



An ESCO Technologies Company

VACCO Industries
10350 Vacco Street, South El Monte, CA 91733
TEL 626.443.7121 FAX 626.442.6943

Purchase Order Terms and Conditions

1.0 ACCEPTANCE

1.1 Binding Contract Buyer hereby limits acceptance of this purchase order to the terms hereof, including those printed on this page, those appearing on the face of and set forth in the body of the order, the supplier terms and conditions set forth at: <http://www.vacco.com/suppliers/purchase-order-terms-and-conditions> and the attachments and specifications incorporated herein by reference. Said-terms, which seller agrees to by signing and returning the acknowledgment copy hereof or commencement of performance, or delivery, constitute acceptance of the entire contract.

1.2 Contract Modifications No change in modification of, or revision to this order that may be proposed by Seller in its acceptance or otherwise, shall become a part hereof, unless such proposal is specifically accepted in writing signed by an authorized representative of Buyer's Purchasing Dept.

1.3 Buyer's Rights

1.3.1 Buyer's failure to insist in any one or more instances upon the performance of any term or terms of this Purchase Order shall not be construed as a waiver or relinquishment of Buyer's right to such performance or to the future performance of such term or terms.

1.3.2 If Seller shall perform work and/or make deliveries hereunder prior to the specified required delivery schedule, Buyer shall be under no obligation to accept or pay for such work or services until the scheduled delivery date.

2.0 PAYMENT Invoices shall be sent to Buyer's Accounting Department when items are shipped. The time for payment of Seller's invoices and for calculation of any cash discount offered by the Seller and provided for on the face of this purchase order is (i) the date material is received, (ii) the date material is scheduled to be received under the purchase order, or (iii) the date an acceptable invoice is received, whichever is later. Any adjustments in Seller's invoices due to shortage, late delivery, rejection, or other failures to comply with the requirements of this order may be made by Buyer before payment. Errors on the invoices shall be considered just cause for withholding payment without prejudice to Buyer's right for discount. Payment shall not constitute acceptance.

3.0 ADVANCE MANUFACTURE AND SHIPMENTS

3.1 Seller shall not manufacture in advance of seller's normal Flow Time or deliver any material in advance of the schedule set forth in this Purchase Order without Buyer's written permission. Buyer reserves the right to return shipping charges collect, all material received at Buyer's plant in advance of the schedule shown on this purchase order. Seller may request Buyer's written consent to advance manufacture and/or delivery at time of returning acknowledgment of this purchase order.

3.2 Buyer shall not be obligated to accept overruns or under-runs except, where applicable, (i.e., The Forging Industry Association quantity tolerances).

4.0 WARRANTY Seller warrants that all articles, materials, work and/or services furnished hereunder will be free from defects in material and workmanship, conform to applicable specifications, drawings, samples, and descriptions, and be suitable for the intended purpose, and if of Seller's design be free from design defects. If supplies are found not to conform to the foregoing requirements and the purchase order Buyer shall have the option (1) to require Seller to promptly replace or correct the defective supplies in place and at no expense to Buyer, or (2) to terminate this order and to replace or correct the defective supplies by contract or otherwise and charge the Seller with the expense thereof. All warranties shall be construed as conditions as well as warranties and shall not be deemed to be exclusive. All warranties and guarantees shall be equally applicable to Buyer and its customers.



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5.0 INSPECTION 5.1 Destination All items are subject to final inspection and acceptance at destination notwithstanding any payments or inspection at source. Such final inspection and acceptance shall be conclusive except as to latent defects, fraud, such gross mistakes as amount to fraud, and the Seller's warranty obligations. 5.2 Source VACCO retains the right to subject supplies ordered hereunder to inspection by VACCO and/or Government inspectors upon the premises of the Seller. At the time of inspections, Seller shall make available to the inspectors' copies of all drawings and specification, and process, preservation, and packaging data applicable to the articles ordered herein, and reasonable facilities and assistance for the safety and convenience of the inspectors. All such information, facilities and assistance shall be furnished at no additional cost to VACCO.

5.3 Defective Items

5.3.1 In addition to other remedies which may be available at law or in equity, Buyer may, at its option, return any nonconforming or defective items to Seller or require correction or replacement by Seller at the location of the item at the time the defect is discovered, all at Seller's risk and expense. If Buyer does not require correction or replacement of non-conforming or defective items, Seller shall repay such portion of the purchase order price and such additional amount as is equitable under the circumstances.

5.3.2 If any item fabricated and/or processed by Seller from material furnished by Buyer is rejected by Buyer due to failure to meet the requirements of this purchase order, Seller shall at Buyer's option either correct or replace such item at Seller's expense or pay to Buyer the replacement cost of the material used therein plus all transportation expense incurred by Buyer in shipping the material to Seller and the item from Seller to Buyer. The Buyer reserves the right to charge to the Seller any additional costs to Government inspection and test or Buyer inspection and test when Contract Products are not ready at the time such inspection and test is requested by the Seller or when re-inspection or retest is necessitated by prior rejection.

