

Pacific Cast Products

12711 Imperial Highway, Santa Fe Springs, CA 90670-4711

Purchase Order Terms and Conditions

1. Time is of the essence on this order. Purchaser reserves the right to cancel this order, or any part thereof, without obligation, if delivery is not made at the time(s) specified.
2. If price is omitted on order, except where order is given in acceptance of quoted prices, it is agreed that seller's price will be the lowest prevailing market price and in no event is this order to be filled at higher prices than last previously quoted or charged without purchaser's written consent.
3. We, the Buyer, reserve the Right-of-Entry provision to your facilities and records and the same shall be extended to our customers and regulatory agencies.
4. Calibration system shall be compliant to ANSI-Z540-1 and ISO 10012-1. Quality system shall be compliant to AS9100C and or ISO 9001/2008. Record retention no less than ten (10) years or as stated on the purchase order.
5. Delivery in whole or in part of the articles on any Purchase Order issued by Pacific Cast Products constitutes acceptance of this document in its entirety.
6. Extra Charges: No extra charges of any kind, including charges for boxing, cartage, premium, transportation insurance, or premium transportation will be allowed unless authorized by Buyer in writing. Excess charges will be debited to Seller.
7. Priority Certification: If this order is rated under Defense Material System (DMS) Regulation 1, the following certification is herewith made a part thereof: Certified for national defense use under DMS Reg. 1 as in effect as of date of this order.
8. Transportation and Packaging: Unless otherwise specifically stated elsewhere in the purchase order, all goods must be adequately packaged to prevent damage or deterioration for the mode of transportation designated and must conform to the uniform Freight Classification Requirements. All shipments shall be described on shipping papers in accordance with freight classification noted on Purchase Order, or if not provided thereon, in accordance with lowest rated nomenclature as set forth in classification guide used by carrier shown in routing block on Purchase Order. In the event that delivery is F.O.B. origin, Seller shall consolidate on a single Bill Of Lading, multiple shipments on a single date, which by the shipping instructions will permit such consolidation. The Seller shall be obligated to bear any excess costs resulting to the Buyer due to improper descriptions or incorrect routing. Subject to the conditions of Paragraph 9 hereof, title to goods shall pass from Seller upon Seller's delivery, and Buyer's and carrier's acknowledged receipt of properly packaged goods at the designated F.O.B. point, EXCEPT that title to goods rejected in accordance with said paragraph 16 shall forthwith revert to Seller. Seller shall not be responsible for or bear risk of loss or damage incurred in transit from F.O.B. point. Seller shall bear all risk to the F.O.B. point.
9. Billing: Invoice each shipment separately.
10. Certification: Materials and/or processes ordered to a Government and/or Buyer's specification shall be accompanied by a certificate or test report indicating conformance and referencing Buyer's purchase order number and material shipped. Failure to comply may cause shipment to be rejected and returned Freight Collect.
11. Buyer Property Other than Government Owned Property: Unless otherwise agreed in writing, all tools, equipment, material, designs, or data of every description, furnished to Seller by Buyer, shall be and remain the personal property of Buyer. Seller shall not use such property except in filling Buyer's orders. Buyer's property while in Seller's custody or control shall be held at Seller's risk and shall be subject to removal at

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Buyer's written request, in which event Seller shall prepare said property for shipment and deliver, transportation collect, to Buyer in the same condition as originally received by Seller, reasonable wear and tear excepted. When Buyer furnishes tooling, Seller is obligated to ascertain that parts produced from said tooling will conform to order requirements before proceeding with production. Unless otherwise specified in this order, scrap generated from Buyer furnished or Buyer owned materials shall be retained by Seller, this factor being a consideration in the price stated. Usable surplus Buyer owned materials shall be returned to Buyer.

