove set forth shall survive delivery and payment for the goods or services referred to in this order, and shall remain in full force until all said items are delivered to PURCHASER or otherwise disposed of with PURCHASER's written consent. Such property shall be and remain free of all liens or claims by SELLER or any third party, and SELLER shall, without limitation as to time, indemnify and save PURCHASER harmless from and against all liens or claims that may be asserted against said proprietary. SELLER acknowledges that exposure to PURCHASER's proprietary design information will make it easier for SELLER to manufacture parts that have the same form, fit and function as parts SELLER manufactures for PURCHASER (including any replacements or substitutes for any parts SELLER manufactures for PURCHASER). The written notification shall describe the parts to be manufactured for the other entity and identify the corresponding parts SELLER manufactures for PURCHASER. The written notification shall also provide PURCHASER with sufficient information to demonstrate, to PURCHASER's reasonable satisfaction, that any parts SELLER plans to manufacture for another entity that have the same form, fit and function or any parts SELLER manufactures for PURCHASER will be manufactured without reference to or use of PURCHASER's proprietary design information. SELLER agrees that failure to comply with the above requirement shall create a presumption that SELLER is misusing PURCHASER's proprietary design information and will cause PURCHASER irreparable harm. If, without obtaining PURCHASER's written agreement, SELLER manufactures or sells for or to anyone other than PURCHASER any parts that have the same form, fit and function as any parts SELLER manufactures for PURCHASER (including any replacements or substitutes for any parts SELLER manufactures for PURCHASER) to which the presumption described in the immediately preceding clause applies, then SELLER shall be in violation of this Agreement and PURCHASER shall be entitled to damages (including, but not limited to, injunctive relief and PURCHASER'S lost profits on the manufacture or sale of such parts). SELLER agrees and promises that those persons working for or at the direction of SELLER who are exposed to PURCHASER's proprietary design information for PURCHASER'S parts will have no involvement in the manufacture of parts with the same form, fit, and function for any entity other than PURCHASER without prior written approval from PURCHASER. At any time following completion or termination of this order, SELLER shall, at SELLER's expense, make such disposition of all PURCHASER's proprietary information as PURCHASER may direct. SELLER shall remain and continue to be obligated to perform each and every provision of this section notwithstanding completion or termination of this order. Absent contrary instructions, SELLER shall destroy all proprietary information one year after final delivery under this order unless required to be kept longer by law or contract or government requirement. PURCHASER shall have the right to audit all pertinent books and records of SELLER, and to make reasonable inspection of SELLER's premises, in order to verify compliance with this section.
8. **RIGHT OF ACCESS:** SELLER shall provide right of access to PURCHASER, PURCHASER'S customer and regulatory authorities of all facilities involved in the order and to applicable records.
9. **RISK OF LOSS AND INSURANCE:** PURCHASER agrees to pay all transportation charges regarding goods sold pursuant to this Purchase Order, and to bear all risk of loss until their arrival. PURCHASER agrees to keep the goods sold pursuant to this Purchase Order fully insured. As to any loss or destruction of the goods from casualty not caused by the negligence of either party, PURCHASER agrees to bear the cost of such loss. SELLER must carry insurance protection sufficient to meet all the liabilities that are mentioned herein and will furnish proof to PURCHASER upon request.
10. **WARRANTY:** SELLER warrants that the goods furnished under this order (1) do not infringe on any United States patent, (2) comply with all applicable Federal, State, local and foreign laws, regulations, orders and standards, including without limitation the Occupational Safety and Health Act of 1970, the Fair Labor Standards Act of 1938, the Consumer Product Safety Act of 1972, the Motor Vehicle Safety Act of 1966, all environmental laws, the Civil Rights Act of 1964, and the Americans with Disabilities Act of 1990, and all regulations and guidance promulgated under any of the foregoing, as such laws, regulations, orders, standards, and/or guidance are in effect at the time of delivery, (3) are free from defects in title, labor, material, or fabrication, (4) conform to specifications, drawings, samples or other descriptions given, (5) are suitable for purpose intended, (6) are of merchandise quality, (7) if of SELLER's design, are