

VACCO Industries

10350 Vacco St.
S. El Monte, CA 91733

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TERMS AND CONDITIONS**

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GENERAL PURCHASING CLAUSES

101 STANDARD TERMS AND CONDITIONS

WHEN THIS CLAUSE APPEARS ON THE FACE OF THE VACCO INDUSTRIES PURCHASE ORDER/SUBCONTRACT ALL THE FOLLOWING SUBSECTIONS SHALL APPLY IN THEIR ENTIRETY:

A. ACCEPTANCE

THIS PURCHASE ORDER EXPRESSLY LIMITS ACCEPTANCE TO THE TERMS AND CONDITIONS STATED HEREIN. ANY ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS PROPOSED BY THE SUPPLIER ARE OBJECTED TO AND HEREBY REJECTED AND SHALL BE OF NO EFFECT NOR IN ANY CIRCUMSTANCES BINDING UPON THE VACCO INDUSTRIES.

B. SAFETY

SUPPLIER WARRANTS AND CERTIFIES THAT ALL ITEMS OF EQUIPMENT DELIVERED HEREUNDER WILL, AT THE TIME OF DELIVERY, CONFORM TO THE REQUIREMENTS OF THE OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970 (P.L. 91-596) AND THE STANDARDS AND REGULATIONS ISSUED THERE UNDER.

SUPPLIER SHALL NOTIFY VACCO INDUSTRIES OF EVERY ARTICLE ORDERED HEREUNDER WHICH CONTAINS MATERIAL HAZARDOUS OR INJURIOUS TO THE HEALTH OR PHYSICAL SAFETY OF PERSONS EVEN THOUGH SAID HAZARD OR INJURY MAY OCCUR DUE TO MISHANDLING OR MISUSE OF THE ARTICLE. SUPPLIER, UPON RECEIPT OF A REQUEST FROM VACCO INDUSTRIES, SHALL SUPPLY INFORMATION ON THE EFFECTS OF SUCH MATERIAL ON HUMANS AND INSTRUCTIONAL INFORMATION ON THE HANDLING/USE OF SUCH MATERIAL. PACKAGING, IDENTIFICATION AND SHIPPING OF SUCH MATERIAL MUST BE IN COMPLIANCE WITH ALL APPLICABLE STATE, GOVERNMENT, ICC, MILITARY AND LOCAL SAFETY REGULATIONS. PRECAUTIONARY LABELS SHALL CONFORM TO THE MANUFACTURING CHEMISTS ASSOCIATION MANUAL (MCM) L-1 — GUIDE TO PRECAUTIONARY LABELING OF HAZARDOUS MATERIALS.

SUPPLIER AGREES TO INDEMNIFY AND HOLD HARMLESS VACCO INDUSTRIES AND ITS CUSTOMERS FOR ALL DAMAGES ASSESSED AGAINST VACCO INDUSTRIES AND ITS CUSTOMERS AS A RESULT OF THE SUPPLIERS FAILURE TO COMPLY WITH ALL THE REQUIREMENTS OF THE SAFETY PROVISIONS OF THIS PURCHASE ORDER.

C. AUDIT AND TERMINATION CLAIMS

SUPPLIER SHALL MAINTAIN BOOKS, RECORDS, DOCUMENTS AND OTHER EVIDENCE AND ACCOUNTING PROCEDURES AND PRACTICES, SUFFICIENT TO PROPERLY REFLECT ALL DIRECT AND INDIRECT COSTS OF WHATEVER NATURE CLAIMED TO HAVE BEEN INCURRED AND ANTICIPATED TO BE INCURRED FOR PERFORMANCE FOR THE WORK HEREUNDER. IN THE EVENT OF ANY TERMINATION CLAIMS, QUANTITY CHANGES, DELIVERY SCHEDULE CHANGES OR QUOTATION REQUESTS FOR FOLLOW-ON ORDERS FOR THE SAME OF SIMILAR ITEMS OR SERVICES; THE SUPPLIERS BOOKS, RECORDS, DOCUMENTS AND OTHER SUPPORTING DATA SHALL BE MADE AVAILABLE FOR AUDIT OR INSPECTION AS REQUIRED BY VACCO INDUSTRIES, OR IF A GOVERNMENT CONTRACT NUMBER APPEARS ON THE FACE OF THIS PURCHASE ORDER, AN AUTHORIZED GOVERNMENT REPRESENTATIVE IN ACCORDANCE WITH FAR 52.215-1 IN EFFECT ON THE DATE OF THIS PURCHASE ORDER.

D. CHANGE CONTROL

THE SUPPLIER CANNOT CHANGE THE PART/PRODUCT, PROCESS OR LOCATION OF MANUFACTURE WITHOUT EXPRESSED WRITTEN APPROVAL FROM VACCO INDUSTRIES. SHOULD THE SUPPLIER WISH TO MAKE ANY CHANGES, OR FORESEE THE NEED FOR CHANGES DUE TO CAPACITY, MATERIAL SUPPLY OR PROCESS IMPROVEMENT GOALS, THE VACCO INDUSTRIES' BUYER MUST BE CONTACTED TO ASSESS POTENTIAL IMPACT AND TO HAVE A REVIEW MADE FOR CONSIDERATION.

E. CONFIGURATION MANAGEMENT

THE SUPPLIER SHALL MAINTAIN ENGINEERING, MANUFACTURING AND QUALITY CONTROLS AS SUCH THAT THE CONFIGURATION OF ITEMS SCHEDULED FOR DELIVERY UNDER THIS PURCHASE ORDER SHALL CONFORM TO THE SPECIFIED REVISION OF ALL DRAWING, SPECIFICATIONS, PURCHASE ORDER INSTRUCTIONS, AND OTHER APPLICABLE DOCUMENTS AS REQUIRED BY OR REFERENCED IN THIS PURCHASE ORDER. THE SUPPLIER SHALL AT ANY TIME AFTER CONTRACT AWARD, SECURE THE WRITTEN CONSENT OF VACCO INDUSTRIES PRIOR TO MAKING ANY CHANGES TO ANY OF THE ITEMS IN THE PREVIOUS SENTANCE. THE SUPPLIER SHALL GIVE WRITTEN NOTICE TO VACCO INDUSTRIES USING VACCO FORM # PNM101-100-2 (SEE SECTION E) DESCRIBING ANY PROPOSED CHANGES IN SUFFICIENT DETAIL (INCLUDING COST AND SCHEDULE IMPACT ANALYSIS) TO ENABLE AN UNDERSTANDING BY VACCO, OF THE TOTAL EFFECT OF THE CHANGE. VACCO WILL, AFTER RECEIPT OF SUCH CHANGE PROPOSAL, ADVISE SUPPLIER OF EITHER ITS CONSENT TO, REJECTION OF, OR STATUS OF CONSIDERATION OF SUCH CHANGE. IN NO EVENT SHALL THE SUPPLIER PROCEED TO INCORPORATE SUCH CHANGES INTO THE ITEMS ORDERED ON THE VACCO INDUSTRIES PURCHASE ORDER PRIOR TO RECEIPT OF WRITTEN CONSENT BY VACCO INDUSTRIES.

F. CONTRACTOR REQUESTS FOR VACCO APPROVAL OF DEVIATIONS/WAIVERS

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ANY CONTRACTOR REQUESTING VACCO APPROVAL OF DEVIATIONS/WAIVERS MUST SUBJECT SUCH REQUESTS TO THE VACCO INDUSTRIES' BUYER, ON A VACCO "SUPPLIER REQUEST FOR MATERIAL REVIEW", FORM # PNM101-100-2. ANY REQUESTS MUST BE APPROVED BY VACCO INDUSTRIES PRIOR TO DELIVERY OF EFFECTED HARDWARE. ANY MATERIAL WITH DEFICIENCIES APPROVED BY VACCO INDUSTRIES MUST HAVE THE NUMBER OF THE SRMR, APPROVING SUCH DEFICIENCIES, ON THE PACKING SLIP ACCOMPANYING THE HARDWARE.

IF NONCONFORMING ITEMS ARE SHIPPED AT THE SAME TIME AS OTHER ITEMS, THE NONCONFORMING ITEMS MUST BE PHYSICALLY SEGREGATED FROM CONFORMING ITEMS.

G. SUPPLIER RESPONSIBILITY TO NOTIFY OF NONCONFORMING PARTS

THE SUPPLIER SHALL NOTIFY VACCO INDUSTRIES IN WRITING WHEN DISCREPANCIES OR NONCONFORMANCES IN SUPPLIER PROCESS OR GOODS ARE DISCOVERED OR SUSPECTED REGARDING GOODS DELIVERED OR TO BE DELIVERED.

H. INCORPORATION OF REFERENCE DOCUMENTS

ALL SPECIFICATION EXHIBITS, DRAWINGS OR OTHER DOCUMENTS REFERENCED IN THIS PURCHASE ORDER, WHETHER OR NOT ATTACHED, ARE HEREBY INCORPORATED BY REFERENCE.

I. REDIRECTION OF EFFORT

NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS CONTRACT, VACCO INDUSTRIES' PURCHASING PERSONNEL SHALL BE THE ONLY INDIVIDUALS AUTHORIZED TO REDIRECT EFFORT OR IN ANY WAY AMEND ANY OF THE TERMS OF THIS CONTRACT.

J. ORDER OF PRECEDENCE

IN THE EVENT OF ANY INCONSISTENCY IN THIS, UNLESS OTHERWISE SPECIFIED, THE CONFLICT SHALL BE RESOLVED BY GIVING PRECEDENCE IN THE FOLLOWING ORDER:

- A. THE INSTRUCTIONS CONTAINED WITHIN THIS PURCHASE ORDER.
- B. THE DRAWING SPECIFIED WITHIN THIS PURCHASE ORDER.
- C. ALL OTHER SPECIFICATIONS REFERENCED HEREIN, WHETHER INCORPORATED BY REFERENCE OR ATTACHED.

K. DELIVERY

DELIVERY ACCORDING TO THE SCHEDULE IS A MAJOR CONDITION OF THIS PURCHASE ORDER. SUPPLIER SHALL IMMEDIATELY NOTIFY VACCO INDUSTRIES' PURCHASING DEPARTMENT OF ANY CIRCUMSTANCES THAT MAY CAUSE A DELAY IN DELIVERY. THIS NOTICE SHALL STATE THE REASONS FOR AND THE EXTENT OF THE DELAY AND ANY PERTINENT INFORMATION. SUPPLIER SHALL USE ALL REASONABLE EFFORTS, INCLUDING USE OF PREMIUM TIME AND SHIPMENT, TO AVOID OR MINIMIZE THE DELAY. SUCH EFFORTS SHALL BE UNDERTAKEN AT NO CHANGE IN PRICE AND WITHOUT PREJUDICE TO ANY OTHER RIGHT OR REMEDY OF. SUPPLIER SHALL NOT, WITHOUT THE VACCO INDUSTRIES' PRIOR TO WRITTEN CONSENT, MANUFACTURE OR PROCURE MATERIALS IN ADVANCE OF SUPPLIER'S NORMAL FLOW TIME FOR DELIVERY IN ADVANCE OF SCHEDULE. IN THE EVENT OF TERMINATION OF CHANGE, NO CLAIM WILL BE ALLOWED FOR ANY SUCH MANUFACTURE OR PROCUREMENT IN ADVANCE OF SUCH NORMAL FLOW TIME UNLESS THERE HAS BEEN SUCH PRIOR WRITTEN CONSENT OF THE VACCO INDUSTRIES. TIME IS OF THE ESSENCE.

L. PRICE WARRANTY

SUPPLIER WARRANTS THAT THE PRICE OF THE ITEMS SET FORTH ON THE PURCHASE ORDER DO NOT EXCEED THOSE CHARGED BY THE SUPPLIER TO ANY OTHER CUSTOMERS PURCHASING THE SAME ITEMS IN LIKE OR SMALLER QUANTITIES. THE SUPPLIER CERTIFIES THAT THE PURCHASE ORDER PRICE DOES NOT INCLUDE ANY DIRECT OR INDIRECT COSTS OF SALES COMMISSIONS OR FEES FOR SUPPLIER'S SALES REPRESENTATIVES INVOLVED IN FOREIGN MILITARY SALES.

M. TOOLING AND SPECIAL TEST EQUIPMENT

TITLE TO ANY TOOLING OR SPECIAL TEST EQUIPMENT REQUIRED FOR THE PRODUCTION OF ITEMS TO BE DELIVERED UNDER THIS PURCHASE ORDER, WHEN PURCHASED OR SUPPLIED BY VACCO INDUSTRIES/GOVERNMENT, SHALL VEST IN VACCO INDUSTRIES OR THE GOVERNMENT AS APPLICABLE. SUPPLIER SHALL MAINTAIN TOOLING AND SPECIAL TEST EQUIPMENT IN SERVICEABLE CONDITION AND PRESERVE AND IDENTIFY WITH VACCO INDUSTRIES' PART NUMBER AND ADMINISTER IT FOR THE EXCLUSIVE USE OF VACCO INDUSTRIES. ALL TOOLING AND SPECIAL TEST EQUIPMENT IS SUBJECT TO INSPECTION AND ACCEPTANCE BY VACCO INDUSTRIES. SUPPLIER AGREES TO SUPPLY TOOL DESIGN AND DRAWINGS AND/OR A PHOTOGRAPH OF EACH ITEM AT NO ADDITIONAL CHARGE, AND WITHIN A REASONABLE PERIOD OF TIME. ALL TOOLING AND SPECIAL TEST EQUIPMENT VESTED IN VACCO INDUSTRIES/GOVERNMENT ARE SUBJECT TO RECALL AT ANY TIME BY VACCO INDUSTRIES. SUPPLIER SHALL BE RESPONSIBLE FOR ITS REMOVAL AND DELIVERY IN SERVICEABLE CONDITION. SUPPLIER SHALL BE LIABLE FOR ANY LOSS OR DAMAGE, INCLUDING ANY EXPENSE INCIDENTAL TO SUCH LOSS OR DAMAGE. TOOLING AND SPECIAL TEST EQUIPMENT SHALL NOT BE REMOVED OR DISPOSED OF WITHOUT WRITTEN CONSENT OF VACCO INDUSTRIES.

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N. NON-DISCRIMINATION

SUPPLIER AGREES TO COMPLY WITH "ARTICLE "K" IN CONNECTION WITH THE PERFORMANCE OF ANY WORK UNDER THIS PURCHASE ORDER.

O. SUSPENSION OF WORK

VACCO INDUSTRIES' PURCHASING REPRESENTATIVE MAY, BY WRITTEN NOTICE, SUSPEND ALL OR PART OF THE WORK TO BE PERFORMED UNDER THIS CONTRACT FOR ANY PERIOD NOT TO EXCEED NINETY (90) DAYS. WITHIN SUCH PERIOD, OR ANY EXTENSION THEREOF TO WHICH THE PARTIES MAY AGREE, VACCO SHALL EITHER CANCEL SUCH SUSPENSION OR TERMINATE THE WORK COVERED BY SUSPENSION, SUPPLIER SHALL RESUME WORK WHENEVER A SUSPENSION IS CANCELLED OR EXPIRES. AN EQUITABLE ADJUSTMENT SHALL BE MADE IN THE DELIVERY SCHEDULE OR CONTRACT PRICE, OR BOTH, IF: (I) THE SUSPENSION RESULTS IN A CHANGE IN THE SUPPLIER'S COST OF PERFORMANCE OR ABILITY TO MEET THE DELIVERY SCHEDULE, AND (II) SUPPLIER ASSERTS A CLAIM FOR ADJUSTMENT WITHIN THIRTY (30) DAYS AFTER THE END OF SUSPENSION PERIOD.

