



TERMS AND CONDITIONS OF PURCHASE ORDER

This order is subject to the following terms and conditions in effect as of the date of this order.

The following quality notes are being flowed down to you our vendor as required by our customer. Please follow the attached link, carefully review the required quality clauses and inform us of any compliance issues.

Boeing <http://www.boeingsuppliers.com/clauses/clauses.html>

PURCHASE ORDER NUMBER: Buyer's purchase order number must appear on all invoices, labels, shipping documents, all correspondence, and other references.

INVOICE: All invoices shall be mailed to buyer at its office. Invoice and duplicates shall be rendered for each order or for each shipment if more than one is made on an order. No invoice shall be delivered by seller to any employee of buyer.

PAYMENT: Buyer's check or draft to be accepted in payment without discounting for any reason. Drafts (except as issued by buyer) will not be honored under any circumstance. Payment will be in United States dollars unless otherwise stated. Payment terms date from receipt of material purchased or date of receipt of invoice, whichever is later. In case of errors on an invoice, payment terms will date from the receipt of corrected invoice.

PACKAGING AND SHIPPING: Packaging and packing of items to be delivered by seller shall insure arrival at their destination free from damage.

EXTRAS-PACKAGING DEPOSITS: Charges for extras, including, but not limited to packing, loading, drayage, blocking, containers, boxes, drums, barrels, shells, etc. will not be accepted unless specified by prior written approval.

TRANSPORTATION: Terms: FOB Dock unless otherwise stated or agreed. Transportation to be the lowest cost service, unless specified otherwise. An itemized packing list bearing buyer's purchase order number must be attached to goods and or package.

COUNT: Buyer's count shall be accepted as conclusive on all shipments.

APPLICABLE LAW: The validity, performance and construction of this contract shall be in accordance with the laws of the state in which buyer's facility issuing this contract is located, excluding its choice of law rules. Jurisdiction and venue for any suit arising out of or connected with this contract shall lie only in the county and state in which buyer's facility is located. Seller agrees to indemnify buyer against any loss, cost, damage or liability, by reason of seller's violation of this warranty.

WARRANTY: Seller warrants that goods ordered to specifications will conform to any drawings, samples, or other description furnished or adopted by buyer, and will be fit and sufficient for the purpose intended; and that all goods are merchantable, of good material and workmanship, and free from defect. Notices of any defects or nonconformity shall be given by the buyer to the seller within fifteen (15) months after acceptance by ultimate user. The rights and remedies of the buyer concerning latent defects shall exist indefinitely, and shall not be affected in anyway by any terms and conditions of this contract. Buyer may, at its option, either (i) return for credit, (ii) require prompt correction or replacement of the defective or nonconforming goods, or (iii) have the defective items corrected or replaced at seller's expense and deduct the cost thereof from any monies due seller. The return to Seller of any defective or nonconforming goods and delivery to Buyer of any corrected or replaced goods shall be at Seller's expense. Goods required to be corrected or replaced shall be subject to the provision of this paragraph and the paragraph of this contract entitled "inspection" in the same manner and to the same extent as goods originally delivered under this contract. In addition to



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correcting or replacing any defective or nonconforming goods, seller shall also reimburse buyer for all costs and expenses incurred by buyer in connection with inspection and discovery of the defects, identifying and correcting the cause of such defects and all other activities reasonably undertaken by buyer to obtain conforming goods or attempting to obtain from the ultimate user a waiver to permit the defective goods to be used with all or part of the defective conditions.

INSPECTION: Buyer shall have the right to inspect goods supplied at any time during the manufacture or fabrication at seller's facilities or elsewhere. Such inspection may include, without limitation, raw materials, components, work in process, and completed products as well as drawings, specifications, and released data. There cannot be any repair such as weld, plugging, etc. or any modifications without written consent from Bay Shore Steel Works. Any unauthorized repair will deem the part scrap, and will be the vendor's responsibility to absorb all costs associated with manufacturing, delivery and inspection of said part. Any deviation from the supplied drawings will result in the same. Final inspection and acceptance shall be after delivery to the delivery point designated by Buyer.

MATERIAL PROVIDED TO SELLER: All drawings, prints, dies, patterns, tools, materials, scrap, etc. furnished by buyer remain buyer's property and are to be returned upon completion of this contract. Materials produced by seller and paid for by buyer become buyer's property and shall be returned upon completion of this contract. Return of materials may be otherwise specified by buyer. Buyer furnished property (armor steel, aluminum, titanium, tubing, bar stock, forgings, castings) must be stored in an environment which ensures protection from outdoor elements. Any material damaged due to improper storage shall be replaced at seller's expense. The supplier will be held responsible for any lost, misused, damaged, scrapped or stolen material and will be held liable to reimburse BSSW for the cost of the replacement material.

CHANGES-CANCELLATION: Buyer reserves the right to reschedule, cancel, or change quantities on this order, prior to the specified shipping date, by written notice to seller. The extent of compensation or reimbursement, if any, shall be negotiated between buyer and seller on a fair, just and equitable basis.

DEFERMENT: In the event of fire, flood, strike, lockout, accident, war or causes beyond buyer's control interfering with the consumption or the transportation of materials or the performance of services specified or buyer's manufactured products, delivery of this order may be suspended without cost to buyer during the period required to remove the cause.

PUBLICITY: Without buyer's prior written approval, seller shall not release any publicity, advertisement, news release, denial or confirmation regarding this contract or the goods, services or program to which it pertains.

PATENTS AND COPYRIGHTS: Seller agrees to defend, indemnify, and hold harmless buyer, its customers and agents, against any liability, without limitation costs, expenses and attorney's fees, for or by reason of any actual or alleged infringement of any patent or copyright arising out of the manufacture, use, sale, delivery or disposal of goods furnished under this contract.

ACCEPTANCE OF CONTRACT: Buyer recognizes that seller may for his convenience, utilize his own form of acknowledgement or otherwise acknowledge the order than by simple acceptance. Therefore, it is agreed that any provisions of seller's order shall be deemed waived and provisions of this order, by such acceptance, constitute the whole contract between buyer and seller.