

## SPS TECHNOLOGIES STANDARD TERMS AND CONDITIONS

1. **ACKNOWLEDGEMENT NECESSARY.** This order shall not be effective nor shall SPS Technologies (Buyer) be obligated to pay monies called for hereunder unless Seller shall have supplies conditions laid down by Seller in accepting or acknowledging this order shall be effective if in conflict with the condition herein stated unless such conditions are expressly accepted in writing by Buyer.
2. **SHIPPING AND BILLING.** Seller agrees to comply fully with all shipping and billing instructions of Buyer. No charges shall be made for boxing, wrapping or cartage unless agreed upon in writing.
3. **PAYMENT TERMS.** Seller agrees to Buyer's standard payment terms of either Net 75 days or 2% 15, Net 75 unless other term is agreed upon in writing.
4. **INSPECTION.** All materials or articles orders will be subject to inspection, approval and test at destination by Buyer, selected customers of Buyer and the Government representatives to the extent practicable at all times and places including the period of manufacture. Buyer, selected customers of Buyer and the Government representatives shall have access to all areas on the premises of the Seller or of the Seller's subcontractors, at no additional cost, shall provide reasonable facilities and assistance for the safety and convenience of Buyer, selected customers of Buyer and the Government representatives. Where a specification number is noted for supplies orders, Seller must supply in triplicate a notarized report confirming manufacturing of materials to the specification and such report must accompany material upon delivery. This report must bear the Buyer's Purchase Order number and description of the materials shipped. Seller shall furnish DFAR compliant raw materials in accordance with applicable current directives issued by the appropriate agencies of the United States Department of Defense. Seller shall bear the full responsibility of inspecting the products to ensure that products meet the all requirements of Buyer at Seller's facility prior to shipping them to Buyer. Seller shall provide and maintain a quality system subject to approval by the Buyer. Implementation of this system shall be to the extent appropriate to the product or service.
5. **REJECTION.** Buyer reserves the right to reject and hold. In addition to others rights and remedies, Buyer has, without any limitation, all of the following rights: (a) to return rejected goods or services to Seller for reimbursement, credit, replacement, or rework at Seller's expense as Buyer may direct; (b) to hold them at Seller's risk and expense for disposal or correction according to Seller's direction. Any goods rejected by Buyer that are returned to Seller shall be at Seller's risk and expense with the cost of packaging, handling, inspection, examination, transportation and the like incidental thereto, to be charged to and paid by Seller.
6. **CERTIFICATE OF DESTRUCTION.** Product dispositioned for scrap shall be conspicuously and permanently marked, or positively controlled, until physically rendered unusable. Seller and its sub-tier suppliers responsible for scrapping products for whatever reasons should provide a valid certificate of destructions to Buyer.
7. **PATENT PROTECTION.** Seller guarantees that neither the sale nor the use of any of the articles or materials delivered hereunder will infringe any United States or Foreign Patent; that Seller will at its own expense defend any action, suite or claim in which an infringement of Patent Rights is alleged with respect to the sale of said articles or materials, and that Seller will save the Buyer and its infringement of Patent rights with respect to the articles or materials delivered unless said articles are produced in accordance with Buyer's designs or specifications.
8. **FLOW-DOWN REQUIREMENTS TO ITS SUB-TIER SUPPLIERS.** Seller shall provide all of Buyer's flow-down requirements on Purchase Orders, Terms and Conditions, or any other communication methods to its sub-tier suppliers.
9. **RISK OF LOSS.** Seller shall be absolutely liable for the safe keeping and the preservation intact of materials, tools, designs, patterns drawings and other property of Buyer in its possession and shall replace or repair without cost or expense to Buyer all such property which is lost, damaged or destroyed while in Seller's possession.
10. **INDEPENDENT CONTRACTOR.** Seller is and shall remain an independent contractor. No employee, agent, or representative of Seller or its subcontractors shall be deemed to be an employee of Buyer. Seller agrees to indemnify, defend and hold Buyer harmless from all claims based on injury to or by Seller's employees, agents, or representatives or those of its subcontractors. No part of this order or payments to be made by Buyer may be assigned or subcontracted without prior written approval of Buyer. Such approval shall not relieve Seller of any of its obligations under this contract, or otherwise, and it shall remain fully responsible for compliance with all the terms and conditions.
11. **UNITED STATES DEPARTMENT OF DEFENSE SPECIFICATION AND STANDARDS.** All materials or equipment for aircraft construction listed herein to which the United of Defense Specifications and Standards and are applicable must comply with such specifications current as of date of this order. Should such specifications be revised prior to shipment, Seller, by first obtaining written consent of Buyer, may furnish such material or equipment in accordance with revised specifications.
12. **CANCELLATION.** Buyer may by written notice to Seller, effective on the dates stated therein, cancel this order for any one of the following reasons: (a) failure of Seller to meet one or more of the delivery dates, unless due to acts of omissions by Buyer, (b) the quality of the articles is not as specified herein; (c) strikes of other serious labor shortage in the factory of either party; (d) serious financial difficulties of Seller (including assignment for the benefit of creditors of the filling of any debtor proceeding of other legal proceeding involving receivership, insolvency or bankruptcy) which in the opinion of Buyer may affect performance of this order; (e) cancellation of the Prime Contract or subcontract to which this order is applicable; or changes in specifications pursuant to the Prime Contract or subcontract which require changes in the articles covered by this order.
13. **GUARANTEE AND INDEMNITIES.** Seller guarantees the articles herein specified to be free from defect in labor, materials or fabrication for a period of one year from the one year from the date of shipment, and agrees to replace at Seller's expense, any and all such items which show defects within the period stated. **Seller further guarantees to compensate the Buyer for all reasonable costs incurred due to non-conforming products.** All guarantees shall be constructed as conditions as well as guarantees and the representations and conditions herein contained shall not be deemed to be exclusive.

