



GENERAL TERMS AND CONDITIONS OF PURCHASE

All purchases by Buyer are subject to the following terms and conditions and those on the face of any Order. In event of a conflict, the terms on the face of an Order shall have precedence over the provisions in these General Terms and Conditions of Purchase.

1. **DEFINITIONS:** The following definitions apply unless otherwise specifically stated.

“Buyer” – Ducommun LaBarge Technologies, Inc., and/or Ducommun AeroStructures, Inc., and their subsidiaries and affiliated companies as applicable with respect to any Order.

“Confidential Information” – all information disclosed by the disclosing party (the “Discloser”) to the receiving party (the “Recipient”) in written or other tangible form and identified as proprietary and/or confidential, using an appropriate legend, marking, stamp or other clear and conspicuous written identification or, if the information is orally or visually disclosed, which is identified as proprietary and/or confidential at the time of disclosure and is reduced to writing clearly identified as proprietary and/or confidential within thirty (30) days after the initial disclosure. Only information in good faith believed to be proprietary and/or confidential by the Discloser shall be identified as such. Confidential Information shall not include information that (a) is or becomes part of the public domain through no fault of Recipient, (b) is known to Recipient prior to receipt from Discloser, (c) is disclosed to Recipient after receipt thereof from Discloser by a third party that has the right to disclose such information without restriction, or (d) is independently developed by Recipient without the use of or reference to Confidential Information.

“Contracting Officer” – the Government contracting officer for the Prime Contract or authorized representative.

“End User” – is a person or entity who ultimately uses or is intended to ultimately use a product.

“FAR” – the Federal Acquisition Regulations and the Department of Defense supplement thereto.

“Government” – the federal government of the United States and its administrative agencies.

“Indemnitee” – The person(s) or entity who, is to be indemnified or protected by the other pursuant to these General Terms and Conditions of Purchase or other agreement between the parties.

“Order” – a purchase order or the purchase order schedule releases issued by Buyer or any other contract between Buyer and Seller for the purchase by Buyer and sale by Seller of goods or services, including changes thereto.

“Prime Contract” – the Government contract under which an Order is issued, if any.

“Seller” – the legal entity which contracts with the Buyer to provide goods and/or services hereunder.

2. **ACCEPTANCE:** The Seller’s acknowledgment of an Order, commencement of work on the goods ordered or shipment of such goods, whichever occurs first, shall be deemed Seller’s

acceptance of the Order. Any acceptance of an Order is limited to the express terms and conditions thereof. Any additional or different terms contained in Seller's purchase orders, invoices or other attempt by Seller to vary in any degree any of the terms of the Order is hereby rejected and shall be null and void. Any such additional terms shall be deemed a material alteration of the terms and conditions of the Order, and the Order shall be deemed accepted by the Seller without said additional or different terms. The following order of precedence shall apply: (a) any Long Term Agreement ("LTA") and/or supply agreement between the parties, including any supplemental terms included or incorporated by reference in such LTA or supply agreement, (b) the terms and conditions contained in an Order, and (c) these General Terms and Conditions of Purchase.

3. **PRICES:** The Buyer shall not be required to pay for the goods at prices higher than those specified in an Order. Unless otherwise indicated on the face of an Order, the prices specified in an Order include all taxes, duties, fees and assessments by any governmental authority. No additional charges by Seller for transportation, storage, drayage, insurance, boxing, packing, or crating will be allowed unless specified in the Order or agreed to by the Buyer in writing. The Seller warrants that the prices for the goods sold to the Buyer under the Order are no less favorable than those currently extended to any other customer of Seller for comparable or like goods in equal or lesser quantities. In the event Seller reduces its price for such goods during the term of an Order, Seller agrees to reduce the prices under any Order accordingly and credit the difference to Buyer.
4. **DELIVERY:** The terms of delivery are as stated in the Order. Time is of the essence with respect to Seller's obligations pertaining to delivery dates, specifications and quantities set forth in the Order. Deliveries are to be made both in quantities and at times specified in the Order, or alternatively, in such quantities and at times as specified pursuant to Buyer's written instruction. Shipments in greater or lesser quantities than ordered may be returned at Seller's expense unless written acceptance of such quantities is issued by Buyer. If Seller's deliveries fail to meet specified delivery schedules, Buyer, without limiting its other rights or remedies, may either direct expedited routing or charge excess costs including cover and any incidentals incurred thereby to Seller or cancel all or part of the Order. Goods which are delivered in advance of scheduled delivery dates are delivered at the risk of Seller and may, at Buyer's option, be returned at Seller's expense for proper delivery and/or have payment therefore withheld by Buyer until the date that the goods are actually scheduled for delivery unless both parties mutually agree to other recourse. Unless otherwise specified in the Order, all deliveries are FOB Destination.
5. **INVOICES AND PAYMENT:** Upon delivery of the goods or the performance of services ordered, Seller shall issue an invoice for each such Order containing such information as the Buyer may reasonably request. Invoices shall be paid by the Buyer, net ninety (90) days from

the date of invoice receipt, on its next regularly scheduled accounts payable payment date following such net terms.

6. **RISK OF LOSS:** The Seller shall bear all risk of loss of all goods until such goods are accepted by Buyer at Buyer's facility, unless specifically indicated to the contrary in the Order.

7. **MODIFICATION OF ORDER:** No change in the terms of any Order shall be binding upon Buyer unless in writing and signed by Buyer's authorized purchasing agent. Buyer reserves the right to change the Order at any time by submitting a written change Order or a new Order to Seller. If any such change affects the Seller's cost or time of performance, Seller must submit a written claim for an equitable adjustment within ten (10) days after receipt of notification of change. Seller shall continue its performance under the Order while the parties negotiate an equitable adjustment.

