



1365 Canary Rd. • P.O. Box 9006
QUAKERTOWN, PA 18951-9006

TEL. 215/536-3500
FAX. 215/536-7750

PURCHASE ORDER GENERAL TERMS AND CONDITIONS

"Acceptance of this purchase order by Seller on the terms and conditions hereof shall be evidenced by either Seller's written acknowledgement hereof or commencement of performance to the extent that any typewritten or rubber-stamp provision of this order is inconsistent with any printed provision, the typewritten or rubber-stamp provision shall govern." This purchase order constitutes the entire agreement between the Seller and the Buyer and may be changed or modified only by written instrument signed by Buyer's authorized representative.

"APPLICATION OF DMS OR DPS RATINGS: If this purchase order specified a Priority Rating and is certified for National Defense use under DMS Reg. 1 or DPS Reg. 1, the Seller is required to follow the provisions of DMS Reg. 1 or DPS Reg. 1 and all other applicable regulations and orders of the U.S. Department of Commerce in obtaining controlled materials and other products and materials needed to fill this purchase order."

GENERAL TERMS AND CONDITIONS

1. **Packing and Shipment:** Deliveries shall be made as specified without charge for boxing, crating, carting or storage, unless otherwise specified. Material shall be suitably packed to secure lowest transportation costs and to conform with the requirements of common carriers and any applicable specifications. Buyer's order numbers and symbols must be plainly marked on all invoices, packages, bills of lading and shipping orders. Bills of lading should accompany each invoice. Buyer's count or weight shall be final and conclusive on shipments not accompanied by packing lists.

2. **Warranty:** Seller warrants to Buyer and its customers that:

(i) All material and work covered by this order will conform to the specifications, drawings, samples, symbols or other description specified by Buyer and will be merchantable, of good material and workmanship and free from defect.

(ii) All material and work covered by this order which is in accord with Seller's design, drawings or specifications will be fit and sufficient for the purpose intended.

3. **Inspection:** All material and work will be subject to final inspection and approval by Buyer after delivery, notwithstanding prior inspection or payment, it being expressly agreed that payment will not constitute final acceptance. Buyer at its option may either reject any material or work or not in conformity with the requirements and terms of this order, or rework the same as Seller's expense. "Buyer may reject entire shipments of similar articles when sampling inspection, at an AQL of 1.0% in accordance with MIL-STD-105, discloses that the lot is defective. Should the Buyer desire to perform 100% inspection of the articles included in such shipments and the Seller agrees to reimburse Buyer for such cost, that material which fails to meet the acceptance criteria." Rejected material may be returned at Seller's risk and expense at the full invoice price plus applicable incoming transportation charge(s), and packaging charge(s) associated with return of defective material. No replacement of defective material or work shall be made unless specified by Buyer. Inspection of replacement material or work shall be paid by Seller.

3.1 (i) The Seller shall not deviate from the drawings, specifications or related documents as called for on the purchase order, except when approved in writing by the Buyer's authorized representative.

4. **Delivery:** Delivery shall be strictly in accordance with Buyer's delivery schedule. If Seller's deliveries fail to meet such schedule, Buyer, without limiting its other remedies, may direct expedited routing and the difference between the expedited routing and the order routing costs shall be paid by Seller. Material fabricated beyond Buyer's releases is at Seller's risk. Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedule and, unless otherwise specified herein, no deliveries shall be made in advance of Buyer's delivery schedule. When the Seller has reason to believe that deliveries will not be made as scheduled, written notice setting forth the cause of the anticipated delay will be given immediately to Buyer.

5. **Statement of Account:** An itemized statement of account must be sent to Buyer's Accounting Department in time to be received by fifth proximo. Delays in receiving statement or invoice and also errors and

omissions on statement, will be considered just cause for withholding settlement without losing discount privilege.

6. **Special Tools:** (a) Unless otherwise herein agreed, special tools, dies, jigs, fixtures and patterns (hereinafter collectively referred to as "Special Tooling"), used in the manufacture of said articles shall be furnished by and at the expense of Seller, shall be kept in good condition and when necessary, shall be replaced by Seller without expense to Buyer. Buyer may at any time reimburse Seller for the cost of any of the special tooling and/or replacements and become the owner and entitled to the possession of same.

