

KAYDON CORPORATION PURCHASE ORDER

Terms and Conditions

This purchase order is an offer to Seller by Buyer to enter into the purchase agreement it describes (the "Purchase Agreement"), and upon acceptance shall be the complete and exclusive statement of the Purchase Agreement. The terms and conditions of the Purchase Agreement shall be those terms and conditions that are set forth on the face and reverse side of this purchase order and in any document incorporated in this purchase order by reference. Any acceptance or acknowledgment of this purchase order or any shipment or delivery of the materials, goods or services referred to in the purchase order shall constitute acceptance of the Purchase Agreement and assent to all of its terms and conditions. ACCEPTANCE OF THE PURCHASE AGREEMENT IS LIMITED TO ACCEPTANCE OF THE TERMS AND CONDITIONS OF THIS PURCHASE ORDER. ANY ADDITIONAL, DIFFERENT MODIFIED OR OTHER TERMS OR CONDITIONS SET FORTH IN, OR SUGGESTED BY, ANY QUOTATION ACCEPTANCE, ACKNOWLEDGMENT, COMMUNICATION OR ACT OF SELLER, ARE OBJECTED TO BY BUYER AND SHALL NOT BE EFFECTIVE OR BINDING AS TO BUYER.

- 1. Invoices.** Invoices not rendered in accordance with instructions will be returned and discount date based upon the date corrected invoice is received.
- 2. Inspection.** Products and services are sold subject to Buyer's inspection notwithstanding prior payment to obtain cash discount, and Buyer's payment of invoices does not constitute acceptance of products or services furnished.
- 3. Changes.** Buyer at any time, by amendment or other writing signed by Buyer, shall have the right to make changes in the design (including drawings, materials and specifications), processing, method of packing and shipping, and the place or delivery of the work, materials, goods and services. If such changes affect delivery schedules or the amount to be paid by Buyer, Seller shall notify Buyer immediately and shall negotiate an equitable adjustment in good faith. Seller shall not make any change in the design, processing, packaging, shipping or place of delivery of the work, materials, goods and services without Buyer's prior written approval.
- 4. Cancellation.** Buyer reserves the right to cancel without charge to Buyer if order is not shipped or filled as specified. In case of order calling for partial shipments, balance may be cancelled or suspended by Buyer if shipments are not made on date specified.
- 5. Rejection.** Goods rejected because of failure to meet specifications or on account of inferior quality or workmanship will be returned to Seller with charges for inbound and outbound freight plus labor, reloading, trucking, etc., and are not to be replaced except upon receipt of written instructions from Buyer.
- 6. Additional Charges.** No charges of any kind will be allowed, including charges for boxing, packing or cartage, unless specifically agreed to by Buyer in writing.
- 7. Net Weight.** When ordering by weight, price is to cover net weight of material unless otherwise specifically agreed to by Buyer in writing.
- 8. Quantities.** Shipments must equal the exact amount (or weight, as applicable) ordered. Buyer may, in addition to any other remedies it may have, deduct the amount of any shortage from amounts otherwise due Seller, and may return the amount of any excess to Seller, at Seller's expense, deducting all expenses incurred (including handling charges) from amounts otherwise due Seller.
- 9. Advertising.** Seller may not, without written consent of an official of Buyer, advertise or publish, in any manner, the fact that Seller has contracted to furnish the materials or services specified. For failure to observe this provision, Buyer shall have the right to cancel the contract resulting from Seller's acceptance of this order without further liability thereon.
- 10. Compliance with Laws.** All work and material furnished shall conform to the requirements of the laws of the State/Country where the work is performed, to all applicable local or municipal laws and ordinances and to all applicable regulations of any public authority.
- 11. Fair Labor Standards Act.** This order is placed on the express condition that the goods mentioned herein have not been produced, and will not be produced, in violation of any of the provisions of the "Fair Labor Standards Act of 1938". Seller's invoices shall contain Seller's certification to this effect.
- 12. Indemnity.** Seller shall indemnify and hold Buyer, its successors, assigns, customers and users, harmless from any and all loss, damage or expense whatsoever, including attorneys' fees and costs that may be incurred, and all incidental and consequential damages, as a result of any breach by Seller of any of the terms of this Purchase Agreement, or any loss, damage, or injury to persons or property arising out of Seller's performance hereunder. This indemnity shall be in addition to Seller's standard warranty or any warranty implied by law.
- 13. Insurance.** Where fulfillment of this Purchase Order requires Seller to perform work on Buyer's premises, Seller shall procure at Seller's own cost and keep in force, in form satisfactory to the Buyer:
 - (a) Workmen's Compensation Insurance, providing for payment to the employees of Seller of compensation under the Workmen's Compensation laws of the state/country in which the work is being performed.
 - (b) Liability insurance covering public liability assumed hereunder including contractor's liability for automobiles, trucks, trailers or other motor vehicles.

