

ALBANY ENGINEERED COMPOSITES, INC. STANDARD TERMS AND CONDITIONS OF PURCHASE
APPLICABLE TO ORDERS FOR COMMERCIAL ITEMS PURCHASED
UNDER U.S. GOVERNMENT PRIME CONTRACT OR SUBCONTRACT

DEFINITIONS.

- (a) "Agreement" means this Agreement, including any Order, Buyer statement of work, and/or long term agreement issued hereunder.
- (b) "Buyer" means Albany Engineered Composites, Inc. or Albany Aerostructures Composites LLC doing business as Albany Engineered Composites Salt Lake City as is indicated on the front of the Purchase Order.
- (c) "Goods" means any goods and/or services specified in the Purchase Order to be delivered by Seller to Buyer.
- (d) "Purchase Order" or "Order" (used interchangeably herein) means the document utilized by Buyer to place an order with Supplier for the Goods as therein described and incorporates by reference these Standard Terms and Conditions of Purchase.
- (e) "Seller" or "Supplier" means the contracting party with whom the Order is placed.

1. AGREEMENT. Unless otherwise agreed to in writing by Buyer, Buyer's Purchase Order, together with these Standard Terms and Conditions is the entire agreement between Buyer and Seller with respect to the Goods specified. No course of dealing or usage of the trade shall be applicable unless expressly agreed to by Buyer in writing. No other document, including, but not limited to, Seller's proposal, quotation, or acknowledgement form is part of Buyer's Purchase Order unless specifically agreed to in writing by Buyer. **THE SELLER ACCEPTS THE ORDER ONLY ON THE TERMS SET FORTH IN THIS AGREEMENT. ANY TERMS IN THE SELLER'S ACCEPTANCE OR ACKNOWLEDGEMENT IN ADDITION TO OR NOT IDENTICAL WITH THE TERMS IN THIS AGREEMENT ARE HEREBY OBJECTED TO AND REJECTED BY BUYER AND ARE NOT PART OF THE AGREEMENT UNLESS AGREED TO IN WRITING BY BUYER'S AUTHORIZED PERSONNEL.** No right that Buyer has regarding Buyer's PO may be waived or modified except by Buyer in writing.

2. PRICING AND TAXES. If the price is not stated in Buyer's PO or otherwise agreed to in writing by Buyer, then the price is Seller's lowest prevailing market price and includes all applicable taxes, import and export duties, impositions, and other similar charges. Seller warrants that the price charged for the Goods covered in the Order do not exceed the prices charged others under comparable conditions. Seller shall refund any excessive amount paid by Buyer. Unless otherwise agreed to in writing by Buyer, terms of payment are net 60 days from the receipt of Seller's invoice. Payment of invoices are not acceptance of Goods. All sales, excise, or other taxes and charges paid by Buyer will be separately itemized on the invoice.

3. PACKING AND DELIVERIES. All Goods must be packed and shipped by Seller in accordance with Buyer's instructions and good commercial practice to insure protection and prevent damage to the Goods. Goods will be shipped with a certificate of conformance and test results, as applicable. Seller is responsible for all damage caused by nonconforming packaging. Prices include all charges for Seller's packing and crating. Shipments of any hazardous materials or substances must be packaged and transported in compliance with all applicable U.S. laws and regulations. If requested by Buyer, Seller will provide Buyer with a properly executed U.S. Customs Form 7553 entitled "Certificate of Delivery," as well as U.S. Customs Form 7501 entitled "Entry Summary."

If requested by Buyer, invoices will contain Seller's certification that all goods and services reflected in the invoice are produced and supplied in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, and the regulations and orders of the United States Department of Labor issued thereunder. Bills of lading must accompany each invoice.

Except as otherwise provided in the Purchase Order, Seller agrees to use Buyer approved carriers for all deliveries. Delivery is Exworks Seller's dock (Incoterms 2010). All deliveries must be in conformance with the delivery schedule and routing instructions set forth in the Purchase Order, or otherwise communicated to Buyer. Seller shall notify Buyer immediately if Purchase Order delivery requirements cannot be met or if a delay in delivery is anticipated. The parties hereby agree that time is of the essence and if Seller's deliveries fail to meet the schedules specified by Buyer and Buyer is compelled to ask Seller to ship by other than the designated routing to expedite delivery, Seller shall assume the difference for the additional cost of transportation. Unless authorized in writing to the contrary by Buyer, Seller shall not manufacture, produce or deliver the Goods in advance of the schedule or otherwise anticipate Buyer's requirements.

4. INSPECTION, ACCEPTANCE, REJECTION. Buyer, its customer, and/or any governing regulatory agency shall have the right to inspect all Goods, raw materials, and work-in-progress at any time during normal business hours at the Seller's manufacturing and storage facilities and the Seller's sub-tier suppliers' facilities. Notwithstanding any prior payment or inspection by Buyer or that title may have passed to Buyer all Goods are subject to final inspection and acceptance by Buyer at Buyer's facility within a reasonable time after delivery. Acceptance by Buyer of the Goods delivered hereunder will not limit or affect the warranty or

indemnity granted by Seller. If, upon inspection, the Goods are found to be defective in material or workmanship, or not in conformity with Purchase Order, including, without limitation, the drawings and/or specifications pertaining thereto, Buyer may at its discretion and in addition to any other rights it may have, by written notice to Seller, as to such Goods, (i) rescind Buyer's Order, (ii) accept them at an equitable reduction in price, (iii) reject and hold them, at Seller's expense and subject to their disposal, and require delivery of replacement goods, or payment to Buyer of the replacement cost of such Goods, or (iv) return them freight collect. If Seller fails to deliver such required replacements promptly, Buyer may (1) replace such Goods and charge Seller with the cost incurred thereby, or (2) terminate Buyer's Order.

5. QUALITY CONTROL. Seller shall establish and maintain a quality management system acceptable to Buyer for the Goods purchased under this Order. Seller shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability. Seller shall have a continuing obligation to promptly notify Buyer of any violation or deviation from Seller's approved inspection/quality control system and to advise Buyer of the quality and specific identity of any Goods provided to Buyer during the period of any such violation or deviation. Seller will maintain the accepted quality management system throughout the duration of the Order. If Seller is cited for compliance violations, Seller shall within forty-eight (48) hours so notify Buyer and within sixty (60) days must rectify the non-compliance issues. If the violation is not corrected and certification has not taken place within this time frame, then Buyer at its sole discretion may terminate this Order. Seller will notify Buyer of any significant changes that affect quality within twenty-four (24) hours of that change. These changes include, but are not limited to, change in key management or personnel, change in source of supply of key materials, change in address or site configuration.

6. CHANGES. Buyer may at any time by written Order to Seller make changes in the quantities ordered or in the specifications or drawings or in the delivery schedule relating to the Goods, or may change or amend any other term or condition of this Order. An equitable adjustment shall be made to any price, time of performance, or other provisions of this Order required by Buyer's changes to this Order, and this Order shall be amended in writing accordingly. Any claim for adjustment under this clause must be made in writing within thirty (30) days from the date of receipt by Seller of such change. In absence of such notification, Buyer shall not be obligated to consider Seller's claim for an equitable adjustment resulting from a change. Nothing in this clause shall excuse Seller from proceeding with the order as changed.

7. NEW MATERIAL. "Material," as used in this clause, includes, but is not limited to raw material, parts, items, components and end Items. "New," as used in this clause, means previously unused or composed of previously unused materials allowing for typical in-factory or site use including, but not limited to integration, installation, assembly, test, burn-in, training, troubleshooting, and rework as required. Unless Buyer specifies in writing otherwise, Seller shall deliver New Material under this contract that are fully warranted and do not contain any counterfeit material. Material verification includes documentation that Seller is purchasing product directly from the original equipment manufacturer or authorized franchised distributor. In addition, the New Material is not of such age or so deteriorated, due to storage factors, as to impair its usefulness or safety.

8. COUNTERFEIT PARTS. Seller represents and warrants that it has policies and procedures in place to ensure that none of the Goods furnished under this Order are "suspect/counterfeit parts" and certifies, to the best of its knowledge and belief that no such "suspect/counterfeit parts" have been or are being furnished to Buyer by Seller. "Suspect/counterfeit parts" are parts that may be of new manufacture, but are misleadingly labeled to provide the impression they are of a different class or quality or from a different source than is actually the case. They also include refurbished parts, complete with false labeling, that are represented as new parts or any parts that are designated as suspect by the U.S. Government, such as parts listed in alerts published by the Defense Contract Management Agency under the Government-Industry Data Exchange Program (GIDEP).

