

PURCHASE ORDER TERMS & CONDITIONS

DEFINITIONS:

As used in this order the terms "ASPR" means the "Armed Services Procurement Regulations" and "NASAPR" means the "National Aeronautical Space Administration Procurement Regulation" both as in effect on the date of the order. The term "Government" means the United States Government or any department or agency thereof.

1. ACCEPTANCE OF PURCHASE ORDER

This order is Buyer's offer to Seller for the work to be performed hereunder, and together with any specifically noted overriding and/or supplemental agreements signed by the parties hereto which refers to these terms including all referenced documents and specifications, constitutes the entire agreement between Buyer and Seller with respect to such work and supercedes any other agreement or understandings, oral or written, made prior to the date of this order concerning such work. This offer shall become a binding contract on the terms stated herein when it is accepted either by acknowledgement, performance or delivery. Any term or condition stated by Seller in any prior proposal or in acknowledgment or otherwise accepting this order or any agreement or understanding modifying this order shall not become part of the contract or binding upon Buyer unless specifically accepted in writing by Buyer.

2. PACKING AND SHIPPING

All items must be suitably packed and prepared for shipment to secure the lowest transportation rates and comply with carrier regulations. No charges will be paid by Buyer for packing, crating or cartage unless stated in the order. All shipments to be forwarded on one day via one route must be consolidated. Each container must be consecutively numbered and marked to show order number, with the container and order numbers indicated on the bill of lading. Two copies of packing sheets showing purchase order numbers shall be attached to each container of each shipment. Goods sold F.O.B. place of shipment, shall be forwarded collect. Seller shall make no declaration concerning value of goods shipped, except on goods where the tariff rating or rate is dependent upon the released or declared value, in which event such value shall be released or declared at the maximum value for the lowest rating or rate. Goods sold F.O.B. place of shipment, to be delivered directly to the Government shall be delivered to and properly loaded by Seller on board equipment of carrier designated by Buyer at nearest point such equipment is available except that LCL rail shipments shall be delivered to carrier.

3. SHIPMENT AND DELIVERY

Time is of the essence in the performance of this agreement. Shipments or deliveries (as specified in the order) shall be strictly in accordance with the quantities and schedule specified in the order. If at any time it appears Seller will not meet such schedule, Seller shall promptly notify Buyer in writing of reasons for and estimated duration of the delay and, if requested by Buyer, ship via air or expedited routing to avoid or minimize delay to the maximum extent possible. All added costs to be borne by Seller. This is in addition to Buyers other remedies. Except as otherwise provided in this order, the Seller shall be responsible for the supplies covered by this order until they are delivered at the designated F.O.B. point, regardless of the point of inspection, and the Seller shall bear all risks as to rejected supplies after notice of rejection. Seller shall not without prior consent of Buyer, manufacture in advance of reasonable flow time, nor deliver any articles in advance of delivery schedule. Buyer reserves the right to return, shipping and charges collect all articles received at Buyers plant substantially in advance of delivery schedule.

4. INVOICE AND PAYMENT

A separate invoice shall be issued for each shipment. Unless otherwise specified in the order, no invoice shall be issued prior to shipment of goods and no payment will be made prior to receipt of goods and correct invoice. Payment due dates, including discount periods, will be computed from date of receipt of goods or date of receipt of correct invoice (whichever is later) to date Buyers check is mailed. Unless freight and other charges are itemized any discount taken will be taken on full amount of invoice.

5. WARRANTIES

In addition to any other express or implied warranties Seller warrants that all items delivered under this order will be merchantable, free from defects in materials and workmanship, that all items will conform to the requirements of this order including but not limited to, the applicable descriptions, specifications and drawings, and to the extent such items are not manufactured pursuant to detailed designs furnished by Buyer that all items will be free from defects in design and suitable for the purposes intended by Buyer, Sellers liability under this warranty clause shall include, at Buyers

election, repair, replacement, or return for credit all defective or nonconforming items and the payment of all packing/and transportation costs attributable to accomplishment of the above all at Sellers expense.

6. PRICE WARRANTY

Seller warrants that the prices of the items set forth herein do not exceed those charged by the Seller to any other customer purchasing the same items in like or smaller quantities.

