

TERMS AND CONDITIONS

1. **ACCEPTANCE:** This Order is for the purchase and sale of the goods and services described on the front side of this document (“the Articles”) and is Buyer’s offer to Seller. It is subject to Seller’s acceptance only by Seller’s execution and return of the acknowledgement copy. No contract shall exist until Buyer’s receipt of such acknowledgement copy. In the absence of Buyer’s receipt of such acknowledgement copy, Buyer’s acceptance of the Articles shall constitute a contract on these terms and conditions, and no others. Terms and conditions contained in any acknowledgement of this order which are different from or in addition to the terms and conditions of this Order shall not be binding on Buyer, whether or not they would materially alter this Order, and Buyer hereby objects thereto. To the extent applicable, these terms and conditions may be superseded by an overriding written agreement between the parties.

2. **DEFINITIONS:** The following definitions apply unless otherwise specifically stated.
 - “Buyer” – the legal entity issuing this Order.
 - “Seller” – the legal entity which contracts with the Buyer. “This Order” – this contractual instrument, including changes.
 - “Government” – The Government of the United States, and its federal agencies.
 - “Prime Contract” – the Government contract under which this Order is issued.
 - “FAR” – the Federal Acquisition Regulation.
 - “Contracting Officer” – the government contracting officer(s) for the Prime Contract, or authorized representative.
 - “DEAR” – The Department of Energy FAR Supplement.
 - “DFAR” – The Department of Defense FAR Supplement.
 - “NASA FAR” – The National aeronautics and Space Administration FAR Supplement.

3. **PACKING:** The Articles shall be packed and shipped by Seller in accordance with Buyer’s instructions and good commercial practice and so as to insure that no damage shall result from handling, weather or transportation. If Articles are tender to a common carrier to delivery, packing also shall conform to packing requirements applicable to such carrier. The cost of such packing and shipment shall be included in the price of the Articles. Damage to any Articles resulting from improper packing and any consequential damages will be charged to Seller.

4. **CHARGES, TAXES, AND DELIVERIES:** Unless otherwise stated, all deliveries and prices are f.o.b. Buyer's facility. Sales, excise or similar taxes imposed by governmental authority upon the sale to be paid by Buyer shall be separately stated on the invoice. Unless authorized in writing to the contrary by Buyer, Seller shall not manufacture, produce, or deliver the Articles in advance of the schedule or otherwise anticipate Buyer's requirements.

5. **WARRANTY:** In addition to all warranties which may be prescribed by law or the schedule of this Order, the Seller warrants that the Articles conform to specifications, drawings, and other description and are free from defects in materials, workmanship and fabrication. Seller also warrants the Articles' merchantability and fitness for the purpose for which it is intended. Seller warrants, to the extent the Articles are not manufactured pursuant to detailed designs furnished by Buyer, that they will be free from defects in design. Seller warrants title to the Articles and that the Articles are free from all liens. Such warranties, including warranties prescribed by law, shall run to Buyer, its successors, assigns and customers, and to users of the Articles, for a period of thirty (30) months after delivery unless otherwise stated. For any breach of any such warranty, in addition to any rights and remedies Buyer has under this Order of the law, Seller shall indemnify Buyer for the full extent of any loss, damage, or expense, including profit and attorneys fees.

6. **PATENT INDEMNITY:** Seller shall indemnify and hold Buyer, its successors and assigns, and its customers and users, to the extent such customers and users are indemnified by the Buyer, harmless from any claimed infringement of any United States patent, trademark or copyright with respect to the articles, except those manufactured to Buyer's detailed designs which are infringing because of Buyer's requirements for design or manufacture differing from Seller's normal practice, and Seller shall defend same at its expense provided that Buyer notifies Seller of such infringement.

7. **BUYER-FURNISHED PROPERTY:** Seller shall not use, reproduce or appropriate for or disclose to anyone other than Buyer any material, tooling, dies, drawings, designs and other property or data furnished by Buyer nor shall Seller use the same to produce or manufacture articles other than those required hereunder. Title thereto shall be and remain in Buyer at all times. Seller shall bear the risk of loss or damage to such property furnished by Buyer unless such loss or damage is solely, directly and proximately caused by Buyer's negligence. All such Buyer-furnished property, together with spoiled and surplus materials, shall be returned to Buyer at termination or completion of this Order unless Buyer shall otherwise direct in writing.