8. **INSPECTION:** Payment for the goods delivered hereunder shall not constitute acceptance thereof. Seller acknowledges that goods purchased under these General Terms and Conditions of Purchase and any Order may be subject to Government, Buyer's customers', or other Buyer representatives' surveillance and/or inspection at Seller's facilities and Seller's sub-tier supplier's facilities. Buyer and Government representatives shall have the right to inspect or conduct surveillance with respect to such goods upon reasonable notice, and at reasonable times, and Buyer shall have the right to reject any or all of said goods which are in Buyer's judgment defective. Buyer, the Government and/or their respective customers also reserve the right to verify and inspect work-in-process at Seller's facility during Seller's normal working hours. Seller further acknowledges that it may be required to perform first article inspections on goods subject to these General Terms and Conditions of Purchase and any Order, which inspections shall be in accordance with SAE AS9102. All inspection procedures and records shall be in accordance with SAE AS9102 and shall identify each characteristic and feature required by design data, allowable tolerance limits, and actual dimensions measured as objective evidence that each characteristic and feature has been inspected and accepted by Seller's quality and/or inspection function. When testing is required, the parameters and results of such tests shall be recorded in the same manner. Goods rejected and goods supplied in excess of quantities called for in the Order may be returned to the Seller at Seller's expense. Buyer may charge the Seller all expenses of unpacking, inspecting, repacking and reshipping such Goods. In the event Buyer receives defective or non-conforming goods, without limiting Buyer's remedies, if directed by Buyer, Seller shall provide replacement goods on an expedited basis at Seller's expense. Delivery of replacement goods shall be accompanied by a written notice specifying that such goods are replacements. If Supplier fails to deliver replacements promptly, Buyer may correct any defective or nonconforming goods at

Seller's expense, replace them with goods from another supplier and charge the Seller the cost thereof and any incidental costs.

9. **WARRANTIES:** Whether or not Seller is a merchant of goods and services provided by it, Seller warrants that all goods and services provided by it shall (a) be of good quality and workmanship and free from defects, latent or patent, (b) conform to all specifications, drawings and descriptions, furnished, specified or adopted by Buyer or its customers, (c) be merchantable and suitable and sufficient for their intended purpose, (d) be free of any claim of any third party, (e) comply with all applicable laws, (f) be free and clear of any and all liens, restrictions, reservations, security interests or encumbrances, and (g) not infringe any patent, published patent application, or other intellectual property rights of any third party existing as of the date of delivery, and not utilize misappropriated third party trade secret information. Services shall be performed in accordance with the highest standards in the industry. The warranty period shall be for a period of five (5) years from the date of delivery to the "End User" or such longer period of time as may have been provided by Buyer to its customer or the date on which any longer or broader government requirement covering the goods ends. In addition to the costs of repairing, replacing or correcting nonconforming goods, Seller is responsible for all related costs, expenses and damages including, but not limited to, the costs of removal, disassembly, failure analysis, fault isolation, reinstallation, re-inspection and retrofit of the nonconforming goods or of Buyer's or its customers' affected end-product(s); all freight charges; all customer charges and/or penalties; inventory carrying costs and all corrective action costs (i.e., costs of additional inspection or quality control systems). Unless set off by Buyer, Seller will reimburse Ducommun for all such costs upon receipt of Ducommun's invoice. None of the remedies available to Buyer for the breach of any of the foregoing warranties may be limited except to the extent and in the manner agreed upon by Buyer in a separate agreement specifically designating such limitation and signed by an authorized representative of Buyer. Buyer's inspection and/or acceptance of and payment for goods and services shall not constitute a waiver by it of any warranties. Buyer's approval of any sample or acceptance of any goods shall not relieve Seller from responsibility to deliver goods and to perform service conforming to specifications, drawings and descriptions.

10. **SELLER'S QUALITY PROGRAM:** Seller represents and warrants that it maintains a quality program that complies with Society of Automotive Engineers (SAE), AS9100 – Model for Quality Assurance in Design/Development, Production, Installation and Servicing, and such program is certified by an independent third party. Seller agrees to notify Buyer of any change in Seller's certification under such program within three (3) days of such change. Seller agrees to maintain records of all inspections and tests for goods provided hereunder for a period of seven (7) years from the date of manufacture. Such records shall be available to Buyer and/or Government representatives upon

request, and shall include, but not be limited to, the following items: receiving inspections, first article inspections, in-process and final inspection results, traceability and serialization, calibrations, completed manufacturing plans, actual material test reports, process certifications, actual test data of all qualification, functional interchangeability and acceptance tests performed, and any other inspection documents.

11. **RECALL:** Seller is liable for all costs or damages associated with any voluntary or involuntary recall of defective or potentially defective goods or any products containing or incorporating such goods including, but not limited to, recalls by a customer, regulatory agency or in accordance with applicable laws or regulations. Seller will be solely responsible for administering any recall or will fully participate in the administration of any recall conducted by Ducommun or its customer in relation to Seller's goods as Ducommun may so direct. Each party will cooperate in making available records and other information reasonably required by the other party in connection with any recall. This section will survive any termination or expiration of this Order and apply for at least the same duration as Ducommun's obligation to its customer(s).