P. PACKING

ALL ITEMS TO BE PACKAGED IN SUITABLE CONTAINERS FOR PROTECTION IN SHIPMENT AND STORAGE, AND IN ACCORDANCE WITH APPLICABLE SPECIFICATIONS. EACH CONTAINER OF MULTIPLE CONTAINER SHIPMENT SHALL BE IDENTIFIED TO SHOW THE NUMBER OF THE CONTAINER AND THE TOTAL NUMBER OF CONTAINERS IN THE SHIPMENT AND THE NUMBER OF THE CONTAINER CONTAINING THE PACKING SLIP. ALL SHIPMENTS BY SUPPLIER SHALL INCLUDE A PACKING SHEET CONTAINING VACCO'S PURCHASE ORDER NUMBER, QUANTITY, PART NUMBER/SIZE, DESCRIPTION OF THE ITEMS SHIPPED, AND APPROPRIATE EVIDENCE OF INSPECTION. MATERIALS FROM DIFFERENT PURCHASE ORDERS SHALL BE LISTED ON SEPARATE PACKING SLIPS. SHIPPING, HANDLING AND IDENTIFICATION. ALL MATERIAL SHALL BE PACKAGED SO AS TO PREVENT DAMAGE DURING HANDLING AND SHIPPING, AND SHALL BE MARKED SO AS TO BE EASILY IDENTIFIED. DAMAGED GOODS RECEIVED AT VACCO MAY BE REJECTED AT SUPPLIER'S RESPONSIBILITY.

Q. PATENTS

SUPPLIER SHALL DEFEND ANY SUITS BROUGHT AGAINST THE VACCO INDUSTRIES BASED ON A CLAIM THAT THE GOODS MANUFACTURED BY THE SUPPLIER CONSTITUTE AN INFRINGEMENT OF A VALID PATENT OF THE UNITED STATES, AND SHALL PAY ANY DAMAGES AND REASONABLE COSTS AWARDED THEREIN AGAINST VACCO INDUSTRIES, PROVIDED THAT VACCO INDUSTRIES PROMPTLY NOTIFIES SUPPLIER IN WRITING AND GIVES AUTHORITY, INFORMATION AND ASSISTANCE TO SUPPLIER FOR THE DEFENSE OF SUCH SUIT, IN THE EVENT THAT ONLY THE GOODS MANUFACTURED BY THE SUPPLIER ARE HELD TO BE INFRINGING IN SUCH SUIT AND THEIR USE IS ENJOINED, SUPPLIER SHALL, AT SUPPLIER'S EXPENSE, PROVIDE A COMMERCIALY ACCEPTABLE ALTERNATIVE, INCLUDING, BUT NOT LIMITED TO, PROCURING FOR VACCO INDUSTRIES THE RIGHT TO CONTINUE USING THE GOODS, REPLACING THEM WITH A NON-INFRINGING PRODUCT OR MODIFYING THEM SO THEY BECOME NON-INFRINGING. VACCO INDUSTRIES AGREES THAT SUPPLIER SHALL NOT BE LIABLE AND THAT VACCO INDUSTRIES SHALL FULLY INDEMNIFY SUPPLIER IF INFRINGEMENT IS BASED UPON THE USE OF GOODS NOT MANUFACTURED BY SUPPLIER IN INFRINGEMENT IS BASED UPON THE USE OF THE GOODS IN CONNECTION WITH GOODS NOT MANUFACTURED BY SUPPLIER OR IN A MANNER FOR WHICH THE GOODS WERE NOT DESIGNED BY THE VACCO INDUSTRIES OR WERE MODIFIED BY OR FOR THE VACCO INDUSTRIES IN A MANNER TO CAUSE THEM TO BECOME INFRINGING.

R. PUBLIC LIABILITY INSURANCE

SUPPLIER SHALL HOLD VACCO INDUSTRIES AND ITS CUSTOMER HARMLESS FROM ALL INJURIES, DAMAGES AND CLAIMS ARISING FROM PERFORMANCE OF WORK OR SERVICES COVERED BY THIS PURCHASE ORDER. SUPPLIER SHALL MAINTAIN SUCH INSURANCE AS WILL PROTECT THE SUPPLIER, THE VACCO INDUSTRIES AND HIS CUSTOMER FROM ALL CLAIMS UNDER WORKERS COMPENSATION ACTS AND FROM ALL OTHER CLAIMS FOR DAMAGES, PERSONAL INJURY, OR DEATH TO EMPLOYEES OF THE SUPPLIER, THE VACCO INDUSTRIES OR HIS CUSTOMER, OR ANY OTHER PERSONS WHICH MAY ARISE FROM PERFORMANCE OF WORK OR SERVICES COVERED BY THIS PURCHASE ORDER WHETHER PERFORMED BY THE SUPPLIER OR ANY SUBCONTRACTOR OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY THEM. CERTIFICATES OF SUCH INSURANCE SHALL BE FILED WITH THE VACCO INDUSTRIES AND SHALL BE SUBJECT TO VACCO INDUSTRIES' APPROVAL FOR ADEQUACY OF PROTECTION.

S. INVOICES

SUPPLIER'S INVOICE AND PACKING SLIP MUST IDENTIFY THE VACCO INDUSTRIES' PURCHASE ORDER NUMBER, PURCHASE ORDER LINE ITEM NUMBER WITH DESCRIPTION. IF NOT, IT IS SUBJECT TO RETURN.

T. PAYMENT

INVOICES IN TRIPLICATE SHALL BE MAILED TO THE VACCO INDUSTRIES' ACCOUNTING DEPARTMENT WHEN ITEMS ARE SHIPPED. THE TIME FOR PAYMENT OF SUPPLIER'S INVOICES AND FOR CALCULATION OF ANY CASH DISCOUNT OFFERED BY THE SUPPLIER AND PROVIDED FOR ON THE FACE OF THIS PURCHASE ORDER IS (I) THE DATE THE MATERIAL IS RECEIVED, (II) THE DATE THE MATERIAL IS SCHEDULED TO BE RECEIVED UNDER THE PURCHASE ORDER, OR (III) THE DATE AN ACCEPTABLE INVOICE IS RECEIVED, WHICHEVER IS LATER. ANY ADJUSTMENT TO SUPPLIER'S INVOICE DUE TO SHORTAGE, LATE DELIVERY, REJECTION OR OTHER FAILURES TO COMPLY WITH THE REQUIREMENTS OF THIS PURCHASE ORDER MAY BE MADE BY VACCO INDUSTRIES BEFORE PAYMENT. ERRORS ON THE

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INVOICES SHALL BE CONSIDERED JUST CAUSE FOR WITHHOLDING OF PAYMENT WITHOUT PREJUDICE TO VACCO INDUSTRIES' RIGHT TO DISCOUNT. PAYMENT SHALL NOT CONSTITUTE ACCEPTANCE.

U. REMEDIES FOR ILLEGAL OR IMPROPER ACTIVITIES

SUPPLIER SHALL REIMBURSE VACCO INDUSTRIES FOR ANY AND ALL PROFIT OR FEE AMOUNTS PAID TO OR OTHERWISE RECOVERED BY THE GOVERNMENT OR HIGHER TIER CONTRACTOR PURSUANT TO PARAGRAPH (C) OF FAR 52.203-10 ARISING OUT OF OR RESULTING FROM ANY ACT OR OMISSION TO ACT IN VIOLATION OR ALLEGED VIOLATION OF THE OFFICE OF FEDERAL PROCUREMENT POLICY ACT, AS AMENDED (41 U.S.C. 423) AS IMPLEMENTED IN THE FAR, BY SUPPLIER, ANY DIRECTOR, OFFICER, EMPLOYEE, AGENT, REPRESENTATIVE, CONSULTANT OR SUBCONTRACTOR AT ANY TIER OF SUPPLIER. THE TERM "PRIME CONTRACTOR" AS USED IN PARAGRAPH (C) OF FAR 52.203-10 SHALL MEAN VACCO INDUSTRIES OR HIGHER TIER CONTRACTOR. SUBMIT CERTIFICATION FORM PNM 101-100-4.

V. ACCESS TO FACILITIES

VACCO INDUSTRIES AND VACCO INDUSTRIES' CUSTOMER AND COGNIZANT FEDERAL GOVERNMENT REPRESENTATIVES SHALL HAVE ACCESS TO ALL APPLICABLE AREAS OF THE SUPPLIER'S FACILITY AND TO ALL APPLICABLE AREAS OF ALL SUB-TIER SUPPLIERS' FACILITIES TO REVIEW PROGRESS, WITNESS TESTING, OR DISCUSS ANY OTHER ISSUE PERTAINING TO THE REQUIREMENTS OF THIS CONTRACT OR RESULTING SUBCONTRACTS. THE SUPPLIER SHALL PROVIDE REASONABLE ACCOMMODATIONS AND USE OF PERSONNEL DURING SUCH VISITS.

W. ACCESS TO RECORDS

ANY RECORDS RELATING TO THE MANUFACTURE AND INSPECTION OF THIS PURCHASE ORDER SHALL BE MADE AVAILABLE UPON REQUEST OF VACCO INDUSTRIES ANY TIME UP TO SEVEN (7) YEARS AFTER COMPLETION OF THIS ORDER. THIS INCLUDES RECORDS WHICH ARE MAINTAINED BY A SUBCONTRACTOR.

X. RELEASE OF NEWS INFORMATION AND ADVERTISING

SUPPLIER SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF VACCO INDUSTRIES: (A) MAKE ANY NEWS RELEASE, PUBLIC ANNOUNCEMENT, DENIAL OR CONFIRMATION OF ALL OR ANY PART OF THE SUBJECT MATTER OF THIS ORDER, OR ANY PHASE OF ANY PROGRAM HEREUNDER; OR (B) IN ANY MANNER ADVERTISE OR PUBLISH THE FACT THAT VACCO INDUSTRIES HAS PLACED THIS ORDER.

Y. DELETED

Z. REWORK

IF VACCO INDUSTRIES HAS RETURNED ITEMS FOR REWORK/REPLACEMENT, THE SUPPLIER SHALL CLEARLY INDICATE ON HIS SHIPPING DOCUMENTS THE VACCO INDUSTRIES' NONCONFORMANCE REPORT (NCR) NUMBER AND SHALL STATE WHETHER THE ITEMS WERE REWORKED OR ARE REPLACEMENT PARTS. REWORKED PARTS SHALL BE PHYSICALLY SEGREGATED FROM REPLACEMENT PARTS AND SHALL BE CLEARLY IDENTIFIED AS SUCH. **NONCONFORMANCES.** SUPPLIER SHALL NOT REPAIR, "USE AS IS", OR SHIP TO VACCO (OR ITS DESIGNEE) ANY ITEM WHICH FAILS TO CONFORM TO ALL DRAWING, SPECIFICATION AND/OR PURCHASE ORDER REQUIREMENTS WITHOUT PRIOR APPROVAL BY VACCO'S MATERIAL REVIEW BOARD (MRB). ALL SUCH NONCONFORMANCES MUST BE SUBMITTED IN WRITING, THROUGH VACCO'S PURCHASING DEPARTMENT, AND MUST CLEARLY DEFINE THE DISCREPANCY AND REFERENCE APPLICABLE SPECIFICATIONS. ALL DISCREPANT MATERIAL SHALL BE HELD IN SUPPLIER'S "BOND" ARE UNTIL FINAL MRB DISPOSITION IS MADE.

AA. GRATUITIES

SUPPLIER WARRANTS THAT NEITHER IT NOR ANY OF ITS EMPLOYEES, AGENT OR REPRESENTATIVES HAS OFFERED OR GIVEN ANY GRATUITIES TO VACCO INDUSTRIES' EMPLOYEES, AGENTS OR REPRESENTATIVES WITH A VIEW TOWARD SECURING THIS ORDER OR SECURING FAVORABLE TREATMENT WITH RESPECT THERETO.

BB. UTILIZATION OF SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS, WOMEN-OWNED SMALL BUSINESS AND LABOR SURPLUS AREA CONCERNS

TO SUPPORT GOVERNMENT POLICY AS DECLARED BY THE CONGRESS, AND AS CONSISTENT WITH THE EFFICIENT PERFORMANCE OF THIS ORDER. SUPPLIER AGREES TO ACCOMPLISH A MAXIMUM AMOUNT OF SUBCONTRACTING TO SMALL BUSINESS, SMALL DISADVANTAGED BUSINESS AND WOMEN-OWNED SMALL BUSINESS CONCERNS, AND TO USE ITS BEST EFFORTS TO PLACE SUBCONTRACTS HEREUNDER WITH SUBCONTRACTORS WHO WILL PERFORM SUCH SUBCONTRACTS SUBSTANTIALLY IN AREAS OF PERSISTENT OR SUBSTANTIAL LABOR SURPLUS WHEN IT CAN BE DONE AT PRICES NO HIGHER THAN ARE OBTAINABLE ELSEWHERE OBSERVING EXEMPTIONS AND PREFERENTIAL ORDER ESTABLISHED BY APPLICABLE GOVERNMENT REGULATIONS.

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CC. VACCO PROPRIETARY PROCEDURES AND DRAWING REQUIREMENTS

DRAWINGS AND PROCEDURES FURNISHED WITH THIS PURCHASE ORDER ARE PROPRIETARY IN NATURE. VACCO INDUSTRIES RETAINS THE EXCLUSIVE RIGHTS TO THESE DOCUMENTS AND THEY MUST BE RETURNED UPON COMPLETION OF THIS PURCHASE ORDER. FAILURE TO RETURN THESE DOCUMENTS WILL DELAY ACCEPTANCE AND PAYMENT.

DD. INDEMNITY BY SUPPLIER ENTERING VACCO PREMISES

IF SUPPLIER ENTERS THE PREMISES OF VACCO OR ITS CUSTOMER, SUPPLIER SHALL INDEMNIFY AND HOLD HARMLESS VACCO AND ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ANY LOSS OR LIABILITY BY REASON OF PROPERTY DAMAGE, PERSONAL INJURY, OR DEATH ARISING OUT OF SUPPLIERS PRESENCE THEREON, EXCEPT WHEN ARISING SOLELY OUT OF VACCO'S FAULT OR NEGLIGENCE. SUPPLIER SHALL MAINTAIN WORKERS COMPENSATION, PUBLIC LIABILITY, PROPERTY DAMAGE, AND AUTOMOBILE LIABILITY INSURANCE IN AMOUNTS ACCEPTABLE TO VACCO. SUPPLIER WILL, UPON REQUEST, PROVIDE CERTIFICATES OF INSURANCE PRIOR TO ENTERING THE PREMISES OF VACCO OR ITS CUSTOMER.

