

## 1. GENERAL INSTRUCTIONS

- a. The term "Buyer" whenever used in this stipulation, shall be deemed to refer to Flex-Weld, Inc/KeFlex, a corporation organized under the laws of the State of Delaware
- b. The term "Seller" should be deemed to refer to and include the person, firm or corporation to whom this purchase order is addressed and any and all sub-contractors and persons, firms or corporations to whom this purchase order shall be assigned. (This provision shall not, however, be deemed to authorize the Seller to sub-contract or to assign all or any part of this purchase order or any monies due or to become due thereunder, unless Buyer's written consent is obtained thereto.)
- c. An acknowledgement of this order must be returned to Buyer promptly after the receipt of same, and must state thereon price, definite delivery date and proper signature
- d. Signing of an acknowledgement or holding this order 10 days or longer shall constitute an acceptance of same.
- e. This order, when accepted, is not subject to cancellation, price change, reduction in amount of deliveries except with Buyer's consent and upon terms which indemnify Buyer against loss. Where applicable, this contract is subject to price revision in accordance with the provisions of Par. 4.305.5 of Army-Air Force Joint Procurement Regulation.

## 2. MATERIAL AND MANUFACTURE

- a. All material must conform strictly to specifications and must be the best of its respective kind.
- b. On any new parts, a sample must be approved by Buyer before Seller proceeds with the manufacture of a quantity run.
- c. All materials will be subject to Buyer's inspection and approval and the final inspection and count will be made after, receipt of same at Buyer's plant; if rejected, they will be held for disposition at Seller's risk and expense. Any payment or, account thereof will be promptly refunded by Seller.
- d. Any inspection or approval of said materials at Seller's plant during or after manufacture, whether or not inspection at said plant is provided for by the terms hereof, shall be provisional only, and shall not constitute final inspection nor be construed as a waiver of the foregoing right of inspection and rejection after receipt of the same.
- e. All material, parts, etc. furnished by the Buyer for this particular order, shall be paid for by the Seller at the regular current market price. All material, parts, etc. furnished by the Buyer, or a no charge basis, shall be deemed held on consignment and Seller agrees to pay for all spoilage of same or which is not otherwise satisfactorily accounted for.
- f. Seller agrees to furnish all material, gauges and fixtures necessary to execute this order unless Buyer specifically states otherwise.
- g. No charge shall be made to Buyer for tools, dies, patterns, etc. required for the fabrication of standard parts unless so stated on this order.

## 3. TOOLS, DIES, PATTERNS, ETC.

- a. All tools, dies, patterns, etc., which Buyer has ordered and paid for, shall be the property of Buyer and must be returned to Buyer upon demand. No additional cost will be allowed should Buyer, at any time, demand the return of same. Seller shall use the tools, dies, patterns, etc., furnished by it solely for the manufacture and supply of products to Buyer, and shall at its own expense maintain such tools, etc. in good and effective working order.
- b. The price quoted to Buyer for tools, dies, patterns, etc. shall be the final and complete cost" and no additional cost will be allowed, unless a regular purchase order of Buyer is issued stating the nature of the additional charge.
- c. Seller shall be responsible for all of Buyer's tools, dies, patterns, etc. in its possession and shall protect Buyer against fire loss of same by means of proper insurance coverage.
- d. All tools, dies, patterns, etc., belonging to Buyer and in Seller's possession shall not be used by third persons unless Buyer gives written consent.

## 4. PACKING, MARKING AND DELIVERY

- a. All material must be packed securely.
- b. If shipment cannot be made within time specified, notify Buyer promptly. If Seller should fail to deliver any or all of the material or merchandise or fail to render any services covered by this order within the time agreed, Buyer reserves the right to purchase elsewhere and charge Seller with any loss incurred as a result thereof, or at Buyer's option, to cancel this order as to any materials or merchandise not delivered and any services not rendered and Buyer shall be under no obligation to accept or pay for the same or compensate Seller for any expenses which may have incurred. Nothing in this clause shall affect any other right conferred on Buyer by law.
- c. All material must be forwarded by the route taking the lowest transportation rate or in accordance with special shipping instructions which may be issued otherwise, the difference in transportation rates and extra cost of cartage will be charged to Seller's account.
- d. No charges will be allowed for packing, crating, or cartage unless stated in this order.
- e. All materials in transit are at Seller's risk and until same reaches its proper destination, unless otherwise agreed upon by Buyer
- f. No shipments shall be made by Seller otherwise than as scheduled in the within purchase order except with the written approval of Buyer.
- g. Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatening to delay the timely performance of any work therein, Seller shall immediately give notice thereof to Buyer.

## 5. CHANGES IN SPECIFICATIONS

- a. Buyer shall have the right at any time, to make changes in drawings and/or specifications relating to this order. If such changes cause an increase or decrease in the amount due under this order or in the time required for its performance, an equitable adjustment shall be made by mutual agreement between the parties hereto. Any claim for adjustment, under this paragraph, must be made within 20 days after such change is ordered.

