

## Terms & Conditions

Rev C

6/30/97

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1. COMPLETE AGREEMENT: The terms and conditions of this purchase order set forth the entire agreement between the parties hereto and supersede all previous communications, proposals, representations, or agreements whether oral or written. No agreement or understanding which varies or extends the terms or conditions of this purchase order will be binding unless issued in writing by the Buyer or a duly assigned officer of representative of Stellex Monitor Aerospace. No conditions stated by the seller in its acknowledgment of this order shall be binding upon the Buyer if in conflict with, inconsistent with, or in addition to the terms and conditions stated herein. Any such conditions, if not agreed to by the Buyer through a subsequent purchase order amendment, have been rejected by the Buyer. (Rev C)

2. All supplemental sheets, schedules, exhibits, specifications, drawings, data, or riders which may be annexed hereto or referenced herein are made part of this order, and seller agrees by acceptance that all such information has been available and that it will enable seller to perform all work called for in completion of order requirements. (Rev C)

3. COMPLIANCE: Seller shall comply with all applicable federal, state, and local laws, orders, regulations and ordinances in performance of this purchase order. Seller covenants and agrees to save and hold Buyer harmless from and reimburse same for any and all costs, damages, and expenses, including reasonable attorney's fees, suffered or occasioned to buyer through any failure of Seller to comply with such laws, orders, regulations and ordinances. (Rev C)

4. SUBCONTRACTING: Seller agrees that it will not enter into a subcontract or purchase order for the procurement of the items covered by this order in completed or substantially completed form without first securing the written approval of the Buyer. (Rev C)

5. WARRANTY: Seller expressly warrants that all articles ordered to specifications, drawings, or other descriptions furnished by the Buyer will conform thereto, and that all articles will be of good quality and workmanship and free of defects. (Rev C)

6. Quality System: Supplier shall maintain a Quality System acceptable to Stellex Stellex Monitor. The Quality System, all materials and workmanship shall, at the Stellex Monitor's discretion, be subject to survey, source inspection and test by Stellex Monitor or Stellex Monitor's customer at all reasonable times in the Supplier's facility. All parts will also be subject to final inspection at Stellex Monitor's plant for conformance. Any non-conforming articles due to unacceptable workmanship on the part of Supplier shall be removed at expense of Supplier, including transportation both ways. Seller shall bear all risk of loss or damage to rejected articles. In addition to his right of rejection, and without limitation to any other remedy, Stellex Monitor may require the prompt repair or

replacement of rejected articles or elects to retain them and remedy any defects. Cost of effecting such remedy shall be deducted from the amount due Supplier. (Rev C)

7. CHANGES: Buyer may at any time, by written amendment, make changes in the drawings, specifications, or other descriptions furnished, quantity of product ordered, delivery schedule, or any other order element of this purchase order. If any such changes cause an increase or decrease in purchase order value, or in time required for performance of an equitable adjustment shall be made and this purchase order shall be modified in writing. Any claim for adjustment under this provision must be submitted in writing within twenty (20) days from the date the change is ordered. No modification of this order shall be binding on Buyer unless made by a formal purchase order amendment signed by the Buyer or duly authorized representative. (Rev C)

8. DRAWINGS, SPECIFICATIONS, AND TECHNICAL INFORMATION: All drawings, specifications, and materials, including data, designs, inventions, NC tapes and other technical information supplied by Stellex Monitor in connection herewith (hereinafter called "data") shall remain Stellex Monitor's property and shall be held in confidence by Supplier. Except in the performance of this purchase order, such data shall not be reproduced, used and/or disclosed to others by Supplier, including any government, person or firm, without Stellex Monitor's prior written consent or if required, written approval of the U.S. Government. Supplier will afford the Data and Materials a degree of protection at least equivalent to that afforded by Stellex Monitor. (Rev C)

9. ALL CUSTOMERS, (INCLUDING BOEING) BLUEPRINTS OR DESIGNS: In addition to the above condition, the following also applies: Supplier shall keep confidential and otherwise protect from disclosure all information and property (including without limitation Data and Materials) obtained from Stellex Monitor in connection with this order and identified as confidential or proprietary. Unless otherwise expressly authorized herein or by Stellex Monitor, Supplier shall use such information and property, and features thereof, only in the performance and for the purpose of this Purchase Order. Upon Stellex Monitor's request, and in any event upon the completion, termination or cancellation of this order, Supplier shall return all such information and property to Buyer or make such other disposition thereof as is directed by Stellex Monitor. Supplier shall not sell or dispose of as scrap or otherwise any completed or partially completed or defective proprietary property before receiving written authorization from Buyer and before rendering such property unsuitable for use. In all lower tier subcontracts and purchase orders issued by Supplier and involving subcontractor receipt of such information or property, Supplier shall provide to Stellex Monitor the same rights and protection as contained in this clause. (Rev C)

10. RESPONSIBILITY: seller, while in possession of property of the Buyer, or the Buyer's customer shall be liable for its loss or damage except for reasonable wear and tear normal manufacturing losses. Seller shall maintain such property in good condition and dispose of same as instructed by the Buyer at the completion of this order. (Rev C)