EE. PARTIAL SHIPMENTS

NO PARTIAL OR UNSCHEDULED SHIPMENT MAY BE MADE AGAINST THIS ORDER WITHOUT PRIOR VACCO APPROVAL

102 GOVERNMENT CONTRACT TERMS AND CONDITIONS

WHEN THIS CLAUSE APPEARS ON THE FACE OF THE VACCO INDUSTRIES PURCHASE ORDER / SUBCONTRACT ALL OF THE FOLLOWING SECTIONS SHALL APPLY IN THEIR ENTIRETY. IN CONJUNCTION WITH ALL CLAUSES REFERENCED ON THIS PURCHASE ORDER. ALL REFERENCES IN THE FOLLOWING PARAGRAPHS TO THE FEDERAL ACQUISITION REGULATIONS (FAR), SHALL MEAN THE FARE CLAUSE IN EFFECT ON THE DATE OF THIS PURCHASE ORDER AND ARE HEREBY INCORPORATED BY REFERENCE, WHEREVER THE FOLLOWING WORDS ARE CITED IN THE VARIOUS SECTIONS OF THE FAR, EXCEPT WHERE THE CONTEXT REQUIRES OTHERWISE SUCH WORDS SHALL BE DEFINED AS FOLLOWS:

- * "CONTRACTOR" SHALL MEAN "SUPPLIER"
- *"CONTRACT" SHALL MEAN "PURCHASE ORDER"
- * "CONTRACTING OFFICER" SHALL MEAN "VACCO INDUSTRIES"

A UTILIZATION OF SMALL BUSINESS, WOMEN OWNED BUSINESS LABOR SURPLUS AND SMALL DISADVANTAGED BUSINESS CONCERNS

IN SUPPORT OF GOVERNMENT SOCIAL AND ECONOMIC POLICIES AS REQUIRED UNDER GOVERNMENT CONTRACTS AND AS REQUIRED UNDER ALL CORRESPONDING SUBCONTRACTS, THE SUPPLIER HEREBY AGREES TO ACCOMPLISH THE MAXIMUM AMOUNT OF SUBCONTRACTING TO SMALL BUSINESS, WOMEN OWNED BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS AND TO USE ITS BEST EFFORTS TO PLACE SUBCONTRACTS TO IN AREAS OF PERSISTENT OR SUBSTANTIAL LABOR SURPLUS, THESE TASKS WILL BE ACCOMPLISHED CONSISTENT WITH THE EFFICIENT PERFORMANCE OF THIS CONTRACT AND AT PRICES THAT ARE NO HIGHER THAN ARE AVAILABLE ELSEWHERE.

B. AFFIRMATIVE ACTION COMPLIANCE PROGRAMS

SUPPLIER SHALL WITHIN 120 DAYS OF RECEIPT OF THIS CONTRACT, DEVELOP A WRITTEN AFFIRMATIVE ACTION PROGRAM IN ACCORDANCE WITH RULES, REGULATIONS AND ORDERS OF THE SECRETARY OF LABOR TO ASSURE EQUAL OPPORTUNITY IN EMPLOYMENT TO MINORITIES AND WOMEN.

SUPPLIER SHALL REQUIRE ALL OF ITS LOWER-TIER SUBCONTRACTORS WHO RECEIVE AN AWARD OF \$50,000 OR MORE UNDER THIS CONTRACT AND WHO EMPLOY 50 OR MORE PERSONNEL TO DEVELOP AND MAINTAIN AN AFFIRMATIVE ACTION COMPLIANCE PROGRAM IN ACCORDANCE WITH RULES, REGULATIONS, AND ORDERS OF THE SECRETARY OF LABOR.

THIS CLAUSE PARAGRAPH ONLY APPLIES (I) IF SUPPLIER IS NOT EXEMPTED FROM COMPLIANCE BY RULES, REGULATIONS OR ORDERS OF THE SECRETARY OF LABOR, (II) IF SUPPLIER HAS NOT PREVIOUSLY DEVELOPED AND FILED SUCH AN AFFIRMATIVE ACTION PLAN, AND (III) IF THIS CONTRACT EXCEEDS \$2,500.00. THE SUPPLIER EXECUTED "SUBCONTRACTOR CERTIFICATION OF EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION" FOR VPP-101-300-1 SUBMITTED DURING THE QUOTATION PHASE OF THIS AWARD WILL REMAIN ON FILE AT VACCO INDUSTRIES FOR THE DURATION OF THIS CONTRACT, ANY CHANGE TO THIS CERTIFICATION DURING THE CONTRACT PERFORMANCE MUST BE TRANSMITTED TO VACCO INDUSTRIES PURCHASING IMMEDIATELY. THE FOLLOWING ARE HEREBY INCORPORATED BY REFERENCE: FAR52.222-35, 52.222-36.

C. EQUAL EMPLOYMENT OPPORTUNITY REPORTING REQUIREMENTS

* THE SUPPLIER IS HEREBY REQUIRED TO COMPLETE AND FILE STANDARD FORM 100 "EMPLOYER EQUAL INFORMATION REPORT EEO-1" OR ANY SUCCEEDING FORM, IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED THEREIN.

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* THE SUPPLIER EXECUTED "SUBCONTRACTOR CERTIFICATION FOR EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION" FOR VPP101-300-1 SUBMITTED DURING THE QUOTATION PHASE OF THIS AWARD IS HEREBY INCORPORATED INTO THIS PURCHASE ORDER BY REFERENCE, ANY CHANGE TO THE INFORMATION CONTAINED IN THIS CERTIFICATION DURING CONTRACT PERFORMANCE MUST BE TRANSMITTED TO VACCO INDUSTRIES PURCHASING IMMEDIATELY. THIS CLAUSE PARAGRAPH APPLIES ONLY (I) IF THE SUPPLIER IS NOT EXEMPTED FROM COMPLIANCE BY RULES, REGULATIONS OR ORDERS OF THE SECRETARY OF LABOR (II) IF THIS CONTRACT EXCEEDS \$10,000.

D. LIMITATIONS OF LIABILITY

- * THIS CLAUSE PARAGRAPH APPLIES ONLY IF THIS AWARD IS OVER \$25,000.
- * THIS CLAUSE INCORPORATES THE REQUIREMENTS OF FAR 46.805 AND FAR 52.246-23 EFFECTIVE ON THE DATE OF THIS AWARD.
- * THE SUPPLIER SHALL INCLUDE THIS LIMITATION OF LIABILITY REQUIREMENT IN ALL APPLICABLE SUBCONTRACTS.

E. DOMESTIC SPECIALTY METALS

THE FOLLOWING DFARS CLAUSES ARE INCORPORATED BY REFERENCE, THE CONTRACTOR AGREES THAT ANY SPECIALTY METALS FURNISHED BY OR PURCHASED FOR DIRECT INCORPORATION IN ANY ARTICLE DELIVERED UNDER THIS CONTRACT SHALL BE MELTED IN THE UNITED STATES, ITS POSSESSIONS, OR PUERTO RICO.

DFAR 252.225-7008: RESTRICTION ON ACQUISITION OF SPECIALTY METALS

DFAR 252.225-7009: RESTRICTION ON ACQUISITION OF CERTAIN ARTICLES CONTAINING SPECIALTY METALS

DFAR 252.225-7012: PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES

DFAR 252.225-7016: RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS

CERTIFICATE OF CONFORMANCE REQUIRED STATING PARTS AND MATERIAL SUBMITTED ON THIS ORDER MEET ALL APPLICABLE DFAR REQUIREMENTS.

F. INTEGRITY OF UNIT PRICES

ANY PROPOSAL SUBMITTED FOR THE NEGOTIATION OF PRICES FOR ITEMS OF SUPPLIES SHALL DISTRIBUTE COSTS WITHIN CONTRACTS ON THE BASIS THAT ENSURES THAT UNIT PRICES ARE IN PROPORTION TO THE ITEMS; BASE COST (E.G., MANUFACTURING OR ACQUISITION COSTS). ANY METHOD OF DISTRIBUTING COSTS TO LINE ITEMS THAT DISTORTS UNIT PRICES SHALL NOT BE USED. FOR EXAMPLE, DISTRIBUTING COSTS EQUALLY AMONG LINE ITEMS IS NOT ACCEPTABLE EXCEPT WHEN THERE IS LITTLE OR NO VARIATION IN BASE COST.

THE SUPPLIER SHALL ALSO IDENTIFY THOSE SUPPLIES WHICH IT WILL NOT MANUFACTURE OR TO WHICH IT WILL NOT CONTRIBUTE SIGNIFICANT VALUE WHEN REQUIRED BY THE VACCO INDUSTRIES.

THE SUPPLIER SHALL INSERT THE SUBSTANCE OF THIS CLAUSE IN ALL SUBCONTRACTS.

G. AUDIT – NEGOTIATION

FAR 52.215-2 IN EFFECT ON THE DATE OF THIS AWARD, IS INCORPORATED HEREIN BY REFERENCE. FOR THE PURPOSE OF THIS SUBPARAGRAPH "CONTRACTOR" SHALL MEAN "SUPPLIER" AND "CONTRACTING OFFICER" SHALL MEAN "GOVERNMENT CONTRACTING OFFICER" ASSIGNED THE ADMINISTRATIVE RESPONSIBILITY FOR THE GOVERNMENT CONTRACT ON THE FACE OF THIS AWARD.

H. COMPETITION IN SUBCONTRACTING (AWARDS OVER \$10,000)

IF THIS AWARD IS IN EXCESS OF \$10,000 THE SUPPLIER SHALL SELECT SUBCONTRACTORS ON A COMPETITIVE BASIS TO THE MAXIMUM EXTENT PRACTICAL, CONSISTENT WITH THE OBJECTIVES AND REQUIREMENTS OF THIS CONTRACT.

I. DETERMINATION OF RIGHT IN TECHNICAL DATA AND COMPUTER SOFTWARE

ALL TECHNICAL DATA AND COMPUTER SOFTWARE PERTAINING TO THE ITEMS TO BE DELIVERED UNDER THIS CONTRACT SHALL BE DELIVERED WITH UNLIMITED RIGHTS TO THE U. S. GOVERNMENT UPON REQUEST. ONLY THAT TECHNICAL DATA AND COMPUTER SOFTWARE CERTIFIED BY THE SUBCONTRACTOR AS DEVELOPED AT PRIVATE EXPENSE, AND NOT AS AN ELEMENT OF PERFORMANCE OF THIS OR ANY OTHER GOVERNMENT CONTRACT, MAY CONTAIN THE APPROPRIATE RESTRICTIVE RIGHTS LEGEND.

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AT THE REQUEST OF VACCO INDUSTRIES OR THE U. S. GOVERNMENT, THE SUBCONTRACTOR AGREES TO FURNISH CLEAR AND CONVINCING EVIDENCE THAT THE TECHNICAL DATA OR COMPUTER SOFTWARE, BEARING A RESTRICTIVE RIGHTS LEGEND, COMES WITHIN THE DEFINITION OF LIMITED RIGHTS AS DEFINED IN DOD FAR SUPPLEMENT 52.227-7013.

TECHNICAL DATA AND COMPUTER SOFTWARE SUPPLIED WITH A RESTRICTIVE LEGEND DOES NOT MEAN THE U. S. GOVERNMENT AGREES SUCH ITEMS COME WITHIN THE DEFINITION OF LIMITED RIGHTS OR RESTRICTED RIGHTS COMPUTER SOFTWARE.

THE GOVERNMENT MAY MAKE A SUBSEQUENT DETERMINATION AS TO WHETHER SUCH TECHNICAL DATA OR COMPUTER SOFTWARE IS ENTITLED TO LIMITED OR RESTRICTED RIGHTS TREATMENT BASED ON THE CRITERIA SET FORTH IN DOD FAR SUPPLEMENT 52.227-7013.

IN ADDITION, ANY SUBCONTRACTOR RETAINING A RESTRICTIVE RIGHTS LEGEND ON TECHNICAL DATA AND COMPUTER SOFTWARE SHALL PROVIDE NOTIFICATION AT LEAST THIRTY (30) DAYS IN ADVANCE OF DISCONTINUANCE OF THAT ITEM AND SHALL THEN PROVIDE DATA WITH UNLIMITED RIGHTS SHOULD THE GOVERNMENT DEEM IT APPROPRIATE.

J. CERTAIN COMMUNIST AREAS

1. UNLESS ADVANCE WRITTEN APPROVAL OF VACCO INDUSTRIES IS OBTAINED, THE SUPPLIER SHALL NOT ACQUIRE FOR USE IN THE PERFORMANCE OF THIS CONTRACT.

A. ANY SUPPLIES OR SERVICES ORIGINATING FROM SOURCES WITHIN THE COMMUNIST AREAS OF NORTH.

B. ANY SUPPLIES THAT ARE OR WERE LOCATED IN OR TRANSPORTED FROM OR THROUGH NORTH KOREA, VIETNAM, CAMBODIA, OR CUBA.

2. THE SUPPLIER AGREES TO INSERT THE PROVISIONS OF THIS CLAUSE, INCLUDING THIS PARAGRAPH (2), IN ALL SUBCONTRACTS HEREUNDER. REFERENCE FAR 52.225-11, IN EFFECT ON THE DATE OF THIS AWARD.

K. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT - OVERTIME COMPENSATION

1. OVERTIME REQUIREMENTS

NO SUBCONTRACTOR OR SUBCONTRACTOR CONTRACTING FOR ANY PART OF THE CONTRACT WORK WHICH MAY REQUIRE OR INVOLVE THE EMPLOYMENT OF LABORERS OR MECHANICS (SEE FAR 22.300) SHALL REQUIRE OR PERMIT ANY SUCH LABORERS OR MECHANICS IN ANY WORKWEEK IN WHICH THE INDIVIDUAL IS EMPLOYED ON SUCH WORK TO WORK IN EXCESS OF 40 HOURS IN SUCH WORKWEEK UNLESS SUCH LABORER OR MECHANIC RECEIVES COMPENSATION AT A RATE NOT LESS THAN 1-1/2 TIMES THE BASIC RATE OF PAY FOR ALL HOURS WORKED IN EXCESS OF 40 HOURS IN SUCH WORKWEEK.

2. VIOLATION; LIABILITY FOR UNPAID WAGES; LIQUIDATED DAMAGES

IN THE EVENT OF ANY VIOLATION OF THESE PROVISIONS SET FORTH IN PARAGRAPH (A) OF THIS CLAUSE, THE SUBCONTRACTOR AND ANY SUBCONTRACTOR RESPONSIBLE THEREFORE SHALL BE LIABLE FOR THE UNPAID WAGES. IN ADDITION, SUCH SUBCONTRACTOR AND/OR SUBCONTRACTOR SHALL BE LIABLE TO THE UNITED STATES (IN THE CASE OF WORK DONE UNDER CONTRACT FOR THE DISTRICT OF COLUMBIA OR A TERRITORY, TO SUCH DISTRICT OR TO SUCH TERRITORY), FOR LIQUIDATED DAMAGES. SUCH LIQUIDATED DAMAGES SHALL BE COMPUTED WITH RESPECT TO EACH INDIVIDUAL LABORER OR MECHANIC EMPLOYED IN VIOLATION OF THE PROVISIONS SET FORTH IN PARAGRAPH (A) OF THIS CLAUSE IN THE SUM OF \$10 FOR EACH CALENDAR DAY ON WHICH SUCH INDIVIDUAL WAS REQUIRED OR PERMITTED TO WORK IN EXCESS OF THE STANDARD WORKWEEK OF 40 HOURS WITHOUT PAYMENT OF THE OVERTIME WAGES REQUIRED BY PROVISIONS SET FORTH IN PARAGRAPH (A) OF THIS CLAUSE.