8. **COMPLIANCE WITH LAWS:** Seller shall comply with all federal, state, and local laws, executive regulations and orders. Seller shall produce the Articles in compliance with all requirements of The Fair Labor Standards Act.
9. **DELAY:** Time is of the essence in performing this Order. Should Seller experience or anticipate any delay in performing this Order, Seller shall notify Buyer of such delay, its expected duration and the reasons thereof. Neither such notification nor an acknowledgement by Buyer shall constitute a waiver of the Order's delivery schedule. Seller shall remain liable for any delay according to the term of this Order or under the law.
10. **SETOFF:** Buyer may set off any amount due from Seller to any division of STADCO, whether or not under this Order, against any amount due Seller hereunder.
11. **NONASSIGNMENT:** Seller shall not assign this Order or any interest herein, including any payment due or to become due with respect thereto, without Buyer's written consent. Buyer shall not be bound by any assignment until after receipt of written notice from Seller.
12. **SUBCONTRACTING:** If any Articles are to be made to Buyer's or Government's design, all subcontracting by Seller with respect thereto shall be subject to Buyer's prior written approval.
13. **NONWAIVER:** No waiver of any provision or failure to perform any provision of this Order shall be effective unless consented to by Buyer in writing nor shall any such waiver constitute a waiver of any other provision or failure to perform.
14. **GOVERNMENT CONTRACT CLAUSES:** As listed below, certain government contract clauses are incorporated by reference into this Order with the same effect as if they were printed in full. The designated language of a clause will be used unless the use of alternate language is indicated. Unless otherwise indicated in this Order, the clauses are modified as follows: Change "Contractor" to "Seller," "Subcontractor" to "Seller's subcontractor," and "Contract" to this "Order," The version of the clause in effect on the date of this Order shall be used.

(A) The following clauses from the FAR are incorporated herein by reference:
(1) GRATUITIES (52.203-3); (2) COVENANT AGAINST CONTINGET

FEES (52.203-5); (3) SECURITY REQUIREMENTS (52.204-2); (4) REQUIRED SOURCED FOR JEWEL BEARINGS AND RELATED ITEMS (52.208-1); (5) PRIORITIES, ALLOCATIONS, AND ALLOTMENTS (52.212-8); (6) EXAMINATION OF RECORDS BY COMPTROLLER GENERAL (52.215-1); (7) PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (52.215-22); (8) SUBCONTRACTOR COST OR PRICING DATA (52.215-24); (9) UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL DISADVANTAGED BUSINESS CONCERNS (52.219-8); (10) SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN (52.219-9); (11) UTILIZATION OF WOMEN-OWNED SMALL BUSINESS (52.219-13); (12) UTILIZATION OF LABOR SURPLUS AREA CONCERNS (52.220-3); (13) LABOR SURPLUS AREA SUBCONTRACTING PROGRAM (52.220-4); (14) CONTRACT WORK HOURS AND SAFETY STANDARDS ACT – OVERTIME COMPENSATION – GENERAL (52.222-4); (15) WALSH-HEALY PUBLIC CONTRACTS ACT (52.222-20); (16) CERTIFICATION OF NONSEGREGATED FACILITIES (52.222-21); (17) EQUAL OPPORTUNITY (52.222-26); (18) AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS (52.222-35); (19) AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS (52.222-36); (20) CLEAN AIR AND WATER CERTIFICATION (52.223-1); (21) CLEAN AIR AND WATER (52.223-2); (22) HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA (52.223-3); (23) PRIVACY ACT (52.224-2); (24) DUTY FREE ENTRY (52.225-10); (25) CERTAIN COMMUNIST AREAS (52.225-11); (26) AUTHORIZATION AND CONSENT (52.227-1); (27) FILING OF PATENT APPLICATIONS-CLASSIFIED SUBJECT MATTER (52.227-10); (28) PATENT RIGHTS-RETENTION BY THE CONTRACTOR (SHORT FORM) (52.227-11); (29) PATENT-RIGHTS RETENTION BY THE CONTRACTOR (LONG FORM) (52.227-12); (30) PATENT-RIGHTS ACQUISITION BY THE GOVERNMENT (52.227-13); (31) COST ACCOUNTING STANDARDS (FAR 52.230-3); (32) ADMINISTRATION OF CAS (52.230-4); (33) DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (52.230-5); (34) CHANGE ORDER ACCOUNTING (52.243-6); (35) COMPETITION IN SUBCONTRACTING (52.244-5); (36) GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS) (52.245-2); (37) HIGHER-LEVEL CONTRACT QUALITY REQUIREMENT (GOVERNMENT SPECIFICATION (52.246-11); (38) LIMITATION OF LIABILITY (52.246-23); (39) LIMITATION OF LIABILITY-HIGH VALUE ITEMS (52.246-24); (40) AUDIT-FORMAL ADVERTISING (52.214-26); (41) AUDIT-NEGOTIATION (52.215); (42) NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (52.227-2); (43) INSPECTION OF SUPPLIES –