## 6. MAXIMUM PRICES

- a. Seller represents that to the best of its information and belief the price or prices to be charged for the items covered by this purchase order will not exceed the applicable maximum prices if any, for such items, as permitted under existing Government Regulations. And Seller will forthwith refund any amounts paid by the Buyer in excess of amounts permitted by such regulations.

## 7. PATENT PROTECTION

- a. The Seller shall be responsible for any and all claims made against the Buyer, its agents or customers; for infringement of any patent, or copyright from the sale, supply or use of any patent or copyright articles, materials, or apparatus, furnished or supplied in filling this order and Seller shall save harmless and indemnify Buyer, its agents or customers, from all costs, expenses and damages which they shall be obliged to pay by reason of any infringement of patents or copyrights resulting from the sale, delivery or use of such supplies, and Buyer shall deduct and retain out of the moneys which may be due, or become due from Buyer to the Seller a sum sufficient to meet all claims for damages arising from such infringements. Any and all royalties or royalty rates or rentals

- payable in connection with the performance of this subject contract shall be paid and borne by Seller.
8. COMMITMENTS-CHANGE NOTICES
    - a. Any commitments, change notices, etc. (verbal or written) other than those made by an authorized member of Buyer's Purchasing Department, shall be void.
  9. GOVERNMENTAL ORDERS
    - a. The seller shall comply and be bound by all governmental orders or laws both Federal and State pertaining to employment, labor, plant maintenance, restrictions and necessary precautions in fabrication of this order. All applicable clauses now required by Federal Law, Executive Order, or applicable procurement regulations to be included in contracts for supplies or services of the kind herein described are included herein by reference as are all pertinent State laws and regulations.
  10. TERMINATION
    - a. Buyer may terminate work under this is order in whole or in part at any time by written or telegraphic notice. Such notice shall State the extent and effective date of such termination and, upon first receipt thereof, the Seller will as and to the extent directed by the Buyer, stop work under this order and the placement of further orders or sub-contracts hereunder, terminate work under orders and sub-contract outstanding hereunder, and take any necessary action to protect property in the Seller's possession in which the Buyer has or may acquire an interest. Termination shall be without prejudice to any claims which one party may have against the other. The rights and obligations of Seiler and the settlement of claims of Seller arising out of any termination of a contact made pursuant to a Government order shall be made in conformity with the applicable portions of the the effective standard termination provisions governing this contract.
    - b. With the consent of the Buyer, the Seller 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 apportion able to this order if requested, Seller will use its best efforts to assist in the deposition of the above-mentioned property. As directed by the Buyer, Seller will transfer title to, and make delivery of, any such articles, materials, work in process or other things not retained or sold. Appropriate adjustments will be made for delivery posts or savings therein.
    - c. The provisions of this paragraph shall not limit or affect the right of the Buyer to terminate this order for the default of the Seller.
  11. ARBITRATION—VENUE
    - a. Any controversy arising under this purchase order, including any controversy arising out of the termination thereof as herein provided, shall be settled by arbitration in accordance- with the rules and regulations of the American Arbitration Association then in effect
    - b. This contract shall be interpreted under the laws of the State of Illinois.
  12. AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS
    - a. The contractor will not discriminate against any employee or applicant fore employment because of physical or mental handicap in regard to any position for which the employee or applicant fur employment is qualified. The contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following employment upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
    - b. The contractor agrees to comply with the rules, regulations and relevant orders of the Secretary of Labor issued pursuant to the Act.
    - c. In the event of the contractor's non-compliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules regulations and relevant orders of the Secretary of Labor issued pursuant to the Act.
    - d. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director, provided by or through the contracting officer. Such notices shall state the contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.
    - e. The contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the contractor is bound by the terms of section 503 of the Rehabilitation Act of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.
    - f. The contractor will include the provisions of this clause in every subcontract or purchase order of 52,500 or more unless exempted by the rules, regulations, or orders of the Secretary issued pursuant to section 503 of the Act, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions including action for noncompliance.
  13. OCCUPATIONAL SAFETY AND HEALTH WARRANTY
    - a. "Seller warrants that the product sold or service rendered to the buyer shall conform to the standards and/or regulations promulgated by the U.S. Department of Labor under the Occupational Safety and Health Act of 1970 (29 U.S. C. 651, PL 91-595). In the event the product sold does not conform to the OSHA standards and/or regulations, the buyer may return the product for correction or replacement at seller's option and at seller's expense. Services performed by the seller which do not conform to the OSHA standards and/or regulations must be corrected by seller at sellers expense or by buyer at seller's expense in the event seller fails to make the appropriate correction within a reasonable time".
  14. SCHEDULE OF INVOICE PAYMENTS
    - a. Invoices nearing cash discount terms. Dated 1st to 5th payable 25th of month. Dated 16 to 31 payable 10th of the following month.
    - b. Net invoices: Dated 1st to 15th payable 15th of following month. Dated 16 to 31 payable 31st of following month.