Seller agrees that in the event it becomes necessary for the Seller to come upon the Buyer's premises during delivery or installation or serving of any of the material or equipment covered by this order, that Seller will indemnify and hold harmless the Buyer, its officers and employees from any property damage or personal injury of whatsoever kind or nature during such delivery, installation or performance of service. Seller further agrees to carry proper workmen's compensation insurance for its own employees.
12. **GOVERNMENT ORDERS AND REGULATIONS.** If the material covered by this is to apply on a United States Government Contract or Subcontract, the Seller agrees to permit any inquiry by Government officials and their authorized representatives into the cost and / or profits to the Seller through fulfillment of this order. The Seller further agrees to absolve, in all respects, Buyer, its officials and employees from any and all liability to Seller because of any costs, fines or other liabilities imposed upon Seller as a result of such investigation.

The articles or materials covered by this order are to be furnished subject to and in accordance with all applicable law and regulations of the United States Government. Seller in performing work and supplying materials or articles under this order agrees to be bound by and to comply with all laws, provisions and regulations to which Buyer may be subject, in the same manner and to the same extent as Buyer under its contract of subcontracts which relate to the articles or materials covered hereby.
13. **CEILING PRICIES AND EXCESS PROFITS.** By accepting this order Seller affirms that the prices charged and to be payable hereunder are not and will not be in excess of applicable price ceilings, if any, established by the cognizant government agencies.

Seller agrees to comply with and to be bound by all applicable laws and governmental regulations relating to the renegotiations of prices and excess profits. Buyer shall have no liability to Seller because of price reductions or refunds made of required to be made pursuant to any such law or regulation.
13. **ASSIGNMENT.** This contract may not be assigned without the written consent of Buyer.