12. **CONFIDENTIALITY:** The Seller shall hold all Confidential Information in confidence, shall not disclose the Confidential Information to any other person, shall not use the Confidential Information commercially for its own benefit or the benefit of anyone except the Buyer, and shall not use the Confidential Information for the purpose of developing, improving, marketing or commercializing a product or method for anyone except the Buyer. The Seller agrees not to copy or otherwise reproduce any Confidential Information without the Buyer's prior written consent. All Confidential Information and all reproductions, copies and embodiments thereof, in whole or in part, shall be the sole property of the Buyer. Nothing in this Order shall be deemed, by implication or otherwise, to convey to the Seller any rights under any patents, patent applications, copyrights, trademarks, trade secrets, inventions or any other intellectual property owned by the Buyer, and the Buyer makes no representation or warranty as to the accuracy or completeness of any Confidential Information. If the Parties have signed a separate Confidentiality Agreement and/or Non-Disclosure Agreement, the provisions of such agreement shall not be altered or amended by this section.

13. COUNTERFEIT PARTS PREVENTION:

- (a) For purposes of this Agreement, (i) "Counterfeit Parts" shall mean a part, component, module, or assembly whose origin, material, source of manufacture, performance, or characteristics are misrepresented, including, but not limited to, (i) parts that have been (re)marked to disguise them or falsely represent the identity of the manufacturer, (ii) defective parts and/or surplus material scrapped by the original manufacturer, and (iii) previously used parts pulled or reclaimed

and provided as "new", (ii) "authentic" shall mean (A) genuine, (B) from the legitimate source claimed or implied by the marking and design of the product offered, and (C) manufactured by, or at the behest and to the standards of, the manufacturer that has lawfully applied its name and trademark for that model/version of the material, and (iii) "Independent Distributor" shall mean a person, business, or firm that is neither authorized nor franchised by an Original Component Manufacturer ("OCM") to sell or distribute the OCM's products but which purports to sell, broker, and/or distribute such OCM products. Independent Distributors are also referred to as unfranchised distributors, unauthorized distributors, and/or brokers.

- (b) Seller represents and warrants that only new and authentic materials are used in goods required to be delivered to Buyer under any Order and that the goods delivered contain no Counterfeit Parts. No other material, part, or component other than a new and authentic part is to be used unless approved in advance in writing by Buyer. To further mitigate the possibility of the inadvertent use of Counterfeit Parts, Seller shall only purchase authentic parts/components directly from the original equipment manufacturers ("OEMs")/OCMs of such goods or through the OEM's/OCM's authorized distribution chain. Seller must make available to Buyer, at Buyer's request, OEM/OCM documentation that authenticates traceability of the components to that applicable OEM/OCM. Purchase of parts/components from Independent Distributors is not authorized unless first approved in writing by the Buyer. Seller must present complete and compelling support for its request and include in its request all actions to ensure the parts/components thus procured are legitimate parts. Buyer's approval of Seller request(s) does not relieve Seller's responsibility to comply with all requirements contained herein, including the representations and warranties in this section. A breach of this paragraph/clause or any subparagraph herein shall be considered a material breach of these General Terms and Conditions of Purchase or any Order.
- (c) In the event that goods delivered under these General Terms and Conditions of Purchase or any Order constitute or include Counterfeit Parts, Seller shall, at its expense, promptly replace such Counterfeit Parts with genuine goods conforming to the requirements of these General Terms and Conditions of Purchase or any Order. Notwithstanding any other provision in these General Terms and Conditions of Purchase or any Order, Seller shall be liable and indemnify Buyer for all costs relating to the removal and replacement of Counterfeit Parts, including without limitation Buyer's and higher tier customer's costs of removing Counterfeit Parts of installing replacement materials and of any testing necessitated by the reinstallation of goods after Counterfeit Parts have been

exchanged. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions of these General Terms and Conditions of Purchase or any Order.

- (d) Seller shall maintain a documented system (policy, procedure, or other documented approach) which includes training of personal, inspection and testing of electronic parts, counterfeit parts proliferation, traceability, and use of OEMs/OCMs or provides for prior notification and customer approval before parts/components are procured from sources other than OEMs/OCMs or through the OEM's/OCM's authorized distribution chain. Seller shall provide copies of such documentation for its system for Buyer's inspection upon Buyer request.
- (e) Seller shall flow the requirements of this clause to its subcontractors and suppliers at any tier for the performance of any Order. If Seller is providing electronic components/devices only, the following certification applies: Certification of Origin of Goods: Acceptance of any Order constitutes confirmation by Seller that it is either the OEM, OCM, or a franchised or authorized distributor of the OEM/OCM for the goods herein procured. Seller further warrants that OEM/OCM acquisition documentation that authenticates traceability of the components to that applicable OEM is available upon request. If Seller is not the OEM/OCM or a franchised or authorized distributor, Seller confirms by acceptance of these General Terms and Conditions of Purchase or any Order that the goods supplied to Buyer have been procured from the OEM/OCM or a franchised or authorized distributor of the OEM/OCM. The Seller further warrants that OEM/OCM acquisition traceability documentation is accurate and available to Buyer upon Buyer's request. A breach of this section herein shall be considered a material breach of these General Terms and Conditions of Purchase or any Order.

14. RIGHTS IN INTELLECTUAL PROPERTY: If an Order provides for Seller to perform any design, engineering, analytical or similar work for Buyer or provides for the delivery of any software, firmware, copyrightable materials or derivative works thereof, all right, title and interest that Seller has in and to any patentable invention, know-how and trade secrets, copyrightable materials and derivative works thereof that Seller shall conceive, originate or reduce to practice, either individually or jointly with others, in connection with its performance of an Order are hereby assigned to Buyer and shall be the sole and exclusive property of Buyer. Seller shall promptly execute any documents and perform any other tasks required by Buyer that are reasonably necessary to perfect Buyer's ownership of any intellectual property rights therein.