Parts furnished under this Order shall be purchased directly from the Original Component Manufacturers ("OCM")/Original Equipment Manufacturers ("OEM") or through the OCM/OEMs Franchised Distributor. Seller shall maintain documented systems (policy, procedure, or other documented approach) that provides for prior notification to Buyer and Buyer's written approval before parts or components are procured from sources other than OCM, OEM, or OCM or OEM's Franchised Distributor. Seller shall provide copies of such documentation for its system upon Buyer's request. Seller's systems shall be consistent with applicable industry standard, for the detection and avoidance of counterfeit electronic parts, including flowing down requirements to subcontractors.

If Buyer reasonably determines that Seller has supplied suspect/counterfeit parts to Buyer, Buyer shall promptly notify Seller and Seller shall immediately replace the suspect/counterfeit parts with parts acceptable to Buyer. Notwithstanding any other provision contained herein, Seller shall be liable for all costs incurred by Buyer to inspect, remove, and replace the suspect/counterfeit parts, including without limitation Buyer's external and internal costs of removing such a counterfeit parts, of reinserting replacement parts and of any testing necessitated by the reinstallation of Seller's goods after counterfeit parts have been exchanged. In addition, Buyer may unilaterally terminate this order for convenience depending on the impact of the delivery

of suspect/counterfeit parts on the Seller's overall performance on this order. Seller's warranty against suspect/counterfeit parts shall survive any termination or expiration of this Order.

9. STOP WORK. Buyer may, at any time by written order to Seller, order Seller to stop work, in whole or in part, for a period of up to ninety (90) days. Upon receipt of such stop-work order, Seller shall comply with the terms of such order and shall take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within said ninety (90) day period, Buyer shall either cancel the stop-work order or terminate the work covered by the stop-work order. In case of termination, the terms of Article 23 shall apply. In the event of a continuation of the work, equitable adjustment shall be made to the price, delivery, schedule, or other provision affected by the work stoppage, provided the claim for equitable adjustment is made within thirty (30) days after said continuation.

10. BUYER'S PROPERTY. If any designs, sketches, drawings, blueprints, patterns, dies, molds, models, tools, gauges, equipment or special appliances should be made or procured by Seller, especially for producing the Goods covered by this Order, then immediately upon manufacture or procurement they shall become the property of Buyer or Buyer's customer. Seller shall maintain a current inventory list of the foregoing. Except for tools, material and information owned by the Government, any tools, materials, Items or any engineering data or other technical or proprietary information related thereto furnished by or paid for by Buyer shall: (a) become and shall be identified as property of Buyer, (b) be held by Seller on consignment at Seller's risk, (c) be used exclusively in the production and/or provision for Buyer of Items and/or Services required by this Order, and (d) be subject to disposition by Buyer at any and all times and upon demand they shall be returned to Buyer. Seller shall maintain procedures for the adequate accountability, storage, maintenance and inspection of such items and shall make such records available to Buyer upon request.

11. FURNISHED PROPERTY. Buyer may provide to Seller property owned by either Buyer or its customer (Furnished Property) as set forth in the Order. Furnished Property shall be used only for the performance of this Order, or for the performance of a direct contract between Buyer's customer and Seller where Seller has obtained specific approval from Buyer's customer authorizing such use. Title to Furnished Property shall be retained by Buyer or its customer. Seller shall clearly mark (if not already marked) all Furnished Property to show ownership. Except in accordance with Buyer's written instructions and while in Seller's possession, Seller shall prevent the comingling of Furnished Property with other materials. Except for reasonable wear and tear, Seller assumes all risk of loss, destruction, or damage of Furnished Property while in Seller's possession, custody, or control. Upon request, Seller shall promptly provide Buyer with adequate proof of insurance against such risk of loss. Seller shall promptly notify Buyer of any loss or damage. Without additional charge, Seller shall manage, maintain, and preserve Furnished Property in accordance with good commercial practice. Seller shall maintain written records of the management, maintenance, and preservation of the Furnished Property, in accordance with good commercial practice, and provide such records to Buyer, upon request. At Buyer's request or at completion of this Order, Seller shall submit, in an acceptable form, inventory lists of Furnished Property and shall deliver or make such other disposition in accordance with instructions from Buyer. With respect to Government-furnished property, or property to which the Government may take title under this Order: (1) For this Order, the clause at FAR 52.245-1 shall apply and is incorporated by reference; and (2) Seller shall provide to Buyer immediate notice of any disapproval, withdrawal of approval, or non-acceptance by the Government of its property control system.

12. BUYER'S PREMISES. If Seller, its employees, agents, or subcontractors are to furnish any labor or services of any kind whatsoever on Buyer's premises in connection with any Order; Seller agrees to abide by Buyer's rules and regulations governing contractors and suppliers while working on or maintaining facilities on Buyer's premises, copies of which will be furnished on request; and Seller shall, before starting work, furnish Buyer with certificates from insurance carriers of Seller and Seller's subcontractors (if any) that policies of insurance have been issued covering their legal liability in accordance with Article 25, below, entitled "Insurance".

13. BUYER'S USE. Buyer, its successors and assigns, may subject all goods to further manufacture, may combine them with other articles, or sell or put them to any use whatsoever, and no claim for royalties or additional compensation may be made by Seller or anyone else by reason of such manufacture, combination, sale or use. All unpatented ideas, information, designs, devices, prints, drawings and technical data concerning Seller's products, methods or manufacturing processes which Seller discloses or furnishes to Buyer in connection with any order shall, except only to the extent as may be otherwise specifically agreed in writing by Buyer and Seller, be deemed to have been disclosed or furnished as part of the consideration for such order, and Seller agrees not to assert any claims by reason of Buyer's use, duplication or disclosure thereof.

14. WARRANTY. Seller warrants that all Goods, supplies, and services furnished hereunder shall be free from defects in material and workmanship and that all items furnished will conform to applicable specifications, drawings, samples and/or other descriptions, and will be free from all liens and encumbrances. To the extent Seller is responsible for design, Seller assumes design responsibility and warrants the items to be suitable for the purposes intended. Seller warrants that all services shall be

performed with that degree of skill and judgment normally exercised by recognized professionals delivering or performing the same or similar services. The warranties described in this Article 10 shall begin after Buyer's final acceptance and continue for a period of thirty-six (36) months thereafter. If the Goods do not conform to the warranty specified herein, then Buyer may, in addition to all other rights and remedies, at its option, either: (i) return for credit or refund; or (ii) require prompt correction or replacement of the defective or non-conforming part; or (iii) correct or have corrected the nonconforming good at Seller's expense. Additionally, Buyer may recover by offset or otherwise, any and all costs, expenses, and damages paid, incurred, or suffered by Buyer as a result of Seller's breach of the warranty. The warranties of Seller together with its service warranties and guarantees shall run to Buyer, its assigns and each successive customer. In addition, Seller agrees to pass any warranty benefits to Buyer that Seller receives from its suppliers of any item ordered hereunder.

15. INDEMNITY. Seller shall indemnify and hold Buyer, its successors and assigns, harmless from and against every action, claim, liability, cost, damage or expense, including attorneys' fees and other expenses of defense, attributable in whole or in part to any act or omission of Seller, its employees, agents or sub-contractors arising out of or in connection with: (i) the filling of this order or Seller's performance hereunder, or (ii) personal injury, death, or property loss or damage attributed to, or caused by, the Goods supplied by Seller pursuant to the Purchase Order, including, without limitation, latent defects in such Goods, except to the extent that such injury, death, loss, or damages is caused solely and directly by the negligence of Buyer, or (iii) the furnishing of any labor or services hereunder, or (iv) the use or sale of any goods or services provided for herein by Buyer or its customers, or (v) Seller's violation of or failure to comply with any applicable law, rule, regulation or governmental, court or administrative order. The aforesaid obligations of Seller shall be in addition to and not in limitation of any other right, including common law indemnity, to which Buyer may be entitled, and Seller's said obligation shall not be limited or restricted for any cause whatsoever including the use or operation of Buyer's materials, tools or equipment by Seller, its employees, agents or sub-contractors.

16. PATENT INDEMNITY: Seller shall indemnify, defend and hold Buyer, its successors and assigns, harmless from and against any and all actions, claims, liability, cost, damage or expense, including attorneys' fees and other expenses, with respect to any claim of patent infringement or the infringement of any proprietary information of third parties arising out of the manufacture, use or sale of the goods called for by any order; provided that this provision shall not apply if any such claim relates to specifications or information furnished to Seller by Buyer.

