

**PURCHASE ORDER TERMS AND CONDITIONS TO BE COMPLIED WITH IN FILLING THIS ORDER**

1. The terms and conditions as stated on this order control in the event of any conflict with the printed terms of the Supplier's proposal, or the printed terms of Supplier's acknowledgment of this order. The terms conditions and conditions of this order may not be varied except in writing signed by the Purchaser. The Supplier accepts MFC's quality policies and abides to MFC's requirements to the entire ISO9001:2008 + AS9100C standard, highlighted by the following in AS9100C, section 7.4.2.

- a) requirements for approval of product, procedures processes and equipment.
- b) requirements for qualification of personnel.
- c) quality management system requirements.
- d) the identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data.
- e) requirements for (\*design exclusion) test, inspection verification (including production process verification) use of statistical techniques for product acceptance, and related instructions for acceptance by the organization, and as applicable critical items including key characteristics.
- f) requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection/verification, investigation or auditing.
- g) requirements regarding the need for the supplier to:
  - notify the organization of nonconforming product
  - obtain organization approval for nonconforming product disposition
  - notify the organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval and
  - flow down to the supply chain the applicable requirements including customer requirements.
- h) records retention requirements, and
- i) right of access by the organization, their customers and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

The organization shall ensure the adequacy of specified purchase requirements prior to their communication to the supplier.

Supplier expressly acknowledges that any of the terms of his proposal or acknowledgement so in conflict are of no force or effect, and are to be regarded stricken from said proposal or acknowledgement.

2. It is a condition of this order, and by filling it the Supplier will be deemed to have agreed, that in the case any article sold or delivered to the Purchaser hereunder shall be protected by any patent or copyright, the Supplier will indemnify and save harmless the Purchaser from and against all suits, claims, and costs instituted or recovered or recovered against it by any person or persons whomsoever on account of the use or sale of such article by the Purchaser in violation of rights under such patent or copyright.

3. Time is of the essence to this contract, and the Purchaser reserves the right to cancel all, or part of this order, if delivery of all items is not made within the specified time. The Supplier is responsible for approval of the product prior to production as required by the purchaser and shall have procedures, processes, equipment, and qualified personnel in place to guarantee all parts furnished will conform to specifications and drawings

4. If this purchase order is not priced it shall not be filled at priced higher than those last quoted and charged the Purchaser for the same articles, unless such increased prices shall have been authorized in writing by the purchasing agent of the Purchaser. If prices are now in effect on items specified on this order are reduced prior to the date of shipment or billing, this order will receive the benefit of such reductions.

5. No charge is to be made for patterns, pattern equipment, dies, jigs, fixtures, or special apparatus used in the manufacture of the articles shown on this order unless written order is received from Purchaser. The Supplier agrees to provide test specimens as required for inspection and approval.

6. All writings, drawings, technical data, process requirements, inspection/verification instructions and photographs furnished by the Purchaser shall be treated as current revision conditional documents and remain the exclusive property of Purchaser, and on fulfillments of this order, any such papers and any reproductions thereof shall be returned to Purchaser upon request. Writings, drawings, and photographs loaned to the Supplier shall not be used to the detriment of the purchaser, and disclosure of information derived from such papers to third parties, unless express written consent is given by Purchaser. All information stated in section #6 shall be flowed down the supply chain as applicable. Records created and/or retained by our Supplier's will be retained for a period of no less than (20) years, and be available for review by Milford Fabricating or its' Customers and/or the regulatory authorities. Control will be conducted by on site auditing and by contractual agreements.

7. Supplier guarantees that all equipment or material delivered or work performed hereunder is free from defects of material or workmanship and guarantees all parts

furnished will conform strictly to specifications and drawings. This shall include any test, inspection, verification, statistical techniques or critical items including key characteristics as required by MFC. Supplier is responsible for all Costs associated with providing defective materials, including replacement of raw materials. Supplier further expressly warrants the fitness of goods for their ultimate particular purposes. No examination, inspection or acceptance of goods made at any time by Purchaser shall constitute a waiver of said warranties, or of any defects whether latent or patent, or of any action against Supplier for damages arising from the failure of the material to conform with specifications.