15. INDEMNIFICATION AND INSURANCE: Seller will, at its expense, defend and indemnify Buyer and its subsidiaries, affiliates, and agents, and their respective officers,

directors, shareholders, and employees, and Buyer's customers (collectively "Indemnitee(s)") from and against any and all loss, cost, expense, damage, liquidated damages, claim, demand, or liability, including reasonable attorney and professional fees and costs, and the cost of settlement, compromise, judgment, or verdict (collectively, "Damages") incurred by or demanded of an Indemnitee by any third party arising out of, resulting from or occurring in connection with Seller's goods or services or Seller's negligence, willful misconduct, or breach of these General Terms and Conditions of Purchase or any Order. In no event will Seller enter into any settlement without Buyer's prior written consent, which will not be unreasonably withheld. If Buyer is obligated to pay Damages pursuant to its contract with its customer, then Seller will be liable for such Damages to the extent Seller causes or contributes to those Damages. Nothing in this section limits Buyer's right to claim all actual damages sustained by Buyer as a result of Seller-caused delays. Seller shall maintain such public liability insurance, including products liability and aircraft products liability, completed operations, contractors liability, automobile liability insurance (including non-owned automobile liability) worker's compensation, and employer's liability insurance as will adequately protect Buyer against such damages, liabilities, claims, losses and expenses (including attorneys' fees) or as required by statute, provided that all such liability insurance policies shall be in an amount of not less than \$5,000,000. Seller agrees to name Buyer as an additional insured by endorsement on all policies required by this section other than Seller's worker's compensation policy prior to the shipment of any goods hereunder or any Order.

16. INTELLECTUAL PROPERTY INDEMNIFICATION: For goods provided under these General Terms and Conditions of Purchase or any Order, Seller will, at its expense, defend and indemnify Indemnitee from and against any and all loss, cost, expense, damage, claim, demand, or liability, including reasonable attorney and professional fees and costs, and the cost of settlement, compromise, judgment, or verdict incurred by or demanded from Indemnitee or any third party arising out of, resulting from, or occurring in connection with any alleged: (a) patent, copyright, or trademark infringement; (b) unlawful disclosure, use, or misappropriation of a trade secret; or (c) violation of any other third-party intellectual property right, and from expenses incurred by Indemnitee in defense of such suit, claim, or proceeding if Seller does not undertake the defense thereof. Seller will have the right to conduct the defense of any such claim or action and, consistent with Indemnitee's rights hereunder, all negotiations for its settlement. But in no event will Seller enter into any settlement without Buyer's prior written consent, which will not be unreasonably withheld. Indemnitee may participate in a defense or negotiations to protect its interests. If any injunction or restraining order is issued, Seller will, at its expense, obtain for Indemnitee either the right to continue using and selling the goods or replace or modify the goods to make them non-infringing.

17. COMPLIANCE WITH LAW: Seller warrants that the goods to be furnished and the services to be rendered under any Order shall be manufactured, sold, used and rendered in compliance with all relevant federal, state, local and international laws, orders, rules, ordinances, and regulations. Without limiting the foregoing, Seller warrants and certifies that the goods and the production of the goods and/or the performance of the services covered by the Order fully comply with (i) the Fair Labor Standards Act of 1938, as amended, and the regulations and orders of the United States Department of Labor relating thereto, (ii) all applicable state and Government laws, orders, rules, ordinances and regulations relating to occupational safety and the protection of the environment, including, but limited to, those involving hazardous waste, hazardous materials, air and water pollution, and natural resources, (iii) the Foreign Corrupt Practices Act and the Anti-Kickback Act of 1986 and the regulations relating thereto, (iv) Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to the use of conflict minerals originating in certain covered countries (the “Conflict Minerals Rule”) , and (v) the California Transparency in Supply Chains Act (SB657). Any breach of any warranty contained in this section shall be a material breach of each and every Order and contract between Buyer and Seller. Seller shall defend and indemnify Buyer against all damages, liabilities, claims, losses and expenses (including attorneys’ fees) arising out of or resulting in any way from Seller’s failure to comply with this section.

18. CODE OF CONDUCT: Seller acknowledges and agrees that (a) it has received and reviewed a copy of Buyer’s Code of Business Conduct and Ethics (or alternatively has taken note of Buyer’s Code of Business Conduct) (“[Code of Ethics](#)”) and that it will adhere to the principles contained in the Code of Ethics in all its dealings with, for or on behalf of Buyer in connection with these General Terms and Conditions of Purchase or any Order and the business resulting therefrom. Supplier will notify Buyer immediately if it becomes aware of any behavior by Buyer’s or Supplier’s staff which is, or may be, inconsistent with Buyer’s Code of Ethics or, where Supplier has adopted equivalent principles, their equivalent; and (b) at Buyer’s request, Supplier will provide information to Buyer as required to complete and fully respond to Buyer’s usual supplier questionnaires and due diligence to confirm compliance by Supplier with applicable laws. As part of Buyer’s due diligence, Supplier will grant Buyer or its representatives’ reasonable access to Supplier’s facilities and sites.