(b) If the price stated on the face hereof includes the cost of any special tooling or special equipment fabricated or acquired by Seller for the purpose of filling this order, such special tooling and equipment and any process sheets related thereto shall become the property of Buyer and to the extent feasible shall be identified by Seller as such. Unless otherwise specified herein, Buyer shall make payment therefore only upon acceptance of the first run of parts fabricated therewith. Seller shall at its own expense maintain such special tooling and equipment in proper working order and shall be responsible for all loss of or damage thereto while in its possession and shall use the same only for the production of material for Buyer, unless otherwise authorized in writing. Seller shall follow its normal industrial practice in maintaining property control records on such special tooling and equipment, and when this order has been completed, such special tooling and equipment shall be disposal of as Buyer may direct. Seller shall include the substance of this subparagraph in all subcontracts issued by it hereunder.

7. **Buyer's Property in Seller's Possession:** Title to any property furnished by Buyer hereunder on other than a charge basis shall, at all times, remain in Buyer, but Seller assumes the risk of and shall be responsible for any loss thereof or damage thereto however caused. Without limiting the foregoing Seller agrees to procure insurance satisfactory to Buyer insuring to the full insurable value thereof all Buyer's property in Seller's possession against loss or damage resulting from fire (including extended coverage, malicious mischief and vandalism). Satisfactory evidence of procurement of such insurance shall be submitted to Buyer promptly. Seller further agrees to pay all taxes assessed against Buyer's property or the use thereof while in Seller's possession and to file all necessary declarations and reports in connection therewith.

Buyer shall not be liable for any loss, damage or expense resulting directly or indirectly from any delay in delivery or non-delivery of such property to be furnished by Buyer or from the use of such property furnished by Buyer which is defective. Buyer's liability being expressly limited to the replacement of defective property upon return thereof to Buyer within two (2) months from receipt thereof by Seller.

8. **Taxes:** Seller agrees that, unless otherwise indicated in this order, (a) the prices herein do not include any state or local sales, use or other tax from which exemption is available for purposes of this order, and (b) the prices herein include all other applicable federal, state and local taxes in effect at the date of this order. Seller agrees to accept and use tax exemption certificates when supplied by Buyer if acceptable to the taxing authorities. In case it shall ever be determined that any tax included in the prices herein was not required to be paid by Seller, Seller agrees to notify



1365 Canary Rd. • P.O. Box 9006
QUAKERTOWN, PA 18951-9006

TEL. 215/536-3500
FAX. 215/536-7750

Buyer and to make prompt application for the refund thereof, to take all proper steps to procure the same and when received to pay the same to Buyer.

9. Changes: Buyer may at any time by a written order, and without notice to sureties if any, make changes within the general scope of this order, in any one or more of the following: (i) drawings, designs or specifications, where the supplies to be furnished are to be specially manufactured for the Buyer in accordance therewith; (ii) method of shipment or packing, (iii) place or time of delivery and (iv) property to be furnished by Buyer, if any such change causes an increase or decrease in the cost of, or the time required for performance of this order, an equitable adjustment shall be made in the price or delivery schedule, or both, and the order be modified in writing accordingly.

Despite disagreement as to what is an equitable adjustment Seller will continue performance. Any claim by the Seller for adjustment under this Article must be asserted within twenty (20) days from the date of notification of the change: Provided, however, that the Buyer, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment of this order. Where the cost of material 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.

10. Advertising: Announcements and news releases: Seller shall not, without first obtaining written consent of Buyer, in any manner advertise or publish or issue any news releases or make any public announcements or denial or confirmation of same concerning the fact that Seller has furnished, or contracted to furnish the Buyer the articles herein mentioned or concerning work done by Seller hereunder.

11. Patent Indemnity Clause: Seller guarantees that the sale or use of the Seller's products will not infringe any U.S. or foreign patent and Seller shall save Buyer harmless from all judgements and decrees that may be entered against Buyer of Buyer's vendees, mediate or immediate and against all costs and expenses that Buyer shall incur by reason of any infringement or claim thereof, whether such infringement direct or indirect, by use of Seller's products with Seller's knowledge of its intended use. Seller covenants that it will, upon Buyer's request, at Seller's expense defend or assist in the defense of any suit or action that may be brought against Buyer or Buyer's vendees, mediate or immediate or against those selling or using Seller's products by reason of any infringement or claim thereof predicated upon the sale of Seller's products or use thereof as above provided.