7. QUALITY CONTROL AND INSPECTION

All supplies and/or materials ordered may be subjected to (a) inspection or verification during the period of manufacture, (b) inspection or verification prior to shipment, and (c) final inspection and acceptance at destination, notwithstanding any prior payment or inspection and acceptance. Buyer may reject and hold at Sellers expense, subject to Sellers disposal, all supplies not conforming to applicable specifications, drawings, samples or descriptions. Without limiting any other rights Buyer may have. Buyer at its option may require Seller (a) to repair or replace at Sellers expense any item of supplies ordered which fails to meet the requirement of applicable specifications, drawings, samples or descriptions; or (b) to refund the price of any such item. Such inspection and verification rights shall extend to the Government if a Government prime contract number appears on the face of the order Seller shall provide and maintain a Quality Control system acceptable to Buyer.

8. REJECTION

Buyer shall have the right to reject, require correction or accept with an equitable adjustment in price, any goods delivered or services performed hereunder which are defective or otherwise not in strict conformance with the requirements of this order. Buyer shall notify Seller of such rejections or other actions and at Buyers election and Sellers risk and expense such items shall be held by Buyer or returned to Seller for credit, refund, rework, or replacement as directed by written instructions from buyer. If after being requested by Buyer, the Seller fails to promptly replace or correct any defective article within the contractual delivery schedule, Buyer may require a reduction in price which is equitable under the circumstances.

9. CHANGES

Buyer may at any time, by a written order, make changes within the general scope of this order, in any one or more of the following: (1) drawings, designs, or specifications; (2) method of shipment or packing; (3) place of inspection, delivery or acceptance; (4) reasonable increases in quantities; (5) reasonable changes in delivery schedules; and (6) the amount of Buyer-furnished property. Seller shall proceed immediately to perform this order as changed. If any change causes an increase or decrease in the cost of or in the time required for the performance of any part of the work under this order, whether changed or not changed by any such order, an equitable adjustment shall be made in the purchase price or delivery schedule, or both, and this order shall be modified in writing accordingly. Unless otherwise agreed, any claim by Seller for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by Seller of such written order or if Seller considers that conduct of Buyer has constituted a change hereunder. Buyer has the right to examine any of Sellers pertinent books and records for the purpose of verifying Sellers claim. Nothing in this clause shall excuse Seller from proceeding with this order as changed including failure of the parties to agree upon any adjustment to be made under this clause.

10. RESPONSIBILITY FOR PROPERTY

The following materials or articles provided hereunder for the performance of this order are the property of the Buyer or the United States Government and the Seller shall be liable for all loss or destruction or damage thereto while in its possession or control except for reasonable wear and tear.

11. PATENT INDEMNITY

Seller shall defend Buyer, Buyers customers, and any subsequent Seller or user of the goods, against all claims and proceedings alleging infringement of any United States or foreign patent for any goods delivered under this order, and Seller shall hold them harmless from any resulting liabilities and losses, provided Seller is reasonably notified of such claims and proceedings. Sellers obligation shall not apply to goods manufactured pursuant to detailed designs developed and furnished by Buyer nor to any infringement arising from the use of goods in combination with items not delivered by Seller if such infringement would not have occurred from the use or sale of such goods solely for the purpose for which they were designed or sold to Buyer; provided that Sellers obligation shall extend to processes used in such manufacture unless such processes are specified by Buyer. Sellers obligation shall extend to the U.S. Government only if and to the extent Buyer has agreed to indemnify the U.S. Government.

12. ASSIGNMENTS

No assignment of any rights, including rights to moneys due or to become due hereunder, or delegation of any duties under this order shall be binding upon Buyer until its written consent thereto has been obtained.

13. SUBCONTRACTS

No goods to be delivered under this order shall be procured by Seller from a third party in completed or substantially completed form without Buyers prior written consent.

14. TITLE AND RISK OF LOSS

Unless otherwise provided in this order Seller shall have title to and bear the risk of any loss of or damage to the items purchased hereunder until they are delivered in conformity with this order at the F.O.B. point on the face of the order and upon such delivery title shall pass from Seller and Sellers responsibility for loss or damage shall cease except for loss or damage resulting from Sellers negligence or failure to comply with this order. Passing of title upon such delivery shall not constitute acceptance of the item by Buyer.