Evidence of such insurance, in policy or certificate form, shall be deposited with Buyer prior to commencement of the work. Coverage may not be reduced or discontinued without notifying Buyer in writing prior to such change.

Where any part of this order is performed by a subcontractor of Seller, evidence of such insurance on behalf of such subcontractor shall similarly be provided by Seller to Buyer.

- 14. Subcontractors.** Seller shall promptly pay all claims and demands for labor performed and for material, machinery, or fuel furnished in the performance of the work contemplated by this order, and shall fully protect and indemnify Buyer against all such claims and against any and all such claims or debts on account of which liens might be obtained.
- 15. Proprietary Rights.**
 - (a) Seller represents and warrants that (i) the sale or use of the work, materials, goods or services subject to the Purchase Agreement and (ii) the sale or use of the work, materials, goods or services subject to the Purchase Agreement in any combination in accordance with any specifications or recommendations of Buyer or Seller, will not infringe any patents, copyrights, industrial design rights or other proprietary rights of any other person or entity.
 - (b) Seller hereby grants to Buyer a perpetual, irrevocable, nonexclusive, royalty free, irrevocable right and license to repair, rebuild and relocate and to have repaired, rebuilt and relocated the work, materials, goods or services subject to the Purchase Agreement.
 - (c) Seller hereby grants to Buyer a perpetual, irrevocable, nonexclusive, paid-up, worldwide license under each and every copyright of Seller that is applicable to any works of authorship fixed in any tangible medium of expression (including, but not limited to, drawings, prints, manuals and specifications) furnished to Buyer in the course of Seller's activity hereunder, to reproduce the copyright work, to prepare derivative works based thereon, to distribute copies of the copyright work to the public, and to display the copyright work publicly, subject to other provisions hereof.
 - (d) All technical information disclosed heretofore or hereafter by Seller to Buyer in connection with the work, materials, goods, or services supplied under or pursuant to the Purchase Agreement is disclosed or will be disclosed on a non-confidential basis.
 - (e) Seller agrees, upon receipt of notifications, to promptly assume full responsibility for the defense of any suit or proceedings which may be brought against Buyer, Buyer's agents or vendees, for alleged patent infringement, as well as for alleged unfair competition resulting from similarity in design, trade-mark, or appearance of the use or sale of any goods furnished on this order, and the Seller further agrees to indemnify Buyer, and Buyer's agents or vendees, against any and all expense, loss, royalties, profits and damages, including court costs and attorneys' fees, resulting from the bringing of such suit or proceedings, and/or from any settlement decree or judgment therein. Buyer may be represented by Buyer's own counsel in any such suit or proceedings, if Buyer so desires.
- 16. Insolvency.** Buyer may terminate this order without liability, except for deliveries preciously made or for articles or materials covered by this order then completed and subsequently delivered in accordance with the terms of this order if Seller ceases to conduct its operation in the normal course of business (including inability to meet its obligations as they mature) or if any proceeding under the Bankruptcy or insolvency laws is brought by or against the Seller, or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by Seller
- 17. Nondiscrimination in Employment.** During the performance of this contract, Seller shall
 - (a) Not discriminate against any employee or applicant for employment because of race, creed, color or national origin. Seller will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, 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. Seller shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - (b) State that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin in all solicitations or advertisements for employees placed by or on behalf of the contractor.
 - (c) Send to each labor union or representative of workers with which Seller 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.