17. COMPLIANCE WITH LAWS. Seller warrants that performance of work under this Order complies with all federal, state and local laws, executive regulations and orders. Seller shall certify that the Goods were produced in compliance with all applicable requirements of the Fair Labor Standards Act, including sections 6, 7 and 12 thereof, and the regulations and order of the U.S. Department of Labor issued under section 14 thereof.

The Equal Employment Opportunity Clause in Section 202 of Executive Order 11246, as amended, the Affirmative Action Clauses in Section 402 of the Vietnam Era Veterans Readjustment Assistant Act and Section 503 of the Rehabilitation Act, and the implementing rules and regulations of the Office of Federal Contract Compliance Programs relative to equal employment opportunity are incorporated herein by specific reference. Seller shall procure all licenses/permits, pay all fees, and other required charges and shall comply with all applicable guidelines and directives of any local, state and/or federal government authority.

Buyer may proceed as provided for in the paragraph below if, as a result of any violation of applicable laws, orders, rules, regulations, or ordinances by Seller, its officers, employees, agents, suppliers, or subcontractors at any tier: (i) Buyer's contract price or fee is reduced; (ii) Buyer's costs are determined to be unallowable; (iii) any fines, penalties, withholdings, or interest are assessed on Buyer; or (iv) Buyer incurs any other costs or damages. Buyer may proceed as provided for in the paragraph below if, where submission of cost or pricing data is required or requested at any time prior to or during performance of this Order, if Seller or its lower-tier subcontractors: (i) submit and/or certify cost or pricing data that are defective with notice of applicable cutoff dates; and (ii) upon Buyer's request to provide cost or pricing data, submit cost or pricing data, whether certified or not certified at the time of submission, as a prospective subcontractor, and any such data are defective as of the applicable cutoff date on Buyer's Certificate of Current Cost or Pricing Data; (iii) claim an exception to a requirement to submit cost or pricing data and such exception is invalid; (iv) furnish data of any description that is inaccurate; or, (iv) if the U.S. Government alleges any of the foregoing, and, as a result: (a) Buyer's contract price or fee is reduced; (b) Buyer's costs are determined to be unallowable; (c) any fines, penalties, withholdings, or interest are assessed on Buyer; or (d) Buyer incurs any other costs or damage.

Upon the occurrence of any of the circumstances described above, other than withholdings identified in paragraphs, Buyer may make a reduction of corresponding amounts (in whole or in part) in the price of this Order or any other contract with Seller, and/or may demand payment (in whole or in part) of the corresponding amounts. Seller shall promptly pay amounts so demanded. In the case of withholding(s), Buyer may withhold the same amount from Seller under this Order.

18. NON ASSIGNMENT. Seller shall not assign this Agreement or any interest herein, including any payment due or to become due with respect thereto, without Buyer's prior written consent.

19. CONTROLLING LAW. Seller and Buyer agree that this Purchase Order is governed by and construed and enforced in accordance with the substantive laws of the State of New York, except that the United Nations Convention on Contracts for the International Sale of Goods does apply. The parties agree to the exclusive jurisdiction of the state and federal courts of general jurisdiction of the State of New York and agree not to commence any suit or proceeding, whether directly or indirectly relating or arising from this Purchase Order, except in such courts. Where Seller is domiciled, and the Goods and Services are produced/assembled/performed, outside the United States, all disputes arising in connection with this Purchase Order shall be finally settled by arbitration by a panel of three arbitrators, in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce. The expense of such arbitration shall be borne equally by Buyer and Seller, but each party will pay its own attorneys' fees. The seat of arbitration shall be Albany, New York, U.S.A. The arbitration shall be conducted in English and both parties shall have the right to present documentary evidence and witnesses. Both parties shall also have the right to cross examine witnesses. The decision of the arbitrators shall be final and binding upon both parties, and neither party shall seek recourse to a law court or other authorities to appeal for revisions of such decision.

20. INTELLECTUAL PROPERTY. All information disclosed or furnished by Buyer to Seller under this Agreement, regardless of form or format, and including, but not limited to, designs, models, processes, drawings, specifications, reports, data, trade secrets, software, know-how, and other technical or business information and the features of all parts, equipment, tools, gauges, patterns, and other items furnished or disclosed to Seller by Buyer, and all information created, developed or made by Seller in the performance of this Agreement is and shall be treated by Seller as proprietary information of Buyer ("Proprietary Information"). Unless otherwise provided herein or authorized by Buyer in writing, Seller shall hold all Proprietary Information in confidence, and shall use Proprietary Information only in the performance of the Agreement. Furthermore, Seller shall make no announcements concerning the fact that Seller has contracted to supply Goods or services to Buyer without the prior written permission of Buyer. This clause shall survive the performance, completion, expiration and/or termination, of the Agreement or any Purchase Order or Order.

Any invention or intellectual property first made or conceived by Seller in the performance of the Purchase Order or which is derived from or based on information supplied by Buyer shall be considered to be the property of Buyer and Buyer shall own all right, title, and interest in such property. Seller shall execute all documents necessary to perfect Buyer's interest in and title thereto, including, without limitation, assigning any and all right, title and interest Seller has in any subject property to Buyer. Seller shall ensure that any third party with whom Seller has subcontracted to deliver Goods also executes and assigns any and all rights, titles, and interest in any such intellectual property to Buyer. Any work performed pursuant to the Purchase Order which includes any copyright interest shall be considered a "work made for hire."

21. ETHICAL STANDARDS OF CONDUCT. Buyer is committed to conducting its business fairly, impartially, and in an ethical and proper manner. Buyer's expectation is that Seller also will conduct its business fairly, impartially, and in an ethical and proper manner. Buyer's further expectation is that Seller will have (or will develop) and adhere to a code of ethical standards. If Seller has cause to believe that Buyer or any employee or agent of Buyer has behaved improperly or unethically under this contract, Seller shall report such behavior to appropriate Buyer Points of Contact (POCs). Buyer's Code of Conduct contains listings of its POCs and is available on <http://www.albint.com>. Seller's employees are required to conduct company business with integrity and maintain a high standard of conduct in all business-related activities.

Seller shall not participate in any personal business, or investment activity that may be defined as a conflict of interest, whether real or perceived. As a material obligation hereunder, Seller must immediately notify Buyer if, at any time during the term of this Order, Seller becomes aware that it has an actual or potential conflict of interest, as defined by FAR 9.5, DFAR 252.209-7009, including without limitation a relationship of any nature which may affect or which may reasonably appear to affect Seller's objectivity or ability to perform the Work ("Conflict of Interest").

Buyer shall have the right to inspect any site of Seller involved in work for Buyer, and failure to comply with the obligations in this Article shall be cause for immediate termination without penalty or further liability to Buyer.

22. ADVERTISING. Seller shall not advertise or publish the fact that the Buyer has placed this Order without Buyer's prior written consent except as may be necessary to comply with a proper request for information from an authorized representative of the Government.

23. TERMINATION FOR CONVENIENCE. Buyer may terminate this Order in whole or in part at any time for its convenience, by notice to Seller in writing, such termination effective thirty (30) days from the date of such notice. Upon Seller's receipt of such

notice, Seller shall to the extent specified therein, stop work and the placement of subcontracts hereunder, terminate work under subcontracts outstanding thereunder, and take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest. Seller shall submit a termination claim within thirty (30) days after the effective date of termination notice incorporating all claims of Seller. The amount to which Seller shall be entitled upon complete termination of the Purchase Order shall be determined by the parties hereto as being a fair and reasonable amount for the effort performed prior to the date of notice of termination. Buyer may deduct any amounts due to Buyer from Seller from the amount to be paid by Seller on other open Purchase Orders. In no case shall Buyer be responsible for items procured or manufactured in advance of lead-time. Buyer shall have the right to audit all elements of any termination claim and Seller shall make available to Buyer on request all books, records, and papers relating thereto. Seller shall continue performance of this Order to the extent not terminated.

24. TERMINATION FOR DEFAULT. (1) Buyer may terminate this Order in whole or in part by written notice to Seller in any of the following circumstances:

a. If Seller refuses or fails to make deliveries, including any installment thereof, or perform the services within the time specified in the Purchase Order or extension thereof granted by Buyer.

b. If Seller fails to comply with other provisions of this Order, including, but not limited to, specified quality requirements, or fails to make progress as to endanger performance of this Order in accordance with its terms, and does not cure any such failure within a period of thirty (30) days or such longer period as Buyer may authorize by written notice after receipt of notice from Buyer specifying such failure.

c. If Seller becomes insolvent, or makes a general assignment for the benefit of creditors, or pursues any remedy under any law relating to relief for debtors, or in the event a receiver is appointed for Seller's property, or becomes subject to any law relating to bankruptcy, insolvency, or relief of debtors, to the extent Buyer may lawfully exercise such right of termination.