free from defects in design. Except for continuing warranty of title, if there is a breach of warranties stated in items (3) – (7) herein within one year of delivery, or such longer period as may be specified in SELLER's applicable warranty terms in effect on the date of purchase, SELLER agrees to repair or replace any defective or non-conforming item at no cost whatsoever to PURCHASER. Notice of breach of warranty shall be sufficient if given in writing to SELLER within ninety (90) days of discovery of such breach. SELLER agrees to defend, indemnify, and hold harmless PURCHASER from all liability, expense or damage arising from any breach of warranty given by SELLER to PURCHASER, whether express or implied. In addition, if the breach is material in PURCHASER's judgment, PURCHASER may cancel and at SELLER's expense return all goods to SELLER for full credit. All warranties and remedies stated herein are cumulative and in addition to any other remedies and warranties provided by law. SELLER warrants that it has not offered or given and will not offer or give to any employee, agent or representative of PURCHASER any money, service or thing of value with a view towards securing any business from PURCHASER or influencing such person with respect to the terms, conditions, or performance of any contract with, or order from, PURCHASER. Any breach of this warranty by SELLER shall be a material breach by SELLER of each and every contract between PURCHASER and SELLER.
11. **ASSIGNMENT/SUBCONTRACTING:** SELLER may not assign or subcontract this Purchase Order or any or all of its responsibilities thereunder without the express written consent of PURCHASER. If PURCHASER provides written consent, SELLER must flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required. SELLER may not assign monies due or to become due under this order without the prior written consent of PURCHASER, except in the case of an accounts receivable financing arrangement secured by all or substantially all of SELLER's accounts receivable. In any case, assigned accounts shall be subject to set off, recoupment, or other claim of PURCHASER against SELLER, whether or not arising from this order.
12. **TERMINATION, BREACH OF CONTRACT, DAMAGES:** PURCHASER may, by notice in writing, cancel this order or direct SELLER to discontinue work under this order in whole or in part at any time. Cancellation of any undelivered portion of this order by PURCHASER shall be accomplished by giving written notice to SELLER. In the event of SELLER's actual or anticipated default in the performance of this order, SELLER agrees, in addition to and not in lieu of all other remedies available to PURCHASER, to deliver to PURCHASER upon demand all raw materials acquired by SELLER in order to perform under this order and all work in process and PURCHASER may at its option (1) complete the work, deducting the cost of completion, and all damages resulting from SELLER's default, from the price, or in the alternative, (2) pay to SELLER the cost of such raw materials and the fair value to PURCHASER, if any, of such work in process. In addition, SELLER's insolvency or cessation of normal business operations, or the filing of a voluntary or involuntary petition in bankruptcy by or against SELLER, or making by SELLER of an assignment for the benefit of its creditors, shall be a material breach of this order. In the event of any breach or anticipatory breach of this order, PURCHASER shall have, in addition to and not in lieu of any of the provisions of this order, any and all other rights and remedies that the law provides to PURCHASER for failure of the SELLER to perform in accordance with the provisions of this order, including the right to recover all damages incurred or sustained by PURCHASER by reason of SELLER's default. In no event shall SELLER be entitled to lost or anticipatory profits, or to special or consequential damages. Failure of PURCHASER to enforce any of its rights under this order shall not constitute a waiver of such rights or of any other rights.
13. **EXPORT CONTROL:** SELLER acknowledges that any technical data furnished by PURCHASER in connection with this order may be subject to U. S. export control laws, including but not limited to the Arms Export Control Act, 22 USC §2778, (AECA) and the International Traffic in Arms Regulations 22 CFR 120-130, (ITAR) promulgated pursuant thereto. In this regard, SELLER agrees that, unless it has obtained prior written consent from an authorized employee or representative of PURCHASER, and unless prior written authorization is obtained from the U. S. Department of State, Directorate of Defense Trade Control (DDTC), it will not export, reexport, or transship, directly or indirectly, the goods, documentation, technical assistance, or any media in which any of the foregoing is contained, or other technology provided hereunder or the direct product thereof, to any country or to any non-U.S. citizen. As