19. HUMAN TRAFFICKING Supplier represents and warrants that: (i) it does not employ engage or otherwise use any child labor in circumstances such that the tasks performed by any such child labor could reasonably be foreseen to cause either physical or emotional impairment to the development of such child; (ii) it does not use forced labor in any form (prison, indentured, bonded or otherwise) and its employees are not required to lodge papers or deposits on starting work; (iii) it provides a safe and healthy

workplace, presenting no immediate hazards to its employees; any housing provided by it to its employees is safe for habitation; and it provides access to clean water, food, and emergency healthcare to its employees in the event of accidents or incidents at its workplace; (iv) it does not discriminate against any employees on any ground (including race, religion, disability or gender); (v) it does not engage in or support the use of corporal punishment, mental, physical, sexual or verbal abuse and does not use cruel or abusive disciplinary practices in the workplace; (vi) it pays each employee at least the minimum wage, or a fair representation of the prevailing industry wage (whichever is the higher) and provides each employee with all legally mandated benefits; (vii) it complies with the laws on working hours and employment rights in the countries in which it operates; (viii) it is respectful of its employees' right to join and form independent trade unions and freedom of association; (ix) it agrees that it is responsible for controlling its own supply chain and that it shall encourage compliance with ethical standards and human rights by any subsequent supplier of goods and services that are used by it when performing its obligations under these General Terms and Conditions of Purchase or any Order; and (x) it certifies that materials incorporated into its products comply with the laws regarding slavery and human trafficking of the country or countries in which it is doing business. Seller shall ensure that it has ethical and human rights policies and an appropriate complaints procedure to deal with any breaches of such policies. In addition to any other inspection and audit rights provided to Buyer herein, Buyer reserves the right upon reasonable notice (unless inspection is for cause, in which case no notice shall be necessary) to enter upon Supplier's premises to monitor compliance by Supplier of the warranties set out above and Supplier shall, subject to compliance with law, furnish Buyer with any relevant documents requested by Buyer in relation thereto.

20. CONFLICT MINERALS: Supplier shall provide Buyer reasonable assistance in conducting due diligence of Supplier's supply chain for the purpose of complying with the Conflict Minerals Rule. Supplier shall permit Buyer to conduct due diligence and conduct inspections and audits of Supplier's operations, premises, and facilities to ensure compliance with Supplier's obligations hereunder with respect to the Conflict Minerals Rule. Supplier shall impose upon its suppliers and vendors provisions similar to that found in this section.

21. EXPORT/IMPORT CONTROLS: If Seller is a U. S. company that engages in the business of either manufacturing or exporting defense articles or furnishing defense services, the Seller hereby certifies that it has registered with the U. S. Department of State Directorate of Defense Trade Controls and has complied and will comply with its obligations under export control laws and regulations, including, but not limited to, the International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("EAR"). Seller shall control the disclosure of and access to technical data, information and other items received under the Order in accordance with U. S. export

control laws and regulations, including, but not limited to, the ITAR. Seller agrees to provide Buyer with the export control classification number for all goods supplied to Buyer hereunder or any Order. Seller further agrees that no technical data, information or other items provided by the Buyer in connection with an Order shall be provided to any foreign subsidiary of Seller or any other foreign person, without the express written authorization of the Buyer and the Seller's obtaining of the appropriate export license, technical assistance agreement or other requisite documentation for ITAR-controlled technical data or items. Seller shall defend and indemnify Buyer from any loss, damage, fine, penalty, or expense (including attorneys' fees) that Buyer may suffer as a result of Seller's failure to comply with this section.

22. GOVERNMENT CONTRACTS: For Orders placed in support of any Government Prime Contract or any subcontract thereunder (including, but not limited to, those procuring an item meeting the FAR definition of a commercial item), the following are incorporated herein by reference as if fully set forth in the Order: (i) the clauses set forth in the FAR or DFARS as listed on the attached "FAR and DFARS Clauses Incorporated in Orders," and (ii) any other FAR or DFARS clauses and other terms and conditions required to be included in the Order as a matter of law or under the terms of the Prime Contract or subcontract. In addition, Seller shall comply with the Truth in Negotiations Act, and shall provide all certifications of cost and pricing data requested by the United States Government, the prime contractor or the Buyer. Seller warrants that it shall comply with all of the requirements contained herein and in each of the listed Government Contract FAR and DFARS clauses, and shall defend and indemnify Buyer against all damages, liabilities, claims, losses and expenses (including attorneys' fees) arising out of or resulting in any way from any actual or alleged violation or failure to fully comply with the terms hereof or any of the listed Government Contract FAR or DFARS clauses by Seller, its subcontractors, consultants, employees or agents. In all FAR clauses incorporated herein, the term "Government" shall mean "Buyer" and the term "Contractor" shall mean "Seller."

23. REMEDIES CUMULATIVE: Buyer's remedies shall be cumulative and remedies herein specified do not exclude any remedies allowed by law. Waiver of any breach by Buyer shall not constitute waiver of any other breach of the same or any other provision. Acceptance of any goods or payment therefor by Buyer shall not waive any breach.

24. APPLICABLE LAW AND FORUM: This Agreement shall be governed and construed in accordance with the laws of the state of California, not including its law of conflicts of laws. Any legal action relating to or arising out of this Agreement, any Order or the transactions contemplated thereby, shall be brought in the United States District Court or the state courts located in Los Angeles, California, and the Parties hereby

consent to the sole jurisdiction of said courts.