(2) In addition to the foregoing termination rights, as well as all other rights and all remedies available to Buyer under applicable law, upon the occurrence of any event described in Section 8(1), above, Buyer shall have the right to purchase or manufacture similar Goods without further payment to Seller and/or require Seller to transfer title and deliver to Buyer in a manner directed by Buyer any and all property produced or procured by Seller under this Order including, but not limited to, materials, parts, tools, dies, plans, drawings, services, Agreement rights, and other property and technical data, and Seller shall be liable to Buyer for any excess cost to Buyer.

Any termination by Buyer, whether for default or otherwise, shall be without prejudice to any claims for damages or other rights of Buyer against Seller. Buyer shall have the right to audit all elements of any termination claim and Seller shall make available to Buyer on request all books, records, and papers relating thereto. Seller shall continue performance of this Order to the extent not terminated.

25. INSURANCE. Seller shall, at its own expense, procure and maintain in full force and effect during the performance of its obligations hereunder, through companies and agencies reasonably satisfactory to Buyer, and in such specific forms as shall be reasonably required by Buyer insurance amounts as provided below:

- Automobile Liability \$1,000,000 per occurrence (including non-owned auto and under insured motorists)
- General Liability \$1,000,000 per occurrence and \$3,000,000 in aggregate (to include products and completed operations)
- Worker's Compensation Part A: Statutory Limits and Part B: \$1,000,000 bodily injury by accident; \$1,000,000 bodily injury by disease (each employee); and \$1,000,000 bodily injury by disease (policy limit – aggregate)

Seller warrants to Buyer that Seller has the aforesaid insurance coverage in effect and shall provide Buyer with certificates evidencing the aforesaid insurance coverages before commencing the delivery of the Goods pursuant to this Agreement. Seller shall provide Buyer with thirty (30) days prior written notice to the effective date of any cancellation or change in the term or coverage of any of Seller's required insurance, provided however that such notice shall not relieve seller of its obligations to maintain the required insurance. Seller shall name Buyer as an additional insured commercial general liability and automobile liability policies for the duration of this Order and provide a waiver of subrogation on the Workers Compensation/Employer Liability Limits. Specialty vendors/contractors may be required to carry additional insurance such as higher Liability Limits, Pollution Liability, Professional Errors and Omissions or Contractors Liability as deemed necessary by Buyer. If requested by Buyer, Seller shall provide Buyer with a "Certificate of Insurance." Insurance maintained pursuant to this clause shall be considered primary as respect to the interests of Buyer and is not contributory with any insurance which Buyer may carry.

26. TITLE AND RISK OF LOSS.

Unless otherwise provided in the Order, Seller shall bear risk of loss or damage to the Goods purchased hereunder until receipt at Buyer's dock at which point Seller's responsibility for loss or damage shall cease, except for loss or damage resulting from Seller's negligence or failure to comply with the terms of the Agreement, Order or Purchase Order. Title shall transfer from Seller to Buyer upon receipt of the Goods at Buyer's dock.

27. NON-EXCLUSIVE AGREEMENT. Seller agrees that this is not an exclusive agreement. Buyer is free to purchase goods which are the same or similar to Seller's Goods from any third party.

28. SETOFF. Buyer may set off any amount due from Seller whether or not under this Order, against any amount due Seller hereunder.

29. SUBCONTRACTING. If any Goods are to be made to Buyer's design, all subcontracting by Seller with respect thereto shall be subject to Buyer's prior written approval.

30. INDEPENDENT CONTRACTOR. Seller is an independent contractor and this Agreement shall not render the Seller an employee, partner, agent of, or joint venturer with Buyer for any purpose.

31. COMPLIANCE WITH THE U.S. FOREIGN CORRUPT PRACTICES ACT/FACILITATION PAYMENTS. Seller warrants and represents that it is familiar with the requirements of the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act, and any applicable local or foreign laws, ordinances, and regulations regarding payments, gratuities, or bribes to government personnel. Seller agrees that in the performance of this Order Seller, including its officers, directors, agents, employees, independent contractors, and subcontractors, will comply with the FCPA, the U.K. Bribery Act, and any applicable local or foreign anti-corruption laws, ordinances, or regulations. To the extent there are any inconsistencies between the FCPA, the U.K. Bribery Act, and any applicable local or foreign anticorruption laws, ordinances, or regulations, the more restrictive shall apply. Buyer may terminate this Order for default, and seek all remedies for material breach of contract, if Seller violates or is subject to a bona fide allegation that Seller violated the FCPA, the U.K. Bribery Act, and any applicable local or foreign anticorruption laws, ordinances, or regulations. At its sole discretion, Buyer may institute a 10 percent withholding against Seller's invoices pending the resolution of any bona fide allegation that Seller violated the FCPA, the U.K. Bribery Act, and any applicable local or foreign anti-corruption laws, ordinances, or regulations. Seller agrees to promptly notify Buyer of any allegations against Seller, including its officers, directors, agents, employees, independent contractors, and subcontractors, regarding a violation of the FCPA, the U.K. Bribery Act, and any applicable local or foreign anti-corruption laws, ordinances, or regulations. Seller agrees to indemnify Buyer against any and all risks of loss associated with any violations, or allegations of a violation, by Seller, including its officers, directors, agents, employees, independent contractors, and subcontractors, of the FCPA, the U.K. Bribery Act, or any applicable local or foreign anti-corruption laws, ordinances, or regulations. Such indemnity shall include Buyer's legal costs and fees, including costs and fees incurred by Buyer to respond to allegations made against Seller that are ultimately resolved without any administrative or judicial action against Buyer or Seller.

Seller agrees to complete annual certifications regarding Seller's compliance with the FCPA, the U.K. Bribery Act, and any applicable local or foreign anti-corruption laws, ordinances, or regulations. Seller shall promptly notify Buyer of any material changes to any prior disclosures or certifications regarding the FCPA, the U.K. Bribery Act, and any applicable local or foreign anti-corruption laws, ordinances, or regulations. Seller further agrees to require all subcontractors who are performing work in support of the Order to complete an annual certification regarding their compliance with the FCPA, the U.K. Bribery Act, and any applicable local or foreign anti-corruption laws, ordinances, or regulations, and to update any materials changes to the same. Seller agrees to engage in annual training of its employees, agents, and independent contractors who are supporting the Order regarding compliance with the FCPA, the U.K. Bribery Act, and any applicable local or foreign anti-corruption laws, ordinances, or regulations.

Seller will keep accurate expense, correspondence, and other records of the business conducted by Seller in furtherance of its performance of this Order, including documentation confirming that all payments made by Seller in connection with the performance of this Order are made in consideration for bona fide services or goods provided to Seller. Seller and Buyer agree that all payments by Seller in connection with the performance of this Order will be by check or bank transfer and that no payments will be made in cash or by bearer instruments, except for de minimis or petty cash payments made in the normal course of business, and that no payments will be made through an intermediary other than a financial institution in the normal course of Seller's business operations. Additionally, all payments owed to Seller or Buyer will be made directly to that party and all payments to foreign parties will be made in the foreign country at issue. Seller shall fully cooperate with and agrees to provide Buyer or Buyer's third party professional service provider, with all documents and other information requested by Buyer for purposes of auditing or verifying compliance with all laws and regulations, including U.S. laws and regulations such as the FCPA, that are applicable to the Parties' relationship or to this Order.

Seller shall not subcontract any portion of the work required under this Order to any entity without prior approval by Buyer. Prior to seeking Buyer's consent to subcontract, Seller shall conduct due diligence to confirm the proposed-subcontractor's compliance with the FCPA, the U.K. Bribery Act, and any applicable local or foreign anti-corruption laws, ordinances, or regulations. Seller will not make any facilitation payments, or payments of cash or the provision of a small gift to a low level foreign official, for the sole purpose of expediting or securing the performance of a routine, non-discretionary governmental action. Facilitation payments do not include payment of established fees for government services.

32. GRATUITIES/KICKBACKS. No gratuities (in the form of entertainment, gifts, travel, or anything of value) or kickbacks shall be offered or given by Seller or by any agent, representative, affiliate or subcontractor of Seller to any officer or employee of Buyer's customer or Buyer. This restriction specifically prohibits the direct or indirect inclusion of any kickback amounts in any invoices or billings submitted under this Order or any other agreement with Buyer. Buyer may, by written notice to Seller, immediately terminate the right of Seller to proceed under this Order if it is found that gratuities (in the form of entertainment, gifts, travel or anything of value) or kickbacks were offered or given by Seller, or by any agent or representative of Seller, to any officer or employee of Buyer's customer or Buyer.