12. **Seller Tooling:** If tooling required for the performance of this order is furnished by Seller on a service basis, as stated in the order, Seller shall retain title and possession. After acceptance of articles produced from such tooling pursuant to the order, Buyer agrees to pay to Seller the non-recurring service fee stated in the order, in consideration for which Seller agrees to maintain, preserve, and store such tooling in good condition at no further cost to Buyer and for Buyer's exclusive use as long as Buyer may have continued requirements for the articles produced therefrom, provided, however, that if this order is issued under a Government cost reimbursable type contract, the Government shall be entitled to the use of said tooling on a no cost, noninterference basis. Such tooling shall not be disposed of by Seller without obtaining Buyer's written approval.
13. **Acceptance, Rejection, and Payment:** Seller warrants that all items delivered under this order will be free from defects in material and workmanship, and that all items will conform to applicable 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 intended purposes. The warranties of Seller, together with its service warranties and guarantees, if any, shall be available to Buyer and its customers. Neither physical receipt by Buyer, acceptance by Buyer's inspection, nor payment of Seller's invoices, shall be deemed a final acceptance of articles which are later found to be defective in either workmanship or material or otherwise not in conformity with the requirements of the order. Buyer, in addition to any other rights which it may have hereunder, or Under Seller furnished warranties or guarantees or otherwise, shall have the right to reject and return such articles at Seller's expense and risk; said returns not to be replaced without suitable written authorization from Buyer. Payments made for rejected articles will be debited against Seller's account.
14. **Advertising:** Seller shall not, without the written consent of Buyer, in any manner, advertise or publish the fact that Buyer has placed an order.
15. **Patent Protection and Rights:**
 - A. To the extent that subject articles are not manufactured pursuant to design originated by Buyer, and this purchase order is not issued under a Government Contract, Seller agrees to hold Buyer and/or its agents or customers harmless from any loss, damage, or liability which may be incurred on account of any alleged infringement of any United States patent with respect to such articles or materials, and that Seller will at its own expense, defend to the fullest extent any action, suit, or claim, in which such infringement is alleged. Buyer agrees to notify Seller promptly of any suit, or claim against Buyer for any alleged infringement of patent. If a Government Contract number appears on the face of the order and if this order involves the performance of construction or pertains to supplies which normally are or have been sold or offered for sale to the public in the commercial open market, or which are the same as such supplies with a relatively minor modification thereof, then except where prohibited by the provisions of Armed Services Procurement Regulations (hereinafter referred to ASPR Section 9-103, the clause as set forth in ASPR 9-103.1 or ASPR 9-103.2) shall be incorporated by reference and made a part hereof and Seller shall indemnify Buyer in the same manner as a contractor would indemnify the Government under the provisions of said ASPR 9-103.1 or ASPR 9-103.2 if either of these clauses appears in said Government contract.
 - B. If this order calls for or provides for payment for any research or development, the Buyer shall be granted a non-exclusive royalty free license to manufacture, use and sell any articles, compositions, devices or the like, or by any process in accordance with any patent applications, invention, improvement, or discovery (whether or not patentable) conceived or first actually reduced to practice,

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either in the performance of the work called for by this order or in the performance of any work relating to the subject matter of the order which was done upon the understanding that this order would be awarded. If this purchase order is issued under a Government Contract, the non-exclusive royalty free license shall be granted to the Government and the Buyer's license shall be limited to that required by and in the performance of work under Government Contracts.