- (d)** Comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor. The equal employment opportunity clauses in Section 202 of Executive Order 11246, as amended in Section 402 of the Vietnam Era Veterans' Readjustment Assistance Act of 1974; in Section 503 of the Rehabilitation Act of 1973, as amended; and the implementing rules and regulations of the Secretary of Labor pertaining to the above, are incorporated herein by specific reference.

- (e)** Furnish all information and reports required by Executive Order No. 11246 of September 24, 1965 as amended and by the rules, regulations, and orders of the Secretary of Labor or pursuant thereto, and will permit access to Seller's books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation as to compliance with such rules, regulations, and orders.

- (f)** Include the provisions of Paragraphs (a) through (f) 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, so that such provisions will be binding upon each subcontractor or vendor. 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 Seller becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, Seller may request the United States to enter into such litigation to protect the interest of the United States.

In the event of Seller'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 in part and Seller may be declared ineligible for further Government contracts in accordance with procedures authorized in 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, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- 18. Transportation.** All work, materials and goods subject to the Purchase Agreement shall be transported F.O.B. Buyer's facility unless otherwise agreed.

- 19. Delivery Schedule.** Buyer's production schedules are based upon the agreement that materials will be delivered to Buyer on the dates specified. Time is therefore of the essence. If deliveries are not made at the time agreed upon, Buyer may terminate this Purchase Agreement or purchase elsewhere and hold Seller accountable for any loss or damage to Buyer. Buyer may, but shall not be obligated to, return to Seller, at Seller's expense, any materials and goods shipped to Buyer in advance of schedule. Any such returned materials and goods shall be transported to Seller F.O.B. Buyer's facility. Buyer may from time to time and with reasonable notice change or temporarily suspend its delivery schedule.

- 20. Force Majeure and Delays in Delivery.** Buyer shall not be liable for a failure to perform that arises from causes or events beyond its reasonable control and without its fault or negligence, including labor disputes of any kind, and may terminate this Purchase Agreement upon such a cause or event. In the event of a delay in performance by Seller, Buyer may, but shall not be obligated to, acquire possession of any finished work, work in process, and the materials and goods which Seller produced or acquired in accordance with the Purchase Agreement. If Buyer elects to acquire possession of such property, Seller shall immediately transport the same to Buyer pursuant to the Purchase Agreement. Notwithstanding anything expressed or implied to the contrary in the Purchase Agreement. If for any reason Seller does not substantially comply with Buyer's delivery schedule, Buyer, in addition to any remedies provided by law, at its option, may either approve a revised delivery schedule or terminate the Purchase Agreement. In the event Buyer terminates the Purchase Agreement, Seller shall promptly refund all payments made in advance.

- 21. Warranty.** SELLER REPRESENTS AND WARRANTS THAT ALL WORK, MATERIALS, GOODS AND SERVICES SOLD AND DELIVERED UNDER THE PURCHASE AGREEMENT (a) CONFORM TO ALL APPLICABLE SPECIFICATIONS, DRAWINGS, SAMPLES OR OTHER DESCRIPTIONS; (b) ARE FIT AND SUFFICIENT FOR THE PARTICULAR PURPOSE INTENDED (c) ARE OF GOOD MATERIAL AND WORKMANSHIP; (d) ARE MERCHANTABLE; AND (e) ARE FREE FROM ACCEPTANCE, OR PAYMENT BY BUYER OF ANY WORK, MATERIALS, GOODS OR SERVICES SUBJECT TO THE PURCHASE AGREEMENT, AND THE SAME MAY BE REJECTED BY Buyer IF THEY FAIL TO CONFORM AND RETURNED TO SELLER AT SELLERS EXPENSE, AND REPAIRED OR REPLACED PROMPTLY, AT BUYER'S ELECTION, IN ADDITION TO ANY OTHER REMEDIES BUYER MAY HAVE HEREUNDER OR OTHERWISE.

- 22. Inspection and Rejections.** All inspections of materials provided shall be at Buyer's premises. Buyer, at its option, may reject and return at Seller's expense, or retain and correct, any work, materials, goods or services supplied to it under the Purchase Agreement that do not meet the requirements of the Purchase Agreement. If Buyer elects to retain and correct, Seller shall in good faith advise Buyer as to the appropriate method of correction. Seller shall reimburse Buyer for all expenses resulting from or associated with Buyer's rejection or retention and correction. Buyer's inspections and approval of any materials, goods or services subject to the Purchase Agreement shall not constitute a waiver of any of Buyer's rights hereunder.

