

**Demmer Corporation**  
**TERMS AND CONDITIONS (Page 1 of 5)**

1. **ENTIRE AGREEMENT:** This contract, together with the attachments, exhibits, supplements or other terms of Buyer specifically referenced in this contract, constitutes the entire agreement between Seller and Buyer with respect to the matters contained in this contract and supersedes all prior oral or written representations and agreements. No additional or differing terms in any confirming document will become a part of this agreement, unless specifically agreed to, in writing by an authorized representative of the Buyer. Seller agrees to participate in Buyer's supplier quality and development program(s) and to comply with all quality requirements and procedures specified by the Buyer.
2. **DELIVERY REQUIREMENT:** Time is of the essence. Demmer Corporation requires 100% on time delivery. The Buyer's production schedules are dependent upon the delivery schedules made a part of this agreement. Seller's failure to deliver on a timely basis is a default, and will entitle Buyer, at its election, to all proper remedies, including cancellation of this agreement. It is Buyer's policy to recover costs incurred due to delivery deficiencies.  
Note: Action plans and alternative support will be given to buyer in writing 3 weeks prior to concern from seller.
3. **CONFORMANCE REQUIREMENT:** Demmer Corporation requires 100% Quality material. The buyer's production schedules are dependent upon receipt of quality material. Seller's failure to supply quality goods is a default, and will entitle Buyer, at its election, to all proper remedies, including cancellation of this agreement. It is Buyer's policy to recover costs incurred due to quality deficiencies.
4. **WARRANTEES:** Seller warrants that all material(s) and/or work covered by this Order will (I) conform in all respects to the requirements of this Order (and Seller will provide certification of same to Buyer if requested), (ii) be free from defect of material (s) and/or workmanship, and (iii) be fit and sufficient for the purposes intended.
5. **INSPECTION AND REJECTION:** All materials shall be received by Buyer or Buyer's designee subject to inspection and rejection. Seller acknowledges that Buyer is under no obligation to perform incoming inspections of the goods, and waives any rights to require Buyer to conduct such inspections. Materials not conforming to Buyer's specifications will be held for Seller's instructions, at Seller's risk, and if directed by seller, returned at Seller's expense. When materials are shipped to places other than Buyer's location, Seller's invoices will be paid in accordance with this contract, but in any event, no earlier than acknowledgement of receipt of shipment by the designated recipient.  

(A) Seller is responsible to notify Buyer Purchasing Department when shipment of nonconforming product is pending and to gain the approval of Buyer for such shipment, including arrangement of all special conditions required by Buyer.
6. **BUYERS ACCESS TO SELLERS FACILITIES:** Buyer, Buyers Customers, and authorized Regulatory Authorities reserves the right to access the Sellers facilities involved in the order and to all quality records applicable to such orders. This includes the right to inspect item(s) covered under purchase orders issued to Seller.
7. **CHANGE IN PRODUCT AND/OR PROCESS:** Seller shall not make changes to product or to approved processes without first obtaining approval from Buyer.
8. **ASSIGNMENT AND SUBCONTRACTORS:** This agreement may not be assigned by the Seller without the written consent of Buyer. Usage of subcontractors by Seller is subject to Buyer's approval.

TERMS AND CONDITIONS (Page 2 of 5)