16. Termination and Default:

- A. Seller's failure to comply with any provisions of this order or failure to make progress as to endanger performance of this order in accordance with its terms or in the event Seller shall become insolvent or makes a general assignment for the benefit of creditors or files or has filed against it, a petition in bankruptcy or for reorganization, or pursues any other remedy under any law relating to the relief of debtors or in the event a receiver to be appointed of Seller's property or business, shall give the Buyer right forthwith to terminate this order in whole or in part, and to consider said failure, noncompliance, or act of solvency as a breach of contract. Buyer expressly retains all of its rights and remedies by law in case of such breach and no action on the part of the Buyer shall constitute a waiver of any right or remedy thus provided. Seller shall notify Buyer within three (3) working days after the beginning of any condition causing non-performance or noncompliance with the provisions of this contract. If the default is failure to deliver per schedule, Buyer shall have the right to terminate forthwith whether or not notice has been given. Seller, however, shall have the right to remedy any other default and this order shall not be terminated, provided Seller remedies such default within ten (10) days after the notice from Buyer to Seller that Seller is in default or, ten (10) days after the giving of notice by Seller to Buyer of the existence of any condition causing nonperformance or noncompliance as above provided, whichever is earlier. If a Government contract number appears upon the face of this order, Buyer may terminate the whole or any part of this order for default under the same circumstances set forth in subparagraph (a.) of ASPR 8-707, which would entitle the Government to declare a default and Buyer may exercise the same rights and remedies against Seller as are afforded to the Government under the provisions of ASPR 8-707(a.) EXCEPT that if failure to perform the contract is determined to be for causes set forth in subparagraph (c) of ASPR 8-707, then and in that event, the termination shall be at the convenience of Buyer.
- B. Buyer may also terminate this order in whole or in part, for its convenience. The Seller is obligated to immediately carry out the instructions contained in any termination notice.
 - (1) If this order is under a Government contract or subcontract, the clause set forth in ASPR 8-706 in effect as of the date of this order is hereby incorporated by reference.
 - (2) If this order is not under a Government contract or subcontract, the settlement will either be negotiated or made in an amount determined by Buyer by taking the percentage of physical completion, in relation to the total work called for under this order and applying this percentage to the contract price. Under no circumstances will the total settlement, prior payments included, exceed the total contract price. All tangible, terminated inventories, for which Seller intends to file a claim, shall be held in a bonded area pending final settlement. All inventory paid for by the Buyer shall become Buyer's property and disposed of per written instructions to the Buyer.
- C. Buyer shall have the right to audit all elements of any termination claim and Seller agrees to make available to the Buyer all inventory, books, records, and papers relating thereto.
- D. Termination by Buyer hereunder shall be without prejudice to any other claims by Buyer against Seller.

17. Changes:

- A. 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, where the supplies to be furnished are to be specifically manufactured for Buyer in accordance therewith; (2) method of shipment or packing; and (3) place of delivery. If any such change causes an increase or decrease in the cost of, or 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 order price or

