

PURCHASE ORDER TERMS AND CONDITIONS:

Any purchase order issued by any Conrad Industries, Inc. company shall include and be subject to the following conditions:

- 1.) CONTRACT - Before any Purchase Order (P.O.) issued by one of the Conrad Industries, Inc. companies becomes a contract, it is an offer to enter into a contract. Any Purchase Order is revocable, in whole or in part, by Buyer, any time prior to acceptance. Any Purchase Order, together with any commercial specifications, military specifications (MIL-SPECS) or other specifications incorporated fully therein by reference on the face of any Purchase Order, and all addenda thereto shall, when accepted, constitute the entire contract between Seller and Buyer, and it shall be presumed to be accepted upon commencement of performance or acknowledgement. If, on the face of any Purchase Order, one or more commercial specifications, military specifications (MIL-SPECS), other specifications or documents are incorporated therein by reference, then Seller agrees to be bound by each and every requirement, specification, and term contained in such commercial specifications, military specifications (MIL-SPECS), other specifications and documents so incorporated therein. Any other document or oral agreement becomes binding only after mutual acceptance of a written amendment to a particular Purchase Order. The term "goods" as used herein, shall mean that which a Conrad Industries, Inc. company is purchasing from Seller, whether it be materials and products to be manufactured and/or delivered, or services to be rendered, or both.
- 2.) DEFINITIONS - In these conditions "the Buyer" means the Conrad Industries, Inc. company shown on the face of a particular Purchase Order, "the Seller" means the company supplying the equipment and/or services detailed in any Purchase Order, and "Purchase Order" means any order issued from time to time by a Conrad Industries, Inc. company for services, labor, materials or products, and is hereinafter sometimes abbreviated as "PO".
- 3.) DELIVERY AND RISK OF LOSS - Buyer's production schedules and obligations to its customers are dependent upon the agreement that deliveries of the goods covered by any Purchase Order will occur on the required delivery date shown on the face thereof. Therefore, time is of the essence, and Seller shall be responsible for all damages of any kind incurred or suffered by Buyer which were caused by any delay of Seller in making deliveries of acceptable supplies. Seller agrees to notify Buyer immediately if at any time it appears that Seller may not meet the delivery schedule. Such notification shall include the reasons for the delay, the steps being taken to remedy the constraint, and the revision in the original delivery schedule proposed by Seller. Any assistance furnished by Buyer to overcome delays shall not be regarded as waiving Buyer's remedies for default, including termination rights, if Seller fails to meet the contractual schedule. Unauthorized advance shipments and shipments other than for the quantity ordered are returnable at Seller's expense. Seller shall further not ship partial or incomplete orders without Buyer's advance written approval. Such unauthorized partial or incomplete orders may, at Buyer's sole discretion, be returned to Seller at Seller's expense. Seller shall not be excused from performing his obligation thereunder if the goods identified are destroyed. Delivery shall not be deemed complete until the goods have been actually received by Buyer at its facility. The risk of loss and damage in transit shall be upon Seller and shall not pass to Buyer until received at Buyer's facility in a condition in accordance with the terms of any P.O.. The packing, shipping and all other costs of all return shipments shall be borne by Seller.