required by the AECA and the ITAR, all manufacturers, exporters and brokers of defense articles, defense services or related technical data, as defined on the U. S. Munitions List, are required to register with the DDTC, and if SELLER is engaged in the United States in such activities, SELLER represents that it is registered with the DDTC, as may be required under 22 CFR 122.1 of the ITAR and, that it maintains an effective export/import compliance program in accordance with DDTC guidelines.

14. **SUSPENSION AND DEBARMENT:** SELLER shall notify PURCHASER in writing at the earliest practicable time and, at PURCHASER's request shall promptly meet with PURCHASER, if SELLER (1) is suspended, debarred, or proposed for suspension or debarment from doing business with the U. S. Government, or (2) is listed or proposed to be listed by the U. S. Government for U. S. export administration purposes in any "denial orders," as a "blocked person," as a "specially designated national," or as a "specially designated terrorist" by the U. S. Department of Commerce, Bureau of Industry and Security, (collectively, "Debarment"). SELLER shall indemnify and hold PURCHASER harmless against any and all loss or damage suffered by PURCHASER as a result of SELLER's actual or prospective Debarment.
15. **PATENTS:** SELLER warrants that the sale, use or incorporation into manufactured products of all machines, devices and materials sold to PURCHASER hereunder which are not of PURCHASER's design, composition or manufacture shall be free and clear of infringement of any patent, copyright, trademark or other proprietary claim of SELLER or any third party. SELLER shall defend, indemnify and hold PURCHASER and its customers harmless from any and all expenses, liabilities and loss of any kind, including attorneys' fees, growing out of any claim, suit or action alleging such infringement, which claim, suit or action SELLER agrees to defend at its own expense. PURCHASER shall be free to obtain its own counsel in any such instance and, if PURCHASER does so, SELLER shall be obligated to reimburse PURCHASER for all attorneys' fees reasonably incurred by PURCHASER to defend itself as a result of any claim against PURCHASER or a customer of PURCHASER contemplated by this Section.
16. **INDEMNITY AGAINST CLAIMS:** SELLER shall defend, indemnify and hold PURCHASER harmless against all losses on account of claims of injury to persons (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, Employee's Liability and Compensation insurance and Motor Vehicle Liability insurance (Personal Injury and Property Damage), as will protect SELLER (and its permitted subcontractors) and PURCHASER from said risk and from any claims under any applicable Workers' Compensation or Occupational Health and Safety statute or regulation.
17. **NOTIFICATION OF CHANGE IN OWNERSHIP CONTROL:** SELLER shall notify PURCHASER of ownership control change within 30 days of said change Notification shall be made in writing to the PURCHASER.
18. **STOP-WORK ORDER:**
  - a. PURCHASER may, at any time, by written order to SELLER, require SELLER to temporarily stop all, or any part, of the work called for by this order for a period of up to 90 days after the stop-work order is delivered to SELLER, and for any further period beyond 90 days to which the parties may agree. Upon receipt thereof, SELLER shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of cost allocable to the work covered by the stop-work order during the period of work stoppage. Within said period or any extension thereof, PURCHASER shall either (1) cancel the stop-work order, or (2) terminate the work covered by such order as provided in Section 12 above.
  - b. If the stop-work order is cancelled or the period of such order or any extension thereof expires, SELLER shall resume work. PURCHASER shall make an equitable adjustment in the delivery schedule or contract price or both, and this order shall be modified in writing accordingly, if (1) the stop-work order results in an increase in the time required for, or SELLER's cost properly allocable to, the performance of any part of this order, and (2) 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 canceled and work covered by such order is terminated for convenience, the reasonable costs resulting from the stop-work order shall be allowed in arriving at the termination settlement.
19. **ENTIRE AND EXCLUSIVE AGREEMENT:** Upon acceptance, this Purchase Order and any attachments hereto signed and approved by PURCHASER's authorized representative shall constitute the sole and exclusive agreement between the parties with respect to the Product and shall supersede all prior agreements or understandings as may have existed between the parties with respect to the Product. No modification, amendments or supplements to this Purchase Order shall be effective for any purpose unless in writing, signed by each party, approvals or consents hereunder of a party shall also be in writing. It is agreed that no course of dealing or usage of trade not expressly set forth in this Purchase Order shall be admissible to explain, modify, or contradict this Purchase Order in any way. THIS AGREEMENT CONSTITUTES A FINAL WRITTEN EXPRESSION OF ALL THE TERMS OF THIS AGREEMENT AND IS A COMPLETE AND EXCLUSIVE STATEMENT OF THOSE TERMS.
20. **GOVERNING LAW:** This Purchase Order and the rights and obligation of the parties hereunder shall in all respects be governed by and construed in accordance with the internal laws of the State of New York, without regard to principles of conflicts of law, and excluding the Convention on Contracts for the International Sale of Goods, including all matters of construction, validity and performance, regardless of the location of the Products or the State of incorporation or principal place of business of the PURCHASER. The parties expressly agree that the transaction described in this Purchase Order bears a reasonable relationship to the State of New York, that this Purchase Order should be governed by the laws of the State of New York, and that this choice of law provision is a negotiated item that forms part of the bargained-for-consideration to the parties. SELLER (1) consents to the exclusive jurisdiction and venue of the state courts situated in Washington County, New York, or, if they can acquire jurisdiction, the federal courts, situated in Albany County, New York, (2) waives any objection to improper venue and forum non conveniens, and (3) consents to service of process by certified mail, postage prepaid, to SELLER at its address as set forth herein, which service shall be deemed complete within ten (10) days after the date of mailing thereof. If any provision of this Purchase Order shall contravene or be invalid under applicable law or regulation, such contravention or invalidity shall not affect the entire Purchase Order, the provisions held to be invalid to be deemed deleted or modified and the Purchase Order interpreted and construed as though such invalid provision or provisions were not part hereof or confirmed thereto.