- (A) Where the Seller uses subcontract suppliers, it is the responsibility of the Seller to flow down to such sub-tier suppliers, the applicable requirements in the purchasing documents, including key characteristics, where required, as specified by the Buyer.
9. **APPLICABLE LAW:** This agreement will be construed under laws of the State of Michigan.
10. **CONSTRUCTIVE ACCEPTANCE:** Commencement of shipment of materials described in this Order constitutes acceptance, irrespective of whether Seller confirms its acceptance by a written agreement.
11. **ALTERATIONS:** Changes may be made to the Order by Buyer, from time to time, and equitable adjustments will be made to the price and/or other terms as are proper.
12. **CANCELLATION:** Buyer reserves the right, at any time and without cause, to cancel all or any portion of the undelivered portion of this Order by notice to the Seller. At cancellation of this Order conditions for equitable arrangements will be made in conjunction with both parties. All consideration will be reviewed for raw and finished material at seller's location.
13. **GOVERNMENT REGULATIONS:** In performance of work under this order, Seller agrees to comply with all applicable federal, state or local laws, rules, regulations or ordinances.
14. All materials delivered under this Purchase Order shall satisfy current governmental and safety constraints on restricted toxic and hazardous materials; as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale.
15. **EQUAL OPPORTUNITY CLAUSE:** During the performance of this contract, the contractor agrees as follows:
- A) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex 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. The contractor agrees to post in conspicuous places available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
  - B) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
  - C) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract 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 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
  - D) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and by the rules, regulations, and relevant orders of the Secretary of Labor.
  - E) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
  - F) In the event of the contractor's non compliance with the nondiscrimination clause of this contract or with any such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedure authorized in Executive Order 11246 of

TERMS AND CONDITIONS (Page 3 of 5)

- G) September 24, 1965 and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- H) The contractor will include provisions of paragraphs (A) through (G) 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 11246, so that such provisions will be binding upon each subcontractor or vendor. The contractor or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with,

litigation with a subcontractor or vendor as a result of such direction, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

- 16. AFFIRMATIVE ACTION COMPLIANCE PROGRAM CLAUSE: The contractor (or subcontractor) certifies that it has developed and presently has in full force and effect a written affirmative action program in accordance with the requirements set forth in Title 41, Part 60-1 – Obligations of Contractor and Subcontractor and Part 60-2- Affirmative Action Programs, Section 60-1.40, of the Code of Federal Regulations, effective July 1, 1966, as amended.
- 17. EEO INFORMATION REPORT: The contractor (or subcontractor) certifies that E.E.O. –1 , Standard Form 100 promulgated jointly by the Office of Federal Contract Compliance Programs and the Equal Employment Opportunity Commission has been filed in accordance with the requirements set forth in

Title 41, Part 60-1- Obligations of Contractor and Subcontractors, Section 60-1.7, of the Code of Federal Regulations, effective July 1, 1966 as amended.

- 18. AFFIRMATIVE ACTION CLAUSES:
  - A) All provisions of 41 CFR 60-250 and 41 CFR 61-250, as amended, pertaining to Affirmative Action for Disabled Veterans of the Vietnam Era are hereby incorporated by reference where this contract is for \$10,000.00 or more.
  - B) All provisions of 41 CFR 60-741, as amended, pertaining to Affirmative Action for Handicapped Workers are hereby incorporated by reference where this contract is for \$2,500.00 or more.
- 19. INSURANCE: Seller shall maintain insurance coverage with carriers acceptable to Buyer and in amounts not less than the following:
  - A) Worker's Compensation-statutory limits for the state or states in which this contract is to be performed (or evidence of authority to self insure).
  - B) Employers' Liability-\$500,000 bodily injury by accident/each accident, \$500,000 bodily injury by disease/policy limit, and \$500,000 bodily injury by disease each employee.
  - C) Commercial General Liability including products/completed operations and blanket contractual liability- \$2,000,000 general aggregate limit, \$1,000,000 products/ completed operations aggregate limit, \$1,000,000 personal and advertising injury limit, and \$1,000,000 each occurrence limit.
  - D) Commercial Automobile Liability including owned, non-owned and hired vehicles- \$1,000,000 each accident for combined bodily injury and property damage liability.
  - E) These insurance requirements may be fulfilled by either primary policy limits or by umbrella liability policies. Seller shall furnish to Buyer a certificate of insurance setting forth the amount (s) of coverage and limits, policy numbers and dates of expiration for insurance maintained by Seller within ten (10) days of Buyer's request. This certificate of insurance will provide that Buyer shall receive thirty (30) days of prior written notice from the insurer of any termination or reduction in the amount or scope of coverage (s) and also name the Buyer as an additional insured. Seller's purchase of appropriate insurance or the furnishing of certificates of insurance shall not release Seller of its obligations or liabilities under this contract. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any goods or services covered by this contract and shall not be required to make further payment except for the