11. TOOLING: All tools, dies, jigs, and fixtures (herein referred to as "tools") specifically manufactured or produced by Seller for the performance of this order whether to the design of Seller, Buyer, or a third party, shall become upon acquisition the property of the Buyer, and the cost of same is included in the total contract price appearing or provided for on the face of this purchase order. However, tools made or acquired by Seller for the manufacture of articles, which are standard commercial articles generally and normally sold to parties other than the Buyer shall remain the property of the Seller. Such tools as are the property of the Buyer shall be kept in good condition including necessary replacement without expense to the Buyer except that the cost of charges due to Buyers change of design or specifications shall be paid for by Buyer. (Rev C)

12. TITLE AND RISK OF LOSS: Unless otherwise provided for in this Order, Seller shall bear the risk and responsibility for loss or damage of the items purchased hereunder until they are delivered in conformity to the requirements of this Order, at the F.O.B. point specified on the Order, and upon such delivery title shall pass to the Buyer and Seller's responsibility for loss or damage shall cease except for loss or damage resulting from Seller's negligence or failure to comply with this Order. Passing of title upon such delivery shall not constitute acceptance of the items by the Buyer. (Rev C)

13. DISPUTES: Except as otherwise provided in this Order, Seller may litigate any dispute arising hereunder in a court of competent jurisdiction. Pending settlement or final judgment, Seller shall proceed diligently with the performance of this Order in accordance with the decision and instruction of the Buyer. (Rev C)

14. LAW GOVERNING- Regardless of the place of its execution or performance, this Order is to be governed by and construed according to the laws of the state of New York, and Seller consents to the jurisdiction of the courts of New York in any action arising out of this Purchase Order. (Rev C)

15. DELIVERY: Seller must receive specific written approval from the Buyer to ship any items more than 15 days in advance of the delivery dates set forth in this purchase order. Items received without such approval are subject to rejection and Seller will be responsible for all freight expense. (Rev C)

16. PAYMENTS: The term of any payment provided for in this order, and all discounts related thereto, shall be calculated from (i) the date items are received, (ii) the date items are schedule to be received, or (iii) the date an acceptable invoice is received, whichever is later. (Rev C)

17. Stellex Monitor reserves the right to terminate this Purchase Order or any part thereof, at any time and at no cost to Stellex Monitor, if the vendor does not maintain acceptable quality, timely progress, and/or delivery schedule. (Rev C)

18. TERMINATION-CONVENIENCE: The Buyer may terminate this order in whole or from time to time in part, effective as of the date specified by Buyer, in accordance with

Termination Clause 52.249-1, 52.249-2, as applicable, in the FAR provision of which are incorporated herein by reference. "Stellex Monitor Aerospace" will be substituted for "The Government" and "Stellex Monitor Aerospace Buyer" will be substituted for "Contracting Officer". (Rev C)

19. NON-WAIVER BY BUYER- The failure of the Buyer to insist, in any one or more instances, upon strict conformance to any of the Terms And Conditions or Supplemental Clauses of this Purchase Order, will not waiver or relinquish to any extent Buyer's right to assert and enforce such Terms And Conditions or Supplemental Clauses in whole or in part on any future occasion. (Rev C)

20. The Seller acknowledges that certain changes in delivery schedule are normal and anticipated in the course of performance of this Order. Seller further agrees that the cost of such changes is included in the firm fixed prices established herein. Accordingly, Seller shall not be entitled to a price adjustment hereunder for any change to the delivery schedule when deliveries are rescheduled within twelve months of the original delivery date. Except for delivery schedule changes within the foregoing parameters, if any such changes causes an increase in the cost of or time required for performance of any work under this Order, an equitable adjustment in the price and/or delivery shall be made when justified by such change. However, no favorable adjustment of any kind shall be afforded to Seller with respect to changes made necessary by reason of defects or potential defects in any item for which Seller would be liable under the terms of this Order. Seller's claim for adjustment, stating the failure to assert a claim accordingly will operate as a waiver. The Buyer and Seller shall establish through negotiation whether or not any buyer directed change is one which in fact requires equitable adjustment under this clause, and if so, the nature of such adjustment. Failure to agree with respect to any such negotiations shall be a dispute and either party may pursue its remedies as provided herein. Pending resolution of such a dispute, Seller agrees to diligently pursue performance to the Order as changed. (Rev C)

21. NON-DISCRIMINATION- The Equal Opportunity Clause Section 202, paragraphs 1 through 7 of Executive Order 11246, as amended; 38 USC 4212 of the Vietnam Era Readjustment Assistance Act of 1974, and Section 503 of the Rehabilitation Act of 1973 relative to equal opportunity and implementing rules of the Office of Federal Contract Compliance Programs are incorporated herein by specific reference. (Rev C)