21. **US GOVERNMENT CONTRACT PROVISIONS**

Purchase Order Notice to Contractors and Subcontractors

Affirmative Action RequirementsThe seller represents by acceptance of this purchase order, contract, subcontract or sales agreement that he/she will comply **with the current final rules, amendments and provisions of Executive Orders 11246, 13496, the Rehabilitation Act of 1973, including Section 503, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, the 2002 Jobs for Veterans Act (JVA), and their implementing regulations at 41 CFR Part 60.**

The seller shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, age, national origin, marital status, citizenship, physical and mental disability, criminal record, sexual orientation, gender identity or expression, status as a disabled, recently separated, active duty wartime or campaign badge, Armed Forces service medal or other protected veteran, genetic information, predisposition or carrier status, status with respect to receiving public assistance, domestic violence victim status or any other characteristics protected under applicable law.

This notice references **41 CFR 60-300.5(a)** by citation: **"This contractor and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a). The regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans."**

This notice references 41 CFR 60-741.5(a) by citation: "This contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). The regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified with disabilities."

Information on these requirements can be found at <http://www.dol.gov/ofccp/> and <http://www.dol.gov/olms/regs/compliance/EO13496.htm>

**INSPECTION:** The SELLER shall provide and maintain an inspection system acceptable to the Government for goods and services covered by this order and shall be in accordance with FAR 52.246-2. Materials to be used in the performance of Government contracts may be inspected and tested by PURCHASER or by the Government agency concerned at all reasonable times and places either before, during, or after manufacture at PURCHASER'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 and the performance of their duty. The foregoing provisions of this Section 20 are supplementary to and not in lieu of or in derogation of the provisions of Section 5 above.

**ANNUAL SUPPLIER CERTIFICATION:** SELLER shall sign, date and promptly return to PURCHASER and Annual Supplier Certification furnished by PURCHASER that certifies SELLER's compliance with certain requirements under the **Federal Acquisition Regulations (FAR)** and/or **Defense Federal Acquisition Supplement (DFARS)**; in effect as of the date of this order.