3. WITHHOLDING FOR UNPAID WAGES AND LIQUIDATED DAMAGES

THE VACCO INDUSTRIES' SHALL UPON HIS OR HER OWN ACTION OR UPON WRITTEN REQUEST OF AN AUTHORIZED REPRESENTATIVE OF THE DEPARTMENT OF LABOR WITHHOLD OR CAUSE TO BE WITHHELD, FROM ANY MONEYS PAYABLE ON ACCOUNT OF WORK PERFORMED BY THE SUBCONTRACTOR OR SUBCONTRACTOR UNDER ANY SUCH CONTRACT OR ANY OTHER FEDERAL CONTRACT WITH THE SAME PRIME CONTRACTOR, OR CONTRACT WORK HOURS AND SAFETY STANDARDS ACT WHICH IS HELD BY THE SAME PRIME CONTRACTOR, SUCH SUMS AS MAY BE DETERMINED TO BE NECESSARY TO SATISFY ANY LIABILITIES OF SUCH SUBCONTRACTOR OR SUBCONTRACTOR FOR UNPAID WAGES AND LIQUIDATED DAMAGES AS PROVIDED IN THE PROVISIONS SET FORTH IN PARAGRAPH (B) OF THIS CLAUSE.

4. PAYROLLS AND BASIC RECORDS

A. THE SUBCONTRACTOR OR SUBCONTRACTOR SHALL MAINTAIN PAYROLLS AND BASIC PAYROLL RECORDS DURING THE COURSE OF CONTRACT WORK AND SHALL PRESERVE THEM FOR A PERIOD OF THREE (3) YEARS FROM THE COMPLETION OF THE

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CONTRACT FOR ALL LABORERS AND MECHANICS WORKING ON THE CONTRACT. SUCH RECORDS SHALL CONTAIN THE NAME AND ADDRESS OF EACH SUCH EMPLOYEE, SOCIAL SECURITY NUMBER, CORRECT CLASSIFICATIONS, HOURLY RATES OF WAGES PAID, DAILY AND WEEKLY NUMBER OF HOURS WORKED, DEDUCTIONS MADE, AND ACTUAL WAGES PAID

NOTHING IN THIS PARAGRAPH SHALL REQUIRE THE DUPLICATION OF RECORDS REQUIRED TO BE MAINTAINED FOR CONSTRUCTION WORK BY DEPARTMENT OF LABOR REGULATIONS AT 29 CFR 5.5(A) (3) IMPLEMENTING THE DAVIS-BACON ACT.

B. THE RECORDS TO BE MAINTAINED UNDER PARAGRAPH (4) (A) OF THIS CLAUSE SHALL BE MADE AVAILABLE BY THE SUBCONTRACTOR OR SUBCONTRACTOR FOR INSPECTION, COPYING, OR TRANSCRIPTION BY AUTHORIZED REPRESENTATIVES OF THE CONTRACTING OFFICER OF THE DEPARTMENT OF LABOR. THE SUBCONTRACTOR OR TO INTERVIEW EMPLOYEES DURING WORKING HOURS ON THE JOB.

5. SUBCONTRACTS

THE SUBCONTRACTOR OR SUBCONTRACTOR SHALL INSERT IN ANY SUBCONTRACTS THE PROVISIONS SET FORTH IN PARAGRAPHS (1) THROUGH (5) OF THIS CLAUSE AND ALSO A CLAUSE REQUIRING THE SUBCONTRACTORS TO INCLUDE THESE PROVISIONS IN ANY LOWER TIER SUBCONTRACTS. THE PRIME CONTRACTOR SHALL BE RESPONSIBLE FOR COMPLIANCE BY ANY SUBCONTRACTOR OR LOWER TIER SUBCONTRACTOR WITH THE PROVISIONS SET FORTH IN PARAGRAPHS (A) THROUGH (E) OF THIS CLAUSE. REFERENCE FAR 52.22-4.

L. PRIVACY ACT

1. COMPLY WITH THE PRIVACY ACT OF 1974 (THE ACT) AND THE AGENCY RULES AND REGULATIONS ISSUED UNDER THE ACT IN THE DESIGN, DEVELOPMENT, OR OPERATION OF ANY SYSTEM OF RECORDS ON INDIVIDUALS TO ACCOMPLISH AN AGENCY FUNCTION WHEN THE CONTRACT SPECIFICALLY IDENTIFIES

- (I) THE SYSTEM OR RECORDS; AND
- (II) THE DESIGN, DEVELOPMENT, OR OPERATION WORK THAT THE CONTRACTOR IS TO PERFORM;

2. "RECORD", AS USED IN THIS CLAUSE, MEANS ANY ITEM, COLLECTION, OR GROUPING OF INFORMATION ABOUT AN INDIVIDUAL THAT IS MAINTAINED BY AN AGENCY, INCLUDING BUT NOT LIMITED TO, EDUCATION, FINANCIAL TRANSACTIONS, MEDICAL HISTORY, AND CRIMINAL OR EMPLOYMENT HISTORY AND THAT CONTAINS THE PERSON'S NAME, OR THE IDENTIFYING NUMBER, SYMBOL, OR OTHER IDENTIFYING PARTICULAR ASSIGNED TO THE INDIVIDUAL, SUCH AS A FINGERPRINT, VOICEPRINT OR PHOTOGRAPH.

3. "SYSTEM OF RECORDS ON INDIVIDUALS", AS USED IN THE CLAUSE MEANS A GROUP OF ANY RECORDS UNDER THE CONTROL OF ANY AGENCY FROM WHICH INFORMATION IS RETRIED BY THE NAME OF THE INDIVIDUAL OR BY SOME IDENTIFYING NUMBER, SYMBOL, OR OTHER IDENTIFYING PARTICULAR ASSIGNED TO THE INDIVIDUAL. REFERENCE FAR 52.224-2.

M GOVERNMENT ACCESS TO SUPPLIERS RECORDS

THE MATERIAL AND/OR WORK COVERED BY THE PURCHASE ORDER IS IN DIRECT CORRELATION WITH A GOVERNMENT CONTRACT. ANY RECORDS RELATING TO THE MANUFACTURE AND INSPECTION OF THIS PURCHASE ORDER SHALL BE MADE AVAILABLE UPON REQUEST OF THE AUTHORIZED GOVERNMENT AGENCY AT ANY TIME UP TO SEVEN (7) YEARS AFTER COMPLETION OF THIS ORDER.

N. GOVERNMENT PRIORITY RATING

THIS PURCHASE ORDER CARRIES A GOVERNMENT PRIORITY RATING AND IS CERTIFIED FOR NATIONAL DEFENSE UNDER DPAS. A **DX** RATING IS ASSIGNED TO THOSE PROGRAMS OF THE HIGHEST NATIONAL PRIORITY. A **DO** RATING IS ASSIGNED TO THOSE PROGRAMS THAT ARE VITAL TO NATIONAL DEFENSE. A RATED ORDER SHALL BE ACCEPTED OR REJECTED IN WRITING WITHIN 10 DAYS FOR A **DX** RATED ORDER, AND 15 DAYS FOR A **DO** RATED ORDER. ALL THE PROVISIONS OF THE DEFENSE PRIORITIES AND ALLOCATIONS SYSTEM REGULATIONS (15 CFR 700) APPLY TO THIS ORDER.

IF ANY WORK IS SUBCONTRACTED, THE GOVERNMENT PRIORITY RATING AND THE STATEMENT THIS IS A RATED ORDER CERTIFIED FOR NATIONAL DEFENSE USE, AND YOU ARE REQUIRED TO FOLLOW ALL THE PROVISIONS OF THE DEFENSE PRIORITY AND ALLOCATIONS SYSTEM REGULATION (15 CFR 700)" MUST BE PROVIDED TO THE SUBCONTRACTOR.

O. BUY AMERICAN ACT

THIS ORDER IS SUBJECT TO EXECUTIVE ORDER 10582 OF DECEMBER 17, 1974.

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103 GOVERNMENT CONTRACT – FAR CLAUSES

IF THIS PURCHASE ORDER IS PLACED UNDER A GOVERNMENT CONTRACT, EACH OF THE CLAUSES IDENTIFIED HEREIN, SET FORTH IN THE FEDERAL ACQUISITIONS REGULATIONS (FAR) OR THE DOD FAR SUPPLEMENT, IN EFFECT ON THE DATE OF THIS PURCHASE ORDER, ARE INCORPORATED HEREIN BY REFERENCE WITH THE SAME FORCE AND EFFECT AS IF THEY WERE GIVEN IN FULL TEXT. EXCEPT WHERE THE CONTEXT REQUIRES OTHERWISE, WHEREVER THE FOLLOWING WORDS APPEAR IN THE VARIOUS SECTIONS OF THE FAR CITED OR INCORPORATED HEREIN BY REFERENCE, SUCH WORDS SHALL BE DEFINED AS FOLLOWS:

- * "CONTRACTOR" SHALL MEAN "SUPPLIER"
- * "CONTRACT" SHALL MEAN "PURCHASE ORDER"
- * "GOVERNMENT" SHALL MEAN "VACCO INDUSTRIES"
- * "CONTRACTING OFFICER" SHALL MEAN "VACCO INDUSTRIES"

SECTION 1 - FEDERAL ACQUISITION REGULATION

PART 52 SOLICITATION PROVISIONS AND CONTRACT CLAUSES - (48 CFR CHAPTER 1) CLAUSES

<http://www.acq.osd.mil/dpap/dars/dfars/index.htm>

104 BLANKET ORDER COST NOTIFICATION

BY ACCEPTANCE OF THIS PURCHASE ORDER FOR A BLANKET CONTRACT THE SUPPLIER HEREBY AGREES:

A. TO NOTIFY THE VACCO INDUSTRIES' WHEN 80% OF THE NOT TO EXCEED" COST (IF SHOWN ON THE PURCHASE ORDER) IS REACHED, AND NOT TO SHIP ANY MATERIAL OR PERFORM ANY SERVICES AGAINST THIS BLANKET ORDER ONCE THE NOT TO EXCEED" AMOUNT HAS BEEN REACHED (UNLESS A CHANGE NOTICE IS ISSUED BY THE VACCO INDUSTRIES, INCREASING THE DOLLAR FIGURE).

B. NOT TO SHIP ANY MATERIAL OR PERFORM ANY SERVICES AGAINST THIS PURCHASE ORDER ONCE THE PERFORMANCE DATE SHOWN ON THE PURCHASE ORDER HAS BEEN REACHED.

105 PURCHASE ORDER FOR MANPOWER

BY ACCEPTANCE OF THIS PURCHASE ORDER THE CONTRACTOR HEREBY ASSUMES RESPONSIBILITY FOR:

1. SDI, FICA, CITY, STATE AND FEDERAL TAX PAYMENTS DERIVED FROM THESE EARNINGS.
2. LIABILITY INSURANCE COVERAGE.
3. BUSINESS LICENSE(S) FOR SPECIFIC FUNCTION BEING PERFORMED FROM MUNICIPALITY WHERE WORK IS TO BE PERFORMED.
4. INVOICING - REFERENCE PURCHASE ORDER NUMBER AND DAYS WITH HOURS PER DAY WORKED FOR THE INVOICE PERIOD.
5. FURNISHING SOCIAL SECURITY NUMBER. THE CONTRACTOR SHALL INDEMNIFY, HOLD HARMLESS, AND DEFEND VACCO INDUSTRIES AGAINST ANY AND ALL LOSSES, COSTS, FEES, DAMAGES, AND CLAIMS WHATSOEVER ARISING, FROM THE CONTRACTOR'S FAILURE TO COMPLY WITH THIS CLAUSE.

106 REPAIR/CONSTRUCTION CONTRACTS

BY ACCEPTANCE OF THIS PURCHASE ORDER THE CONTRACTOR HEREBY ASSUMES RESPONSIBILITY FOR:

A. VENDOR (CONTRACTOR) MUST HAVE ALL NECESSARY LICENSES, INSURANCE AND SHALL BE BONDED, AND IS RESPONSIBLE FOR ALL NECESSARY PERMITS AND INSPECTIONS REQUIRED TO COMPLETE THE JOB. VENDOR (CONTRACTOR) SHALL CAUSE THE FOLLOWING WARRANTY OBLIGATION TO BE DISCHARGED. THE WARRANTY COVERS LABOR, PARTS, EQUIPMENT AND THE ABILITY OF ITEM(S) OR WORK PURCHASES TO PERFORM THE INTENDED FUNCTION FOR A PERIOD OF ONE (1) YEAR (OR AS OTHERWISE STATED IN THE BODY OF THE PURCHASE ORDER), FROM DATE OF ACCEPTANCE BY VACCO INDUSTRIES.

B. IF VALUE IS \$5,000 OR OVER, THE FOLLOWING TERMS AND CONDITIONS WILL BE INCLUDED IN THE PURCHASE ORDER: VENDOR (CONTRACTOR) SHALL OBTAIN RELEASES FOR ALL MATERIAL(S) EQUIPMENT AND WORK PERFORMED BY EVERY PERSON, SUBCONTRACTOR OR CONTRACTOR EMPLOYED OR CONTRACTED FOR ON THIS JOB. COPIES OF SUCH RELEASES SHALL BE SUPPLIED TO VACCO INDUSTRIES; WHETHER PERFORMED BEFORE OR AFTER WORK BEGAN. THE CONTRACTOR SHALL INDEMNIFY, HOLD HARMLESS, AND DEFEND VACCO INDUSTRIES AGAINST ANY AND ALL LOSSES, COSTS, FEES, DAMAGES AND CLAIMS WHATSOEVER ARISING FROM THE CONTRACTORS FAILURE TO COMPLY WITH THE REQUIREMENTS OF THIS CLAUSE.

107 LABOR AND MATERIAL BILLING INSTRUCTIONS

ON YOUR INVOICE PLEASE INDICATE THE BREAKDOWN BETWEEN MATERIAL AND LABOR AND THE CORRESPONDING TAX THEREON.

108 TERMINATION FOR CONVENIENCE

VACCO INDUSTRIES MAY TERMINATE THIS PURCHASE ORDER FOR ITS CONVENIENCE, IN WHOLE OR PART, IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN FEDERAL ACQUISITION REGULATION (FAR) 52.249-1 IN EFFECT ON THE DATE OF THIS AWARD, WHICH

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PROVISIONS ARE HEREBY INCORPORATED BY REFERENCE. IF THIS PROCUREMENT IS NOT ISSUED UNDER A GOVERNMENT CONTRACT NUMBER THE "RECORD" KEEPING REQUIREMENT OF THE SAID FAR CLAUSE SHALL BE DEEMED DELETED.