FIXED PRICE (52.246-2); (44) PREFERENCE FOR U.S. FLAG AIR CARRIERS (52.247-63); (45) PREFERENCE FOR PRIVATELY OWNED U.S.-FLAG COMMERCIAL VESSELS (52.247-64); (46) NEW MATERIAL (52.210-5); (47) SUSPENSION OF WORK (52.212-12); (48) NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (52.222-1); (49) REPORTING OF ROYALTIES (FOREIGN) (52.227-8); (50) REFUND OF ROYALTIES (52.227-9); (51) INTEREST (52.232-17); (52) PERMITS AND RESPONSIBILITIES (52.236-7); (53) CHANGES-FIEXD-PRICE (52.243-1); (54) SPECIAL TOOLING (52.245-17) (55) SPECIAL TEST EQUIPMENT (52.245-18); (56) RESPONSIBILITY FOR SUPPLIES (52.246-16); (57) CONTRACTOR LIABILITY FOR PERSONAL INJURY AND/OR PROPERTY DAMAGE (52.247-21); (58) CONTRACT NOT AFFECTED BY ORAL AGREEMENT (52.247-27); (59) TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIEX-PRICE) (52.249-2); (60) DEFAULT FIXED-PRICE SUPPLY (52.249-8).

(B) In addition to the clauses listed in paragraph 14(A), the following clauses are incorporated if this Order is let under DOD prime contract: (1) OVERSEAS DISTRIBUTION OF DEFENSE SUBCONTRACTS (DFAR 52.204-7005); (2) REQUIRED SOURCES FOR MINIATURE AND INSTRUMENT BALL BEARINGS (DFAR 52.208-7000); (3) REQUIRED SOURCES FOR PRECISION COMPONENTS AND MECHANICAL TIME DEVICES (DFAR 52.208-7001); (4) REQUIRED SOURCES FOR HIGH PURITY SILICON (DFAR 52.208-7002); (5) REQUIRED SOURCES FOR HIGH CARBON FERROCHROME (DFAR 52.208-7003); (6) AGGREGATE PRICING ADJUSTMENT (DFAR 52.215-7000); (7) SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN (MASTER PLANS) (DFAR 52.219-7000); (8) NOTICE OF RADIOACTIVE MATERIALS (DFAR 52.223-7000); (9) QUALIFYING COUNTRY SOURCES AS SUB CONTRACTORS (DFAR 52.225-7002); (10) DUTY FREE ENTRY QUALIFYING COUNTRY END PRODUCTS AND SUPPLIES (DFAR 52.225-7008); (11) PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES (DFAR 52.225-7008); (12) PREFERENCE FOR DOMESTIC SPECIALTY METALS (MAJOR PROGRAMS) (DFAR 52.225-7011); (13) PREFERENCE FOR DOMESTIC HAND OR MEASURING TOOLS (DFAR 52.225-7013); (14) RIGHTS IN TECHNICAL DATA AND COMPUTER SOFTWARE (DFAR 52.227-7013); (15) RESTRICTIVE MARKINGS ON TECHNICAL DATA (DFAR 52.227-7018); (16) SUPPLEMENTAL COST PRINCIPLES (DFAR 52.231-7000); (17) CERTIFICATION OF REQUESTS FOR ADJUSTMENT OR RELIEF EXCEEDING \$100,000.00 (DFAR 52.233-7000); (18) RECOVERY OF NONRECURRING COSTS ON COMMERCIAL SALES (DFAR

52.235-7002), but only if this Order exceeds \$1,000,000); (19) FREQUENCY AUTHORIZATION (DFAR 52.235-7004); (20) PRICING OF ADJUSTMENTS (DFAR 542.243-7001); (21) SAFETY PRECAUTIONS FOR AMMUNITION AND EXPLOSIVES (DFAR 52.228-7007); (22) WARRANTY OF DATA (DFAR 52.246-7001); (23) ACCIDENT REPORTING AND INVESTIGATION INVOLVING AIRCRAFT, MISSILES, AND SPACE LAUNCH VEHICLES (DFAR 52.228-7006).