- 4.) WARRANTIES - All warranties of Seller, whether created expressly by law or in fact, are incorporated in any P.O. by reference and shall include and are supplemented by the following express warranties: (A) The goods shall comply with any and all specifications, drawing samples, or other descriptions furnished by Buyer; (B) the goods shall be merchantable of good material and workmanship, free from defect, and suitable for their intended purpose; (C) Seller agrees to repair or replace, at Seller's sole expense, (which Seller's expense shall include, but not be limited to, the expense of delivery and redelivery of the goods to Seller's repair facility, insurance, packaging/packing and handling, and as to goods which cannot reasonably be shipped, Seller's expenses relating to transportation, lodging and associated expenses of Seller's repair personnel to the site of the goods to be repaired, and all labor and material costs required to effect repair), any goods found to be defective as to material or workmanship, for a period of one (1) year from the date of delivery by Buyer of Buyer's product in which Buyer has placed or incorporated Seller's goods purchased under any Purchase Order; and, the repair(s) of goods which have been repaired under this warranty shall be themselves warranted from defects in material and workmanship for an additional one (1) year from the date that the repairs are accepted by Buyer, and any additional repairs to the goods required by a failure of previous repair(s) shall likewise be effected at Seller's sole expense; and (D) except in the case of goods for which Buyer furnished detailed manufacturing drawings, the manufacture and sale by Seller of the goods, the use of the goods by Buyer, or disclosures by Seller to Buyer in any manner shall not infringe upon or violate the legal or equitable rights of any person, corporation, or partnership arising out of any license or franchise, or out of any patent, trademark, copyright, or other proprietary right now or hereinafter in effect. All obligations of Seller under any P.O. shall survive acceptance of payment by Buyer and shall include liability for any loss, consequential and incidental damages, and expenses resulting from the breach of any warranty or resulting from any other act or omission by Seller, its agents or employees, while in the performance thereof.
- 5.) INSPECTION - Buyer reserves the right to inspect all goods prior to shipment by Seller, and Seller shall permit employees or representatives of Buyer and Buyer's customer, to have access to Seller's facilities at all reasonable hours. All goods shall nevertheless be received subject to final inspection and approval by Buyer after delivery at destination. Defective goods may be returned for credit or replacement at Seller's expense. In addition to any other defects for which Buyer may reject goods upon final inspection after delivery, Buyer shall have the right to reject as defective any and all goods which weigh in excess of the weight of such goods as Buyer has specified or as may be contained in Seller's standard catalog or other data furnished to Buyer therefor. Buyer's inspection, or its lack of inspection, shall not affect any express or implied warranties. Seller shall provide reasonable space and assistance for the safety and convenience of representatives of Buyer and its customers during the course of any inspection of any goods undertaken by Buyer at or on Seller's premises. At the time of inspection Seller shall make available to such representatives copies of all drawings, specifications and other technical data applicable for the goods ordered.
- 6.) PACKING AND SHIPPING - (A) Seller shall ship only as specified herein, or as subsequently directed in writing, and unless stated herein, Seller is responsible for all aspects of packaging and shipping and in strict conformity with the governing tariff rules and regulations; (B) Seller shall pack or otherwise prepare all goods to meet carrier requirements and safeguard against damage from weather and transportation; (C) No separate charges shall be allowed for packing or cartage unless specifically noted herein; (D) Unless otherwise agreed upon in writing by Buyer, goods must be shipped prepaid at Seller's expense; (E) Each package shall be marked to show Purchase Order number, Buyer's part number and include a packing sheet in each package; and (F) Each package shall also be clearly marked with its content's expiration date, special handling and storage instructions and requirements, and the schedule of any periodic inspection requirements.
- 7.) ADDITIONAL NOTIFICATIONS BY SELLER - In the event that the goods require periodic inspection, periodic maintenance, special handling or storage conditions, or are subject to expiration or limited shelf life, then Seller shall, by separate mailing directed to the address of the Conrad Industries, Inc. company shown on the face of a particular Purchase Order, Attention: Purchasing Agent, advise Buyer of such requirements. In the absence of such separately mailed notification, the risk of loss of use or damage to the goods shall remain with Seller, and if the goods are damaged or substantially unusable, or have expired when Buyer places such goods in service, then the goods shall be considered "defective" and returnable by Buyer to Seller, at Seller's sole expense for a full refund of the cost paid by Buyer to Seller therefor, together with any damages sustained by Buyer as the result of the failure of the goods.