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- delivery schedule, or both, and the order shall be modified in writing accordingly. Any claim by Seller for adjustment under this clause must be asserted in writing within 15 days (or such other period of time mutually agreed upon in writing) from the date of receipt by Seller of the notification of change. Where the cost of property made obsolete or excess as a result of a change is included in Seller's claim for adjustment, the Buyer shall have the right to prescribe the manner of disposition of such property. However, nothing in this clause shall excuse Seller from proceeding with the order as changed.
- B. Buyer-requested changes, other than those enumerated in paragraph A above, shall be negotiated and to be effective, must be evidenced by a written mutually executed Change Order. Unless instructed by Buyer to the contrary in writing, Seller shall proceed with the order as unchanged pending the execution of the Change Order.
18. Non-assignment: Purchaser may assign its rights under this order and upon such assignment a novation shall occur. Seller may not assign this order or sublet any of the work hereunder.
19. Set Off: Buyer shall be entitled at all times to set off any amount owing at any time by Buyer to Seller against any amount owed to Buyer by Seller, unless such right is waived in writing by Buyer. If this order is placed under Government contracts or subcontracts, set offs shall be restricted to Government contracts.
20. Compliance with Laws: Seller agrees to comply with all applicable State, Federal, and local laws, and executive orders and regulations. Seller's invoices shall certify that goods covered thereby were produced in compliance with all applicable requirements of the Fair Labor Standards Act as amended including sections 6, 7, and 12 thereof and the regulations and orders of the United States Department of Labor issued under Section 14 thereof.
21. Prevailing Law: This order and the performances of the parties hereunder shall be construed in accordance with and governed by the law of the state shown in Buyer's address in the heading of this order.
22. Notice of Labor Disputes: Whenever Seller has knowledge that any 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 thereto to Buyer. Seller shall insert the substance of this clause including this sentence in any subcontract hereunder as to which a labor dispute may delay the timely performance of this order, except that any subcontractor need only give the required notice and information to its next higher-tier subcontractor or the prime contractor.
23. Protection of Buyer Proprietary Interests: Except where this order is issued pursuant to a Government contract (in which event the provisions of paragraph 29 C shall apply) any original drawings, computations, studies, etc. furnished by Buyer and used by Seller, its agents, or employees, and/or such material developed by Seller, its agents, or employees in connection with services to be performed by Seller shall be delivered to Buyer at the conclusion of Seller's services or disposed of as otherwise directed in writing by Buyer. Information received or conceived by Seller, its agents, or employees during its services hereunder relative to Buyer's designs, systems, and/or procedures will be deemed Buyer proprietary information and unless Buyer consents otherwise or unless there is a public disclosure of such information by Buyer, it must not be disclosed by Seller, or its agents, or employees to others.
24. Subcontracts: Except for articles proprietary to the Seller, no subcontract hereunder shall be made by the Seller herein with any other party for furnishing any of the articles, spare parts, or work herein contracted without the prior written consent of the Buyer and Buyer's approval as to Source. This limitation shall not apply to purchases by Seller or raw material, or standard parts. Seller agrees that no subcontract placed under this order shall provide for payment at a cost-plus-a-percent-of-cost basis.
25. General: All warranties shall be construed as conditions as well. No waiver of a breach or of any provisions of this order shall constitute a waiver of any other breach or of any such provisions and Buyer expressly retains all

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of its rights and remedies provided by law in the case of breach hereunder. No modification or change in or departure from the provisions of this order shall be valid or binding upon the Buyer unless approved by Buyer in writing.