33. EXPORTS. Supplier and Buyer shall comply with the laws and regulations of the United States of America (USA) relating to exports and foreign transactions, including, but not limited to, the International Traffic in Arms Regulations (ITAR) (22 C.F.R. Parts 120-130), the Arms Export Control Act (22 U.S.C. 2778), the Export Administration Regulation (EAR) (15 C.F.R. Parts 730-774) and the Export Administration Act of 1979, as amended (50 U.S.C. 2401 et. Seq.). In particular, the Parties shall not disclose any technical data, nor deliver, export, re-export or re-transfer any Product out of the USA, or to foreign persons or entities within or outside the USA, without prior review and determination by Buyer and the proper written authorization and/or license from the U.S. Government. If Seller is a manufacturer and/or exports defense articles or defense services, Seller represents that it is registered with the U.S. Department of State and will maintain said registration in order to be eligible to engage in the manufacture and/or export of defense articles and defense services as required by ITAR. Seller shall immediately notify Buyer if Seller's export privileges are denied, suspended, or revoked in whole or in part by any U.S. or other government entity or agency. Supplier hereby indemnifies and agrees to hold Buyer harmless from any costs, damages, penalties, attorney's fees and similar expenses of Buyer due to Supplier's breach of such obligation. Any governmental license, approval or notification required for export shall be the responsibility of the Supplier. The Parties shall reasonably cooperate with each other in obtaining all required export and import licenses, approvals and/or notifications pursuant to such U.S. laws.

34. COUNTRY OF ORIGIN MARKING REQUIREMENTS. Seller covenants and agrees that Seller and its employees, agents, independent contractors, and suppliers have fully complied with any and all foreign country of origin marking requirements established by United States Customs and Border Protection ("CBP") for all merchandise sold by Seller to Buyer, and that all Goods, as well as all shipping containers, shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article or container will permit, with the foreign country of manufacture of the goods in English or with such other foreign country of origin marking as Buyer will direct in writing. Where appropriate, Buyer will provide specific language and location requirements related to country of origin marking.

35. PRICING AND IMPORT VALUATION LEGAL REQUIREMENTS. If any additional payments outside the unit price for the article will be or have been made to Supplier by Buyer in connection with this Order for (1) items that constitute assists (e.g., tooling, molds, dies, materials, or components provided for incorporation in or to aid in the manufacture of the Items), (2) royalties, (3) selling commissions, or (4) other incidental charges, all such additional value(s) and payments should be separately itemized and identified on Seller's commercial invoice accompanying the shipment of the merchandise. Further, Seller's invoices may not indicate a nominal value for goods, but shall indicate the invoice price charged to Buyer, or if shipment is one of multiple shipments required under a single purchase order, the value shall be stated as the actual value of the merchandise being shipped. If merchandise is provided free of charge as sample or pursuant to warranty or other provision, the corresponding fair market value of the item should be indicated for customs clearance purposes.

36. CREDITS AND REFUNDS. Transferable credits or benefits associated with or arising from Goods purchased under this Order, including trade credits, export credits or rights to the refund of duties, taxes or fees, belong to Buyer. Seller will, at its expense, provide all information necessary (including written documentation and electronic transaction records in Buyer-approved formats) to permit Buyer to receive these benefits, credits, or rights. Seller will furthermore, at its expense, provide Buyer with all information, documentation, and electronic transaction records relating to the items necessary for Buyer to fulfill any customs-related obligations, origin marking or labeling requirements and certification or local content reporting requirements, to enable Buyer to claim preferential duty treatment for items eligible under applicable trade preference regimes, and to make all arrangements that are necessary for the items to be covered by any duty deferral or free trade zone programs(s) of the country of import. Seller will, at its expense, provide Buyer or Buyer's nominated service provider with export documentation to enable the items to be exported, and obtain all export licenses or authorizations necessary for the export of the items unless otherwise

indicated in this Order, in which event Seller will provide all information as may be necessary to enable Buyer to obtain such licenses or authorization(s).

37. TRADE SECURITY. Upon request, Seller shall cooperate with Buyer's U.S. Customs Trade Partnership against Terrorism ("C-TPAT") compliance efforts. For business partners eligible for C-TPAT certification (e.g., carriers, U.S. customs brokers, etc.), documentation will be required (Status Verification Interface Number and C-TPAT certificate) indicating whether these business partners are or are not C-TPAT certified. For those business partners not eligible for C-TPAT certification (e.g., foreign suppliers) Buyer requires their business partners to demonstrate that they are meeting C-TPAT security criteria (including the use of ISO-PAS 17712 seals on all ocean container shipments to the U.S.) and implement action plans to address any deficiencies. Business partners will be subject to verification of compliance by Buyer as appropriate.

Additionally, Seller shall cooperate with Buyer to provide all necessary advance data elements required for Buyer to comply with U.S. Customs and Border Protection's Importer Security Filing ("10+2"). These data elements include, but are not limited to Manufacturer (Supplier) name and address, country of origin, container stuffing location, consolidator name and address, and HTS number (to 6-digits). Seller understands that agreement with the terms set forth above are a condition of doing business with BUYER.

38. REACH. Seller represents, warrants and undertakes, at its sole cost, to supply Goods under this Purchase Order in compliance with European Union Regulation Number 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), or any similar law or regulation adopted by any country or jurisdiction in the world, which would prevent or restrict the sale or transport of the Goods. Upon request, Seller shall timely provide Buyer with information regarding the chemical composition of the Goods, including information regarding the registration with, authorization by, or notifications to the European Chemical Agency under REACH. Without the need for a request by Buyer, Seller shall notify Buyer of any chemical substances contained in the Goods which are listed in Annex XIV of REACH (i.e., Substances of Very High Concern), as that annex may be amended or supplemented.

39. CONFLICT MINERALS. Seller represents, warrants, and undertakes, at its sole cost to supply Goods under the Purchase Order in compliance with the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Supplier commits to have in place a supply chain policy and processes to undertake (i) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provide to Buyer; (ii) due diligence of its supply chain, following a nationally or internationally recognized due diligence framework, as necessary, to determine if Conflict Minerals sourced from the Democratic Republic of the Congo and adjoining countries directly or indirectly support unlawful conflict there; and (iii) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures.

40. PROHIBITED SOFTWARE. This clause only applies to Services/Items that include the delivery of software. As used herein, "Prohibited License" means the General Public License ("GPL") or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License, the Sun Industry Standards License, or variations thereof, including without limitation licenses referred to as "GPL-Compatible, Free Software License." As used herein, "Prohibited Software" means software that incorporates or embeds software in, or integrates software in connection with, as part of, bundled with, or alongside any (i) open source, publicly available, or "free" software, library or documentation; or (ii) software that is licensed under a Prohibited License; or (iii) software provided under a license that (a) subjects the delivered software to any Prohibited License; or (b) requires the delivered software to be licensed for the purpose of making derivative works or be redistributable at no charge; or (c) obligates Buyer to sell, loan, distribute, disclose or otherwise make available or accessible to any third party: (1) The delivered software, or any portion thereof, in object code and/or source code formats; or (2) Any Items incorporating the delivered software, or any portion thereof, in object code and/or source code formats. Unless Seller has obtained Buyer's prior written consent, which Buyer may withhold in its sole discretion, Seller shall not use in connection with this Order, or deliver to Buyer, any Prohibited Software. Seller agrees to defend, indemnify, and hold harmless Buyer, its customers and suppliers from and against any claims, damages, losses, costs, and expenses, including reasonable attorneys' fees, to the extent Seller caused Buyer to use or deliver Prohibited Software in connection with this Order.

41. COMPLIANCE WITH ENVIRONMENTAL LAWS. Seller hereby represents and warrants that the sale, resale, supply, export or delivery of any Item (whether used as a component or otherwise) by Buyer in any market will not violate any law or regulation in any jurisdiction on the use of hazardous substances, or the recycling or treatment of waste equipment including, but not limited to the laws implementing (a) the European Directive (2011/65/EU) on the Restriction on the Use of Certain Hazardous Substances in Electronic and Electrical Equipment "RoHS Directive", and European Directive (2002/96/EC) on Waste Electrical and Electronic Equipment ("WEEE Directive"); (b) the U.S. Environmental Protection Act ("EPA") including Resource Conservation Recovery Act ("RCRA") 40 CRF Part 260 through 265; (c) the Toxic Substances Control Act (15 U.S.C., § 2601 et seq.); (d) the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA") (7 U.S.C. § 136 et seq.); (e) the European Regulation EC 1907/2006 on the Registration,

Evaluation, Authorization and Restriction of Chemicals ("REACH"); (f) the European Community Council Directive of 27 July 1976 (76/769/EEC) (together, "Environmental Laws").