5.4 Flow Downs to Sub-tier Suppliers

5.4.1 The Seller shall impose on all sub-tier suppliers all quality and inspection systems required by this contract.

6.0 AUDIT Seller agrees that its books, records, and such of its plant as may be engaged in the performance of this order, shall at all reasonable times be subject to inspection and audit by the Government Department having jurisdiction of the contract noted herein or the Buyer. In the event this order is in excess of \$2,500. Seller also agrees that the duly authorized representatives of the Comptroller General of the United States shall, until three years after final payment under this order, have access to and the right to examine any pertinent books papers, documents and records of Seller involving transactions related to this order.

7.0 CANCELLATION FOR CAUSE

7.1 Buyer reserves the right to cancel at no cost to Buyer all or any part of the undelivered portion of this order if: a) Seller fails to make progress as to endanger the execution of this order within such period as Buyer may in writing authorize, after receipt of notice from the Buyer specifying such failure, or b) If Seller breaches any of the terms of the Order, or c) In the event of the happening of any of the following: Insolvency of Seller, filing of a voluntary or involuntary petition in bankruptcy which is not vacated within 30 days from date of filing, the appointment of a receiver or trustee for seller, the execution of an assignment for the benefit of creditors or the execution of a composition with creditors, or any agreement of like import.

7.2 In any cancellation for cause hereunder, Buyer shall have the right to complete, or cause to have completed, the performance of this order and Seller agrees to reimburse Buyer on its demand any excess costs thereby incurred over the price(s) herein stated for, or apportioned by Buyer, to such incomplete work. These provisions shall be



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cumulative and additional to any other or further remedies provided under the contract in law or equity. Any cancellation hereunder shall not thereby excuse Seller from performing un-cancelled work on the order.

8.0 ASSIGNMENT AND SUBCONTRACTS This order may not be assigned nor may any assignment of monies, due or to become due hereunder be made by Seller, without the prior written consent of Buyer thereto. No subcontract shall be made by Seller for the furnishing of any of the work or items without the prior written approval of Buyer as to sources.

9.0 BUYER MATERIALS AND SPECIAL TOOLING

9.1 When material/parts are designated "LEVEL 1" on the Purchase Order, it is imperative that the seller/supplier of the material be familiar with the "LEVEL 1" designation, that the end item has critical shipboard application. Permanent marking and traceability through manufacturing of all material by the vendor and sub-vendors is imperative.

9.2 Title to all materials, designs, tooling, patterns, drawings, specifications, negatives, art work and other information supplied by Buyer to Seller for use in the manufacture of the goods hereunder shall remain property of Buyer. Special tooling described and ordered on Purchase Order will become the property of the Buyer. When tooling is kept by the Seller for mutual convenience, it will be the responsibility of the Seller to maintain the tooling in good order and return it to Buyer upon notification from Buyer's Purchasing Department. Any such material not returned to the Buyer may be charged back to the Seller at the Buyer's cost.

10.0 COMPLIANCE WITH STATUTES AND REGULATIONS Seller warrants and certifies that in the performance of this contract, it will comply with all applicable statutes, rules and regulations, and orders of the United States, and of any state or political subdivision thereof, including laws and regulations pertaining to labor, wages, hours and other conditions of employment, applicable price ceilings, if any, and that the articles delivered hereunder shall be produced in compliance with the Fair Labor Standards Act. Seller agrees to so certify on his invoice upon request of Buyer.

10.1 SELLER AWARENESS Seller is aware of their contribution to product or service conformity; their contribution to product safety; and the importance of ethical behavior.

11.0 EQUAL OPPORTUNITY The contract provisions set forth in Section 202 of Executive Order 11246, September 24, 1965, and as the same may be further amended from time to time, are incorporated herein by reference except to the extent this contract may be exempt from the provisions of said Order by the rules and regulations issued thereunder. Wherever the word "Contractor" appears in said contract provisions, it shall mean "Seller." Sellers and sub-tier suppliers shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. Sellers and sub-tier suppliers shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

12.0 PATENT INDEMNITY Seller agrees to defend, at its own expense, all claims and actions asserted against VACCO and its customer, and indemnify and hold harmless VACCO and its customers, against all claims, demands, loss, and liability, including costs and attorney's fees, resulting from actual or alleged infringement of any U.S.



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Patent, Trademark, or copyright, by reason of the use or disposal of the materials or articles called for hereunder, unless such infringement necessarily arises from the Seller's compliance with drawings, data or instructions of VACCO directing the performance of work hereunder in a manner not normally practiced by the Seller.

13.0 LIMITATION ON DISCLOSURE Seller agrees that it will not without prior written approval of Buyer, publicize this Purchase Order or any of Seller's performance hereunder disclose any details in connection with said performance to third parties, or use Buyer's name in connection with Seller's publicity.

14.0 PACKING All articles are to be packaged in suitable containers for protection in shipment and storage, and if Government specifications are applicable, in accordance with such specification. Any highly polished, highly finished or precision parts are to be properly preserved and packaged in containers which will afford protection against atmosphere deterioration. Each container shall be marked with VACCO's Purchase Order number. Each container, of a multiple container shipment, shall be identified (i) to show the number of the container and the total number of containers in the shipment, and (ii) the number of the container in which the packing sheet has been enclosed. Material for different Purchase Orders shall be listed on separate packing sheets.

15.0 SHIPPING Each container, and accompanying packing list, must show this order number. No charge shall be made for packaging, delivery, or similar costs, unless expressly authorized by this order. All items shall be suitably prepared for shipment to secure the lowest transportation and insurance rates, and to meet carrier's requirements.