**INCORPORATED FAR AND DFARS CLAUSES:** The following clauses set forth in the **FAR** or **DFARS**, as in effect as of the date of this order, are hereby incorporated herein by reference, provided that clauses identified as being applicable to orders in excess of a specified value apply only to such orders:

**CONFLICT MINERALS:** The SEC has introduced a rule called the Dodd-Frank Act. Congress enacted Section 1502 of the Act because of concerns that the exploitation and trade of conflict minerals by armed groups is helping to finance conflict in the Democratic Republic of Congo region and is contributing to an emergency humanitarian crisis. This act is to issue rules requiring companies to disclose their use of conflict minerals if those minerals are with regard to whether any of these minerals have been sourced from the Democratic Republic of Congo or an adjoining country. Under the Act, those minerals include tantalum, tin, gold or tungsten. Tin is the main component of solder. We require therefore that our suppliers certify that their products containing these materials are not sourced from DRC or an adjoining country.

NUMBER	FAR/DFARS CLAUSE/TITLE
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**ALL ORDERS**

52.202-1	Definitions
52.203-2	Certificate of Independent Price Determination
52.204-2	Security Requirements
52.204-3	Taxpayer Identification
52.209-2	Prohibition on Contracting with Inverted Domestic Corporations
52.209-5	Certification Regarding Responsibility Matters
52.211-5	Material Requirement
52.211-14	Notice of Priority Rating for National Defense Use
52.211-15	Defense Priority and Allocation Requirements
52.215-10	Price Reduction for Defective Cost or Pricing Data
52.215-11	Price Reduction for Defective Cost or Pricing Data-Modifications
52.215-6	Place of Performance
52.215-12	Subcontractor Cost or Pricing Data
52.215-13	Subcontractor Cost or Pricing Data-Modifications
52.215-14	Integrity of Unit Prices – Alternative I
52.215-15	Pension Adjustments and Asset Reversions
52.215-20	Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data (Alternate II)
52.217-6	Option for Increase Quantity
52.219-1	Small Business Program Representative (Alternate)
52.222-25	Affirmative Action Compliance
52.223-3	Hazardous Material Identification and Material Safety Data
52.223-6	Drug Free Workplace
52.223-11	Ozone-Depleting Substances
52.224-2	Privacy Act
52.227-1	Authorization and Consent
52.227-4575	Disposition of Drawings and Specifications
52.227-4576M16	License Agreement Requirement
52.227-9I01	Rights Guard
52.227-9I03	Disposition of Drawings and Specifications
52.227-9I04	Demilitarization – Small Arms Weapons and Parts and Accessories (Category I – Munitions List Items)
52.227-9I05	M16 License Agreement Requirement
52.229-3	Federal, State and Local Taxes
52.229-4	Federal, State and Local Taxes (Non Competitive Contract)
52.229-5	Taxes-Contracts Performed in U.S. Possessions or Puerto Rico
52.242-2	Production Progress Reports
52.242-4	Certification of Final Indirect Costs
52.243-1	Changes-Fixed Price
52.244-6	Subcontracts for Commercial items
52.245-2	Government Property (Fixed-Price Contracts)
52.246-23	Limitation of Liability
52.246-4528	Rework and Repair of Nonconforming Material
52.247-63	Preference for U.S.-Flag Air Carriers
52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels
52.249-1	Termination for Convenience of the Government (Fixed Price) (Short Term)

52.249-2	Termination for Convenience of the Government (Fixed Price)
52.249-8	Default (Fixed Price Supply and Service)
252.204-7000	Disclosure of Information
252.204-7003	Control of Government Personnel Work Product
252.204-7001	Disclosure of Ownership or Control by the Government of a Terrorist Country
252.209-7004	Subcontracting With Firms that are Owned or Controlled by the Government of a Terrorist Country
252.217-7026	Identification of Sources of Supply
252.223-7001	Hazard Warning Labels
252.223-7002	Safety Precautions for Ammunition and Explosives
252.223-7003	Change in Place of Performance-Ammunition and Explosives
252.223-7007	Safeguarding Sensitive Conventional Arms Ammunition and Explosives
252.225-7001	Buy American Act and Balance of Payments Program
252.225-7002	Qualifying Country Sources as Subcontractors
252.225-7003	Report of Intended Performance Outside the United States
252.225-7007	Buy American Act-Trade Agreements-Balance of Payments Programs
252.225-7008	Buy American Act-Trade Agreements-Restriction on Acquisition of Specialty Metals
252.225-7009	Buy American Act-Trade Agreements-Restriction on Acquisition of Certain Articles Containing Specialty Metals
252.225-7012	Preference for Certain Domestic Commodities
252.225-7013	Duty-Free Entry
252.225-7014	Preference for Domestic Specialty Metals (Alternate I)
252.225-7025	Restriction on Acquisition of Forgings
252.225-7031	Secondary Arab Boycott of Israel
252.227-7013	Rights in Technical Data-Noncommercial Items
252.242-7004	Material Management and Accounting System
252.243-7001	Pricing of Contract Modifications
252.244-7000	Subcontracts for Commercial Items and Commercial Components DoD Components
252.247-7022	Representative of Extent of Transportation by Sea
252.203-7002	Display of DoD Hotline Poster
252.211-7005	Substitutions for Military or Federal Specifications and Standards
252.251-7000	Ordering from Government Supply Sources
52.215-2	Audit and Records-Negotiation