109 TERMINATION FOR DEFAULT

A. VACCO INDUSTRIES MAY TERMINATE THE WHOLE OR ANY PART OF THIS CONTRACT IN ANY OF THE FOLLOWING CIRCUMSTANCES:

1. IF THE SUPPLIER FAILS TO DELIVER THE GOODS OR TO PERFORM THE SERVICES AS REQUIRED BY THIS CONTRACT WITHIN THE TIME SPECIFIED HEREIN, OR ANY EXTENSION THEREOF GRANTED BY VACCO INDUSTRIES IN WRITING; OR
2. IF THE SUPPLIER FAILS TO PERFORM ANY OF THE OTHER PROVISIONS OF THIS CONTRACT OR SO FAILS TO MAKE PROGRESS AS TO ENDANGER PERFORMANCE OF THIS CONTRACT IN ACCORDANCE WITH ITS TERMS, AND IN EITHER OF THESE TWO CIRCUMSTANCES DOES NOT CURE SUCH FAILURE WITHIN A PERIOD OF TEN (10) DAYS AFTER RECEIPT OF NOTICE FROM VACCO INDUSTRIES SPECIFYING SUCH FAILURE; OR
3. IN THE EVENT OF SUSPENSION OF SUPPLIER'S BUSINESS, INSOLVENCY, INSTITUTION OF BANKRUPTCY, LIQUIDATION PROCEEDINGS BY OR AGAINST SUPPLIER, APPOINTMENT OF A TRUSTEE OR RECEIVER FOR SUPPLIER'S PROPERTY OR BUSINESS, OR ANY ASSIGNMENT, REORGANIZATION OR ARRANGEMENT BY SUPPLIER FOR THE BENEFIT OF CREDITORS.

B. VACCO INDUSTRIES MAY REQUIRE SUPPLIER TO TRANSFER TITLE AND DELIVER TO VACCO INDUSTRIES IN THE MANNER AND TO THE EXTENT DIRECTED VACCO INDUSTRIES (I) ANY COMPLETED GOODS, AND (II) SUCH PARTIALLY COMPLETED GOODS AND MATERIALS, PARTS, TOOLS, DIES, JIGS, FIXTURES, PLANS, DRAWINGS, INFORMATION AND CONTRACT RIGHTS, (HEREINAFTER CALLED "MANUFACTURING MATERIALS") AS SUPPLIER HAS CONTRACT, INCLUDING THE ASSIGNMENT TO VACCO INDUSTRIES OF SUPPLIER'S SUBCONTRACTS; AND SUPPLIER SHALL PROTECT AND PRESERVE PROPERTY IN POSSESSION OF SUPPLIER IN WHICH VACCO INDUSTRIES HAS AN INTEREST. PAYMENT FOR COMPLETED GOODS DELIVERED TO AND ACCEPTED BY VACCO INDUSTRIES SHALL BE AT THE CONTRACT PRICE. PAYMENT FOR MANUFACTURED MATERIALS DELIVERED TO AND ACCEPTED BY VACCO INDUSTRIES AND FOR PROTECTION AND PRESERVATION OF PROPERTY SHALL BE AT A PRICE DETERMINED IN THE SAME MANNER AS PROVIDED IN CLAUSE 108 HEREOF, EXCEPT THAT SUPPLIER SHALL NOT BE ENTITLED TO PROFIT. VACCO INDUSTRIES MAY WITHHOLD FROM SUPPLIER MONIES OTHERWISE DUE AGAINST LOSS DUE TO OUTSTANDING LIENS OR CLAIMS AGAINST SAID GOODS.

110 WARRANTY

A. SUPPLIER WARRANTS THAT ALL GOODS FURNISHED HEREUNDER WILL CONFORM TO THE REQUIREMENTS OF THIS CONTRACT (INCLUDING ALL DESCRIPTIONS, SPECIFICATIONS AND DRAWINGS MADE PART OF THIS CONTRACT), WILL BE MERCHANTABLE, FIT FOR THEIR INTENDED PURPOSES, FREE FROM ALL DEFECTS IN MATERIAL AND WORKMANSHIP AND TO THE EXTENT NOT MANUFACTURED PURSUANT TO DETAILED DESIGNS FURNISHED BY VACCO INDUSTRIES, FREE FROM DEFECTS IN DESIGN. VACCO INDUSTRIES APPROVAL OF DESIGNS OR SPECIFICATIONS FURNISHED BY THE SUPPLIER SHALL NOT RELIEVE SUPPLIER OF ITS OBLIGATIONS UNDER THIS WARRANTY.

B. IN ADDITION TO ITS OTHER REMEDIES, VACCO INDUSTRIES MAY, AT SUPPLIER'S EXPENSE, REQUIRE PROMPT CORRECTION OR REPLACEMENT OF ANY GOODS FAILING TO MEET SUPPLIER'S WARRANTIES HEREIN. GOODS CORRECTED OR REPLACED BY SUPPLIER SHALL BE SUBJECT TO ALL OF THE PROVISIONS OF THIS CONTRACT IN THE MANNER AND TO THE EXTENT AS GOODS ORIGINALLY FURNISHED HEREUNDER.

C. ALL WARRANTIES, INCLUDING SPECIAL WARRANTIES SPECIFIED ELSEWHERE HEREIN, SHALL RUN TO VACCO INDUSTRIES, ITS SUCCESSORS, ASSIGNS, CUSTOMER AND USERS OF ITS PRODUCTS.

111 CERTIFICATION OF TECHNICAL DATA CONFORMITY

A. ALL TECHNICAL DATA DELIVERED UNDER THIS CONTRACT SHALL BE ACCOMPANIED BY AN EXECUTED CERTIFICATION OF TECHNICAL DATA CONFORMITY, FORM PNM 101-100-3 (SEE REPRODUCIBLE FORMS SECTION PNM 101). THIS WRITTEN CERTIFICATION SHALL BE DATED AND THE CERTIFYING OFFICIAL (IDENTIFIED BY NAME AND TITLE) SHALL BE DULY AUTHORIZED TO BIND THE SUPPLIER BY THE CERTIFICATION.

B. THE SUPPLIER SHALL IDENTIFY, BY NAME AND TITLE, EACH INDIVIDUAL (OFFICIAL) AUTHORIZED BY THE SUPPLIER TO CERTIFY IN WRITING THAT THE TECHNICAL DATA IS COMPLETE. ACCURATE AND COMPLIES WITH ALL REQUIREMENTS OF THE CONTRACT. THE SUPPLIER HEREBY AUTHORIZES DIRECT CONTACT WITH THE AUTHORIZED INDIVIDUAL RESPONSIBLE FOR CERTIFICATION OF TECHNICAL DATA. THE AUTHORIZED INDIVIDUAL SHALL BE FAMILIAR WITH THE SUPPLIER'S TECHNICAL DATA CONFORMITY PROCEDURES AND THEIR APPLICATION TO THE TECHNICAL DATA TO BE CERTIFIED AND DELIVERED.

C. TECHNICAL DATA DELIVERED UNDER THIS CONTRACT MAY BE SUBJECT TO REVIEWS BY THE GOVERNMENT/VACCO INDUSTRIES DURING PREPARATION AND PRIOR TO ACCEPTANCE. TECHNICAL IS ALSO SUBJECT TO REVIEWS BY THE GOVERNMENT/VACCO INDUSTRIES SUBSEQUENT TO THE ACCEPTANCE. SUCH REVIEWS MAY BE CONDUCTED AS A FUNCTION ANCILLARY TO OTHER REVIEWS, SUCH AS IN-PROCESS REVIEWS OR CONFIGURATION AUDIT REVIEWS.

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112 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM

A. THIS CLAUSE IMPLEMENTS THE BUY AMERICAN ACT (41 U.S.C. SECTION 10 A-D) AND THE DEPARTMENT OF DEFENSE BALANCE OF PAYMENTS PROGRAM BY PROVIDING A PREFERENCE TO DOMESTIC END PRODUCTS OVER FOREIGN END PRODUCTS, EXCEPT FOR CERTAIN FOREIGN END PRODUCTS WHICH MEET THE REQUIREMENTS FOR CLASSIFICATION AS QUALIFYING COUNTRY END PRODUCTS FOR THE PURPOSE OF THIS CLAUSE – ALL DEFINITIONS ARE AS DEFINED IN DOD FAR SUPPLEMENT 52.225-7001.

B. THE SUPPLIER AGREES THAT THERE WILL BE DELIVERED UNDER THIS CONTRACT ONLY DOMESTIC END PRODUCTS UNLESS, IN ITS OFFER, IT SPECIFIED DELIVERY OF FOREIGN END PRODUCTS IN THE CLAUSE ENTITLED "BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM CERTIFICATE". AN OFFER CERTIFYING THAT A QUALIFYING COUNTRY END PRODUCT WILL BE SUPPLIED REQUIRES THE SUPPLIER TO SUPPLY A QUALIFYING COUNTRY END PRODUCT OR, AT THE SUPPLIER'S OPTION, DOMESTIC END PRODUCT. AN OFFER BASED ON SUPPLYING A NON-QUALIFYING COUNTRY END PRODUCT, IF ACCEPTED, WILL PERMIT THE SUPPLIER TO SUPPLY A PRODUCT WITHOUT REGARD TO THE REQUIREMENTS OF THIS CLAUSE.

C. OFFERS WILL BE EVALUATED IN ACCORDANCE WITH THE POLICIES AND PROCEDURES OF FAR PART 24 AND DOD FAR SUPPLEMENT PART 25.

D. GENERALLY, WHEN THE BUY AMERICAN ACT IS APPLICABLE, EACH NON-QUALIFYING COUNTRY OFFER OF DEFENSE EQUIPMENT SHALL BE ADJUSTED FOR THE PURPOSE OF EVALUATION BY: (I) ADDING 50% OF THE OFFER, EXCLUSIVE OF DUTY; (II) ADDING 5% TO THE OFFER, INCLUSIVE OF DUTY, IF THE DOMESTIC OFFER IS FROM A LARGE BUSINESS THAT IS NOT IN A LABOR SURPLUS AREA CONCERN; OR (III) ADDITION 12% OF THE OFFER, INCLUSIVE OF DUTY, IF THE DOMESTIC OFFER IS FROM A SMALL BUSINESS CONCERN OR ANY LABOR SURPLUS AREA CONCERN. EVALUATION WILL BE INCLUSIVE OR EXCLUSIVE OF DUTY WHICHEVER RESULTS IN THE GREATER EVALUATION PRICE (SEE DOD FAR SUPPLEMENT 24.1 FOR PROCEDURES AND EXCEPTIONS).

E. GENERALLY WHEN THE BALANCE OF PAYMENTS PROGRAM APPLIES, EACH NON-QUALIFYING COUNTRY OFFER OF DEFENSE EQUIPMENT SHALL BE ADJUSTED FOR THE PURPOSE OF EVALUATION BY INCREASING THE OFFER BY 50% (SEE DOD FAR SUPPLEMENT 25.3 FOR PROCEDURES AND EXCEPTIONS).

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**PNM 101 – 200 SERIES
SUBCONTRACTING TERMS AND CONDITIONS**

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201 PROGRESS PAYMENTS

IF THE SUPPLIER IS OTHER THAN A SMALL BUSINESS CONCERN, THE PROVISIONS OF FAR 52.232-16 ARE HEREIN INCORPORATED BY REFERENCE. OR THE PURPOSE OF THIS CLAUSE "CONTRACTOR" SHALL MEAN "SUPPLIER", "CONTRACTING OFFICER" AND "GOVERNMENT" SHALL INCLUDE "VACCO INDUSTRIES" IN PARAGRAPH (G) AND IN ALL OTHER PARAGRAPHS MEAN "VACCO INDUSTRIES" (EXCEPT PURSUANT TO PARAGRAPH (D) TITLE TO PROPERTY SHALL VEST IN THE GOVERNMENT).

PROGRESS PAYMENTS SHALL BE MADE WHEN REQUESTED, BUT NOT MORE FREQUENTLY THAN MONTHLY, PROVIDED AN ACCURATELY COMPLETED SF1443 AND INVOICE ARE RECEIVED BY VACCO INDUSTRIES.

IF THE SUPPLIER IS A SMALL BUSINESS CONCERN, THE PROVISIONS OF FAR 52.232-16, ALTERNATE I ARE HEREBY SUBSTITUTED FOR PARAGRAPHS (A) (1) AND (A) (2) OF THE CLAUSE.

202 SMALL BUSINESS, SMALL DISADVANTAGED BUSINESS, WOMEN OWNED BUSINESS AND LABOR BUSINESS CONCERNS (AWARDS OVER \$500,000)

IF THE AWARD EXCEEDS \$500,000 THE SUPPLIER HEREBY AGREES TO CONFORM TO THE REQUIREMENTS SET FORTH IN FAR 52.219-8, 52.219-9, 52.219-13, 52.220-3 AND 52.220-4 IN EFFECT ON THE DATE OF THIS AWARD AND HEREBY INCORPORATED IN BY REFERENCE.

THE SUPPLIERS SUBCONTRACTING PROGRAM FOR SMALL AND SMALL DISADVANTAGED BUSINESS CONCERNS, AS SUBMITTED WITH THE SUBCONTRACTORS QUOTATION, IS HEREBY INCORPORATED INTO THIS SUBCONTRACT BY REFERENCE. UPON RECEIPT OF THIS AWARD, THE SUPPLIER MUST EXECUTE AND SUBMIT TO VACCO INDUSTRIES A "SMALL AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN CERTIFICATE", FORM PNM101-200-1 (SEE THE REPRODUCIBLE FORMS SECTION PNM101).

203 UNLIMITED RIGHTS IN TECHNICAL DATA AND COMPUTER SOFTWARE

A. SUPPLIER HAS IDENTIFIED DATA WHICH SUPPLIER OR ANY SUBCONTRACTOR INTENDS TO DELIVER AS LIMITED RIGHTS TECHNICAL DATA AND SOFTWARE (INCLUDING FIRMWARE) WITH RESTRICTED RIGHTS IN ACCORDANCE WITH THE "RIGHTS IN TECHNICAL DATA AND COMPUTER SOFTWARE" (DOD FAR SUP. 52.227-7013) CLAUSE OF THIS CONTRACT. SUCH IDENTIFICATION DOES NOT MEAN THAT THE GOVERNMENT CONSIDERS ANY TECHNICAL DATA OR COMPUTER SOFTWARE TO COME WITHIN THE DEFINITIONS OF LIMITED RIGHTS DATA OR RESTRICTED RIGHTS SOFTWARE.

B. SUPPLIER AGREES THAT IT WILL NOT USE FOR THE DESIGN, DEVELOPMENT OR PRODUCTION OF OR INCORPORATE IN THE END ITEMS BEING DESIGNED, DEVELOPED OR PRODUCED UNDER THIS CONTRACT ANY ITEM, COMPONENT, PROCESS OR COMPUTER SOFTWARE DEVELOPED ENTIRELY AT PRIVATE EXPENSE AND NOT IDENTIFIED IN ACCORDANCE WITH PARAGRAPH (A) (HEREIN CALLED THE LIST) WITHOUT THE PRIOR WRITTEN CONSENT OF VACCO INDUSTRIES. ANY REQUEST FOR CONSENT SHALL INCLUDE AS A MINIMUM ALTERNATIVES TO THE USE OF SUCH ITEM, COMPONENT, PROCESS OR COMPUTER SOFTWARE AND A CEILING PRICED OFFER TO SELL THE RELATED TECHNICAL DATA OR THE COMPUTER SOFTWARE TO THE GOVERNMENT WITH UNLIMITED RIGHTS. ANY SUCH REQUESTS SHALL BE SUBMITTED TO VACCO INDUSTRIES WITH SUFFICIENT LEAD TIME TO ALLOW THE GOVERNMENT TO MAKE AN ORDERLY DETERMINATION WITHOUT DELAYING CONTACT PERFORMANCE. UPON CONSENT OF THE GOVERNMENT, THE LIST WILL BE AMENDED TO ADD ALL ITEMS FOR WHICH CONSENT IS GRANTED.