25. **BUYER-FURNISHED PROPERTY:** Seller shall not use, reproduce, appropriate or disclose to anyone other than Buyer any material, samples, tooling, dies, drawings, designs, specifications, software, technical information and other property or data furnished by Buyer, nor shall Seller use the same to produce or manufacture articles other than those required hereunder without prior written authorization from Buyer. Where the Government has received from Buyer the right to authorize such use by Seller, Seller may utilize Buyer's data and information in the manufactured articles for direct sale to the Government provided, however, that Seller shall (i) give Buyer prior written notice of each such proposed use, (ii) prominently identify and segregate, to the extent possible, each item being provided by Seller for direct sale to the Government, and (iii) make no claim against Buyer which arises out of use by Seller of such data and information. Title to such Buyer-furnished property shall be and remain in Buyer at all times. Buyer does not guarantee the accuracy of any tooling or the quality or suitability of any material supplied by it. Seller shall bear the risk of loss, damage or destruction of the property furnished by Buyer and shall promptly replace or repair without expense to Buyer any property which is lost, damaged or destroyed, unless such loss, damage or destruction is solely, directly and proximately caused by Buyer's negligence. All Buyer-furnished property, together with spoiled and surplus materials shall be returned to Buyer at termination or completion of the Order unless Buyer shall direct otherwise in writing. Where Buyer's data, designs or other information are furnished to Seller's suppliers for procurement of supplies or services by Seller for use in the performance of Buyer's Order, Seller shall insert the substance of this provision in its subcontracts.

26. **DELAY:** Time is of the essence in performing the Order. Should Seller experience or anticipate any delay in performing the Order, Seller shall immediately notify Buyer of such delay, its expected duration and the reasons thereof. Neither such notification nor an acknowledgement by Buyer shall constitute a waiver of the Order's delivery schedule. The delivery schedule shall not be modified unless the parties agree in writing.

27. **SPECIFICATIONS:** Unless otherwise directed in the Order, Seller shall manufacture the goods in accordance with the current specifications, drawings and designs for the goods. Seller is responsible for verifying that the Order's specifications, drawings and designs are the current revisions. If Seller determines that any of the specifications, drawings or designs are not the most current revision, Seller shall so notify Buyer immediately in writing.

28. **SET OFF:** Buyer may set off any amount due to Seller against any amount owed by Seller to Buyer under these General Terms and Conditions of Purchase, LTA, or supply agreement between the parties.

29. **ASSIGNMENT:** Neither an Order, these General Terms and Conditions of Purchase, LTA or any other agreement between the parties, nor any interest therein may be assigned by Seller without the prior written consent of Buyer. If Buyer consents to any such assignment, (i) payment to an assignee of any such claim shall be subject to set off or recoupment for any present or future claim or claims which Buyer may have against Seller except to the extent that any such claims are expressly waived in writing by Buyer, and (ii) Buyer reserves the right to make direct settlements or adjustments in price with Seller notwithstanding any assignment of claims for monies due or to become due hereunder and without notice to the assignee. As used herein, any merger, consolidation or other combination involving Seller, any sale of more than 25% of the outstanding voting securities of Seller and any other change in control of Seller, whether in one or a series of transactions shall be considered an “assignment” subject to this section.

30. **TERMINATION:**

- (a) If either party is in material default of any of its obligations under the Order and such default is not cured within fifteen (15) days after written notice thereof by the party not in default, then such non-defaulting party may terminate these General Terms and Conditions of Purchase and/or any Orders, in whole or in part, provided, however, that in the event of Seller’s failure to meet the delivery schedule or quality requirements of Buyer, Seller shall be given the opportunity to cure a default only once and thereafter Buyer may terminate any Order, in whole or in part, immediately by written notice to Seller. In the event that the Buyer disputes the basis for the Seller’s termination, the Seller shall continue its performance under these General Terms and Conditions or any Orders until the dispute is finally resolved.

- (b) The Buyer may, at any time, terminate any Order for convenience and without cause, in whole or in part, upon written notice to Seller. In such event, Seller shall be entitled to reasonable termination charges equal to (i) the portion of the Order price reflecting the services performed or goods delivered prior to termination, plus (ii) Seller’s actual direct costs (excluding overhead, SG&A and similar allocated costs) resulting from termination, minus (iii) the reuse or resale value of the work terminated. Seller shall submit any claim for termination costs in writing within thirty (30) days of receipt of the notice together with documentation to substantiate such costs satisfactory to the Buyer. Notwithstanding the foregoing, no termination charges shall apply if the goods are not custom goods (i.e. goods unique to the Buyer) specially manufactured to the Buyer’s specifications pursuant to an Order, and notice of termination is provided to the Seller at least thirty (30) days prior to the required delivery date.

The Seller's reasonable termination charges shall not exceed under any circumstances those allowed for a termination for convenience under the Federal Acquisition Regulations in effect at the time of termination. The foregoing termination charges state the entire liability of the Buyer for termination for convenience by the Buyer of any Order.

- (c) In the event of termination of any Order, the terms hereof shall continue to apply to any Orders to the extent performed prior to the effective date of termination and shall continue to apply to any Orders to the extent such Orders have not been terminated.

31. **RELEASE OF INFORMATION:** Seller shall not advertise, publish or otherwise release any information relating to any Order, including the fact that Buyer has issued an Order, without Buyer's prior written permission.

32. **NONWAIVER:** No waiver of any provision or failure to perform any provision of an Order shall be effective unless consented to by Buyer in writing nor shall any such waiver constitute a waiver of any other provision or failure to perform.

33. **SEVERABILITY:** If any provision of an Order, or part thereof, shall be invalid or unenforceable, such provision or part shall be deemed severed and the remainder hereof shall be given full force and effect.

34. **ENTIRE AGREEMENT:** Except when issued under, or to carry out, a written contract between the parties, these General Terms and Conditions of Purchase and the terms of an applicable Order constitute the entire agreement of sale and purchase of the goods specified in such Order.