Seller hereby represents and warrants that the Items contain no asbestos containing materials, mercury, cadmium, hexavalent chromium, polybrominated biphenyls, chlorofluorocarbons, or polybrominated diphenyl ethers or other substance, in a quantity other than in compliance with the Environmental Laws, the use of which is banned or restricted by any Environmental Law. Seller hereby represents and warrants that each and every chemical substance delivered under this Order shall, at the time of sale, transfer, or delivery, be on the list of chemical substances compiled and published by the Administrator of the EPA pursuant to Section 8 of the Toxic Substances Control Act (15 U.S.C. § 2601). Buyer may sell products containing Seller's Items in California, and Seller shall disclose in writing to Buyer all materials and components in the Items, and the amounts therein, that require labeling under California Proposition 65 or the laws of other states. As soon as Seller is aware of any non-compliance but in no event any later than prior to the shipment of any Item, Seller shall identify in writing to Buyer (e.g., in a Safety Data Sheet): (i) any and all components and materials contained in the Items that may require recycling or other treatment during the product lifecycle under the laws and regulations implementing the Environmental Laws; and (ii) the location of any component or material that is hazardous within the meaning of the Environmental Laws, and any Item that is required by the Environmental Laws to be marked shall be so marked by Seller. Seller shall, upon request, provide Buyer with written confirmation of its compliance with the Environmental Laws, in the form, manner and within the timeframe reasonably directed by Buyer, including but not limited to, evidence that Seller has registered, notified and communicated supplied materials for Buyer's intended use as required by the Environmental Laws. Buyer shall have the right to audit Seller's compliance with the Environmental Laws. Seller shall provide Buyer with all such information and documentation that it may reasonably require (including access to its staff and facilities) to enable Buyer to satisfy itself of Seller's compliance with all Environmental Laws and that the warranty contained in subsection (a) above remains true and accurate. Seller shall bear all costs and expenses, including those related to recycling or taking back the Items, arising out of or related to either Buyer or Seller complying with the Environmental Laws and placing the Items on, or their importation into, any jurisdiction worldwide. Seller shall indemnify and hold Buyer harmless from any cost, expense, liability or damage suffered by Buyer by reason of any breach or alleged breach of any of the Environmental Laws arising out of or related to the Items.

42. TOXIC, HAZARDOUS OR CARCINOGENIC SUBSTANCES AND SUBSTANCES OF VERY HIGH CONCERN (SVHC). Seller shall establish a process to assure that current governmental and safety constraints on restricted, toxic and hazardous substances/materials are in compliance, relative to the purchased Items as stated on purchase orders. If Seller provides Items under this Order which: (i) contain a toxic or hazardous substance identified under Occupational Safety and Health Standards, 29 C.F.R. § 1919.20 or 29 C.F.R. § 1910.1000 et seq. (Subpart Z); or (ii) contain a carcinogenic substance; or (iii) the use of which is regulated or restricted under 76/769/EC or other European Community Directive; or (iv) contain SVHCs or materials requiring registration, notification or communication under REACH; or (v) contain substances or materials that are regulated as waste by RCRA. Seller shall provide Buyer with a Safety Data Sheet (meeting the requirements of 29 C.F.R. § 1910.1200(g) and the latest revision of Federal Standard No 313 and REACH), that shall include information on the presence of all chemical substances in the Item, including concentrations of chemicals equal to or greater than 0.1% and any other information required by any applicable law. Seller shall provide this information to Buyer prior to the initial shipment of the item and again with the initial shipment of the item. When a change in formulations occurs Seller shall provide Buyer with a copy of any new restrictions on handling, use, or disposal and receive approval from Buyer prior to shipment. Seller shall label each container of such Items in a clearly legible and conspicuous form, stating that a toxic or hazardous substance is contained therein, and providing Buyer with a copy of any existing or new restrictions on handling or use. Material Safety Data Sheets for all other materials shall be retained by Seller and made available to Buyer upon request. Notwithstanding anything in this Order to the contrary, for Goods supplied to Buyer as a Department of Defense contractor or subcontractor at any tier, nothing herein shall require or permit Seller to change in any manner the lead composition of any Item without the prior written approval of Buyer.

43. NOTICE OF LABOR DISPUTES. Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of this Order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer. Any subcontract hereunder as to which a labor dispute may delay the timely performance of this Order, shall provide that in the event its timely performance is delayed or threatened to be delayed by any actual or potential labor dispute, the subcontractor shall immediately notify Seller of all relevant information with respect to such dispute.

44. NON WAIVER. 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.

45. RECORDS RETENTION. Suppliers are required to maintain all records generated as a result of this purchase order in accordance with industry standards but for no less time than the life of the program the Purchase Order is supporting.

46. SURVIVABILITY. If this Order expires, is completed, or is terminated for default or convenience, Seller shall not be relieved of those obligations contained in this Order for the following provisions: Pricing and Taxes, Article 2; Patent Indemnity, Article 16; Warranty, Article 14; Indemnity, Article 15; Insurance, Article 25; Intellectual Property, Article 20; Controlling law, Article 19; Compliance with Laws, Article 17; Exports, Article 33; Compliance With Environmental Laws Article 41.

If this Order expires, is completed, or is terminated for default or convenience, Seller shall not be relieved of United States Government flow-down provisions that, by their nature, should survive.

47. ADDITIONAL SELLER REQUIREMENTS. SUPPLIER shall notify Buyer of (i) changes in their product or processes; (ii) changes from their suppliers; (iii) changes of manufacturing locations; and (iv) notification of nonconforming Goods prior to shipment. All such changes shall be approved by Buyer prior to being implemented. If Seller determines, after shipment, that non-conforming product was shipped to Buyer, then Seller will immediately notify Buyer of such non-conforming product. Seller shall flow down to sub-tier suppliers the applicable requirements in the purchasing document, including key characteristics when required. Buyer, their customers, and regulatory authorities shall have the right of access to all facilities involved in the Order and to all applicable records.

48. U.S. GOVERNMENT FAR AND DFAR REGULATIONS. These terms and conditions, including the Federal Acquisition Regulations (FAR) and Defense Federal Acquisition Regulations Supplement (DFARS) (collectively the "Government Clauses"), as provided in the table below, shall apply, as required by the terms of a prime contract or by operation of law or regulation to any Order placed by Buyer for Goods under a prime contract awarded by the U.S. Government or subcontract supporting a prime contract awarded by the U.S. Government. Government clauses inapplicable to the performance of the Order are self-deleting.

The effective version of each FAR and DFAR, below, shall be the same version which appears on Buyer's or Buyer's customer prime contract or subcontract under which this Order is a subcontract. Seller shall incorporate and flow down the applicable Government Clauses and any other requirements of this Order and applicable law in each lower-tier subcontract placed under this Order.

The FARs and DFARS are hereby incorporated by reference, as applicable, in the manner set forth below. The FARs and DFARS shall be revised to adequately identify the party and to establish Seller's obligations to Buyer and to the U.S. Government. Consequently, in interpreting and applying the Government Clauses flowed down to Seller, as the context requires, the terms "Contractor" and "Offeror" shall mean Seller, the term "Contract" shall mean this Order and the term "Government" and "Contracting Officer" do not change in the following circumstances:

- (a) In the phrases "Government Property," "Government-Furnished Property," and "Government-Owned Property;"
- (b) In the Patent Rights clauses incorporated herein; if any
- (c) When a right, act, authorization or obligation can be granted or performed only by the U.S. Government or a Contracting Officer or a duly authorized representative;
- (d) When title to property is to be transferred directly to the Government;
- (e) When access to proprietary financial information or other proprietary data is required; except as otherwise provided in this Order; and
- (f) Where specifically modified in this Order.

49. CERTIFICATIONS AND REPRESENTATIONS. Seller acknowledges that Buyer relies on Seller certifications and representations contained in this Agreement, including all certifications submitted by Seller with its offer. By entering into this Agreement, Seller republishes the certifications and representations submitted with its written offer, including company information, and such certifications and representations are hereby incorporated into this Order by reference. Seller will immediately notify Buyer of any changes with respect to any certification or representation.