**APPLICABLE WHEN ORDER IS GREATER THAN \$2,500**

52.203-3	Gratuities
52.203-5	Covenant Against Contingent Fees
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity
52.222-3	Convict Labor
52.222-19	Child Labor-Cooperation with Authorities and Remedies
52.222-39	Notification of Employee Rights Concerning Payment of Union Dues or Fees
52.225-13	Restrictions on Certain Foreign Purchases
52.244-2	Subcontracts
52.244-2	Subcontracts (Alternate I)
52.244-5	Competition in Subcontracting
52.246-2	Inspection of Supplies-Fixed Price
52.246-4	Inspection of Services-Fixed Price
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies
252.247-7023	Transportation of Supplies by Sea
252.247-7024	Notification of Transportation of Supplies by Sea

**APPLICABLE WHEN ORDER IS GREATER THAN \$10,000**

52.222-20	Walsh-Healy Public Contracts Act
52.222-21	Prohibition of Segregated Facilities
52.222-22	Previous Contracts & Compliance Report
52.222-26	Equal Opportunity
52.222-36	Affirmative Action for Workers with Disabilities

**APPLICABLE WHEN ORDER IS GREATER THAN \$25,000**

52.209-6	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended or Proposed for Debarment
52.222-35	Equal Opportunity for Special Disabled Veterans of the Vietnam Era and other Eligible Veterans
52.222-37	Employment Reports for Disabled Veterans and Veterans of the Vietnam Era and other Eligible Veterans

**APPLICABLE WHEN ORDER IS GREATER THAN \$100,000**

52.203-6	Restrictions on Subcontractor Sales to the Government
52.203-7	Anti-kick Procedures
52.203-11	Certification & Disclosure Regarding Payments to Influence Certain Federal Transactions
52.203-12	Limitation on Payments to Influence Certain Federal Transactions
52.246-24	Limitation of Liability – High Value Item
52.248-1	Value Engineering
252.209-7000	Acquisitions From Subcontractors Subject to On-Site Inspection Under the Intermediate

**APPLICABLE WHEN ORDER IS GREATER THAN \$100,000 AND SELLER IS A LARGE BUSINESS**

52.219-8 Utilization of Small Business Concerns

**APPLICABLE WHEN ORDER IS GREATER THAN \$500,000 AND SELLER IS A LARGE BUSINESS**

52.230-1 Cost Accounting Standards Notices and Certification

**APPLICABLE WHEN ORDER IS GREATER THAN \$10,000,000**

52.222-24 Preaward On-Site Equal Opportunity Compliance Evaluation

The foregoing **FAR** and **DFARS** clauses are hereby made applicable to this order pursuant to the requirements of the government contract or subcontract underlying this order and are incorporated into this order by reference as if given in full text, subject to the following definitions, which will have the meanings indicated in each of the following **FAR** and **DFARS** clauses, unless the context indicates otherwise:

- A. "Contract" means this order
- B. "Contractor" means SELLER
- C. "Contracting Officer" means PURCHASER
- D. "Government" means PURCHASER
- E. "Subcontractor" means SELLER
- F. "Supplies" means Goods

The full text of **FAR** and **DFARS** clauses may be accessed electronically at the following Internet websites: **FAR**: <http://www.arnet.gov/far>, and **DFARS**: <https://www.acq.osd.mil/dpag/dfars/index.htm>