- 23. Buyer's Property.** Unless otherwise specifically agreed to by Buyer in writing, all tools, equipment, dies, jigs, fixtures, or material of every description furnished to Seller by Buyer or specifically paid for by Buyer and any replacement thereof, and any materials affixed or attached thereto, shall be and remain the property of Buyer. Such property, and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as the property of Buyer and shall be safely stored separate and apart from Seller's property. Seller shall not substitute any property for buyer's property and shall not use such property except in filling Buyer's orders. While such property is in Seller's custody or control, Seller shall be responsible for its care and for any loss or damage thereto (excluding normal wear and tear). Such property shall be held at Seller's risk and shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer. Such property shall be subject to removal at Buyer's written request, in which event Seller, at its own cost and expense, shall prepare such property for transport to Buyer (F.O.B. Buyer's Facility unless otherwise agreed) and shall redeliver such property to Buyer in the same condition as originally received by Seller, reasonable wear and tear excepted.

- 24. Non-Assignment.** Neither the Purchase Agreement, any interest therein nor any payment due or to become due hereunder shall be assigned or subcontracted by Seller, without the prior written consent of Buyer. Any such assignment or subcontracting by Seller without such consent shall be void. Buyer may assign all of its rights and duties under the Purchase Agreement to a parent, subsidiary or affiliated company without the consent of Seller.

- 25. Work at Buyer's or Its Customers' Premises.** If Seller's work under the Purchase Agreement involves operations by Seller, its agents, employees or subcontractors on the premises of Buyer or one of its customers. Seller shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work and, except to the extent that any such injury is due solely and directly to Buyer's or its customers' negligence, as the case may be, shall indemnify Buyer as provided in Section 12 above against all loss which may result in any way from any act or omission of Seller, its agents, employees, or subcontractors

- 26. Applicable Law.** This Purchase Agreement shall be construed and governed by the laws of the state of the Buyer's issuing office.

- 27. Waiver.** The failure of Buyer at any time or from time to time to promptly enforce any of the provisions of the Purchase Agreement shall not be construed as a waiver of such provisions with respect to Seller's act or failure to act to which such failure to enforce related, or to any subsequent act or failure to act, and Buyer shall have the right to enforce each and every such provision at any time.

- 28. Modification.** Except as otherwise expressly provided in the Purchase Agreement, neither the Purchase Agreement nor any of its terms and conditions may be modified or amended except in writing signed by the party sought to be bound thereby.

- 29. Packing, Marking and Shipping.** Seller, at its own cost and expense, shall pack and ship all work, materials and goods in accordance with the requirements of Buyer and the carrier transporting the same. Seller shall mark each package in accordance with the instructions of Buyer and the carrier transporting the same. Seller will reimburse Buyer for costs incurred as a result of improper packing, marking, routing or shipping.

- 30. Packing Slips and Bills of Lading.**

- (a) Seller shall obtain a straight bill of lading from the carrier of any work, materials or goods under the Purchase Agreement and shall include on each packing slip and bill of lading the number of the Purchase Agreement and the location of the destination facility.
- (b) Seller shall include a numbered master packing slip with each shipment and the slip shall be included in one of the packages which shall be marked "Packing Slip Inside."
- (c) Seller shall retain the original bill of lading for two years from the date of shipment unless otherwise directed by Buyer in writing.

- (d) Certifications and/or certifications of compliance shall be included with each shipment per the Buyer's instructions.

31. **Export/Import.** For each international shipment, Seller shall furnish all other required export/import documents. Export credits and custom drawbacks shall belong to Buyer or its designee. Upon request, Seller shall furnish in satisfactory form all documents required to obtain export credits and customs drawbacks or to satisfy any other government requirement, including certificates that identify the country of origin of the materials used in these supplies and the value added in each country.

32. **Termination at Option of Buyer.** In addition to any other rights of termination set forth in the Purchase Agreement, Buyer shall have the rights of termination that follow:

(a) Buyer may terminate its obligations under the Purchase Agreement, in whole or in part, at any time, by a written notice of termination to Seller. Buyer shall have such right of termination notwithstanding the existence of an excusable delay under the Purchase Agreement.