(C) In addition to the clauses listed in paragraph 14(A), the following clauses are incorporated only if this Order is let under a DOE prime contract: (1) SECURITY REQUIREMENTS (DEAR 52.204-2); (2) CLASSIFICATION (DEAR 52.204-70); (3) FOREIGN OWNERSHIP, CONTROL, OR INFLUENCE OVER CONTRACTOR (DEAR 52.204-74); (4) PRINTING (DEAR 52.208-70); (5) ORGANIZATIONAL CONFLICTS OF INTEREST – GENERAL (DEAR 52.219-9); (6) SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN (DEAR 52.219-9); (7) RIGHTS IN TECHNICAL DATA – LONG TERM (DEAR 52.227-75).

(D) In addition to the clauses listed in paragraph 14(A), the following clauses are incorporated only if this Order is let under a NASA prime contract: (1) REPORT ON NASA SUBCONTRACTS (NASA FAR 52.204-70); (2) NOTICE OF DELAY (NASA FAR 52.212-70); (3) SAFETY AND HEALTH (NASA FAR 52.223-70); (4) HAZARDOUS MATERIAL IDENTIFICATION (NASA 52.223-370); (5) POTENTIALLY HAZARDOUS ITEMS (NASA FAR 52.223-72); (6) FREQUENCY AUTHORIZATION (NASA FAR 52.223-71); (7) PRICING OF ADJUSTMENTS (NASA FAR 52.231-70); (8) COMPLIANCE WITH NASA FAR SUPPLEMENT (NASA FAR 52.252-70).

15. **BUY AMERICAN CERTIFICATE:** Seller certifies that, unless otherwise noted in this Order, all items delivered under this Order were mined, produced, or manufactured in the United States.

16. **VALUE ENGINEERING:** The Seller is encouraged to develop, prepare and submit value engineering change proposals (VECP) in a format prescribed by 52.248-1. If the seller's VECP is accepted by the Buyer and the contracting officer and is incorporated into the prime contract, the Seller is entitled to its allowable development and implementation costs and one-half of the amount of net acquisition savings received by Buyer resulting from the Seller's VECP.

17. **DISPUTES:** This Order and the performance of the parties hereunder shall be controlled and governed primarily by the law of Federal government contracts and secondarily by the law of California. The parties agree that only courts located in Los Angeles, California, will have jurisdiction to decide any dispute arising under or related to this Order. Before filing any litigation, Seller shall submit any dispute or claim, with all supporting documentation, to Buyer. Seller shall certify that any claim is made in good faith, that the supporting data are accurate and complete to the best of Seller's knowledge and belief, and the amount requested accurately reflects the amount for which Seller believes Buyer is liable. After such a submission, Seller shall allow the parties sixty days to settle the dispute or claim before filing any litigation. Any litigation must be filed within one year after the claim or dispute first arose. Pending final disposition of any dispute under this Order, Seller shall proceed diligently with the performance of this Order.
18. **INFORMATION ON POLITICAL CONTRIBUTION AND FEES OR COMMISSIONS IN CONNECTION WITH THE SALE OF DEFENSE ARTICLES OR SERVICES:** Seller agrees to furnish information, within 7 days of Buyer's request, regarding any payment, offer or agreement to pay "political contributions" or "fees or commissions" (as those terms are defined at 22 CFR § 130) with respect to any sale by the Buyer for which a license or approval from the Office of Munitions Control, Department of State is required or any sale pursuant to a contract with the Department of Defense under Section 22 of the Arms Export Control Act (22 USC § 2762).
19. **ENTIRE AGREEMENT, AMENDMENT:** Provisions contained herein constitute the entire agreement and supersede all previous communications, representations, either verbal or written, between the parties hereto with respect to the subject matter hereof. This agreement may not be changed, altered, supplemented or added to at any time except by supplemental written contract.
20. **Counterfeit Materials Prevention Program** - In order to preclude the introduction of counterfeit materials, all suppliers are required to implement and maintain a Counterfeit Materials Prevention Program. Refer to AS 6174 for guidelines on counterfeit materials prevention.
- A. Unauthorized Material Substitution (General) - Unauthorized material substitutions are not permitted on Buyer's Goods. Unauthorized material substitution includes any deviation from the engineering definition of a raw material. Engineering definition includes Buyer design drawing and applicable specifications, product specification, form, size, shape, chemistry, melt method, origin, temper/condition, product testing or surface finish. Alternate materials specified in the engineering definition (and often described as approved material substitutions therein) do not constitute unauthorized material substitution.