14. Compliance with executive order 11246 equal employment opportunity **CONTRACTORS AGREEMENT: SEC. 202.** Except in contract exempted in accordance with Section 204 of this order, all government contracting agencies shall include in every Government contract hereafter entered into the following provisions: during the performance of this contract, the contractor agrees as follow:
- (1) The contractor will not discriminate against any employee or applicant for employment because of race, religion, sex, age, national origin, physical or mental handicap, or because he or she is an disabled veteran or a veteran of the Vietnam era. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, age, national origin, physical handicap, or because he or she is a disabled veteran or a veteran of Vietnam era. Such action shall include but not limited to the following. Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.
  - (2) The Contract will in all solicitation or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age, national origin, physical or mental handicap, or because he or she is a disable veteran of a veteran of the Vietnam era.
  - (3) The Contractor will send to each labor union or representative of workers with which he or she has a collective bargaining or other contract or understanding, a notice to be provided by the agency Contracting Officer, advising the labor union workers representative of the contractor's commitments under this Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicant for employment.
  - (4) The Contractor will comply with all provisions of Executive order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and by the rules regulations, and orders of the Secretary of Labor.
  - (5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965 as amended by Executive order 11375 of October 13, 1967, and by the rules regulations, and orders of the Secretary or Labor pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations and orders.
  - (6) In the event of the Contractor's noncompliance with the Equal Opportunity clauses of this contract or with any of the said rules, regulation, or order, this contract may be cancelled, terminated or suspended in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, or by rule, regulation, or order of the Secretary of Labor or as otherwise provided by the law.
  - (7) The Contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulation, or orders of the Secretary of Labor issued pursuant to Section 204 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, so that such provision will be binding upon each subcontractor or vendor. The Contractor will take action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non-compliance, provided however, that in the event the Contractor becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency the contractor may request the United States to enter into such litigation to protect the interest of the United States.
  - (8) Seller, Contractor of Subcontractor warrants that the products furnished to the Buyer or work performed on his or the Buyer's premises as require by this purchase order shall comply with the applicable provisions of the Federal Occupational Safety and Health Act of 1970, and the California Occupational Safety and Health Act of 1973 as they may be amended from time to time and the applicable standards promulgated pursuant to these acts, as they are in effect and in such force on the date said products are furnished to Buyer or such services are performed for Buyer, Whether on Seller's or Buyer's premises. Seller, Contractor or Subcontractor also warrants that he will take effective steps to assure that any such products or services he may obtain from such subcontractors shall also be produced or performed in accordance with these acts and standard promulgated pursuant to these acts. Seller also warrants that Seller and his representative will comply with Buyer's Environmental, Health & Safety Policies and Procedures while on Buyer's premises.
15. **ENVIRONMENTAL POLICY.** Buyer is committed to managing its operations in a manner that is environmentally responsible, and that protects the current and future environmental interests of the community within which it operates, as described in Buyer's Environmental, Health & Safety Policies and Procedures.
- Towards that end the Seller warrants that Seller will:
- (1) Maintain compliance with all Federal, State and Local environmental laws and regulations;
  - (2) Seek to eliminate and / or reduce environmental pollution that may be attributed to the Seller's option
16. **IMPORT/EXPORT COMPLIANCE.** Seller shall comply with all US Federal, State and local laws and regulation regarding import/export regulations
17. **CODE OF CONDUCT.** Seller shall comply with following Code of Conduct.
- (1) Personal discounts or other benefits including but not limited to gifts, loans, bribe, kickback and entertainment not available to the public or all employees of Buyer shall not be offered to any employees of Buyer by Seller.
  - (2) Doing business with Seller owned by or managed by family members or close friends of any employees of Buyer is strictly prohibited unless disclosed the relationship in advance to those involved in making the decision.
  - (3) If Seller deals with foreign countries or foreign suppliers, Seller must make sure Seller understand and follow all laws and regulations regarding import and export compliance, boycotts and embargoes.
  - (4) Using any material information learned about Buyer or other companies before it is made public and it would reasonably be expected to affect the price of a security or would influence a reasonable person's decision to buy or sell a security if disclosed and conveying this information to others violates the insider trading law.
  - (5) If Seller becomes aware of any unethical behavior of Buyer, Seller must promptly disclose the situation in writing to a purchasing manager, human resource manager, plant or general manager of Buyer.