(b) Upon receipt of the notice of termination described in subsection (a), Seller, unless otherwise directed by Buyer in writing, shall (I) terminate promptly all work under the Purchase Agreement, (II) transfer title and deliver to Buyer the finished work, the work in process, and the materials and goods which Seller produced or acquired in accordance with the Purchase Agreement and which Seller cannot use in producing goods for itself or for others; (III) settle all claims by subcontractors for actual cost that are rendered unrecoverable by such termination; and (IV) take action reasonably necessary to protect property in Seller's possession in which Buyer has an interest.

(c) Subject to subsection (e), upon termination by Buyer under this Section, Buyer's liability to Seller shall consist solely of (I) the purchase price for all finished work and completed services which conform to the requirements of the Purchase Agreement, (II) Seller's actual cost of work in process and materials and goods transferred to Buyer in accordance with subsection (b) (II) hereof; (III) Seller's actual costs of settling the claims by subcontractors of subsection (b) (III) hereof; and (IV) Seller's actual cost of carrying out its obligations of subsection (b) (IV) hereof. Notwithstanding anything express or implied herein to the contrary, Buyer's liability under this subsection (c) shall not exceed that which Buyer would have had to Seller in the absence of termination.

(d) Seller shall furnish to Buyer, within one month after the date of termination, Seller's termination claim, which shall consist exclusively of the items of Buyer's obligations to Seller that are listed in subsection © hereof. Buyer may audit Seller's records, before or subsequent to payment, to verify amounts requested in Seller's termination claim.

(e) Buyer shall not be liable to Seller for any amounts whatsoever if Buyer terminates the Purchase Agreement because of Seller's default.

33. **Taxes.** Except as otherwise provided in the Purchase Agreement, the contract price includes all applicable Federal, State or local taxes applicable to materials provided by Seller.

34. **Setoffs and Counterclaims.** All claims for moneys due or to become due from Buyer are subject to deduction to Buyer for any setoff or counterclaim arising out of this Purchase Agreement or any other agreement between Buyer and Seller.

35. **Supplementary Information.** Any specifications, drawings, notes, instructions, engineering notices or technical data referenced in this Purchase Agreement shall be deemed to be incorporated by reference as it is fully set forth, and Seller shall refer to Buyer for correction or instruction or interpretation in case of any discrepancies or questions.

36. **Title to Drawings and Specifications.** Buyer shall retain title to all drawings and specifications provided by Buyer to Seller. Seller shall use such drawings and specifications only in connection with this Purchase Agreement and shall keep all such drawings and specifications confidential. All such drawings and specifications shall be returned by Seller upon termination of this Purchase Agreement or at Buyer's request.

37. **Severability.** If any part of this Purchase Agreement is found to be void, unenforceable or contrary to law, such a finding shall not affect the enforceability of the balance of this Purchase Agreement, which shall be enforceable in accordance with its terms.

38. **Headings.** The headings included in this Purchase Agreement are included for reference purposes only and shall not affect its interpretation.

39. **Acceptance.** This purchase order may be withdrawn by Buyer at any time prior to receipt at Buyer's plant or Seller's written acceptance of same. Any written acknowledgement of receipt of such order shall be considered by Buyer to be an acceptance unless it is therein stated otherwise.

40. **Arbitration.** Any controversy or claim arising out of or relating to the agreement between Buyer and Seller, or the breach thereof, shall be settled in Buyer's accepting offices by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

SUPPLEMENTAL TERMS AND CONDITIONS TO PURCHASE ORDERS ISSUED UNDER GOVERNMENT CONTRACTS

In the event this order is issued for material and/or work required by Buyer for the performance of a contract with a department or agency of the Federal Government or of a subcontract of any tier under such government contract, as noted on the face of this order the following supplemental terms and conditions shall be applicable. These supplemental terms and conditions are in addition to and not in lieu of any of the other terms and conditions of this order, but to the extent that they are inconsistent with the printed general terms and conditions, the supplemental terms and conditions shall govern, except as otherwise specifically provided herein

