

**JBK Manufacturing & Development Co. (“Buyer”)
Purchase Order Terms & Conditions**

Equal Employment Opportunity – Seller (“Contractor”) will comply with Presidential Executive Order No. 11246 Section 202 Paragraphs 1 through 7.

1. **CONTRACT.** This Purchase Order (“Order”) becomes a binding contract on the terms set forth herein when accepted by Contractor either by acknowledgment or performance. Shipment of all or any portion of the goods or work covered by this Order shall be deemed acceptance by Contractor. The contract resulting from acceptance of this Order shall be construed according to the laws of the state of Ohio. The Federal and State Courts of Ohio located respectively in Dayton, Ohio and Greene County. Ohio shall have exclusive jurisdiction over the parties to this Order for all controversies out of or in any way connected to this Order. The contract resulting from acceptance of this Order is non-assignable by the Contractor without the prior written consent of the Buyer.
2. **COMPLIANCE WITH LAWS.** Contractor agrees and warrants to Buyer that, in the performance hereof and in the sale, design, production, labeling, marking and shipment of articles specified hereunder that it has complied and will comply with any and all applicable laws, statutes, rules, regulation, ordinances and orders of the United States or any agency or of state or subdivision thereof. This includes all Federal Acquisition Regulations (FAR) and Departments of Defense Regulations (DFARS).
3. **PAYMENT.** Upon the submission by Contractor of proper invoices, Contractor shall be paid the prices stipulated in this Order for goods delivered and accepted or of services rendered and accepted, less adjustments for shortages, rejections, Buyer’s claims or otherwise as a specified in this Order.
4. **INSOLVENCY.** Buyer may forthwith cancel the contract resulting from the acceptance of this Order in the event of any of the following: (i) insolvency of the Contractor, (ii) the appointment of a receiver or trustee for Contractor (provided such appointment is not vacated within (30) days from the date of such appointment) or (iii) the execution by Contractor of an assignment for the benefit of creditors.
5. **REMEDIES.** The remedies herein shall be cumulative, and additional to any other or further remedies provided in law or equity. No waiver of a breach of any provision of the contract by acceptance of this Order shall constitute a waiver of any other breach of such provision.
6. **WARRANTY, OPTION TO CANCEL.** Contractor warrants to Buyer that all goods, materials, work and services furnished pursuant to this Order will be merchantable and free from defect in design, material and workmanship, will conform to specifications, samples and descriptions in the Order or otherwise given to or by Buyer, will be suitable for any intended use of which Contractor has been advised or which may be reasonably inferred from all circumstances, and that any services will be rendered in a workmanlike manner and be of a quality and standard acceptable in the trade.
7. **TERMINATION.** (a) Buyer may terminate work under this Order in whole or in part at any time by written or telegraphic notice to the Contractor. Such notice shall state the extent and effective date of such termination, and upon receipt thereof the Contractor will, as and to the extent directed by the Buyer, stop work under this Order and the placement of further orders or subcontracts hereunder, terminate work under orders and subcontracts outstanding hereunder, and take any necessary action to protect property in the Contractor’s possession in which the Buyer has or may acquire an interest. (b) If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to the Contractor for such termination, the Buyer, in addition to making prompt payment of amounts due for articles delivered or services rendered prior to the effective date of termination, will pay to the Contractor the following amounts without duplication:
 - (1) The contract price of all articles or services, which have been completed in accordance with this Order and not previously paid for.
 - (2) The actual costs incurred by the Contractor which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this Order, including the cost of discharging liabilities which are so allocable and apportionable.
 - (3) The reasonable costs of the Contractor in making settlement hereunder and in protecting the property in which the Buyer has or may acquire an interest. Payments made under this paragraph (b), exclusive of payments under sub-paragraph (3) shall not exceed the aggregate price specified in this Order, less payments otherwise made or to be made.(c) With the consent of the Buyer, the Contractor may retain, at an agreed price, or sell, at an approved price, any completed articles or any articles, materials, work in process or other things, the cost of which is allocable or apportionable to this Order under paragraph (b) (2) above, and will credit or pay the amounts so agreed or received as the Buyer directs. As directed by the Buyer, the Contractor will transfer title to and make delivery of any such articles, materials and work.