8. In the event any article sold or delivered here shall be defective in any way whatsoever, Supplier agrees to defend, indemnify and hold harmless the Purchaser from all loss or the payment of all sums of money by reason of all accidents, injuries or damages to persons or property that happen to occur in connection with the use or sale of such articles and are contributed to by said defective condition. The Supplier also agrees to notify the Purchaser of any nonconforming product escapes within 24 hours, and obtain MFC approval for nonconforming product disposition. The Supplier is also required to complete a Corrective/Preventive Action. Upon completion and acceptance the Supplier is required to validate the Corrective/Preventive Action effectiveness.

9. This order shall be construed and governed according to the laws of the state from which this order issues as shown by the address of Purchaser on the face thereof. Supplier, In the performance of this order, shall comply with the provisions of the Fair Labor Standards Act, as amended, Executive Order #11246, Section #202, Equal Employment opportunity laws and regulations and where, all other applicable (ASPR) and all other applicable Federal, State and local laws, regulations, rules and ordinances, and agrees, upon request, to furnish Purchaser a certificate to such effect in such form as Purchaser may from time to time require. Supplier warrants that such laws shall not be violated in the performance this order and, if such violation does occur, Supplier shall indemnify and hold harmless Purchaser from all losses, claims, expenses (including attorneys' fees), penalties or payments on account for such violation. The Supplier will also notify Milford Fabricating of any changes to the product, process changes, change of manufacturing facility and where required receive Milford Fabricating approval.

10. Purchaser may at any time insist upon strict compliance with these terms and conditions, notwithstanding any previous custom, practice, or course of dealing to the contrary. The recording of false, fictitious or fraudulent statements or entries on any document may be punishable as a felony under Federal Statute.

11. It is a further condition of this order, and by filling it, the Supplier will be deemed to have agreed that the prices quoted or charged include all sales taxes and all Federal and State contributions, excises and taxes payable with respect to the wages of all employees, agents and subcontractors to the Supplier. In the event the Purchaser is required to pay such taxes the Supplier shall pay to the Purchaser upon demand the amount thereof, including penalties, if any. The Purchaser may withhold part of the purchase price in Supplier the amount sufficient to indemnify until the Purchaser shall be satisfied that the Supplier has paid such taxes and penalties or has taken proper steps and returns with respect hereto, under the law or laws.

12. In the event the Supplier, its employees, agents or subcontractors, enter premises occupied by or under control of the purchaser or its customers in the performance of this order, the Supplier agrees that it will indemnify and hold harmless the Purchaser, its customers, and their officers and employees from any loss, cost, damages, expense or liability by reason of property damage or personal injury of whatever nature or kind arising out of, or as a result of, or in connection with such performance, occasioned in whole or in part by the actions or omissions of the Supplier, its employees, agents or subcontractors, and the Seller agrees to maintain public liability and property damage insurance in reasonable amounts covering the obligations set forth above, and will maintain proper worker's compensation insurance covering all employees performing this order. Supplier shall provide written evidence of such insurance upon request of the Purchaser.

13. Milford Fabricating Company, Inc.'s (MFC) Customers or the Customer's Representative shall be afforded the right to verify at the Supplier's premises or at any level of the supply chain, that subcontracted product conforms to specified requirements.

14. Termination; Breach of Contract; Damages: Buyer 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 Buyer 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 Buyer, to deliver to Buyer upon demand all raw materials acquired by Seller in order to perform under this order and all work in process and Buyer may at its option (i) complete the work, deducting the cost of completion, and all damages resulting from Seller's default, from the price, or in the alternative, (ii) pay to Seller the cost of such raw materials and the fair value to Buyer, if any, of such work in process. In addition, Seller's insolvency or cessation

bankruptcy by or against Seller, or the 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, Buyer 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 Buyer 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 Buyer 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 Buyer to enforce any of its rights under this order shall not constitute a waiver of such rights or of any other rights.