- 8.) PAYMENTS - (A) Payments shall be made upon the submission of proper invoices for goods delivered and accepted. With respect to any discount offered, time shall be computed from the date of delivery or from the date correct invoice is received by Buyer, whichever last occurs. Payment is deemed to be made, for the purpose of earning the discount on the date Buyer's check is mailed; (B) Seller warrants that the price charged for the goods is no higher than that charged other purchasers for commodities of like grade and quality.
- 9.) INFORMATION DISCLOSED - No information or knowledge, disclosed to Buyer in the performance of or in connection with any P.O. shall be deemed to be confidential or proprietary unless otherwise expressly agreed to in writing by Buyer, and any such information or knowledge shall be free from any restrictions, other than patents, copyrights, and/or registered trademarks as part of the consideration for any P.O..
- 10.) ADVERTISING - Seller shall not, without prior written consent of Buyer, in any manner, advertise, publish or disclose the existence of any Purchaser Order or any details connected therewith, or the content of any information or knowledge transmitted by Buyer hereunder, to any third party.
- 11.) DRAWING AND TECHNICAL DATA - Seller, if required as part of its performance under any P.O., shall supply any and all printed materials such as catalogs, drawing cuts, certified prints, characteristic curves, part lists, service and technical manuals, and diagrams relating to such goods on or before the date specified by Buyer. If delivery of the foregoing printed material occurs after the date specified by Buyer, Seller shall be liable for any loss, consequential and incidental damages, and expenses resulting from such delay. The failure of Seller to deliver the foregoing printed material shall constitute a basis for nonpayment of the price of the goods until delivery is made. All such printed materials supplied by or specifically prepared at the request of Buyer shall at all times, be and remains the property of Buyer and shall be delivered to Buyer on demand. All drawings, data, design and other technical information furnished by Buyer shall remain the property of Buyer and shall be held in confidence by Seller.
- 12.) INDEMNIFICATION - Seller shall indemnify and hold Buyer harmless against all liabilities, losses, damages and expenses, including reasonable attorney's fees, for personal injuries, death or property damage incident to, arising out of, resulting from the activities of Seller, its employees and agents, or its subcontractors and their agents and employees, or in connection with the work to be performed, services to be rendered, or materials to be furnished, under any Purchase Order, except in those instances where such liability, losses, damages or expenses are caused solely and directly by Buyer's negligence. Seller shall indemnify and hold Buyer harmless from and against any claim, demand, action, proceeding, or expenses, including reasonable attorney's fees, brought or instituted against Buyer by a third party in connection with any alleged loss or damage resulting from, arising out of or in connection with any alleged patent infringement, copyright infringement, trade secret violation, or other asserted right to or in any goods purchased by Buyer from Seller under this P.O..
- 13.) CHANGES - Buyer may at any time, by written direction and without notice to any sureties or assignees, make changes in the drawings, specifications, delivery schedules, method of shipment or packaging. Should any such changes increase or reduce the cost of or the time required for performance of any P.O., an equitable adjustment will be made in the contract price or delivery schedule; provided, however, any requests for an increase in the contract price or an extension in delivery schedule must be made within fifteen (15) working days from the date of such written direction. FAILURE TO AGREE UPON AN EQUITABLE ADJUSTMENT SHALL NOT RELIEVE THE SELLER FROM PROCEEDING WITHOUT ANY DELAY IN PERFORMANCE UNDER THIS PURCHASE ORDER AS CHANGED. Where any property is made obsolete or excess as a result of any change for which Seller makes a claim, Buyer shall have the right to proscribe the manner of disposition of such property.
- 14.) BAILMENT - Unless otherwise provided, all property furnished to Seller by Buyer shall remain the property of Buyer. Seller shall bear the risk of all loss and damage thereto while such property is in Seller's actual or constructive possession. Such property shall at all times be properly protected and maintained by Seller, shall not be commingled with the property of Seller or others, shall not be moved from Seller's premises without prior written authority from Buyer, and shall upon request by Buyer immediately be returned to Buyer. Further, such property shall be identified and marked by Seller as Buyer's property and shall be used only as expressly authorized by Buyer. Such property shall be adequately insured by Seller for any and all losses while in Seller's possession, and shall be returned to Buyer in the same condition when received, reasonable wear and tear excepted.