8. **PACKAGING AND SHIPPING.** (a) All goods are to be suitably packed and/or otherwise prepared for the mode of shipment specified in the Order so as to prevent damage in transit; (b) F.O.B. point and cash discount terms must be shown on all invoices; (c) Transportation must be prepaid on all shipments to which a delivered price applies; (d) Charges for prepaid transportation must be substantiated by attaching the original paid freight bills to the invoice; (e) Contractor shall properly mark each package with buyer's Order number. Order number and package numbers shall be shown on packing slip, bills of lading and invoices; (f) No charges for packing, package or drayage will be accepted except on express written agreement to such charges; (g) Drafts against the Buyer will not be honored, nor C.O.D. shipments accepted except by express written agreement to that effect. *The above instructions are subject to the terms on the face hereof and may be changed at any time upon notice to Contractor.*
9. **AUDIT.** Contractor's plant or books (or such part thereof as may be used in the performance of this contract) shall at all times be subject to inspection and audit.
10. **ADVERTISING.** Contractor shall not without first obtaining the written consent of Buyer, in any manner, advertise or publish the fact that Contractor had contracted to furnish Buyer the material herein ordered, and for failure to observe this provision, Buyer shall have the right to terminate the contract resulting from the acceptance of this Order without any obligations to accept deliveries after the date of termination or make further payment except for completed articles delivered prior to termination.
11. **TOOLS.** Unless otherwise herein agreed, Contractor at its own expense shall furnish, keep in good condition and replace when necessary all dies, tools, gauges, fixtures and patterns necessary for the production of the material ordered. The cost of changes in the aforementioned items necessary to effect design or specification changes ordered by Buyer shall be paid for by Buyer. Buyer has the option, however, to take possession of and title to any dies, tools, gauges, fixtures and patterns that are special for the production of the material covered by this Order and shall pay to Contractor the unamortized out of pocket cost to acquire or produce the same.
12. **CHANGE ORDERS.** Buyer reserves the right at any time to make changes in drawings and specifications as to any material and on any work covered by this Order. Buyer may also change the delivery schedule set forth hereon. If such changes cause a material increase or decrease in Contractor's cost or time for performance of this Order, an equitable adjustment in the price or time for performance will be made and this Order will be modified in writing accordingly, provided any claim for adjustment must be made by the Contractor within thirty (30) days after the date this change is ordered.
13. **INSPECTION AT SOURCE.** If it is indicated elsewhere on this Order that supplies to be furnished hereunder shall be subject to inspection by Buyer and/or Government inspectors upon the premises of the Contractor, Contractor, without additional cost, shall provide all reasonable facilities and assistance for the safety and convenience of such inspectors. At the time of inspections Contractor shall make available to the inspectors copies of all drawings, specifications and processes, preservation and packaging data applicable to the articles ordered herein. Such inspection shall be deemed as preliminary only and all articles ordered hereunder shall be subject to final inspection and acceptance in Buyer's plant.
14. **CERTIFICATION.** Certification of material (chemical and physical composition) and specifications, as referenced, are required and where applicable, statement that papers are on file showing certified sources were used to accomplish special processes. Quantities shown on certifications must correspond with quantities shown on packing slips.
15. **ANALYSIS.** Three (3) copies of certified chemical and physical analysis are required. Original source of certified materials must be specified on each heat. One copy of the above analysis must accompany shipment.
16. **INSPECTION.** All material and/or equipment shall be received subject to Buyer's inspection and right of rejection. If material and/or equipment is found to be defective or not in conformity with the requirements of this Order, Buyer shall have the right, as it's sole discretion, to reject the same or to require Contractor to replace defective or non-confirming material and/or equipment with satisfactory goods. If Buyer rejects the material and/or equipment or if Contractor fails, when requested by Buyer, to proceed promptly with replacement or correction of defective or non-confirming goods, Buyer may terminate this Order for default or may repair or correct the goods and, in any event, may charge Contractor with the cost of all damages thereby. Rejected defective or non-confirming material and/or equipment will be held by Buyer for Contractor's instruction at Contractor's risk and, if Contractor so directs, shall be returned to Contractor at Contractor's expense. Unless Buyer notifies Contractor to the contrary, no material and/or equipment rejected or returned to Contractor as defective or non-confirming shall be replaced without a new Order. Payment for material and/or equipment on this Order prior to inspection shall not constitute acceptance thereof by Buyer.
17. **KEY CHARACTERISTIC(S).** The feature(s) of a material, process, or part whose variation has a significant influence on product fit, performance, service life, or manufacturability constitute key characteristics which Buyer considers integral to its Order.

