

Terms & Conditions

Rev D

12/12/07

1. INVOICES AND SHIPMENTS - rejections, delivery delays, errors and omissions will be considered just cause for withholding settlement without losing cash discount privilege. Invoices shall be mailed immediately after shipping date. SELLER agrees to allow BUYER five days from receipt of material in which to make payment without losing cash discount privileges, invoices to be rendered in original and two copies. Shipment in whole or in part must not be made prior to the date or dates specified on the original of this order without BUYER'S approval. Delay in delivery beyond the agreed schedule shall be cause for termination of this order unless such delay is mutually agreed to in writing by both BUYER and SELLER.

2. FURNISHED MATERIAL - If BUYER furnishes material to SELLER, BUYER will provide quantity of material needed plus normal spoilage allowance as noted on the face of the order. IF due to abnormal spoilage, additional material will be borne by SELLER, NO material sold or furnished by BUYER to SELLER will be diverted to uses other than the performance of this order without written permission of the BUYER, GKN Precision Machining BUYER is to be notified with 24 hours of any scrappage of GKN Precision Machining furnished material.

3. INSPECTION AND REJECTION - All articles are subject to inspection by BUYER at destination. Rejected material will be held at Seller's risk, subject to Seller's disposal. Inspection Records are Required from the Seller and must accompany each shipment.

4. CHANGES - BUYER shall have the right to make changes in drawings and/or specifications relating to this order. Upon such change, proper adjustment in the price and in the delivery schedule shall be made. Claim for adjustment shall be made within thirty days.

5. CHANGES IN SCHEDULE- Changes in delivery schedule may be made by Buyer at any time and for an indefinite period at no cost to Buyer.

6. TOOLING - SELLER will store and maintain and keep all tooling in first class operating condition without further costs to BUYER.

7. SALVAGE - Salvage resulting in the performance of this order is the property of the BUYER and subject to BUYER'S DISPOSITION. SELLER shall gather and segregate such salvage in accordance with written instructions received from BUYER.

8. VARIATION IN QUANTITY - Quantity variation will be zero unless otherwise stated on the purchase order.

9. DELIVERY - SELLER shall not be liable for delay in delivery due to cause beyond SELLER'S control and without SELLER'S fault or negligence, provided SELLER exercises due diligence in promptly notifying BUYER of conditions which will result in delay.

10. WARRANTIES - The SELLER warrants that all articles or materials delivered hereunder shall be free from defects or material or workmanship, and guarantees all parts furnished will conform to specifications and/or drawings. The warranties of the SELLER together with its service warranties and guarantees, if any, shall run to BUYER and/or its customers.

11. TERMINATION FOR CAUSE OR FOR CONVENIENCE OF BUYER - BUYER reserves the right to terminate this order if not filled in accordance with delivery schedule and specifications. In the event of any suspension of payment or the institution of any proceedings by or against either party, voluntary or involuntary in bankruptcy or insolvency, or

under the provisions of the United States Bankruptcy Act, as amended, or for the appointment of a receiver or trustee or an assignee for the benefit of creditors or for the appointment of a receiver or trustee or an assignee for the benefit of creditors of either party, or in the event of a breach of any of the terms hereof, including warranties of SELLER, the other party shall be entitled to terminate this order forthwith.

12. CANCELLATION – Buyer may cancel any Purchase order at any time without cost to Buyer in the event that GKN Precision Machining's requirements are cancelled with our customer, or if the Director of Material and the Director of Quality disqualify the Seller for any reason.

13. COMPLIANCE WITH LAWS - SELLER agrees in accepting this order that the same is subject to and that SELLER has complied with or will comply with all applicable local, State and Federal laws, regulations, and executive orders as to labor, origin and procurement of material, national security, fixation of prices, profit limitations, price re-negotiation and price re-determination.

14. WALSH-HEALEY PUBLIC CONTRACT ACT - If this order is for the manufacture or furnishing of materials, supplies, articles, or equipment in an amount which exceeds or may exceed \$10,000.00 and is otherwise subject to the Walsh-Healey Public Contracts Act as amended (41 U.S. Code 35-45), they are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued hereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the secretary of Labor which are now or may hereafter be in effect.

15. NON-DISCRIMINATION - In connection with the performance of work under this order, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, creed, age, sex, color, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or for raw materials. (Not applicable if order is for standard commercial supplies or for raw materials.)

16. AUDIT AND COST ANALYSIS - SELLER'S manufacturing plant and books, or such part of any plant as may be used in furnishing the articles ordered, will at all times be subject to inspection and audit by any person designated by the head of any executive department of the Government. SELLER shall maintain an accurate cost analysis, which shall be available to authorized representatives of BUYER and of the Government "For a period of three years after final payment".

17. SECRECY AGREEMENT - SELLER agrees to be responsible in matters within its control for the safeguarding of all secret, confidential or restricted matters that may be disclosed or that may be developed in connection with the work under this order. It is understood that disclosure of information relating to the work under this order by any person not entitled to receive it, or failure to safeguard all secret, confidential and restricted matter that may come to the SELLER or any person under its control in connection with the work under this order, may subject the SELLER, its agents, employees and subcontractors to criminal liability under the laws of the United States.

18. ALIENS - No aliens in the employ of the SELLER shall be permitted to have access to the drawings, specifications, or other information relating to the performance of the United States Government contract noted in the order or to the models or material referred to in such contract or to engineering principles, compositions, subassemblies, or assemblies, which are vital to the functioning or use of the article or articles forming the subject matter of said contract without the written consent beforehand of the secretary of the department with which is placed the Government contract noted on order. (Not applicable if this is for standard or commercial articles.)

19. NOTICE OF LABOR DISPUTES - Whenever an actual or potential labor dispute is delaying or threatening to delay the performance of this order, SELLER will immediately give notice hereof to the BUYER. Such notice shall include all relevant information with respect to such dispute.

20. RENEGOTIATION ACT OF 1951 - this purchase order is subject to the Renegotiation Act of 1951 and shall be deemed to contain all the provisions required by Section 104 or said Act.

21. VENDOR STATUS REPORT - Fax enclosed vendor status report every Tuesday to the attention of the GKN Precision Machining Buyer.

22. Seller must operate under a quality system that is approved by GKN Precision Machining. **23. RETURNABLE CONTAINERS ARE TO BE RETURNED TO GKN PRECISION MACHINING.**

24. Unless exempted, Section 202, Paragraphs 1 through 7 of Executive Order 11246, as amended, and the affirmative action clauses as set forth in 41 C.F.R. §60-741.4 (for contracts of \$10,000.00 or more) and 41 C.F.R. §60-250.4 (for contracts of \$10,000.00 or more) and 41 C.F.R. §61-250.10 (requiring the annual reporting of Vietnam Era and special disabled veterans) are incorporated herein by reference.

25. RIGHT OF ENTRY - GKN Precision Machining, our customers, subcontractors and regulatory agencies shall be allowed entry into the premises of the supplier to verify the quality of work, records and material at any place including the supplier and supplier's subcontractor manufacturing facilities.

26. SUBCONTRACT WORK – Sell may not further subcontract work without written authorization from GKN Precision Machining.

27. SHIPPING TOLERANCE - Shipping tolerance shall be 0. Over shipments will be returned to the SELLER at the SELLER'S EXPENSE unless approved by BUYER prior to shipment.