35. FAR AND DFARS CLAUSES INCORPORATED IN ORDERS:

The following clauses set forth in the FAR and DFARS as in effect on the date of an Order, unless otherwise noted, are incorporated herein by reference. Where necessary to make the clauses applicable to an Order, "Contractor" shall mean "Seller," "Contracting Officer" shall mean "Buyer," and the "Government" shall mean "Buyer" whenever appearing in the clauses, unless otherwise noted. Seller shall include the following clauses in its lower-tier purchase orders as required. If any of the following FAR or DFARS clauses do not apply to a particular Order, such clauses are considered to be self-deleting.

FAR CLAUSES

52.203-3	Gratuities
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity
52.203-15	Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009
52.204-2	Security Requirements
52.204-9	Personal Identity Verification of Contractor Personnel
52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards
52.208-8	Required Sources for Helium and Helium Usage Data
52.211-15	Defense Priority and Allocation Requirements
52.222-21	Prohibition of Segregated Facilities
52.222-26	Equal Opportunity
52.222-41	Service Contract Labor Standards
52.222-50	Combating Trafficking in Persons
52.222-51	Exemption from Application of the Service Contract Labor Standards to Contracts for Maintenance, Calibration, or Repair of Certain Equipment—Requirements
52.223-3	Hazardous Material Identification Material Safety and Data (Alt I applies if this order is for other than DoD)
52.223-4	Recovered Material Certification
52.223-5	Pollution Prevention and Right-to-Know Information
52.223-7	Notice of Radioactive Materials (subsection (a) shall read “15 days”)
52.223-11	Ozone-Depleting Substances
52.223-15	Energy Efficiency in Energy-Consuming Products
52.224-1	Privacy Act Notification
52.224-2	Privacy Act
52.225-1	Buy American – Supplies

52.225-2	Buy American Certificate
52.225-3	Buy American – Free Trade Agreements – Israeli Trade Act
52.225-5	Trade Agreements
52.225-8	Duty-free Entry
52.225-13	Restrictions on Certain Foreign Purchases
52.225-20	Prohibition on Conducting Restricted Business Operations in Sudan – Certification
52.225-25	Prohibition on Contracting with Entities Engaging in Certain Activities or Transactions Relating to Iran—Representation and Certifications
52.227-9	Refund of Royalties
52.227-10	Filing of Patent Applications - Classified Subject Matter
52.227-11	Patent Rights – Ownership by the Contractor (references to “Government”, “Contracting Officer” and “Contractor” as contained in this clause remain unchanged)
52.227-13	Patent Rights – Ownership by the Government
52.227-14	Rights in Data – General
52.229-3	Federal, State, and Local Taxes
52.232-40	Providing Accelerated Payments to Small Business Subcontractors
52.233-3	Protest After Award
52.234-1	Industrial Resources Developed Under Defense Production Act Title III
52.236-13	Accident Prevention
52.244-6	Subcontracts for Commercial Items
52.245-1, Alt. 1	Government Property (except in clauses (e)(1), (e)(2)(ii), (e)(3)(i), (f)(1)(ii), the term “Government” shall remain)
52.245-9	Use and Charges
52.246-2	Inspection of Supplies – Fixed Price
52.246-4	Inspection of Services – Fixed-Price
52.246-16	Responsibility for Supplies

52.247-63	Preference for U.S. Flag Air Carriers
52.247-64	Preference for Privately Owned U.S. Flag Commercial Vessels

DFARS CLAUSES

252.203-7002	Requirement to Inform Employees of Whistleblower Rights
252.204-7000	Disclosure of Information
252.204-7012	Safeguarding of Unclassified Controlled Technical Information (in subparagraph (d)(1), Seller shall report to Buyer any cyber incident to Buyer's Authorized Purchasing Representative within thirty six (36) hours of discovery)
252.204-7014	Limitations on the Use or Disclosure of Information by Litigation Support Contractors
252.204-7015	Disclosure of Information to Litigation Support Contractors
252.208-7000	Intent to Furnish Precious Metals as Government-Furnished Material
252.222-7000	Restrictions on Employment of Personnel
252.223-7001	Hazard Warning Labels
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials
252.223-7008	Prohibition of Hexavalent Chromium
252.225-7000	Buy American - Balance of Payments Program Certificate
252.225-7001	Buy American and Balance of Payments Program
252.225-7007	Prohibition on Acquisition of US Munitions List Items from Communist Chinese Military Companies
252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals
252.225-7013	Duty-Free Entry
252.225-7016	Restriction on Acquisition of Ball and Roller Bearings
252.225-7025	Restrictions on Acquisition of Forgings
252.225-7028	Exclusionary Policies and Practices of Foreign Governments
252.225-7030	Restriction on Acquisition of Carbon Alloy and Armor Steel Plate
252.225-7036	Buy American – Free Trade Agreements – Balance of Payments Program