18. **DELIVERY SCHEDULES.** Deliveries are to be made both in quantities and at times set forth in this Order or as specified by the Buyer. Buyer will have no liability for payment of material or items delivered to Buyer that are in excess of the quantities specified in delivery schedule. Buyer may from time to time change delivery schedules or direct temporary suspension of scheduled shipments.
19. **EXCUSABLE DELAYS.** Contractor shall not be liable for delays or defaults in deliveries due to causes beyond its control and without its fault or negligences. If at any time Contractor 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.
20. **BUYERS DESIGN.** Contractor agrees that it will keep confidential and will not disclose to any other party the features of any equipment, tools, patterns, designs, drawings, engineering data or other technical or proprietary information furnished by the Buyer and that it will use such items and or information only in the production of goods or the rendering of services under this Order or other Orders from Buyer. Contractor shall return all such items and/or information (including all copies thereof) or make such other disposition thereof as may be directed by Buyer.
21. **DRAWINGS AND SECRECY AGREEMENT.** Drawings may be retained by the Contractor for future reference but only in connection with Buyer's Orders. Contractor agrees to be responsible in matters within its control for the safe guarding of all secret, confidential or restricted matters disclosed or developed in the work performed in connection with this Purchase Order, and Contractor agrees not to permit aliens or other unauthorized persons to have access to any plans or specifications used in this connection without first obtaining the written consent of the appropriate Department of the Armed Forces.
22. **INDEMNITY.**
 - (a) **Patent.** Contractor agrees to defend, indemnify and hold harmless Buyer and its directors, officers, employees and agents, against any and all liabilities, losses, damages, penalties, causes of action, costs and expenses, including but not limited to attorney's fees, for any asserted trademark, copyright or patent infringement or claim thereof arising from the manufacture, use or sale of any goods delivered or services rendered as a result of the Order.
 - (b) **Premises.** In the event Contractor, its employees, agents or subcontractors enter premises owned or occupied by or under the control of Buyer, for purposes of delivery, pick-up, loading, unloading, or otherwise in the performance of this Order, Contractor agrees that it will defend, indemnify and hold harmless Buyer and its directors, officers, employees and agents, against any and all liabilities, losses, damages, penalties, claims, causes of action, costs and expenses, including but not limited to attorney's fees, by reason of property damage or personal injury to any party and of whatever nature or kind arising out of, as a result of, or in connection with such performances occasioned in whole or in part by the actions or omissions of Contractor, its employees, agents or subcontractors. Contractor agrees that it and its agents and subcontractors will maintain public liability and property insurance covering the obligations set forth above, will maintain proper worker's compensation insurance and/or coverage of all employees delivering or performing any Order, and upon demand will furnish Buyer evidence thereof, all in form, companies and amounts from time to time reasonably satisfactory to buyer. Contractor will keep the premises of Buyer and its customers free of liens of any sort arising out of or relating to the Order.
 - (c) **Product.** Contractor agrees to defend, indemnify and hold harmless Buyer and its directors, officers, employees and agents, against any and all liabilities, losses, damages, penalties, claims, causes of action, costs and expenses, including but not limited to attorney's fees arising out of, related to, or a result of any claim or allegation that goods sold or services rendered by Contractor to Buyer pursuant to this Order are the cause or potential cause of any damage or injury whatsoever to any party or person, including but not limited to claims of breach of warranty or a defect of any sort or kind.
 - (d) **Design, Drawing.** Contractor agrees to defend, indemnify and hold harmless Buyer and its directors, officers, employees and agents against any and all liabilities, losses, damages, penalties, cause of action, costs and expenses, including but not limited to attorney's fees arising out of or related to any breach or violation by Contractors of its covenants under paragraphs 22 and 23 of this Order.
23. **EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION.**
 - I The Equal Opportunity Clause (if this contract exceeds or will exceed \$10,000)
During the performance of this contract, Contractor agrees to be bound by the following provisions as contained in Section 202 of Executive Order 11246, as amended to wit:
 - (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to insure 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 advertising, layoff or termination, rate 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 Contractor will, in all solicitations 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 or national origin.

(3) The Contractor 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 Contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order NO. 11246 of September 1965, and of the rules, regulations, and orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, 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 Contractor's noncompliance with the nondiscrimination clauses of this contract, or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized by Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulations, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor 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 Sections 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor of vendor. The Contractor 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 nonconformance. Provided, however, that in 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.

II Veterans Employment Clause (if this contract is for \$10,000 or more)

Contractor agrees to abide by and comply with the provisions of the Affirmative Action Clause, Section 60-250.4 of 41 CFR unless exempted as therein provided and which provisions are incorporated herein by reference to the same extent as through set forth herein in full.

III Executive Order 11758 – Employment of Handicapped Persons (if this contract is for \$2500 or more)

Contractor agrees that it will abide by and comply with the provisions of the Affirmative Action Clause, Section 60-741.4 of 21 CFR (41 Fed. Reg. 16150, April 16, 1976). Affirmative Action for Handicapped Workers (which provisions) are incorporated herein by reference to the same extent as though set forth in full.