12. Drawings: All drawings, specifications and data furnished by Buyer to Seller hereunder shall remain the property of Buyer and shall not be disclosed by Seller and shall be used by Seller only as and to the extent required for the performance of this order, unless the Buyer shall otherwise approve in writing. Upon completion of work by Seller under this order and upon Buyer's request, Seller shall promptly return to Buyer all drawings, specifications and other data furnished by Buyer in connection therewith, together with all copies of reprints then in Seller's possession or control, and Seller shall thereafter make no further use either directly or indirectly of any such drawings, specifications or data or any information derived therefrom, without Buyer's prior written consent.

13. Compliance with Applicable Laws: Seller agrees that, in the performance hereof, it will comply with all applicable laws, statutes, rules, regulations or orders of the United States Government or of any state or political subdivision thereof, and same shall be deemed incorporated herein by reference. Without limiting the generality of the foregoing, Seller agrees that it will include on all invoices issued by the Seller hereunder the following statement:

"The Seller represents that, with respect to the production of the articles and/or performance of the services covered by this invoice, it has fully complied with all provisions of the Fair Labor Standards Act of 1938, as amended."

14. Cancellation: Buyer shall have the right to cancel for default all or any part of the undelivered portion of this order if Seller does not make deliveries as specified in the delivery schedule or if Seller breaches any of the terms hereof including warranties of Seller or if Seller, becomes insolvent or commits an act of bankruptcy. In the event Buyer cancels this purchase order in whole or in part, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, supplies or services similar to those cancelled and the Seller shall be liable to Buyer for any excess cost for any such supplies or services provided that Seller shall continue performance of this purchase order to the extent not cancelled under the provisions of this clause. If it is determined, however, that Seller's failure to perform this order is due to unforeseeable causes beyond the control and without the fault or negligence of Seller (other than insolvency or an act of bankruptcy), such cancellation shall be deemed to have been made pursuant to Clause 18 hereof entitled "Termination". The rights and remedies of the Buyer provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this purchase order.

15. Assignment: None of the sums due or to become due nor any of the work to be performed under this order shall be assigned nor shall Seller subcontract for completed or substantially completed material called for by this order without Buyer's prior written consent.

16. Set-Off: Seller agrees that Buyer shall have the right to set off against any amounts which may become payable by the Buyer to Seller under this order or otherwise, any amounts which Seller may owe to Buyer, whether arising under this order or otherwise.

17. Waiver: The failure of Buyer to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this order or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such item, covenant or condition or the future exercise of such right, but the obligation of Seller with respect to such future performance shall continue in full force and effect.

18. Termination: (a) The performance of work under this order may be terminated without cause in whole or from time to time in part, by the Buyer in accordance with this article. Termination of work hereunder shall be effected by delivery to the Seller of a notice of termination specifying the extent to which performance of work under the order is terminated and the date upon which such termination becomes effective. Such right of termination is in addition to and not in lieu of the rights of Buyer set forth in Article 14 hereof.

(b) After receipt of a notice of termination, under subparagraph (a) hereof, as distinguished from a Notice of Cancellation under Article 14 hereof, the rights, liabilities and obligations of the parties shall be as set forth in subparagraph (b) through (i) of Paragraph 8-706 of Part 7 of Section VIII of the Armed Services Procurement Regulations in effect at the date hereof (copy of which subparagraphs will be furnished by the Buyer to the Seller on request), provided that failure of Seller to submit its termination claim within the period prescribed by said clause, unless extended by Buyer in writing, shall constitute a waiver of such claim and Buyer shall not be required to notify Seller or make any determination thereof.

19. Prices: Prices of the articles covered hereby shall not exceed vendor's lowest prices in effect at the date of shipment for comparable articles in comparable quantities, except as otherwise agreed in writing.

20. Hold Harmless: Seller agrees to indemnify and save Buyer harmless from claims for death or injury to Seller or any of Seller's personnel arising while such personnel are on premises owned or controlled by Buyer in connection with the performance of this order, and Seller shall maintain Workmen's Compensation Insurance and Employee Liability Insurance in the minimum amount of one hundred thousand (\$100,000) dollars covering all such personnel while on Buyer's premises.

21. Equal Employment Opportunity (1976 Jul): During the performance of this Purchase Order Seller agrees as follows:



1365 Canary Rd. • P.O. Box 9006
QUAKERTOWN, PA 18951-9006

TEL. 215/536-3500
FAX. 215/536-7750

(1) The Seller will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Seller 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, or national origin. Such action shall include but not be 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 Seller agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Contracting Officer setting forth the provisions of this Equal Opportunity clause.