By accepting this Purchase Order, Seller certifies that:

- (a) there is no litigation or proceeding pending, and that none are anticipated (e.g., claims of fraud, waste or abuse, debarment proceedings, or criminal allegations, against it or any of its officers or employees that may restrict, invalidate, or void the Goods contemplated by this Order or render the continuation of such Order inadvisable);
- (b) Seller has reviewed the Order and no person that it provides to perform any services included therein has any legal restrictions as a result of government service that would be pertinent to the Order that would prevent such person from reasonably performing the work contemplated (e.g., post-employment restrictions related to representing a company to the government, accepting compensation for these services or improperly using or disclosing non-public information in these duties);
- (c) if this effort includes support for a competitive proposal, that no person Seller provides for performance of this Order will have worked on the same or a directly related effort for any company in competition with Buyer for this work; and

- (d) Seller has taken reasonable steps to identify and prevent conflicts referenced above related to the personnel it provides for performance of this Order;
- (e) a duly authorized representative of Seller has attested to and executed Seller's Annual Certification.

50. SYSTEM FOR AWARD MANAGEMENT (SAM). Seller is responsible during performance and through final payment under this Order for registering and maintaining the accuracy and completeness of the data within the SAM.GOV database, and for any liability resulting from Buyer's reliance on inaccurate or incomplete data.

51. TRUTH IN NEGOTIATIONS (COST AND PRICING DATA).

- (a) Unless exempt, Seller shall submit a FAR Part 15 compliant cost proposal inclusive of appropriate updates throughout the negotiation process. At the conclusion of negotiations, and regardless of any prior certification, Seller must certify as to the accuracy, currency and completeness of its information in accordance with the FAR required Certificate of Current Cost or Pricing Data.
- (b) Indemnification. If any price (including profit or fee) negotiated in connection with Buyer's Government Contract or any cost that is reimbursable under said contract is reduced because cost or pricing data furnished by Seller in connection with any proposal submitted by Buyer relating to said contract or in connection with this Purchase Order was not accurate, complete, or current, Seller shall indemnify Buyer in the amount of said reduction. The phrase "cost or pricing data" as used herein shall be deemed to include any such data which related to a lower-tier prospective or actual subcontract, at any level, which was submitted by Seller or which it procured by submission of, in connection with the aforesaid proposal or this Order in support of its cost estimate. If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, Seller shall be liable and shall pay Buyer at the time such overpayment is repaid:
 - (1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to Seller to the date Buyer is repaid by Seller at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and
 - (2) For Department of Defense contracts only, a penalty equal to the amount of the overpayment, if Seller knowingly submitted cost or pricing data which were incomplete, inaccurate, or non-current.

At Buyer's election, Buyer may setoff against any amounts due or to become due to Seller from Buyer, whether or not under this Order, all amounts by which this order has been reduced as set forth above. Notwithstanding the remedies available to Buyer under this Article, Seller shall indemnify and hold harmless Buyer from and against any and all loss or damage, including Buyer's costs, attorney's fees, any penalties resulting from any and all determinations by Buyer's customer set forth in this subparagraph.
- (c) Cost or Pricing Data for Changes. Prior to the pricing of any change or other modification to this Order which involves increases and/or decreases in costs plus applicable profit expected to exceed the threshold for submission of cost or pricing data, subcontractors shall submit cost or pricing data and shall certify that the data, as defined in Federal Acquisition Regulation 15.406-2, submitted either actually or by specific identification in writing, are accurate, complete, and current as of the date of completion of negotiations. When required to obtain cost or pricing data from its subcontractors, pursuant to the provisions of this Order, Seller shall obtain such data.

52. ENTIRE AGREEMENT, AMENDMENT. The Order, together with these terms and conditions, changes, orders, attachments, exhibits, specifications, schedules, and other terms referenced in or attached to the Order 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 agreement.

FEDERAL ACQUISITION REGULATIONS (FARs)		
REGULATION	TITLE	NOTATIONS
Applicable to All Orders for Commercial Items		
52.202-1	Definitions	
52.203-3	Gratuities	
52.203-19	Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements	

52.204-2	Security Requirements	Applies to subcontracts that involve access to classified information.
52.204-9	Personal Identity Verification of Contractor Personnel	Applies when the subcontractor's employees are required to have routine physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system.
52.204-21	Basic Safeguarding of Covered Contractor Information Systems	Applies in accordance with paragraph (c) of the clause
52.204-23	Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities	
52.204-25	Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment	
52.209-10	Prohibition on Contracting with Inverted Domestic Corporations	
52.211-5	Material Requirements	
52.212-5	Contract Terms and Conditions Required to Implement Statutes or Executive Orders Commercial Items	Of the FAR clauses referenced in this part, only contract clauses included in this flowdown document apply.
52.222-4	Contract Work Hours and Safety Standards - Overtime Compensation	subcontracts that may require or involve the employment of laborers and mechanics and require subcontractors to include these provisions in any such lower tier subcontracts.
52.222-21	Prohibition of Segregated Facilities	[FD]
52.222-26	Equal Opportunity	
52.222-50	Combating Trafficking In Persons	Compliance plan as required by paragraph (h) does not apply to commercial off-the-shelf goods and services
52.222-62	Paid Sick leave Under Executive Order 13706	Applies to Orders subject to the Service Contract Labor Standards statute or the Wage Rate Requirements statute and are to be performed in whole or on part in the U.S.
52.223-11	Ozone Depleting Substances and High Global Warming Potential Hydrofluorocarbons	Subcontractor shall track and report such substances defined in paragraph (a) to AEC so that AEC can accurately label products in the manner described in paragraph (b), and report aggregate amounts of such substances in the manner described in paragraph (c)
52.224-3	Privacy Training	Applies when subcontractor employees will (1) Have access to a system of records; (2) Create, collect, use, process, store, maintain, disseminate, disclose, dispose, or otherwise handle personally identifiable information; or (3) Design, develop, maintain, or operate a system of records.
52.225-1	Buy American-Supplies	Informational only
52.225-5	Trade Agreements	Informational only
52.225-8	Duty-Free Entry	Applies if Supplies identified in the Schedule to be accorded duty-free entry will be imported into the customs territory of the United States; or other foreign supplies in excess of \$15,000 may be imported into the customs territory of the United States.
52.225-13	Restriction on Certain Foreign Purchases	
52.227-9	Refund of Royalties	Applies to any subcontract in which the amount of royalties reported during negotiation of the subcontract exceeds \$250.
52.232-40	Providing Accelerated Payments to Small Business Subcontractors	
52.234-1	Industrial Resources Developed Under Title III, Defense Production Act	
52.244-6	Subcontracts for Commercial Items	
52.246-20	Warranty of Services	

52.247-63	Preference for U.S.-Flag Air Carriers	Applies to each subcontract or purchase under this contract that may involve international air transportation.
52.247-64	Preference for Privately Owned U.S. Flag Commercial Vessels	Applies if not exempt under 52.247-64(e)
52.249-14	Excusable Delays	
Applies to Orders that Exceed \$2,500		
52.222-41	Service Contract Labor Standards	If contract is exempt from this standard, include the appropriate exemption FAR 52.222 clause
52.222-51	Exemption from Application of the Service Contract Labor Standards to Contracts for Maintenance, Calibration, or Repair of Certain Equipment-Requirements	Does not apply if services are categorically exempt from Service Contract Labor Standards (FAR 52.222-41). Does not apply if 52.222-53 applies instead.
52.222-53	Exemption from Application of the Service Contract Labor Standards to Contracts for Certain Services-Requirements	Does not apply if services are categorically exempt from Service Contract Labor Standards (FAR 52.222-41). Does not apply if 52.222-51 applies instead.
52.222-55	Minimum Wages Under Executive Order 13658	Applies to all subcontracts, regardless of dollar value, that are subject to the Service Contract Labor Standards statute.
Applies to Orders that Exceed \$3,500		
52.222-19	Child Labor – Cooperation with Authorities and Remedies	
52.222-54	Employment Eligibility Verification	
Applies to Orders that Exceed \$10,000		
52.222-40	Notification of Employee Rights Under the National Labor Relations Act	
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving	
52.222-19	Child Labor – Cooperation with Authorities and Remedies	
Applies to Orders that Exceed \$15,000		
52.222-20	Contracts for Materials, Supplies, Articles, and Equipment Exceeding \$15,000	
52.222-36	Equal Opportunity for Works with Disabilities	
Applies to Orders that Exceed \$30,000		
52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards	Subcontractor must provide the information required by section (d)(2) of this part only if AEC is a prime contractor to a Government customer.
Applies to Orders that Exceed \$35,000		
52.209-6	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment	
Applies to Orders that Exceed \$150,000		
52.203-7	Anti-Kickback Procedures	Excludes paragraph c(1).
52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions	Applies in accordance with FAR 3.808
52.203-12	Limitation on Payments to Influence Certain Federal Transactions	
52.222-35	Equal Opportunity for Veterans	
52.222-37	Employment Reports on Veterans	
Applies to Orders that Exceed \$250,000 (Simplified Acquisition Threshold)		
52.203-6	Restrictions on Subcontractor Sales to the Government	Subcontractor must include this clause in all lower-tier subcontracts greater than \$250,000