26. Conditions Applicable To Orders Placed Under Government Contracts Or Subcontracts: The following additional provisions shall also be applicable unless otherwise indicated if a Government contract appears on the face of this order:
- A. The following clauses from ASPR in effect as of the date of this order are incorporated herein by reference and made a part hereof: EIGHT-HOUR LAW (12-303.1), WALSH-HEALEY ACT (12-604), UTILIZATION OF SMALL CONCERNS (7-104.14), BUY AMERICAN ACT (6-104.5), MILITARY SECURITY REQUIREMENTS (7-104.12), PROPRIETIES, ALLOCATIONS, AND ALLOTMENTS (7-104.18), FILING OF PATENT APPLICATIONS (9-106), PRICE REDUCTIONS FOR DEFECTIVE COST OR PRICING DATA (ASPR 7-104.29), AUDIT AND RECORDS (ASPR 7-104.41), and SUBCONTRACTOR COST AND PRICING DATA (ASPR 7-104.42), in all references ASPR provisions where necessary to make the contents of these clauses applicable to this order, the term “Contractor” shall mean Seller, the term “contract” shall mean this order, and the terms “Government Contracting Officer” or equivalent phrases shall mean “Buyer”. Seller shall insert the substance of these clauses in any subcontract or Purchase Order issued under this Purchase Order.
 - B. Patent Rights: To the extent required by ASPR (9-107) if this order specifically requires seller to perform experimental, developmental, or research work and a price of \$3,000.00 or more for such work is stated separately in the order, Seller agrees to make the disclosures and grant the rights to the United States Government required to be made and granted by a “Contractor”, under the contract clause set forth in (9-107.2), and such clause with the exception of subparagraph(f) and (i) thereof, is incorporated by reference.
 - C. Data: There are hereby incorporated by reference for the benefit of the Government, the clauses set forth in ASPR (9-203.1) and (9-203.2) except that the term “Contractor” used therein shall mean Seller, “Contracting Officer” shall mean Buyer, and the terms “contract” (except in paragraph (g)) and “schedule” shall mean this order; provided, however, if this order specifically requires Seller to perform experimental, developmental, or research work, the number (9-203.2) shall be deemed to be (9-203.4). The date specified or described by reference in this order is hereby identified as required notwithstanding that it may be proprietary; provided however that such identification of required data is not to be deemed a determination that the data is proprietary, Seller shall insert the substance of the data clauses in any subcontract approved by the Buyer in accordance with paragraph 27.
 - D. Excess Profit: Seller agrees that, unless otherwise provided by law, this order shall be subject to all the provisions of U.S.C. 2382 and 7300 and shall be deemed to contain all the agreements required by those sections; provided, however, that this clause shall not be construed to enlarge or extend by contract the obligations imposed by those sections. Seller shall insert in any subcontract or Purchase Order issued under this Purchase Order either the provisions of this clause or the provisions required by the referenced sections of the United States Code.
 - E. Examination of Records: Seller agrees that any Government representative of the United States shall and until the expiration of three (3) years after final payment under this order, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Seller involving transactions related to the order. This clause shall not apply to orders of \$2,500.00 or less or to subcontracts or purchase orders for public utility services at rates established for uniform applicability to general public.
 - F. Renegotiation: (1) to the extent required by law, this purchase order is subject to the Renegotiation Act of 1951 (50 U.S.C. App. 1211, et seq.), as amended, and to any subsequent act of the United States Congress providing for the renegotiation of contracts. Nothing contained in this clause shall impose any renegotiation obligation with respect to this purchase order or any subcontract hereunder which is not imposed by an act of the United States Congress heretofore or hereinafter enacted. Subject to the foregoing this purchase order shall be deemed to contain all the provisions required by Section 104 of

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- the Renegotiation Act of 1951, and by any such other act, without subsequent contract amendment specifically incorporating such provisions; (2) the Seller agrees to insert the provisions of this clause including this subparagraph (2), in all subcontracts, as that term is defined in Section 103g of the Renegotiation Act of 1951, as amended.
- G. Non-Discrimination of Employment: All of the quoted provisions, except Paragraph (7), contained in Section 301 of Presidential Executive Order No. 10925 of March 6, 1961, are hereby incorporated in this order by reference. As used therein, the word "Contractor" shall be deemed to mean "Seller" and the word contract shall be deemed to refer to this order. Seller shall file the compliance reports referred in Section 302 of said Executive Order.
- H. Inspection and Safety: Where work performed hereunder is to Buyer's specifications, then such work and plant or premises where performed are subject to inspection by the Government and Seller shall provide and maintain an inspection systems acceptable to the Government and will further provide reasonable facilities and assistance for safety and convenience of Government representatives performing such functions.
- I. Patent Infringement: In connection with any patent infringement arising out of this order, Buyer will, at Seller's request, notify Seller when the provisions of ASPR (9-102.1) entitled "Authorization and Consent" are applicable to the Government contract reference on the face of this order.
- J. Government-Furnished Property: If Government property is furnished under this order, such property shall remain the property of the Government and loss or damage thereto shall be at the risk of Seller and upon completion or termination of this order, shall be returned by Seller to Buyer in as good condition as received, ordinary wear and tear excepted. Seller agrees that the Government or Buyer shall at all times have access to the premises where any such Government property is located. All referenced ASPR paragraph numbers refer to current ASPR paragraphs and revisions in effect as of the date of this order. (Copies of ASPR may be obtained from the Government Printing Office, Washington, D.C.)
27. Acceptance by Seller: Acknowledgement of this order, or the furnishing of any products or services, or acceptance of any payment by Seller under this order, constitutes an unqualified acceptance by Seller of all terms and conditions set forth.