- B. Temper or Condition Conversion - Unless specifically authorized by the engineering definition, conversion of a raw material (i.e. heat treat to change the temper or condition of the material) constitutes material substitution of the condition provided by the manufacturer.
- C. Specification Supersession - For government specifications and standards canceled after June 1994, Seller and subcontractors at all tiers shall use the last active revision of the canceled specification and standard until an acceptable replacement is included in the requirements of this Contract. Contact the Buyer's Authorized Procurement Representative in the event of any inconsistency in applicable specification or standard.
- D. Reports (Full Pedigree from melt to final product) - Raw material certifications shall show clear traceability to the manufacturer(s) of the raw material including ingot source, all thermo-mechanical processing (i.e. forging, rolling, drawing, etc.), heat treatment, chemical processing and inspections as required by applicable raw material specification requirements.
- E. Chain of Custody (Disguising intermediate ownership) – Suppliers shall not disguise the pedigree of material or chain of ownership by removal of a previous supplier's name, nomenclature or identification.
- F. The substance of this clause shall be flowed in all subcontracts at every tier.

COUNTERFEIT GOODS a. Seller shall not furnish Counterfeit Goods to Buyer, defined as Goods or separately-identifiable items or components of Goods that:

- (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, "OEM") item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, relabeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes. Notwithstanding the foregoing, Goods or items that contain modifications, repairs, rework, or re-marking as a result of Seller's or its subcontractor's design authority, material review procedures, quality control processes or parts management plans, and that

have not been misrepresented or mismarked, shall not be deemed Counterfeit Goods. Counterfeit Goods shall be deemed nonconforming to this Contract. b. Seller shall implement an appropriate strategy to ensure that Goods furnished to Buyer under this Contract are not Counterfeit Goods. Seller's strategy shall include, but is not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM's original certificate of conformance for the item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item's authenticity. c. If Seller becomes aware or suspects that it has furnished Counterfeit Goods to Buyer under this Contract, Seller promptly, but in no case later than thirty (30) days from discovery, shall notify Buyer and replace, at Seller's expense, such Counterfeit Goods with OEM or Buyer-approved Goods that conform to the requirements of this Contract. For confirmed Counterfeit Goods, GIDEP notification shall also be made no later than sixty (60) days after discovery. Seller shall be liable for all costs related to the replacement of Counterfeit Goods and any testing or validation necessitated by the installation of authentic Goods after Counterfeit Goods have been replaced. Seller bears responsibility for procuring authentic Goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this Article.

21. **Conflict Minerals** - * In 2010, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act was passed concerning "conflict minerals" originating from the Democratic Republic of the Congo (DRC) or adjoining countries. The SEC published final rules associated with the disclosure of the source of conflict minerals by U.S. publicly traded companies (see the rules at <http://www.sec.gov/rules/final/2012/34-67716.pdf>). The rules reference the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, (<http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf>), which guides suppliers to establish policies, due diligence frameworks and management systems. ** See information on the Conflict-Free Sourcing Initiative (www.conflictreesourcing.org).

22. **AWARNNESS:** Ensure persons doing work under the organizations control are aware of:

- a) Quality Objectives
- b) Quality Policy
- c) Their contribution to the effectiveness of the Quality Management System, including benefits of improved performance.
- d) The implications of not conforming with the Quality Management System Requirements
- e) Their contribution to product conformity
- f) Their contribution to product safety.
- g) The importance of ethical behavior.
- h) Their contribution to product conformity
- i) Their contribution to product safety.

j) The importance of ethical behavior.