52.203-17	Contractor Employee Whistleblower Rights and Requirements to Inform Employees of Whistleblower Rights	
52.222-17	Non-displacement of qualified Workers	
52.227-1	Authorization and Consent	
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement	
Applies to Orders that Exceed \$700,000		
52.219-8	Utilization of Small Business Concerns	
52.219-9	Small Business Subcontracting Plan	Applies if Seller is not a small business concern [FD]
52.219-16	Liquidated Damages – Subcontracting Plan	
Applies to Orders that Exceed \$5,500,000		
52.203-13	Contractor Code of Business Ethics and Conduct	Applies if the Order exceeds \$5,500,000 and has a period of performance greater than 120 days [FD]

DEFENSE FEDERAL ACQUISITION REGULATIONS SUPPLEMENT (DFARS)		
REGULATION	TITLE	NOTATIONS
Applicable to All Orders for Commercial Items		
252.203-7000	Requirements Relating to Compensation of Former DoD Officials	
252.203-7002	Requirements to Inform Employees of Whistleblower Rights	
252.203-7003	Agency Office of the Inspector General	Informational only
252.204-7000	Disclosure of Information	
252.204-7004	Antiterrorism Awareness Training for Contractors	Applies only when subcontractor performance requires routine physical access to a Federally-controlled facility or military installation
252.204-7008	Compliance with Safeguarding Covered Defense Information Controls	Flows down elaboration on compliance obligations of 252.204-7012
252.204-7009	Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information	Replace “Subcontractor” for “Contractor”
252.204-7012	Safeguarding Unclassified Controlled Technical Information	Only applies if subcontractor performance will involve covered defense information as defined in section (a).
252.204-7015	Notice of Authorized Disclosure of Information for Litigation Support	
252.204-7019	Notice of NIST SP 800-171 DoD Assessment Requirements.	All DOD contractors are required, based on the Basic Self-Assessment Methodology, to implement NIST SP 800-171 and upload a current assessment score into SPRS (i.e., not more than 3 years old unless a lesser time is specified in the solicitation) (see 252.204-7020)
252.204-7020	NIST SP 800-171 DOD Assessment Requirements	The Contractor shall provide access to its facilities, systems, and personnel necessary for the Government to conduct a Medium or High NIST SP 800-171 DoD Assessment; AND, The Contractor shall flow down the substance of this clause to all of its subcontractors and not award a subcontract or other contractual instrument, that is subject to the implementation of NIST SP 800-171 security requirements, in accordance with DFARS clause 252.204-7012 of this contract, unless the subcontractor has completed, within the last 3 years, at least a Basic NIST SP 800-171 DoD Assessment.
252.204-7021	Cybersecurity Maturity Model Certification Requirements	The Contractor shall have a current (i.e. not older than 3 years) CMMC certificate at the CMMC level required by the contract and maintain the CMMC certificate at the required level for the duration

		of the contract. This clause has mandatory flow down requirements to all subcontractors.
252.208-7000	Intent to Furnish Precious Metals as Government-Furnished Material	Applies to all subcontracts and purchase orders wherein the subcontractor shall furnish product containing precious metals.
252.209-7004	Subcontracting with Firms that are owned or Controlled by the Government of a Country that is a State Sponsor of Terrorism	Informational only
252.211-7003	Item Unique Identification and Valuation	Consistent with paragraph (g) of the section.
252.211-7007	Reporting of Government-Furnished Property	
252.211-7003	Changes	Substitute "AEC Buyer" for Contracting Officer throughout this clause.
252.222-7000	Restrictions on Employment of Personnel	Applies only if this clause is in the Prime Contract, and involves service contract performance within the non-contiguous states identified in DFARS 222.7001.
252.223-7008	Prohibition of Hexavalent Chromium	Applies to all subcontracts that are for supplies, maintenance and repair services, or construction
252.225-7001	Buy American Act the Balance of Payments Program	Informational only
252.225-7008	Restriction on Acquisition of Specialty Metals	Informational only
252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals	Section (d) does not apply
252.225-7012	Preference for Certain Domestic Commodities	
252.225-7013	Duty-Free Entry	Applies to subcontracts for qualifying country components; or nonqualifying country components for which the Contractor estimates that duty will exceed \$200 per unit. "Eligible Product" and "Qualifying Country" are defined at DFARS 252.225-7021.
252.225-7015	Restriction on Acquisition of Hand or Measuring Tools	Informational only
252.225-7016	Restriction on Acquisition of Ball and Roller Bearings	
252.225-7021	Trade Agreements	Relevant to 252.225-7013.
252.225-7028	Exclusionary Policies and Practices of Foreign Governments	
252.225-7043	Antiterrorism/Force Protection for Defense Contractors Outside the United States	Applies to domestic subcontractors who must travel outside the US in performance of the subcontract.
252.225-7048	Export-Controlled Items	
252.227-7015	Technical Data-Commercial Items	(in lieu of DFARS 252.227-7013 for Commercial Items; applicable only when commercial item (as defined in the FAR) technical data from subcontractor delivered to the Government by the prime contractor; no substitutions for "Contracting Officer" or "Government" have been made.)
252.227-7016	Rights in Bid or Proposal Information	
252.227-7037	Validation of Restrictive Markings on Technical Data	(applies when Clause 252.227-7013, 252.227-7014 or 252.227-7015 are used; in paragraph (b), "Contractor's" remains in the clause with a lower case "c", insert in paragraphs (c) and (d)(1) "hereunder" after "subcontract"; change in paragraphs (f) and (g)(2)(i) "this contract" to "the prime contract"; change in paragraph (l) "a contract" to "the prime contract"; no substitutions for "Government" or "Contracting Officer" are made.)
252.228-7001	Ground and Flight Risk	
252.228-7005	Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles	
252.236-7013	Requirement for Competition Opportunity for American Steel Producers	
252.239-7010	Cloud Computing Services	All subcontracts that involve or may involve cloud services

252.244-7000	Subcontracts for Commercial items and Commercial Components	
252.246-7001	Warranty of Data	Substitute "AEC Buyer" for "Contracting Officer," "Administrative Contracting Officer," and "ACO" throughout this clause.
252.246-7003	Notification of Potential Safety Issues	Applies in accordance with paragraph (f) of the clause
252.246-7006	Warranty Tracking of Serialized Items	In paragraph (b)(3), "Contracting Officer" and "Contracting Officer Representative" shall mean "AEC Buyer."
252.246-7007	Contractor Counterfeit Electronic Part Detection and Avoidance System	Only paragraph (a)-(e) apply
252.246-7008	Sources of Electronic Parts	Applies in accordance with paragraph (e) of the clause
252.247-7003	Pass-Through of Motor Carrier Fuel Surcharge Adjustment to the Coat Bearer	Applies in accordance with paragraph (c)
252.247-7023	Transportation of Supplies by Sea	Only paragraphs (a) through (e) up to \$250,000 subcontract award
252.247-7024	Notification of Transportation of Supplies by Sea	(modify paragraph (a) to read "[I]f, after the award of this order, the Seller learns that supplies . . .")
Applies to Orders that Exceed \$25,000		
252.225-7036	Buy American Act – Free Trade Agreements	Informational only
Applies to Orders that Exceed \$150,000		
252.249-7002	Notification of Anticipated Contract Termination or Reduction	Informs of Government termination rights and informs subcontractors of obligation to give lower-tier subcontractors notice of termination.
Applies to Orders that Exceed \$250,000 (Simplified Acquisition Threshold)		
252.247-7023	Transportation of Supplies by Sea	Entire clause
252.223-7999	Ensuring Adequate COVID-19 Safety Protocols for Federal Contractors	Applies to service contracts that exceed the simplified acquisition threshold in effect on the date the contract is placed.
Applies to Orders that Exceed \$500,000		
252.226-7001	Utilization of Indian Organizations and Indian-Owned Economic Enterprises-DoD Contracts	
Applies to Orders that Exceed \$700,000		
252.219-7003	Small Business Subcontracting Plan (DoD Contracts)	Applies when FAR 52.219-9 Applies