252.225-7048	Export-Controlled Items
252.227-7013	Rights in Technical Data - Noncommercial Items (the term "Government" shall remain through this clause, the term "Contracting Officer" shall mean both "Contracting Officer and Buyer")
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (the term "Government" shall remain throughout this clause, the term "Contracting Officer" shall mean both "Contracting Officer and Buyer")
252.227-7015	Technical Data--Commercial Items
252.227-7016	Rights in Bid or Proposal Information
252.227-7019	Validation of Asserted Restrictions - Computer Software
252.227-7025	Limitations on the Use or Disclosure of Government Furnished Information Marked with Restrictive Legends
252.227-7030	Technical Data - Withholding of Payment
252.227-7037	Validation of Restrictive Markings of Technical Data (the terms throughout this clause shall remain unchanged)
252.228-7001	Ground and Flight Risk
252.228-7005	Accident Reporting and Investigation Involving Aircraft, Missiles and Space Launch Vehicles (the term "Government" shall mean "Government and Buyer")
252.229-7011	Reporting of Foreign Taxes - US Assistance Programs
252.235-7003	Frequency Authorization
252.235-7004	Protection of Human Subjects
252.239-7018	Supply Chain Risk
252.243-7001	Pricing of Contract Modifications
252.244-7000	Subcontracts for Commercial Items
252.246-7001, Alt I	Warranty of Data
252.246-7003	Notification of Potential Safety Issues
252.246-7007	Contractor Counterfeit Electronic Part Detection and Avoidance System
252.247-7024	Notification of Transportation of Supplies by Sea

FAR Clauses with Thresholds

All Orders of \$3,000 or Greater	
52.222-54	Employment Eligibility Verification
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving
All Orders Greater than \$10,000	
52.222-40	Notification of Employee Rights Under the National Labor Relations Act
All Orders Greater than \$15,000	
52.222-20	Contracts for Materials, Supplies, Articles, and Equipment Exceeding \$15,000
52.222-36	Equal Opportunity for Workers with Disabilities
All Orders of \$30,000 or Greater	
52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment
All Orders of \$100,000 or Greater	
52.222-35	Equal Opportunity for Veterans
52.222-37	Employment Reports on Veterans
All Orders of \$150,000 or Greater	
52.203-5	Covenant Against Contingent Fees
52.203-6	Restrictions on Subcontractor Sales to the Government
52.203-7	Anti-Kickback Procedures
52.203-8	Cancellation, Recession, and Recovery of Funds for Illegal or Improper Activity
52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions
52.203-12	Limitation on Payments to Influence Certain Federal Transactions
52.203-16	Preventing Personal Conflicts of Interest
52.203-17	Contractor Employee Whistleblower Rights and Requirement To Inform Employees Of Whistleblower Rights

52.215-2	Audit and Records – Negotiation
52.215-14	Integrity of Unit Prices (except for paragraph (b) of this clause)
52.215-22	Limitations on Pass-Through Charges – Identification of Subcontract Effort (DoD Only)
52.215-23	Limitations on Pass-Through Charges
52.219-8	Utilization of Small Business Concerns
52.222-4	Contract Work Hours and Safety Standards – Overtime Compensation
52.227-1	Authorization and Consent
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement
52.248-1	Value Engineering
All Orders of \$650,000 or Greater	
52.214-26	Audit and Records – Sealed Bidding (\$700K or greater if Prime Contract dated on or after October 1, 2010)
52.214-27	Price Reduction for Defective Certified Cost or Pricing Data – Modifications – Sealed Bidding (\$700K or greater if Prime Contract dated on or after October 1, 2010)
52.219-9	Small Business Subcontracting Plan
All Orders Greater than \$700,000	
52.214-28	Subcontractor Certified Cost or Pricing Data – Modifications – Sealed Bidding
52.215-10	Price Reduction for Defective Certified Cost or Pricing Data
52.215-11	Price Reduction for Defective Certified Cost or Pricing Data – Modifications
52.215-12	Subcontractor Certified Cost or Pricing Data
52.215-13	Subcontractor Certified Cost or Pricing Data – Modifications
52.215-15	Pension Adjustments and Asset Reversions

52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions
52.215-19	Notification of Ownership Changes
52.215-20	Requirements for Cost or Pricing Data Other Than Certified Cost or Pricing Data
52.230-2	Cost Accounting Standards (except its subparagraph (b))
52.230-3	Disclosure and Consistency of Cost Accounting Practices (except its subparagraph (b))
52.230-4	Disclosure and Consistency of Cost Accounting Practices—Foreign Concerns
52.230-5	Cost Accounting Standards – Educational Institution
52.230-6	Administration of Cost Accounting Standards
All Orders Greater than \$5 Million	
52.203-14	Display of Hotline Poster(s)
All Orders Greater than \$5 Million and a Period of Performance of greater than 120 days	
52.203-13	Contractor Code of Business Ethics and Conduct (Notwithstanding any alterations to this clause to reflect the relationship between Buyer and Seller, all disclosures of violation of the civil False Claims Act or of federal criminal law shall be directed to the Office of the Inspector General of the agency issuing the prime contract, with a copy to the Contracting Officer of the prime contract.)

DFARS Clauses with Thresholds

All Orders Requiring Unique Item Identification where Item Price Is Greater than \$5,000 Per Unit	
252.211-7003	Item Unique Identification and Valuation
All Orders of \$150,000 or Greater	
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies
252.225-7012	Preference For Certain Domestic Commodities
252.247-7023	Transportation of Supplies by Sea—Basic
252.249-7002	Notification of Anticipated Contract Termination or Reduction

	All Orders Greater than \$500,000
252.226-7001	Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns
	All Orders of \$650,000 or Greater
252.219-7003	Small Business Subcontracting Plan (DoD Contracts)
	All Orders Greater than \$1 Million for Non-Commercial Items
252.222-7006	Restrictions on the Use of Mandatory Arbitration Agreements
	All Orders Greater than \$1.5 Million
252.211-7000	Acquisition Streamlining
	All Orders Greater than \$5 Million
252.203-7004	Display of Fraud Hotline Poster(s)