(2) The Seller will, in all solicitations or advertisements for employees placed by or on behalf of the Seller, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Seller will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice to be provided by the agency Contracting Officer, advising the labor union or workers' representative of the Seller's commitments under this Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Seller will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, and of the rules, regulations and relevant orders of the Secretary of Labor.

(5) The Seller will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 1967, and by the rules, regulations, and orders of the Secretary of Labor or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(6) In the event of the Seller's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part, and the Seller may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 3, 1967, or by rule, regulation or order of the Secretary of Labor, or otherwise provided by law.

(7) The Seller will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, so that such provisions will be binding upon each subcontractor or vendor. The Seller will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the Seller becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Seller may request the United States to enter into such litigation to protect the interests of the United States.

22. Affirmative Action Compliance Programs: (This clause is applicable if this order amounts to \$50,000.00 or more and the Seller has 50 or more employees).

(a) Requirements of Programs, Seller shall develop a written affirmative action compliance program for each of its establishments. A necessary prerequisite to the development of a satisfactory affirmative action program

is the identification and analysis of problem areas inherent in minority employment and an evaluation of opportunities for utilization of minority group personnel. The Seller's program shall provide in detail for specific steps to guarantee equal employment opportunity keyed to the problems and needs of members of minority groups, including, when there are deficiencies, the development of specific goals and time tables for the prompt achievement of full and equal employment opportunity. Seller shall include in his affirmative action compliance program a table of job classifications. This table should include but need not be limited to job titles, principal duties (and auxiliary duties, if any), rates of pay, and when more than one rate of pay applies (because of length of time in the job or other factors) the applicable rates. The affirmative action compliance program shall be signed by an executive official of the Seller.

(b) Utilization Evaluation. The evaluation of utilization of minority group personnel shall include the following:

(1) An analysis of minority group representation on all job categories.

(2) An analysis of hiring practices for the past year, including recruitment sources and testing, to determine whether equal employment opportunity is afforded in all job categories.

(3) An analysis of upgrading, transfer and promotion for the past year to determine whether equal employment opportunity is being afforded.

(c) Maintenance of Programs. Within 120 days from the commencement of the purchase order, the Seller shall maintain a copy of separate affirmative action compliance programs for each establishment, including evaluations of utilization of minority group personnel and the job classification tables, at each local office responsible for the personnel matters of such establishment. An affirmative action compliance program shall be part of the manpower and training plans for each new establishment and shall be developed and made available prior to the staffing of such establishment. A report of the results of such program shall be updated at that time. This information shall be made available to representatives of the agency or Director upon request and the Seller's affirmative action program and the result it produces shall be evaluated as part of compliance review activities.

(d) The Seller shall require each of his subcontractors who has 50 or more employees and a subcontract placed hereunder of \$50,000.00 or more to develop a written affirmative action compliance program for each of its establishments in conformance with the requirements of this clause including this paragraph (d). Such necessary changes in language may be made in this clause as shall be appropriate to identify properly the parties and their undertakings.

23. Certification of Nonsegregated Facilities: (Applicable to contracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause.)

(a) By the submission of this bid, the Seller certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. He certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The Seller agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means by any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom or otherwise. He further agrees that (except where he has obtained identical certifications from proposed subcontractors for specific time periods) he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which



1365 Canary Rd. • P.O. Box 9006
QUAKERTOWN, PA 18951-9006

TEL. 215/536-3500
FAX. 215/536-7750

are not exempt from the provisions of Equal Opportunity clause; that he will retain such certifications in his files; and that he will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods).

(b) Notice to Prospective Subcontractors or Requirement For Certifications of Nonsegregated Facilities.

A certificate of nonsegregated facilities must be submitted prior to the award of a subcontract exceeding \$10,000 - which is not exempt from the provisions of the Equal Opportunity Clause. The certification may be submitted either for each subcontract or for all subcontractors during a period (i.e., quarterly, semi-annually or annually). (Note: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.)

24. Calibration Requirements: Acceptance of this purchase order will be evidence that Seller meets the requirements of MIL STD 45662 and MIL STD 45208 at their most recent revision level. Conformance to the above requirements will be monitored by Insaco, Inc. Your acceptance of this order and the signed order acknowledgement indicates your organizational compliance to the above MIL specifications.