TERMS AND CONDITIONS (Page 4 of 5)

- F) conforming goods delivered or services rendered prior to the cancellation Seller's furnishing of certificates of insurance or purchase of insurance shall not release Seller of any other obligations or liabilities under this contract.
- G) Demmer Corporation must have documented Insurance and Liability documents from all Outside Contractors or Suppliers who are within the properties of Demmer Corporation affiliates.
20. BUYER'S PROPERTY: All supplies, material, tools, jigs, gauges, fixtures, molds, patterns equipment and other items furnished by the Buyer, either directly or indirectly to Seller to perform this contract or for which Seller has been reimbursed by the Buyer, shall be and remain property of the Buyer on a bailment basis. Unless otherwise agreed to by the Buyer, Seller shall at its expense keep in good condition, and replace Buyer's property when necessary.
21. FORCE MAJEURE: Any delay or failure of either party to perform to its obligations shall be excused if, and to the extent that, it is caused by an event of occurrence beyond the reasonable control of the party and without its fault or negligence, including but not limited to acts of God, actions by any Government authority, fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, labor problems, (including lockouts, strikes and slowdowns), inability to obtain material, power, labor, equipment, transportation, court injunction or order provided that written notice of any such delay on the part of the Seller (including anticipated duration of delay) shall be given to Buyer as soon as possible after the event or occurrence (but no more than ten (10) days thereafter). During the period of such delay or failure to perform by Seller, Buyer may at its option, purchase goods from other sources and reduce its schedules to Seller by such quantities without liability to Seller, or have Seller provide the good from other sources in quantities and at times requested by the Buyer, and at the price set forth in this contract. In addition, Seller, at its expense shall take all necessary action to ensure the supply of goods to Buyer for a period of at least the first 30 days during any anticipated labor disruption or resulting from the expiration of Seller's labor contract(s). If requested by the Buyer, Seller shall, within ten (10) days of such request, provide adequate assurances that the delay shall not exceed 30 days. If the delay lasts more than 30 days or Seller does not provide adequate assurance that the delay will cease within 30 days, Buyer may immediately terminate this contract without liability.
22. VISITATION AND AUDIT: Buyer shall have the right to enter Seller's facility at reasonable times to inspect the facility, goods, material, and any property of the Buyer covered by this agreement.
23. ENVIRONMENTAL CONFORMANCE: Suppliers will conform to Buyer's EMS policy, and any procedures as defined in Buyer's ISO 14001 guidelines.
24. PREMIUM SHIPMENTS: If Seller's acts or omissions result in Seller's failure to meet Buyer's delivery requirements and Buyer requires a more expeditious method of transportation. Seller shall ship the goods as expeditiously as possible at Seller's sole expense.
25. SPECIALITY TESTING REQUIREMENTS: Suppliers contracted to supply specialty material and or manufacture components which need to meet ballistics requirements the seller is responsible to coordinate all testing at ATC (Aberdeen Testing Center). The seller is reasonable to provide all test results to the buyer at time of receipt of the buyer.
26. All purchase orders issued by Demmer Corporation are electronically authorized. This authorization is signified with the Demmer Corporation and the authorizing buyer's ID number.
27. All unit prices and quantities reflected on the Demmer Corporation Purchase Order are accepted by the supplier unless the responsible Demmer Buyer indicated on the PO is notified prior to shipment.

TERMS AND CONDITIONS (Page 5 of 5)

28. All supplier packing slips must reference a Demmer Corporation Purchase Order Number. Additionally, two independent audits will be conducted on all receipts to ensure that the proper information (specifically Demmer PO number) is contained on the packing slip.
29. Shipping costs will be included in the piece price when a shipment is made prepaid. If the shipment is made collect, Demmer will pay the third party freight bill and these costs will be charged to the appropriate program directly.