24. INSPECTION SYSTEM REQUIREMENTS. MIL-I-45206A Applies to this Order.

25. AS9100 SUPPLIER FLOWDOWN REQUIREMENTS

- a) Calibration System. All Inspection Measuring & Test Equipment used by the Supplier during in-process and final inspection, to make a compliance evaluation, shall be calibrated to the national standard.
- b) Special Processes. Supplier shall provide certifications for all special processes and non-destructive test results performed with each shipment. The certificate shall identify the processor, process used, controlling specification & revision and the results of test or measurement performed. Supplier used shall be a JBK and/or Customer approved source for said processes. These include operations subject to process controls such as coating, joining, heat treating, cleaning, non-destructive test, etc. The Supplier shall be approved as per above to perform specific required Special Processes or use Special Process vendors acceptable to JBK and JBK's customer.
- c) Workmanship Quality. Manufactured product shall be free from burrs and sharp edges.
- d) Control of Drawings & Specifications. The Supplier shall ensure that the drawings and specifications are the relevant revision status specified on the Purchase Order. The Supplier shall comply with any special requirements requested by JBK regarding the control of drawings and specification i.e. ITAR compliance.

- e) Limited Shelf Life Items. Materials with limited shelf life (epoxy, paint, adhesives, etc.) shall indicate the date of manufacture, lot number and applicable specification on the container. The Supplier shall supply life-limited product with at least 75% of the life remaining.
- f) Material Substitution. Unauthorized material substitutions are not permitted without JBK's written consent.
- g) Reporting Discrepancies. Discrepancies, omissions, and the need for clarifications or interpretations of any nature encountered by Supplier in respect of furnished drawings or engineering data will be brought to the attention of JBK for resolution.
- h) Quality/Inspection System. Supplier shall maintain a quality/inspection system that will ensure all goods and services conform to contract requirements whether manufactured or processed by Supplier or procured from Sub-Tier Suppliers.
- i) Changes in Process, Product or Location. Supplier shall notify JBK of intended or actual changes that may affect the quality of delivered goods and services. This includes changes to the Quality Management System, the Manufacturing Line, Facility Location, Processes or Natural Disasters. Quality data and/or approved design data to be available in the English language.
- j) Digital Product Definition (DPD). Supplier is required to obtain approval as a Digital Product Definition (DPD)-capable Supplier if Supplier receives downloads and/or uses Computer Aided Design (CAD) geometry in any format.
- k) Certificate of Conformance. Supplier's acceptance of JBK's purchase order certifies that the materials and processes supplied under the purchase order shall be or have been controlled and inspected in accordance with JBK's purchase order and they meet the specified order requirements referenced specifications and drawings. Supplier must provide a Certificate of Conformance for all orders and lots verifying that all products and lots meet those requirements. All products and lots must be clearly identified and labeled and must be traceable to and linked to the Certificate of Conformance.
- l) Counterfeit Parts. The Supplier shall certify that only new and authentic materials are used in products or goods delivered to JBK and that the products/goods delivered contain no Counterfeit Parts.
- m) Right of Access. JBK, its customers and regulatory authorities shall be granted the right of access to all Supplier and Sub-Tier Suppliers facilities and records involved in fulfilling the Purchase Order requirements to ensure conformance with the requirements.
- n) Foreign Object Debris/Damage. Supplier is required to establish and maintain a Foreign Object Debris/Damage (FOD) prevention program that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated during operations and normal daily tasks.
- o) Record Retention. Supplier shall maintain records of inspections, tests and process controls called for by this contract. Unless specified elsewhere in contracts or attachments. These documents shall be on file, stored and protected in such a manner that they remain legible, readily identifiable and readily available to JBK for no less than 7 years.
- p) Suppliers Corrective Action. Supplier shall, on request, provide statements of corrective action on nonconformities or failures of Supplier's goods or services.
- q) Letter of Disclosure. When a nonconformance is determined to exist or is suspected to exist on goods and/or services provided to JBK under this Contract, Supplier shall provide a written Post Delivery Notification letter or Letter of Disclosure.
- r) Nonconforming Products and Materials. Suppliers shall obtain JBK's prior written approval with respect to the disposition of any nonconforming products or materials supplied that do not meet engineering drawing or documents under contract or Purchase Order. In the event that nonconforming materials are present and the materials are deemed acceptable or useable by the Supplier, it is still the responsibility of the Supplier to inform JBK so that a determination can be made for the use of said materials.
- s) Packaging and Handling. As a minimum, the Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment. Electrostatic sensitive product shall be packed in an ESD protective bag. In addition, when materials delivered are lot-controlled and multiple material lots are shipped each lot shall be separately packaged and identified.
- t) Flow-down to Sub-tier Suppliers. Suppliers shall flow-down to Sub-tier Suppliers the applicable requirements as required by the Purchase Order either specifically or by reference.
- u) Confidentiality. Suppliers shall hold all information received from JBK in confidence and no third party request for information will be authorized unless approved in writing by JBK.