15. TERMINATION

The performance of work under this order may be terminated in whole, or from time to time in part, by Buyer for its convenience in accordance with the provisions set forth in ASPR 8-706. Buyer may terminate the whole or any part of this order if any of the following circumstances occur: (a) if Seller fails to deliver the supplies or to perform the services required by this order within the time specified herein, or any extension thereof granted by Buyer in writing; or (b) if Seller fails to perform any of the other provisions of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten (10) days after receipt of notice from Buyer specifying such failure; or (c) if Seller becomes insolvent, or makes a general assignment for the benefit of creditors, or files or has filed against a petition of bankruptcy or for reorganization, or pursues any other remedy under any other law relating to the relief for debtors, or in the event a receiver is appointed for Sellers property or business (d) in the event of termination for default, Buyer may require Seller to transfer title and deliver to Buyer any or all property specifically produced or acquired for performance of this purchase order. Buyer shall have the further right to procure, on such terms and in such manners it may deem appropriate, supplies or service similar to those terminated, and to recover from Seller the excess cost for such similar supplies or services; provided, however, Seller shall not be liable for such excess costs where the failure upon which the termination is based has arisen out of causes beyond the control of Seller, its suppliers or subcontractors, and without the fault or negligence of Seller, its suppliers or subcontractors as set forth hereinafter (e) such causes shall be limited to fires, floods, earthquakes strikes and acts of the public enemy. The rights of Buyer provided in this clause shall be in addition to any other rights provided by law or this order (f) in the event Seller fails to make deliveries on schedule for causes beyond its control as above stated, or fails to make timely progress for causes beyond its control as above stated Buyer may, in lieu of termination of this order, elect to extend the delivery schedule for a reasonable period of time which reflects the impact of such causes on the schedule or Sellers progress. Such extension shall not entitle Seller to any additional compensation in the event of such schedule extension Seller shall do everything possible to make delivery as soon as possible and to meet the new delivery schedule, including overtime work, extra shifts, and purchases from other suppliers and subcontractors whenever practicable. The rights and remedies of the Buyer provided in this Termination clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this order.

16. COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS

Seller warrants that in the performance of this order, it will comply with all applicable Federal, State and local laws. On its invoice or in other form satisfactory to buyer, Seller shall submit certification that the goods covered by this order were produced in compliance with all applicable requirements of section 6, 7, and 12 of the Fair Labor Standards Act (29 U.S.C. 201-219) as amended, and of regulations and orders of the U.S. Department of Labor issued under Section 14 thereof. The "Renegotiation" clause in ASPR 7-103.13 (a) and the "Excess Profit" clause in ASPR 7-104.11 (a) are incorporated herein by reference, except "Contractor" means Seller. The "Equal Opportunity" clause in ASPR 12-804 (a) is incorporated herein by reference, except "Contractor" means "Seller". This order shall and will be governed by all applicable laws of the State of Washington.

17. CONFIDENTIAL DISCLOSURE

Seller shall keep confidential all designs, processes, drawings, specifications, reports, data, and other technical or proprietary information and the features of all parts equipment, tools, gauges, patterns, and other items furnished or disclosed to Seller by Buyer. Unless otherwise provided herein or authorized by Buyer in writing, Seller shall use such information and items, and the features thereof, only in the performance of this order, thus, Seller shall not sell, or otherwise dispose of as scrap or otherwise any completed or partially completed or defective goods without defacing or rendering such goods unsuitable for use. Upon completion or termination of this order, Seller shall, at Sellers expense, make such disposition of all such information items and goods as herein required or as may be subsequently directed by Buyer.

18. LABOR DISPUTE

Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof to Buyer. Seller shall insert the substance of this provision in its orders issued hereunder.

19. ECONOMIC STABILIZATION LAWS

Seller represents that to the best of Sellers knowledge and belief the prices specified in this order do not exceed the maximum prices permissible under any applicable government laws, orders, regulations, or rulings presently in effect. If any price paid or to be paid under this order exceeds the maximum price permissible under any such laws, orders, regulations, or rulings existing or future, applicable to this order and relating to economic stabilization, Seller agrees to amend this order to reduce such price to the maximum price permissible and to promptly refund to Buyer any payments made in excess thereof. In addition to its rights under this clause, Buyer reserves all rights it may have under any such laws, orders, regulations, or rulings. Seller agrees to insert the substance of this clause including this sentence in all subcontracts issued under this order.

20. NON-WAIVER

Any failure at any time of Buyer to enforce any provision of this order shall not constitute a waiver of such provision or prejudice the right of Buyer to enforce such provision at any subsequent time.