22. ANTI-KICKBACK PROCEDURES- Seller agrees to abide by the Anti-Kickback Act of 1986(41 U.S.C. 51 through 58) and FAR 52.203-7, "Anti - Kickback Procedures" which is incorporated herein by reference, except that subparagraph (c)(1) of FAR 52.203-7 shall not apply to Seller, and further that in subparagraphs (c)(2), (c)(3), and (c)(5), the term "Contractor" shall mean "Seller", and in subparagraph (c)(4) the term Prime Contractor shall mean Buyer and the term "Subcontractor" shall mean Seller. In addition to reporting possible violations of the Anti-Kickback Act to the Government pursuant to the to 41 USC 57, Seller shall report such possible violations, if related to Buyer, to the Director of Materiel and/or the Division Counsel of the Boeing Division or subsidiary issuing this purchase order (PO). Seller agrees to hold Buyer harmless, defend

Buyer against, and indemnify Buyer for all costs, expenses, and offsets Buyer may incur as a consequence of violations of this clause by Seller or by Seller's subcontractors or suppliers. The rights and obligations set forth in this clause shall survive completion of, final payment under, or termination of; this order. (Rev C)

23. If the Government pursuant to FAR 52.203-7 directs the Buyer to withhold sums owed the seller, the Buyer shall be entitled to do so and the Buyer may, if ordered to do so, pay said money over to the Government and the Buyer shall not be responsible to pay the said money to the Seller, but Seller shall remain responsible for performance of the contract. (Rev C)

24. ANTI-KICKBACK INDEMNIFICATION- In addition to any other remedies that the buyer may have, Seller shall defend Buyer against all claims and proceedings based upon actual or alleged violations of the Anti-Kickback Act of 1986 and any amendment thereof; and seller shall indemnify and hold Buyer harmless from any losses, damages, liabilities, costs, and expenses including, but not limited to, loss of profits, expenses of litigation, attorney's fees, penalties or fines, suspensions or reductions of progress payments, and all losses arising out of contract terminations, suspensions or debarments of buyer, resulting from a violation of the Anti-Kickback Act of 1986 any amendment thereof, by Seller, and of its officers, partners, employees, agents, or any subcontractors at any tier below seller or such subcontractors' employees. (Rev C)

25. MODIFICATION OF ANTI-KICKBACK CLAUSE FOR FLOWDOWN PURPOSES- Seller agrees to abide by the Anti-Kickback Act of 1986 (41 U.S.C. 51 through 58) and FAR 52.203.7, "Anti-Kickback Procedures," except that subparagraph (c) (1) of FAR 52.203.7 shall not apply to Seller, and further that in subparagraphs (c) (2), (c) (3), (c) (5), the term "Contractor" shall mean Seller and in subparagraph (c) (4) the term "Prime Contractor" shall mean Buyer and the term "Subcontractor" shall mean Seller. In addition to reporting possible violations of the Anti-Kickback Act to the Government pursuant to 41 U.S. C. 57, Seller shall report such possible violations, if related to Buyer, to the Director of Materiel and/or the Division Counsel of the Boeing Division or subsidiary issuing this purchase order (PO). Seller agrees to hold Buyer harmless, defend Buyer against, and indemnify Buyer for all costs, expenses, and offsets Buyer may incur as a consequence of violations of this clause by Seller or by Seller's subcontractors or suppliers. The rights and obligations set forth in this clause shall survive completion of, final payment under, or termination of, this order. (Rev C)

If the Government, pursuant to FAR 52.203-7, directs the Buyer to withhold sums owed the seller, the Buyer shall be entitled to do so and the Buyer may, if ordered to do so, pay said money over to the Government and the Buyer shall not be responsible to pay the said money to the seller but, seller shall remain responsible for performance of the contract. (Rev C)

26. CAPTIONS: All Captions in these Standard Terms and Conditions are for ease of reference only and are not to be used in interpreting the text. (Rev C)

27. SURVIVAL: The expiration or earlier termination of this Purchase Order (howsoever caused) shall not affect any of the terms, provisions, representations, or warranties hereof which are expressed to continue after such expiration or termination, notwithstanding delivery, acceptance of and/or payment for Product ordered hereunder, nor shall any such expiration or termination affect the rights or obligations of either party hereto in respect of any antecedent breach of this Purchase Order. All confidentiality obligations shall survive the expiration or earlier termination of this Purchase Order. (Rev C)

28. SEVERABILITY: If at any time, any of the provisions hereof is or becomes invalid or illegal or unenforceable in any respect under any applicable law or is so held by an arbitral tribunal or Court with competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby and shall remain in effect. (Rev C)

29. RIGHTS OF PARTIES ARE CUMULATIVE: The parties' rights hereunder are cumulative and may be exercised singly or concurrently. No exercise or enforcement of any right or remedy hereunder shall preclude the exercise or enforcement of any other right or remedy hereunder or to which either party is entitled by law. (Rev C)

30. INCONSISTENCIES IN CONTRACTUAL DOCUMENTS: In the event of any inconsistency between these Standard Terms and Conditions, the Purchase Order, and the Standard Quality Control Clauses, the order of precedence shall be: Purchase Order will govern first, the Standard Terms and Conditions second, and the Standard Quality Control Clauses last. (Rev C)

Revision A: Revised Clause 14.

Revision B: Revised Clause 20.

Revision C: Revised Clause 6, Added Clauses 21 through 30