1. Inspection

All material and work including raw materials and end products shall be subject to inspection and test by the Buyer and the Government to the extent practicable at all times and places, and the plants of Seller and its subcontractors of any tier shall be subject to inspection by Buyer and Government. The exercise of this right of inspection and test, however, shall in no way relieve Seller of its obligation to furnish all material and work in strict accordance with this order in case any material or work is found to be defective, notwithstanding final inspection and approval by Buyer. Buyer shall have this right to reject the same or require that it be corrected or replaced promptly. If inspection and tests are made on the premises of Seller or any subcontractor of Seller, Seller or such subcontractor shall furnish without additional charge all reasonable facilities and assistance for the safe and convenient inspection and tests required. All inspections and tests shall be performed in such manner as to not delay the work under.

2. Approval as to Source of Subcontracts

Unless Buyer otherwise advises in writing, all subcontracts for completed or substantially completed articles, spare parts, tools or work covered by this order must be approved as to source by the Buyer and also, if required by the Government, by the Government Contracting Officer.

3. Examination of Records

a) Unless this order is a firm fixed price order not in excess of twenty five hundred dollars (\$2,500.00), Seller agrees that its books, records, documents and other evidence pertinent to the performance hereof shall at all reasonable times until expiration of three years after final payment hereunder be subject to examination and audit by any authorized representative of the Government and/or Buyer. If this order is on other than a firm fixed price basis the substance of the subparagraph, including this sentence, shall be included in Seller's subcontracts of any tier.

b) Seller agrees that the Comptroller General of the United States or any of his duly authorized representatives shall until the expiration of three years after final settlement under this order have access to the right to examine any directly pertinent books, documents, papers and records of Seller and its subcontractors of any lower tier involving transactions related to this order.

4. Government Furnished Property

If any Government property is furnished Seller in connection with performance of this order, title thereto shall remain with the Government and the Government shall have access there in at all reasonable times. Seller shall return such property in the condition in which it was received except for reasonable wear and tear and except to the extent that such property has been incorporated in articles delivered under this order or has been consumed in normal performance of this order. Seller shall comply with the provisions of the Manual for Control of Government Property in Possession of Contractors which manual is hereby incorporated herein by reference.

5. Approval for Premium Wage Payment

If this order is placed on a cost-plus-fixed-fee incentive price, target price subject to redetermination, or on other than a fixed price basis, the following provision shall apply. The Seller shall not perform over time extra pay shift or multi-shiftwork under or in connection with this order for which premium compensation is required to be paid, unless approved in writing by the Buyer. In the event of failure to obtain such approval, premium compensation payments will not be recognized in making any price adjustment under any provision of this order pertaining to adjustment of prices.

6. Use of Tooling and Data for U.S. Government

Upon prior written notification to Buyer, Seller is authorized under Articles 6(b) and 12 of the terms hereof to use such special tooling and data in the production of items similar to those called for by this order for direct sale to the United States Government if (i) the United States Government has the right under its prime contract with Buyer to authorize such use by Seller, and (ii) such use will not interfere with the Seller's timely performance of this or other orders from Buyer in effect at the time, and (iii) the extent practicable Seller prominently identifies each such item as being manufactured by Seller for direct sale to the United States Government.

7. Arbitration (Applicable if This Order Exceeds \$10,000)

Any dispute, controversy, or claim, arising out of or relating to this Agreement or the breach thereof, which is not disposed of by an agreement between the parties, shall be decided by the Buyer. Provided, however, should said decisions be unsatisfactory to the Seller, the Seller shall so notify the Buyer within thirty (30) days from the date of the Buyer's decision and said dispute, controversy or claim, shall be submitted to a Board of Arbitration consisting of one member appointed by Buyer, one member appointed by Seller, with such appointments to be made within fifteen (15) days from the date of notification; and a third member appointed by the two arbitrators as aforesaid with such appointment to be made within fifteen (15) days from the date of the last appointment by either the Buyer or Seller. Said arbitration shall be conducted and be in accord with Section 2711 at seq. Of the Revised Code of the State of Ohio. Pending final decision of the Arbitration Board, the Seller shall proceed diligently with the performance of the contract in accordance with the Buyer's decision.