15. Buyer's Property: All specifications, drawings, tools, jigs, dies, fixtures, materials and other items supplied by Buyer or paid for by Buyer pursuant to the terms of this order shall be and remain the property of Buyer (or of the United States Government if such is the case) and Buyer 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 Buyer 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 Buyer. Seller shall prominently mark all such items (or, if approved in writing by Buyer, the entire area in which items are located) as being the property of Buyer or the Government. Where applicable, Seller shall also mark such items with the corresponding drawing number and/or Government number. Seller shall be responsible for all such items until they have been delivered to Buyer. Seller shall not dispose of any such items (even though no longer being used), without Buyer's prior written consent. The provisions of this Section 4 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 Buyer or otherwise disposed of with Buyer'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 Buyer harmless from and against all liens or claims that may be asserted against said property. Seller acknowledges that exposure to Buyer'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 Buyer. As a result, Seller agrees and promises to notify Buyer in writing through Buyer's Purchasing Management and to obtain Buyer's written agreement, not to be unreasonably withheld, prior to manufacturing any parts for another entity that have the same form, fit and function as any parts Seller manufactures for Buyer (including any replacements or substitutes for any parts Seller manufactures for Buyer). The written notification shall describe the parts to be manufactured for the other entity and identify the corresponding parts Seller manufactures for Buyer. The written notification shall also provide Buyer with sufficient information to demonstrate, to Buyer's reasonable satisfaction, that any parts Seller plans to manufacture for another entity that have the same form, fit and function of any parts Seller manufactures for Buyer will be manufactured without reference to or use of Buyer's proprietary design information. Seller agrees that failure to comply with the above requirement shall create a presumption that Seller is misusing Buyer's proprietary design information and will cause Buyer irreparable harm. If, without obtaining Buyer's written agreement, Seller manufactures or sells for or to anyone other than Buyer any parts that have the same form, fit and function as any parts Seller manufactures for Buyer (including any replacements or substitutes for any parts Seller manufactures for Buyer) to which the presumption described in the immediately preceding clause applies, then Seller shall be in violation of this Agreement and Buyer shall be entitled to damages (including, but not limited to, injunctive relief and Buyer'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 Buyer's proprietary design information for Buyer's parts will have no involvement in the manufacture of parts with the same form, fit and function for any entity other than Buyer without prior written approval from Buyer. At any time following completion or termination of this order, Seller shall, at Seller's expense, make such disposition of all Buyers' Proprietary Information as Buyer may direct. Seller shall remain and continue to be obligated to perform each and every provision of this Section 4 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. Buyer 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.

16. Subcontracting: None of the work under this order shall be subcontracted without the prior written consent of Buyer.

17. Assignment: Seller may not assign monies due or to become due under this order without the prior written consent of Buyer, 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 Buyer against Seller, whether or not arising from this order.

#### SHIPPING AND INVOICING

18. Invoice shall be rendered for each order or for each shipment if more than one is made on an order. Shipping memorandum and bill lading shall be dated and mailed

memoranda and Invoices must be rendered as above.

19. No invoice shall be delivered by the Supplier to any employee of the Purchaser. All Invoices shall be mailed to the purchaser at its office as indicated on the face of this purchase order.

20. Every package or other shipping unit of lading, shipping memorandum, and invoice must be marked with the purchase order number of the Purchaser. The Supplier's serial numbers of apparatus must be shown on all shipping papers and invoices.

21. An itemized delivery ticket bearing the Purchaser's order number as shown hereof must be left with the goods to insure their receipt. In delivery is made by the carrier, an itemized delivery ticket must be attached to the package, or other shipping unit.

22. The Purchaser reserves the right to route all shipments.

23. Delays In shipment shall be reported immediately by the Supplier to the Purchaser.

24. Charges for boxing, packaging, or cartage will not be allowed or paid by the Purchaser unless otherwise stated on this order.

25. Partial shipments are not to be made unless authorized by Purchaser.

26. The responsibility rests with the Supplier to use the lowest published freight rates and any excess transportation charges incurred are to be borne by the Supplier. However, if the most economical method will not assure delivery by date shown, contact Purchaser.

27. It shall be understood that the cash discount period will date from the receipt of the invoice and not from the date of invoice. On invoices returned for correction, the cash discount period will date from the receipt of the corrected invoice.