C. SUPPLIER AGREES THAT TECHNICAL DATA AND COMPUTER SOFTWARE REQUIRED TO BE DELIVERED UNDER THIS OR ANY OTHER CONTRACT FOR THE DESIGN, DEVELOPMENT OR PRODUCED UNDER THIS CONTRACT WILL BE DELIVERED WITH UNLIMITED RIGHTS IN ACCORDANCE WITH THE "RIGHTS IN TECHNICAL DATA AND COMPUTER SOFTWARE" (DOD FAR SUP. 52.227-7013) CLAUSE UNLESS SUCH TECHNICAL DATA OR COMPUTER SOFTWARE HAS BEEN IDENTIFIED IN THE LIST.

D. SUPPLIER GRANTS TO THE GOVERNMENT OPTIONS TO ACQUIRE UNLIMITED RIGHTS IN ANY OR ALL ITEMS OF COMPUTER, SOFTWARE IDENTIFIED IN THE LIST AND IN ANY OR ALL ITEMS OF TECHNICAL DATA IDENTIFIED IN THE LIST IN ACCORDANCE WITH THE "RIGHTS" IN TECHNICAL DATA-SPECIFIED ACQUISITION" (DOD FAR SUP. 52.227-7015) CLAUSE OF THIS CONTRACT AT A PRICE NOT TO EXCEED THE CEILING PRICES SPECIFIED IN THE LIST FOR SUCH ITEMS. THE CEILING PRICES FOR UNLIMITED RIGHTS IN ALL LISTED SUPPLIER AND SUBCONTRACTOR TECHNICAL DATA AND COMPUTER SOFTWARE ARE ALSO SPECIFIED IN APPLICABLE LINE ITEMS AND OF THIS CONTRACT. THE ITEMS IDENTIFIED IN THE LIST SHALL BE SEPARATED BY SUPPLIER AND SUBCONTRACTOR, AND HARDWARE SHOULD BE LISTED AND PRICED SEPARATELY FROM SOFTWARE. SUPPLIER AGREES TO SUBMIT AND NEGOTIATE FIRM FIXED PRICE PROPOSALS WHICH ARE WITHIN THE CEILING PRICES.

THE GOVERNMENT MAY EXERCISE ITS OPTIONS AT ANY TIME, AND FROM TIME TO TIME, UNTIL FINAL PAYMENT UNDER THIS CONTRACT BY GIVING NOTICE TO VACCO INDUSTRIES AND, IN TURN, VACCO INDUSTRIES SHALL EXERCISE THIS OPTION ON BEHALF OF THE GOVERNMENT BY GIVING WRITTEN NOTICE TO THE SUPPLIER.

E. WITHIN FIFTEEN (15) DAYS AFTER EXECUTION OF THIS CONTRACT AND AFTER EACH AMENDMENT OF THE LIST: (1) SUPPLIER AGREES TO SUBMIT FOR EACH ITEM IDENTIFIED OR ADDED TO THE LIST CLEAR AND CONVINCING EVIDENCE THAT SUCH

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ITEM OF COMPUTER SOFTWARE WAS DEVELOPED ENTIRELY AT PRIVATE EXPENSE; AND (2) THAT THE SUPPLIER WILL MAKE AVAILABLE FOR GOVERNMENT REVIEW AT REASONABLE TIMES AND PLACES THE CLEAR AND CONVINCING EVIDENCE OF PRIVATE EXPENSE DEVELOPMENT, INCLUDING ALL BOOKS OF ACCOUNT, RECORDS AND COST DATA RELATED TO THE END ITEMS CALLED FOR BY THIS CONTRACT.

F. UPON EXERCISE OF ANY OPTION UNDER THIS SPECIAL PROVISION, THE GOVERNMENT MAY IMMEDIATELY ERASE, OBLITERATE OR OTHERWISE REMOVE ANY LEGEND RESTRICTING THE GOVERNMENTS RIGHTS TO USE, DUPLICATE, DISSEMINATE OR DISCLOSE THE DATA FOR WHICH THE OPTION IS EXERCISED.

G. NOTWITHSTANDING PARAGRAPH (D) OF THE "RIGHTS TO TECHNICAL DATA -SPECIFIC ACQUISITION" (DOD FAR SUP. 52.227-7015) CLAUSE, AND NOTWITHSTANDING (DOD FAR SUP. 52.227-7013) CLAUSE, SUPPLIER GRANTS TO THE GOVERNMENT AN IRREVOCABLE, NONEXCLUSIVE, PAID-UP LICENSE TO PRACTICE OR CAUSE TO BE PRACTICED THROUGHOUT THE WORLD FOR GOVERNMENT PURPOSES ANY INVENTION DISCLOSED BY THE DATA DELIVERED UNDER THIS CONTRACT OR INCORPORATED IN THE ITEM DEPICTED ON SUCH DATA, AND COVERED BY ANY PATENTED, DOMESTIC OR FOREIGN, UNDER WHICH SUPPLIER OR ANY OF ITS SUBCONTRACTORS NOW HAS OR HEREAFTER ACQUIRES RIGHTS. SUCH LICENSE SHALL INCLUDE THE RIGHTS TO PRACTICE OR HAVE PRACTICED THE INVENTION (1) IN THE MANUFACTURE, USE AND DISPOSITION OF ANY ARTICLE OR MATERIAL, (2) IN THE USE OF ANY METHOD, OR (3) IN THE PERFORMANCE OF ANY SERVICE, ACQUIRED BY OR FOR THE GOVERNMENT OR WITH FUNDS DERIVED THROUGH THE MILITARY ASSISTANCE PROGRAM OF THE GOVERNMENT OR WITH FUNDS OR OTHERWISE DERIVED THROUGH THE GOVERNMENT.

204 OPTION FOR INCREASED QUANTITIES

VACCO INDUSTRIES IS HEREBY GRANTED AN OPTION (S) FOR THE PROCUREMENT OF ADDITIONAL HARDWARE AS INDICATED IN THE OPTION PRICING TABLE OF THE PURCHASE ORDER. THE OPTION (S) DESCRIBED ON THE OPTIONS PRICING TABLE MAY BE EXERCISED BY VACCO INDUSTRIES IN WHOLE OR IN PART, FROM TIME TO TIME IN WRITING BY VACCO INDUSTRIES WITHIN THE TIME PERIODS ESTABLISHED IN THE OPTION PRICING TABLE. THE DELIVERY SCHEDULE FOR SUCH OPTION QUANTITIES WILL BE FIRMLY ESTABLISHED AT THE TIME OF RELEASE OF ANY SUCH OPTIONS.

THE UNIT PRICES SPECIFIED IN THE OPTION TABLE OF THIS PURCHASE ORDER ARE NOT TO EXCEED" PRICING. NO OPTION QUANTITY SHALL BE RELEASED BY VACCO INDUSTRIES UNTIL AFTER SUCH TIME AS A FIRM-FIXED PRICE IS NEGOTIATED WITH THE SUPPLIER.

THE OPTION AGREEMENT SPECIFIED HEREIN CONSTITUTES NO COMMITMENT ON THE PART OF VACCO INDUSTRIES TO PROCURE SAID HARDWARE. VACCO INDUSTRIES' RELEASE OF ANY SUCH OPTIONS REQUIRES A FIRM-FIXED PRICE PURCHASE ORDER FROM VACCO INDUSTRIES.

205 OPTION FOR PROCUREMENT OF RIGHTS IN TECHNICAL DATA AND SOFTWARE

THE GOVERNMENT IS HEREBY GRANTED THE OPTION TO ACQUIRE THE UNLIMITED RIGHTS IN DATA FOR THE ITEMS IDENTIFIED IN THIS PURCHASE ORDER INCLUDING ALL COMPONENTS, ASSEMBLIES OR PARTS THEREOF, IN ACCORDANCE WITH DOD FAR SUP. 52.227-7013. THE GOVERNMENT MAY DIRECT VACCO INDUSTRIES TO EXERCISE THIS OPTION BY GIVING WRITTEN NOTIFICATION TO THE SUPPLIER AT ANY TIME, DURING THE PERFORMANCE OF THIS CONTRACT, OR WITHIN FIVE (5) YEARS AFTER ACCEPTANCE OF ALL ITEMS TO BE DELIVERED UNDER THIS CONTRACT, OR TERMINATION OF THIS CONTRACT.

THE PRICE INDICATED ON THE PURCHASE ORDER FOR RIGHTS IN TECHNICAL DATA FOR THE HARDWARE LISTED, IS NOT TO EXCEED PRICING. FIRM FIXED PRICING FOR THE RIGHTS IN TECHNICAL DATA WILL BE NEGOTIATED WITH THE SUPPLIER UPON WRITTEN NOTIFICATION THAT THE GOVERNMENT IS EXERCISING THIS OPTION. ALL PRICES ARE EXCLUSIVE OF ANY WARRANTY OF TECHNICAL DATA AND COMPUTER SOFTWARE, AND CHANGE TO FORMAT, ETC. THE GOVERNMENT MAY AT ANY TIME CHALLENGE ANY RESTRICTIVE LEGEND PLACED ON ANY DATA AND SOFTWARE APPLICABLE TO THIS PURCHASE ORDER IN ACCORDANCE WITH THE PNM101, CLAUSE 101, SECTION II "RIGHTS IN TECHNICAL DATA COMPUTER SOFTWARE", DOD FAR SUP. 52.227-7013. THE FACT THAT A COMPONENT IS LISTED AND UNLIMITED RIGHTS IN TECHNICAL DATA AND COMPUTER SOFTWARE PERTAINING TO THAT COMPONENT ARE PRICED ON THIS PURCHASE ORDER IS NOT AGREEMENT BY THE GOVERNMENT/VACCO INDUSTRIES THAT THE TECHNICAL DATA OR COMPUTER SOFTWARE WAS DEVELOPED AT PRIVATE EXPENSE.

THE GOVERNMENT MAY CHALLENGE ANY CLAIM THAT TECHNICAL DATA OR COMPUTER SOFTWARE WAS DEVELOPED AT PRIVATE EXPENSE.

206 CLEAN AIR AND WATER

THE CONTACTOR AGREES:

1. TO COMPLY WITH ALL THE REQUIREMENTS OF SECTION 114 OF THE CLEAN AIR ACT (42 U.S.C. 7414) AND SECTION 308 OF THE CLEAN WATER ACT (33 U.S.C. 1318) RELATING TO INSPECTION, MONITORING, ENTRY, REPORTS, AND INFORMATION, AS WELL AS OTHER REQUIREMENTS SPECIFIED IN SECTION 308 OF THE AIR ACT AND THE WATER ACT, AND ALL REGULATIONS AND GUIDELINES ISSUED TO IMPLEMENT THOSE ACTS BEFORE THE AWARD OF THIS CONTRACT.

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2. THAT NO PORTION OF THE WORK REQUIRED BY THIS PRIME CONTRACT WILL BE PERFORMED IN A FACILITY LISTED ON THE ENVIRONMENTAL PROTECTION LIST OF VIOLATING FACILITIES ON THE DATE WHEN THIS CONTRACT WAS AWARDED UNLESS AND UNTIL THE EPA ELIMINATES THE NAME OF THE FACILITY FROM THE LISTING.

3. TO USE BEST EFFORTS TO COMPLY WITH CLEAN AIR STANDARDS AND CLEAN WATER STANDARDS AT THE FACILITY IN WHICH THE CONTRACT IS BEING PERFORMED; AND

4. TO INSERT THE SUBSTANCE OF THIS CLAUSE INTO ANY NONEXEMPT SUBCONTRACT, INCLUDING THIS PARAGRAPH 4.

5. THIS CLAUSE INCORPORATES FAR 52.232-2, IN EFFECT ON THE DATE OF THIS AWARD, BY REFERENCE.

207 EQUAL OPPORTUNITY PRE-AWARD CLEARANCE (AWARDS OF \$1 MILLION OR MORE)

THE SUPPLIER SHALL NOT ENTER A FIRST TIER SUBCONTRACT FOR AN ESTIMATED OR ACTUAL AMOUNT OF \$1 MILLION OR MORE WITHOUT OBTAINING, IN WRITING, FROM VACCO INDUSTRIES A CLEARANCE THAT THE PROPOSED SUBCONTRACTOR IS IN COMPLIANCE WITH EQUAL OPPORTUNITY REQUIREMENTS AND THEREFORE ELIGIBLE FOR THE AWARD. THIS CLEARANCE MUST BE REQUESTED A MINIMUM OF THIRTY (30) DAYS PRIOR TO CONTRACT AWARD.

208 COST ACCOUNTING STANDARDS AND ADMINISTRATION OF (AWARDS OVER \$100,000)

FEDERAL ACQUISITION REGULATION (FAR) CLAUSES 52.230-3 AND 52.230-4 IN EFFECT ON THE DATE OF THIS AWARD ARE INCORPORATED HEREIN BY REFERENCE. FAR CLAUSE 52.230-5 SHALL APPLY IF ELIGIBILITY FOR MODIFICATION CONTRACT COVERAGE WAS CLAIMED ON FORM PNM101-300-2 DURING THE QUOTATION PHASE OF THIS AWARD.

FORM PNM101-300-2, "COST ACCOUNTING STANDARDS CERTIFICATION" AS EXECUTED BY THE SUPPLIER AND SUBMITTED TO VACCO INDUSTRIES DURING THE QUOTATION PHASE OF THIS CONTRACT IS INCORPORATED HEREIN BY REFERENCE, AND WILL REMAIN ON FILE AT VACCO INDUSTRIES FOR THE DURATION OF THIS CONTRACT.

THE SUPPLIER HEREBY AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS VACCO INDUSTRIES FROM ANY DAMAGES, INCLUDING BUT NOT LIMITED TO LEGAL FEES, FINES, LOSS OF PROFIT, ACCOUNTING COSTS, DELAYS INCURRED ON CONTRACT PERFORMANCE, AND COST IN OBTAINING A SUBSTITUTE SUBCONTRACTOR, WHICH ARE ATTRIBUTED TO THE SUPPLIER'S FAILURE TO CONFORM TO DISCLOSED PRACTICES OR COST ACCOUNTING STANDARDS PROMULGATED BY THE UNITED STATES GOVERNMENT IN ANY FORM WHATSOEVER.

209 CERTIFICATE OF OVERHEAD COSTS (AWARDS OVER \$500,000)

DOD FAR SUP. CLAUSE 52.242-7003 IN EFFECT ON THE DATE OF THE AWARD IS HEREIN INCORPORATED BY REFERENCE.

A. DEFINITION. "CLAIM", AS USED IN THIS CLAUSE, MEANS ANY REQUEST FOR PAYMENT OF OVERHEAD COSTS INCLUDING A PROPOSAL FOR AN AGREEMENT ON FINAL INDIRECT COSTS RATES OR BILLING RATES (INCLUDING FORWARD PRICING RATES USED AS BILLING RATES).

B. THE CONTRACTOR'S DIVISION VICE PRESIDENT OR EQUAL MUST EXECUTE THE CERTIFICATE OF OVERHEAD COSTS, FORM PNM101-300-2, FOR ALL OVERHEAD COST CLAIMS. ONLY UPON RECEIPT OF THE CERTIFICATE, OR SPECIFIC REFERENCE TO SAME, SHALL VACCO INDUSTRIES ACT ON THE CONTRACTOR'S OVERHEAD COST CLAIM.