- 15.) NON-WAIVER - The failure of Buyer in any one or more instances to enforce any of its rights or to insist upon performance of any of the terms or conditions of a P.O. shall not be construed as waiving any of the terms and conditions of said P.O. or any of Buyer's rights or remedies. The remedies reserved in or created by any P.O. shall be cumulative and additional to any other or future remedies provide at law or equity.
- 16.) INVOICING - Unless otherwise provided in any Purchase Order, no invoice shall be issued and no payment will be made prior to physical delivery of goods, or completion of services. Individual invoices showing the Purchase Order number, description of goods as shown therein, number of cartons shipped, and carrier and weight, shall be issued for each shipment applying hereto. Shipping charges and all applicable taxes, or charges for which Buyer has agreed to pay, and has not furnished an exemption certificate, shall be itemized separately on Seller's invoices.
- 17.) HAZARDOUS MATERIALS AND SAFETY DATA - Seller agrees to supply to Buyer, as a component part of the goods ordered under any P.O., all Material Safety Data Sheets, in a format and with sufficient content to meet all OSHA requirements, which pertain to all portions and components of the goods delivered hereunder. Within fifteen (15) days of the placement of the order represented by any Purchase Order, Seller agrees to furnish to Buyer a description of any and all hazardous materials and volatile organic compounds which will form any portion of the goods to be furnished under the P.O.. For the purposes of any P.O., "hazardous materials" means any explosives, radioactive materials, hazardous wastes, or hazardous substances, including without limitation asbestos-containing materials, PCBs, CFCs, or substances defined as "hazardous substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601-9657; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. §§ 1801-1812; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901-6987; or any other federal, state or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning hazardous materials, waste, or substances now or at any time hereafter in effect.
- 18.) HEADINGS - The Heading used herein are for reference purposes only and shall not affect the meaning or interpretation of any Purchase Order.
- 19.) SEVERABILITY - Any provisions of any Purchase Order prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions thereof.
- 20.) COMPLIANCE WITH LAWS - Seller shall comply with all statutes, legal directives and regulations in its performance under any Purchase Order. In the event that the goods do not conform with any legal requirement in addition to the requirements of any P.O. and Buyer is penalized for such nonconformance, Seller shall indemnify Buyer for all penalties, costs and expenses, including interest levied against Buyer.
- 21.) TERMINATION - (A) Buyer shall have the right at any time and for any reason to terminate any Purchase Order in its entirety or in part for its convenience, and not as a breach; (B) Further, Buyer may terminate any Purchase Order for default if Seller fails to make any delivery in accordance with the schedule set forth therein, or for failure to comply with any of the other requirements or terms and conditions for any P.O. or for failure to make progress under any Purchase Order so as to endanger performance of any P.O., and does not cure such failure within a period of ten (10) days after notice from Buyer. In the event of termination for Seller's default, Buyer may procure elsewhere such supplies or services, which are similar to those terminated, and on such terms as Buyer may deem appropriate, and Seller shall be liable for excess re-procurement costs. Seller shall also be liable to Buyer for any other damages or remedies prescribed by law or equity.
- 22.) GRATUITIES - Any Purchase Order may be terminated immediately if Buyer determines that Seller or any of its employees or representatives offered or gave a gratuity to any employee of Buyer, and intended by that gratuity to obtain an order or favorable treatment under an order from the Buyer.
- 23.) CONFLICT - In the event a Master Service Agreement is effective between the parties at the time any P.O. is issued and a conflict or inconsistency exists between the terms and conditions of the Master Service Contract and the P.O., the terms and conditions of the Master Work Agreement shall prevail.

- 24.) NONDISCRIMINATION –If applicable, Seller agrees to comply with all provisions of Executive Order 11246, as amended by Executive Order 11375 and all rules, regulations and relevant orders of the Secretary of Labor related to equal employment opportunity as in effect on the date of any P.O..
- 25.) DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA – If applicable, in the event this order exceeds \$10,000, Seller agrees to comply with all provisions of the Vietnam Era Veterans Readjustment Assistance Act of 1974 (38 USC 2012) and all rules, regulations and relevant orders related to employment of Vietnam veterans as in effect on the date of any P.O..
- 26.) HANDICAPPED - If applicable, in the event this order exceeds \$2,500, Seller agrees to comply with all provisions of the Rehabilitation Act of 1973 as amended and all rules, regulations and relevant orders related to employment of handicapped individuals as in effect on the date of any P.O..