28. All material and supplied furnished on this order will be subject to rejection if agreed upon specifications are not met, and if rejected will be held subject to the order of the Supplier with accrued charges to account of Supplier. The Supplier must pay -transportation charges both ways on material rejected because of defects or because of failure to comply with specifications.

## US GOVERNMENT CONTRACT PROVISIONS

When the goods furnished are for use in connection with a United States Government ("Government") contract or subcontract (as indicated on the face of the purchase order), the additional provisions set forth hereinafter shall apply, in addition to the above provisions.

The foregoing **FAR** and **DFARS** clauses, as in effect as of the date of this order, are hereby made applicable to this order pursuant to the requirements of the government contract or subcontract underlying this order provided that clauses identified as being applicable to orders in excess of a specified value apply only to such orders, 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 Buyer.
- D. "Government" means Buyer.
- E. "Subcontractor" means Seller.
- F. "Supplies" means Goods.

**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 Buyer or by the Government agency concerned at all reasonable times and places either before, during, or after manufacture at Buyer's direction. 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 17 are supplementary to and not in lieu of or in derogation of the provisions of Section 6 above.

**Export Control:** Seller acknowledges that any technical data furnished by Buyer 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 Buyer, and unless prior written authorization is obtained from the U.S. Department of State, Directorate of Defense Trade Control (DDTC), it will not export, re-export, 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.

**Suspension and Debarment:** Seller shall notify Buyer in writing at the earliest practicable time and, at Buyer's request, shall promptly meet with Buyer, if Seller (a) is suspended, debarred, or proposed for suspension or debarment from doing business with the U.S. Government, or (b) 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 Buyer harmless against any and all loss or damage suffered by Buyer as a result of Seller's actual or prospective Debarment.

**Annual Supplier Certification:** Seller shall sign, date and promptly return to Buyer an Annual Supplier Certification when furnished by Buyer 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.

### NUMBER FAR/DFARS CLAUSE / TITLE

#### ALL

#### ORDERS

52.202-1	Definitions
52-203-2	Certificate of Independent Price Determination

52.204-2

Contractor's Responsibility

52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment and Other  
 Responsibility Matter  
 52.211-5 Material Requirement  
 52.211-14 Notice of Priority Rating for National Defense Use  
 52.211-15 Defense Priority and Allocation Requirements  
 52.215-2 Audit and Records - Negotiation  
 52.215-11 Price Reduction for Defective Cost or Pricing Data-Modifications  
 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  
 Requirements for Cost or Pricing Data or Information Other than Cost or Pricing  
 52.215-20 Data (Alternate II)  
 52.222-25 Affirmative Action Compliance  
 52.223-3 Hazardous Material Identification and Material Safety Data  
 52.223-11 Ozone-Depleting Substances  
 52-227-1 Authorization and Consent  
 52.243-1 Changes-Fixed Price  
 52.244-6 Subcontracts for Commercial Items  
 52.245-1 Government Property  
 52.246-23 Limitation of Liability  
 52.247-63 Preference for U.S.-Flag Air Carriers  
 52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels  
 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  
 252.223-7001 Hazard Warning Labels  
 252.225-7001 Buy American Act and Balance of Payments Program  
 252.225-7013 Duty-Free Entry  
 252.225-7008 Preference for Domestic Specialty Metals  
 252.227-7013 Rights in Technical Data-Noncommercial Items  
 Subcontracts for Commercial Items and Commercial Components DoD  
 252.244-7000 Components

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

52.203-3 Gratuities  
 52.222-39 Notification of Employee rights concerning Payment of Union Dues or Fees  
 52.225-13 Restrictions on Certain Foreign Purchases  
 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement  
 52.242-13 Bankruptcy  
 52.244-5 Competition in Subcontracting  
 52.246-2 Inspection of Supplies - Fixed Price  
 52.246-4 Inspection of Services - Fixed Price  
 Prohibition on Persons Convicted of Fraud or other Defense Contract related  
 252.203-7001 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**

52.222-21 Prohibition of Segregated Facilities  
 52.222-22 Previous Contracts & Compliance Report  
 52.222-26 Equal Opportunity

**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-kickback 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

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:** <http://www.acq.osd.mil/dpap/dars/dfars/index.htm>