8. A. MANDATORY FAR FLOWDOWN REQUIREMENTS

- Restrictions on Subcontractor Sales to Government (exceeds \$100K) 52.203-6
- Anti-Kickback Procedures (exceeds \$100K) 52.203-7
- Certification & Disclosure regarding Payments to Influence Certain Federal Transactions (exceeds \$100K) 52.203-11

- Limitation of Payments to Influence Certain Federal Transactions (exceeds \$100K) 52.203-12
- Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (exceeds \$25K) 52.209-6
- Defense Priority & Allocation Requirements (rated orders) 52.211-15
- Integrity of Unit Prices (except under \$100K construction, utility, etc) 52.215-14
- Utilization of Small Business Concerns (exceeds \$25K) 52.219-8
- Small Disadvantaged Business Status (exceeds \$25K) 52.219-22
- Contract Work-Hours & Safety Standards Act-Overtime Compensation (exceeds \$100K) 52.222-4
- Previous Contracts & Compliance Reports (exceeds \$2500) 52.222-22
- Equal Opportunity (exceeds \$10K) 52.222-26
- Equal Opportunity for Special Disabled Veterans, Vietnam Era Veterans & Other Eligible Veterans (exceeds \$10K) 52.222-35
- Affirmative Action for Workers with Disabilities (exceeds \$10K) 52.222-36
- Employment Reports on Special Disabled Veterans, Vietnam Era Veterans & Other Eligible Veterans (exceeds \$10K) 52.222-37
- Duty Free Entry (exceeds \$100K) 52.225-8
- Restrictions on Certain Foreign Purchases 52.225-13
- Authorization and Consent (exceed \$100K) 52.227-1
- Notice & Assistance regarding Patent/Copyright Infringement (exceeds \$100K) 52.227-2
- Cost Accounting Standards 52.230-2
- Disclosure and Consistency of Cost Accounting Practices 52.230-3
- Subcontracts for Commercial Items/Components 52.244-6
- Value Engineering (exceeds \$100K) 52.248-1

8. B. CONTRACT SPECIFIC FAR/DFAR FLOWDOWN

Reference Specific Government Purchase Order

- Definitions 52.202-1
- Covenant Against Contingent Fees 52.203-5
- Certification regarding Debarment, Suspension, Proposed Debarment & Other Responsibility Matters (exceeds \$25K) 52.209-5
- New Material 52.211-5
- Notice of Priority Rating for National Defense Use (exceeds \$25K) 52.211-14
- Suspension of Work 52.212-12
- Small Business Program Representations (exceeds \$25K) 52.219-1
- Notice to Government regarding Labor Disputes 52.222-1
- Prohibition of Segregation Facilities (exceeds \$10K) 52.222-21
- Affirmative Action Compliance (exceeds \$2500) 52.222-25
- Clean Air & Water (exceeds \$100K) 52.223-2
- Hazardous Material Identification & Material Safety Data 52.223-3
- Buy American Act – Supplies 52.225-1
- Buy American Act – Certification 52.225-2
- Federal, State, Local Taxes 52.229-3
- Progress Payments (exceeds \$25K) 52.232-16
- Government Delay of Work (exceeds \$25K) 52.242-17
- Changes – Fixed Price 52.243-1
- Government Property (Fixed Price Contracts) 52.245-2
- Inspection of Supplies – Fixed Price (exceeds \$25K) 52.246-2
- Inspection of Services – Fixed Price (exceeds \$25K) 52.246-4
- Inspection of Research & Development – Fixed Price (exceeds \$25K) 52.246-7
- Responsibility for Supplies (exceeds \$25K) 52.246-16
- Termination for Convenience of Government (Fixed Price-Short Form) 52.249-1
- Termination for Convenience of Government – Fixed Price (exceeds \$100K) 52.249-2
- Default – Fixed Price – Supply & Service (exceeds \$25K) 52.249-8
- Default – Fixed Price – Research & Development (exceeds \$25K) 52.249-9
- DFAR: Special Prohibition on Employment 525.203-7001
- DFAR: Preference for Domestic Specialty Metals 252.225-7014
- DFAR: Preference for Domestic Specialty Metals (Alt 1) 252.225-7014(Alt 1)
- DFAR Restriction on Acquisition of Ball & Roller Bearings 252.225-7016