210 COST OF PRICING DATA (AWARDS OVER \$100,000)

THE FAR CLAUSES 52.215-22, 52.215-24 AND FAR 52.215-25 IN EFFECT AT THE TIME OF THIS AWARD ARE INCORPORATED HEREIN BY REFERENCE.

IF AS A RESULT OF NEGOTIATION THE QUOTED PRICE FOR GOODS OR SERVICES CHANGES, THE SUPPLIER IS TO SUPPLY THE FOLLOWING TO VACCO INDUSTRIES.

A. REVISED COST AND PRICING DATA REFLECTING THE NEGOTIATED CHANGES.

B. AN AMENDED "SUBCONTRACTORS CERTIFICATE OF CURRENT COST OF PRICING DATA", FORM PNM101-300-3 (SEE REPRODUCIBLE FORMS SECTION OF PNM101) EXECUTED AS OF THE DATE NEGOTIATIONS WERE COMPLETED.

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THE SUPPLIER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS VACCO INDUSTRIES FOR ANY PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA ORDER BY THE UNITED STATES GOVERNMENT AGAINST VACCO INDUSTRIES WHICH IS THE RESULT OF THE SUPPLIER'S FAILURE TO COMPLY WITH APPLICABLE GOVERNMENTAL REGULATIONS PERTAINING TO ACCURATE, COMPLETE AND CURRENT COST OR PRICING DATA.

IN ADDITION THE SUPPLIER AGREES TO INDEMNIFY VACCO INDUSTRIES FOR ANY DAMAGES INCLUDING BUT NOT LIMITED TO LEGAL FEES, FINES, LOST OF PROFIT, ACCOUNTING COSTS, COST IN OBTAINING A SUBSTITUTE SUBCONTRACTOR WHICH ARE INCURRED AS A RESULT OF THE SUPPLIERS FAILURE TO COMPLY WITH THE CONDITIONS OF THIS CLAUSE.

211 TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT (AWARDS OVER \$100,000)

FAR 52.249-2 IN EFFECT ON THIS DATE OF THIS AWARD IS INCORPORATED HEREIN BY REFERENCE.

212 SERIAL NUMBERS

THE CONTRACTOR SHALL SERIALY NUMBER THE SUPPLIES CALLED FOR HEREUNDER WITH SERIAL NUMBERS OF HIS OWN DESIGNATION.

213 USE OF GOVERNMENT FACILITIES ON A NO-CHARGE BASIS

A. THE SUPPLIER IS AUTHORIZED TO USE, IN THE PERFORMANCE OF THIS CONTRACT, THE GOVERNMENT-OWED FACILITIES PROVIDED TO IT, UNDER FACILITIES CONTRACT IN EFFECT ON THE DATE OF THIS CONTRACT, ON A NO-CHARGE BASIS.

B. IF THE SUPPLIER ENTERS INTO SUBCONTRACTS WITH SUBCONTRACTORS, WHO HAVE GOVERNMENT-OWNED FACILITIES PROVIDED TO THEM UNDER FACILITIES CONTRACTS WHICH PROVIDE THAT NO-CHARGE USE MAY BE AUTHORIZED, THEN VACCO INDUSTRIES MAY AUTHORIZE THE USE OF SUCH FACILITIES ON A NO-CHARGE BASIS, PROVIDED (1) HE DETERMINES THAT SUCH USE WILL NOT GIVE THE SUBCONTRACTOR A FAVORED COMPETITIVE POSITION, AND (2) THIS CONTRACT IS AMENDED TO REFLECT ADEQUATE CONSIDERATION TO THE GOVERNMENT FOR THE USE OF SUCH FACILITIES ON A NO-CHARGE BASIS. SUCH SUBCONTRACTS SHALL SPECIFICALLY AUTHORIZE THE NO-CHARGE USE, AND REQUIRE THE MANUAL APPROVAL OF THE VACCO INDUSTRIES. NO AMENDMENT TO THIS CONTRACT WILL BE REQUIRED, AS PROVIDED IN (2) ABOVE, IF THE VACCO INDUSTRIES DETERMINES THAT AN ELIMINATION OF CHARGE FOR USE OF SUCH FACILITIES WILL OF ITSELF RESULT IN AN ADEQUATE DECREASE COST TO THE GOVERNMENT UNDER THIS CONTRACT.

C IF THE GOVERNMENT-OWNED FACILITIES PROVIDED TO THE SUPPLIER OR ANY SUBCONTRACTOR HEREUNDER ON A NO-CHARGE BASIS ARE INCREASED OR DECREASED OR DO NOT REMAIN AVAILABLE DURING THE PERFORMANCE OF THIS CONTRACT, OR IF ANY CHANGE IS MADE IN TERMS AND CONDITIONS UNDER WHICH THEY ARE MADE AVAILABLE, SUCH EQUITABLE ADJUSTMENTS AS MAY BE APPROPRIATE WILL BE MADE IN THE TERMS OF THIS CONTRACT, UNLESS SUCH INCREASE OR DECREASE WAS CONTEMPLATED IN THE ESTABLISHMENT OF THE PRICE OF THIS CONTRACT OR SUBCONTRACT.

D. THE SUPPLIER AGREES THAT IT WILL NOT DIRECTLY THROUGH OVERHEAD CHARGES OR OTHERWISE, INCLUDE IN THE PRICE OF THIS CONTRACT, OR SEEK REIMBURSEMENT UNDER THIS CONTRACT FOR ANY RENTAL CHARGE PAID BY THE SUPPLIER FOR THE USE ON OTHER CONTRACTS OF THE FACILITIES REFERRED TO HEREIN. ANY SUBCONTRACT HEREUNDER WHICH AUTHORIZES THE SUBCONTRACTOR TO USE GOVERNMENT FACILITIES ON A NO-CHARGE BASIS SHALL CONTAIN A PROVISION TO THE SAME EFFECT AS THIS PARAGRAPH D.

214 CERTIFICATION OF REQUESTS FOR ADJUSTMENT OR RELIEF (EXCEEDING \$100,000)

A. ANY CONTRACT CLAIM, REQUEST FOR EQUITABLE ADJUSTMENT TO CONTRACT TERMS, REQUEST FOR RELIEF UNDER PUBLIC LAW 85-0804, OR OTHER SIMILAR REQUEST EXCEEDING \$100,000 SHALL BEAR, AT THE TIME OF SUBMISSION, THE FOLLOWING CERTIFICATE GIVEN BY A SENIOR COMPANY OFFICIAL IN CHARGE AT THE PLANT OR LOCATION INVOLVED:

I CERTIFY THAT THE CLAIM IS MADE IN GOOD FAITH, THAT THE SUPPORTING DATA ARE ACCURATE AND COMPLETE AND THAT THE AMOUNT REQUESTED ACCURATELY REFLECTS THE CONTRACT ADJUSTMENT FOR WHICH THE SUPPLIER BELIEVES THE VACCO INDUSTRIES OR GOVERNMENT IS LIABLE.

(OFFICIAL'S NAME)

(DATE)

(TITLE)

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B. THE CERTIFICATION IN PARAGRAPH (A) REQUIRES FULL DISCLOSURE OF ALL RELEVANT FACTS, INCLUDING COST AND PRICING DATA.

C. THE CERTIFICATION REQUIREMENT IN PARAGRAPH (1) DOES NOT APPLY TO:

- (I) REQUEST FOR ROUTINE CONTRACT PAYMENTS;
- (II) FINAL ADJUSTMENTS UNDER INCENTIVE PROVISIONS OF CONTRACTS.

215 PROGRAM MANAGEMENT

RESPONSIBILITY

SUPPLIER SHALL PROVIDE A CENTRALIZED CONTACT WITHIN THE SUPPLIER'S ORGANIZATION, WHO SHALL COORDINATE EFFORT AND INFORMATION FOR THE SUCCESSFUL AND TIMELY ATTAINMENT OF THIS PURCHASE ORDER. SUCH EFFORT AND COORDINATION SHALL PROVIDE VACCO INDUSTRIES SCHEDULE SURVEILLANCE OF, BUT NOT LIMITED TO:

- PLANNING
- ENGINEERING
- PROCUREMENT
- PRODUCTION
- QUALITY ASSURANCE

INFORMATION FROM THE SUPPLIER SHALL BE CHanneled THROUGH THIS CONTRACT TO THE VACCO INDUSTRIES VACCO INDUSTRIES.

PROGRAM REVIEWS

THE PROGRAM REVIEW IS A MANAGEMENT TOOL, WHICH FROM TIME TO TIME, (OR AS REQUIRED) WILL BE USED BY VACCO INDUSTRIES TO MONITOR THE SUPPLIERS PROGRESS TOWARDS MAINTAINING THE CONTRACTUAL COMMITMENTS. PROGRAM REVIEWS WILL BE USED TO ADJUST PROGRAM EFFORT IN ORDER TO GUARANTEE SCHEDULE, TECHNICAL OR QUALITY OBJECTIVES. PROGRAM REVIEWS ARE USUALLY SCHEDULED AT THE SUPPLIER'S FACILITY, WITH THE SUPPLIER PROVIDING DATA AND INFORMATION FOR REVIEW, IN ACCORDANCE WITH THE SCHEDULED AGENDA.

COMMUNICATIONS

ALL COMMUNICATION BETWEEN VACCO INDUSTRIES AND THE SUPPLIER SHALL BE TRANSMITTED THROUGH OR COORDINATED BY THE SUPPLIER'S CONTACT TO VACCO INDUSTRIES VACCO INDUSTRIES

SCHEDULE MANAGEMENT

MATERIALS, TASKS, TEST SCHEDULES, ETC.) REQUIRED TO IMPLEMENT AND/OR ACCOMPLISH THIS TASK IN CONFORMANCE WITH THE REQUIRED DUE DATE. UPON THE VACCO INDUSTRIES' REQUEST, THE SUPPLIER SHALL PROVIDE TO VACCO INDUSTRIES UPDATED PROGRESS REPORTS ON THE MAJOR MILESTONES. SUPPLIER SHALL NOTIFY VACCO INDUSTRIES IMMEDIATELY OF ANY EVENT (SCHEDULED OR OTHERWISE) THAT MAY EFFECT THE PERFORMANCE OF THIS PURCHASE ORDER.

216 VALUE ENGINEERING

THE FULL PROVISIONS OF FAR 52.248-1, VALUE ENGINEERING, ARE INCORPORATED INTO THIS PURCHASE ORDER. ALL SUPPLIERS MUST PERFORM TO THE SPECIFIED DRAWINGS AND SPECIFICATIONS AS REQUIRED BY THE PURCHASE ORDER. IN THE INTEREST OF IMPROVING THE HARDWARE, OR REDUCING THE OVERALL COST, A SEPARATE VALUE ENGINEERING CHANGE PROPOSAL (VECP) SHOULD BE SUBMITTED BY THE SUPPLIER. THE VECP PROPOSAL WILL BE REVIEWED BY VACCO INDUSTRIES PERSONNEL AND IF AUTHORIZED WILL BE SUBMITTED TO THE CUSTOMER/GOVERNMENT FOR APPROVAL.

IF ACCEPTED BY THE GOVERNMENT, THE SUPPLIER WILL, IN ACCORDANCE WITH THE FAR, SHARE IN THE COST SAVINGS GENERATED BY THE VECP. FAR SECTION 52.248-1 PROVIDES GUIDELINES FOR SUBMISSIONS OF VECP'S.

217 SUBCONTRACT MANAGEMENT

A. FOR THE PURPOSE OF THIS CLAUSE, "MAJOR/CRITICAL SUBCONTRACTS" ARE THOSE SUBCONTRACTS THE FAILURE OF WHICH WOULD SERIOUSLY JEOPARDIZE THE SUCCESSFUL COMPLETION OF THE PROGRAM WITHIN COST, SCHEDULE AND/OR TECHNICAL PERFORMANCE SPECIFICATIONS.

B. UNLESS OTHERWISE PROVIDED WITHIN THIS CONTRACT, THE SUPPLIER WILL BE RESPONSIBLE FOR SELECTING SUBCONTRACTORS AND EFFECTIVELY MANAGING THE SUBCONTRACTS REQUIRED IN THE PERFORMANCE OF WORK HEREUNDER. THE SUPPLIER WILL APPLY SPECIAL MANAGEMENT EMPHASIS IN SURVEILLANCE OF MAJOR/CRITICAL SUBCONTRACTORS' PERFORMANCE, TO

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PROVIDE REASONABLE ASSURANCE THAT CONTRACTUAL REQUIREMENTS WILL BE MET. IN DISCHARGING THIS RESPONSIBILITY, THE SUPPLIER WILL ESTABLISH, MAINTAIN AND USE IN THE PERFORMANCE OF THIS CONTRACT, A SUBCONTRACT MANAGEMENT SYSTEM THAT CONFORMS TO THE MINIMUM CRITERIA SET FORTH BELOW. SPECIFICALLY THE SUPPLIER WILL:

1. IDENTIFY ALL MAJOR/CRITICAL SUBCONTRACTS (AS DEFINED IN [A] ABOVE) AND NOTIFY VACCO INDUSTRIES OF THIS IDENTIFICATION IN WRITING, INDICATING THE AREAS AND DEGREE OF RISK INVOLVED. THE SUPPLIER WILL INCLUDE ADDITIONAL SUBCONTRACTS IDENTIFIED AS MAJOR/CRITICAL BY VACCO INDUSTRIES. SUBCONTRACTORS MAY BE DROPPED, WITH THE CONCURRENCE OF VACCO INDUSTRIES, FROM THE SPECIAL MANAGEMENT EMPHASIS CATEGORY WHEN THEY ARE NO LONGER VIEWED AS CRITICAL.
2. REQUIRE THE MAJOR/CRITICAL SUBCONTRACTORS TO IDENTIFY AT REGULAR TIME INTERVALS EXISTING AND POTENTIAL TECHNICAL, QUALITY, COST (WHEN APPROPRIATE), AND SCHEDULE PROBLEMS AND TO PROPOSE SOLUTIONS FOR THEIR RESOLUTION. THIS WOULD INCLUDE DEVISING WORK AROUND SOLUTIONS FOR RISKS WHICH BECOME UNACCEPTABLE. THE SUPPLIER WILL PROMPTLY NOTIFY VACCO INDUSTRIES OF THE PROBLEMS AND PROPOSED SOLUTIONS.
3. ENSURE THAT EACH SUBCONTRACT CONTAINS ALL APPLICABLE SPECIFICATIONS, SPECIAL REQUIREMENTS, AND CLAUSES NEEDED TO CARRY OUT THE REQUIREMENTS OF THE PRIME CONTRACT.
4. CONSISTENT WITH OBTAINING REASONABLE COMPETITION, PLAN SOLICITATION AND EVALUATION OF SUBCONTRACTOR PROPOSALS TO MINIMIZE EXPENSE.
5. PERFORM ADVANCE ACQUISITION PLANNING FOR EACH MAJOR/CRITICAL SUBCONTRACT. RESPOND, IN WRITING, TO REASONABLE REQUESTS OF VACCO INDUSTRIES FOR INFORMATION ON ACQUISITION PLANNING BEFORE THE SOLICITATION IS RELEASED.
6. PROVIDE PROMPT NOTIFICATION TO VACCO INDUSTRIES WHEN A PROBLEM THAT IS LIKELY TO HAVE SIGNIFICANT ADVERSE IMPACT ON TECHNICAL, QUALITY, COST OR SCHEDULE PERFORMANCE DEVELOPS ON A MAJOR/CRITICAL SUBCONTRACT.
7. WITHIN THE SUPPLIER'S RESPONSIBILITY FOR THE TECHNICAL PERFORMANCE OF SUBCONTRACTS, PROVIDE TECHNICAL ASSISTANCE TO MAJOR/CRITICAL SUBCONTRACTORS FOR PROBLEM SOLVING WHEN REQUIRED.
8. ESTABLISH A REQUIREMENT FOR PROGRAM REVIEWS WITH MAJOR/CRITICAL SUBCONTRACTORS AND PERIODICALLY INVITE AUTHORIZED REPRESENTATIVES OF VACCO INDUSTRIES TO ATTEND THESE REVIEWS. THE SUPPLIER WILL ALSO AUTHORIZE REPRESENTATIVES OF VACCO INDUSTRIES TO ATTEND DESIGN REVIEWS AND PROBLEM-SOLVING MEETINGS AS AN OBSERVER.
9. INCLUDE A PROVISION IN ALL SUBCONTRACTS AUTHORIZING THE VACCO INDUSTRIES OR THE GOVERNMENT REPRESENTATIVE TO VISIT THE SUBCONTRACTOR'S FACILITIES (WITH ADVANCED NOTIFICATION TO THE SUPPLIER) TO REVIEW PROGRESS AND WITNESS TESTING PERTAINING TO THE REQUIREMENTS OF THE SUBCONTRACT.
10. PROVIDE ADEQUATE INFORMATION IN RESPONSE TO REASONABLE REQUESTS OF THE VACCO INDUSTRIES OR THE AUTHORIZED GOVERNMENT REPRESENTATIVE ON SUBCONTRACT PERFORMANCE AS REQUIRED.
11. SUBMIT STATUS INFORMATION FOR MAJOR/CRITICAL SUBCONTRACTS IN PROGRAM PROGRESS REPORTING THAT IS SPECIFIED IN OTHER PROVISIONS OF THIS PURCHASE ORDER.

C. THE SUPPLIER'S MANAGEMENT OF THE SUBCONTRACT EFFORT WILL BE CONTINUALLY REVIEWED BY THE VACCO INDUSTRIES OR AUTHORIZED GOVERNMENT REPRESENTATIVE. GOVERNMENT PARTICIPATION IN SURVEILLANCE OF THE PERFORMANCE OF MAJOR/CRITICAL SUBCONTRACTORS DOES NOT RELIEVE THE SUPPLIER OF ANY BASIC RESPONSIBILITY TO MANAGE THE SUBCONTRACTS EFFECTIVELY AND EFFICIENTLY. THIS SURVEILLANCE IS NOT INTENDED TO ESTABLISH PRIVITY OF CONTRACT BETWEEN THE GOVERNMENT AND SUCH SUBCONTRACTORS.

218 FEDERAL STOCK NUMBER

SUPPLIER SHALL CONVERT TO NATIONAL STOCK NUMBERS (NS) IN LIEU OF FEDERAL STOCK NUMBERS (FS) FOR MATERIAL DELIVERED UNDER THIS CONTRACT.

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**PNM 101 – 300 SERIES
REQUEST FOR QUOTATION (RFQ) TERMS AND CONDITIONS**

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RFQ TERMS AND CONDITIONS

301 VERBAL QUOTATIONS

ALL VERBAL QUOTATIONS MADE BY THE SUPPLIER IN RESPONSE TO VACCO INDUSTRIES VERBAL REQUEST FOR QUOTATION MUST BE CONFIRMED BY WRITTEN QUOTATION INCLUDING VACCO'S RFQ NUMBER.

302 WRITTEN QUOTATIONS

ALL APPLICABLE TERMS AND CONDITIONS LISTED ON THE RFQ ARE FROM VACCO INDUSTRIES' PNM101 "QUOTATION/PURCHASE ORDER TERMS & CONDITIONS AND QUALITY ASSURANCE REQUIREMENTS".

A. RFQ REQUIREMENTS AND CERTIFICATES

THE REQUIRED DOCUMENTATION AND CERTIFICATION THAT MUST ACCOMPANY THE SUBCONTRACTORS QUOTATIONS ARE INDICATED BY ALL 300 SERIES CLAUSES LISTED ON VACCO INDUSTRIES' WRITTEN RFQ.

B. PURCHASE ORDER TERMS AND CONDITIONS

ALL TERMS AND CONDITIONS THAT WILL BE APPLIED TO ANY PURCHASE ORDER RESULTING FROM A SUBCONTRACTOR'S QUOTATION ARE INDICATED BY THE 100 AND 200 SERIES CLAUSES LISTED ON VACCO INDUSTRIES' WRITTEN RFQ.

C. QUALITY ASSURANCE REQUIREMENTS

ALL QUALITY ASSURANCE REQUIREMENTS THAT WILL BE APPLIED TO ANY PURCHASE ORDER RESULTING FROM THE SUBCONTRACTORS QUOTATION ARE INDICATED BY THE 400 SERIES CLAUSES LISTED ON VACCO INDUSTRIES' WRITTEN RFQ.

303 TOOLING/SPECIAL TEST EQUIPMENT

SUPPLIER'S OFFER MUST IDENTIFY ALL GOVERNMENT-OWNED TOOLING/SPECIAL TEST EQUIPMENT IN SUPPLIERS POSSESSION SUITABLE FOR USE ON THE CONTRACT PROPOSED BY THE RFQ, AND MUST LIST THE PRIME CONTRACTS UNDER WHICH SUCH ITEMS WERE ACCRUED.

304 SPECIAL CHARGES (FOR QUOTATIONS UNDER \$100,000)

A. SET UP/DESTRUCTIVE TEST CHARGES

ANY COST LABELED SHORT RUN SET UP CHARGES OR DESTRUCTIVE TEST COSTS ARE TO BE SEGREGATED FROM THE UNIT PRICE COST OF THE MATERIAL HARDWARE AND SPECIFICALLY IDENTIFIED.

B. TOOLING COSTS ANY COSTS FOR TOOLING/SPECIAL TEST EQUIPMENT THAT IS TO BE CHARGED TO THE CONTRACT AND TITLE NOT TO REMAIN WITH THE SUPPLIER, MUST BE SEGREGATED FROM THE UNIT PRICE COST ON THE QUOTATION, AND TOTAL TOOLING DOLLARS MUST BE BROKEN DOWN INTO INDIVIDUAL TOOL COSTS.

305 SOCIAL AND ECONOMIC POLICIES

THE SUPPLIERS QUOTATION MUST STATE WHETHER THE SUPPLIER IS:

- * A LARGE BUSINESS
- * A SMALL BUSINESS
- * IN A LABOR SURPLUS AREA
- * A WOMEN-OWNED BUSINESS

306 NO QUOTE

SHOULD THE SUBCONTRACTOR DECLINE TO RESPOND TO AN ITEM ON THIS RFQ, VACCO INDUSTRIES REQUESTS THE SUBCONTRACTOR PROVIDE A BRIEF STATEMENT EXPLAINING THE SUPPLIERS NO QUOTE" AND RETURN ALL DRAWING AND SPECIFICATIONS SUPPLIED BY VACCO INDUSTRIES.

307 EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION PROGRAM

A. SUBCONTRACTOR CERTIFICATION (QUOTATIONS OVER \$10,000)

ANY QUOTATION OVER \$10,000 MUST INCLUDE A COMPLETED SUBCONTRACTOR CERTIFICATION FOR EQUAL OPPORTUNITY, FORM VPN101-300-1 (SEE REPRODUCIBLE FORMS SECTION OF VPN101).

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B. PRE-AWARD CLEARANCE (FOR AWARDS OF \$1 MILLION OR MORE) NO AWARD OF \$1 MILLION OR MORE, AS A RESULT OF THIS QUOTATION, WILL BE MADE UNTIL SUCH TIME AS VACCO INDUSTRIES OBTAINS A CLEARANCE FROM THE GOVERNMENT CONTRACTING OFFICER THAT THE SUBCONTRACTOR IS IN COMPLIANCE WITH EQUAL OPPORTUNITY REQUIREMENTS IN FAR 52.222-26 AND FAR 52.222-28.

308 COST ACCOUNTING STANDARDS CERTIFICATION (QUOTATIONS OVER \$100,000)

THE PRIME CONTRACT REFERENCED ON THIS RFQ CONTAINS PROVISIONS REQUIRING VACCO INDUSTRIES TO OBTAIN INFORMATION REGARDING SUBCONTRACTORS COMPLIANCE WITH THE REQUIREMENTS OF PUBLIC LAW 91-379, 50 U.S.C. APPL. 2168 FOR COST ACCOUNTING STANDARDS.

IN ACCORDANCE WITH FAR SECTIONS 30.1, 30.2, 30.3, 52.230-3 AND 52.230-4 IN EFFECT ON THE DATE OF THIS RFQ, ANY SUBCONTRACTOR SUBMITTING A QUOTATION OVER \$100,000 MUST INCLUDE AND EXECUTE COST ACCOUNTING STANDARDS CERTIFICATION, FORM VPN101-300-2 (SEE REPRODUCIBLE FORMS SECTION OF VPN101) WITH THE QUOTATION.

309 CERTIFICATION OF CURRENT COST OR PRICING DATA (QUOTATIONS OVER \$100,000)

ANY SUBCONTRACTOR SUBMITTING A QUOTATION OVER \$100,000 MUST INCLUDE WITH THE QUOTATION, AN EXECUTED CERTIFICATE OF CURRENT COST OR PRICING DATA, FORM VPN101-300-3 (SEE REPRODUCIBLE FORMS SECTIONS OF VPN101).

310 COST AND PRICING DATA (QUOTATIONS OVER \$100,000)

IN ACCORDANCE WITH FAR 15.804-3 AND 15.804-2, ANY SUBCONTRACTOR SUBMITTING A QUOTATION EXCEEDING \$100,000 MUST SUBMIT "COST AND PRICING DATA ON SF1411 AND A "CERTIFICATE OF CURRENT COST OR PRICING DATA (SEE VPN101, CLAUSE 309). NO AWARD IN EXCESS OF \$100,000 AGAINST THIS RFQ WILL BE RELEASED WITHOUT SUBMITTAL, BY THE SUBCONTRACTOR, OF ANY EXECUTED SF1411. THE PURPOSE OF THE SF1411 IS TO PROVIDE A STANDARD FORMAT BY WHICH THE SUBCONTRACTOR PROVIDES VACCO INDUSTRIES A SUMMARY OF INCURRED AND ESTIMATED COSTS (INCLUDING SUPPORTING DOCUMENTATION) ADEQUATE FOR A DETAILED REVIEW AND ANALYSIS. GUIDANCE FOR PRICING OF A GOVERNMENT CONTRACT AND COMPLETION OF THE SF1411 CAN BE FOUND IN THE ARMED SERVICES PROCUREMENT REGULATION MANUAL FOR CONTRACT PRICING, ASPM#1, APPENDIX A.

311 ROYALTY INFORMATION

IF ANY PORTION OF THE SUBCONTRACTORS QUOTATION CONTAINS AN EXCESS OF \$250 FOR ROYALTIES, THE FOLLOWING INFORMATION MUST BE FURNISHED WITH THE QUOTATION.

1. NAME AND ADDRESS OF LICENSOR.
2. DATE OF AGREEMENT.
3. BASIS ON WHICH THE ROYALTY IS PAYABLE (PATENTS, ETC.).
4. DESCRIPTION OF EACH ITEM OR COMPONENT APPLICABLE TO THE ROYALTY PAYMENT.
5. PERCENTAGE OF ROYALTY PAYMENT IN RELATION TO THE UNIT COST.

312 ALTERNATE QUOTATIONS

THE SUBCONTRACTOR IS INVITED TO SUBMIT, IN ADDITION TO THE RFQ SPECIFICATIONS ISSUED BY VACCO INDUSTRIES, ALTERNATIVE PROPOSALS WHICH MAY REDUCE THE QUOTED PRICES. ALTERNATE QUOTATIONS MAY OFFER PRICE BREAKS, VARIATION IN DELIVERY SCHEDULE, MORE ECONOMICAL PACKAGING, CHANGES IN CONFIGURATIONS, MATERIALS, TOLERANCES, FINISHES, ETC., THAT WILL NOT EFFECT ANY CRITICAL OR ESSENTIAL CHARACTERISTICS OF THE ITEM (I.E., FORM, FIT OR FUNCTION INTERCHANGEABILITY).

NOTE: ALL PROPOSED CHANGES WILL BE REVIEWED BY VACCO INDUSTRIES, ABSOLUTELY NO CHANGE IS TO BE MADE TO THE HARDWARE WITHOUT SPECIFIC APPROVAL ON ANY SUBSEQUENT AWARD AS IN THE FORM OF PURCHASE ORDER INSTRUCTIONS, DRAWING OR SPECIFICATION CHANGES.

313 FIRM QUOTATIONS

SUBCONTRACTOR SHALL INCLUDE IN THE QUOTATION A WRITTEN ASSURANCE THAT THE QUOTATION WILL BE HELD FIRM FOR A MINIMUM PERIOD OF THREE (3) MONTHS (IF THE TIME FRAME IS GREATER - SPECIFY IN MONTHS).

314 TERMINATION LIABILITY SCHEDULE (QUOTATIONS OVER \$100,000)

VACCO INDUSTRIES REQUIRES THE SUBCONTRACTOR TO INCLUDE A CUMULATIVE MONTHLY TERMINATION LIABILITY SCHEDULE FOR EACH ITEM ON THIS RFQ. VACCO INDUSTRIES RESERVES THE RIGHT TO INCORPORATE THIS LIABILITY SCHEDULE INTO AN AWARD RESULTING FROM THIS QUOTATION.

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315 CLEAN AIR AND WATER CERTIFICATION (QUOTATIONS OVER \$100,000)

ALL QUOTATIONS EXCEEDING \$100,000 MUST INCLUDE AN EXECUTED CLEAN AIR AND WATER CERTIFICATION, FORM PNM101-300-4 (SEE THE REPRODUCIBLE FORM SECTION PNM101).

316 SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN (QUOTATIONS OVER \$500,000 FROM OTHER THAN A SMALL BUSINESS)

ALL SUBCONTRACTORS NOT A SMALL BUSINESS CONCERN (AS DEFINED IN FAR 52-219.8) MUST INCLUDE A SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN IN COMPLIANCE WITH FAR 52-219.9, HEREBY INCORPORATED BY REFERENCE. ANY AWARD RESULTING FROM THE QUOTATION SHALL INCORPORATE, BY REFERENCE, THE SUBCONTRACTOR'S SMALL BUSINESS AND DISADVANTAGED SMALL BUSINESS SUBCONTRACTING PLAN.

317 BUY AMERICAN CERTIFICATE

IN ACCORDANCE WITH THE BUY AMERICAN ACT (41 U.S.C. SECTION 10A-D) AND THE DEPARTMENT OF DEFENSE BALANCE OF PAYMENTS PROGRAM, THE OFFEROR MUST SUBMIT AN EXECUTED BUY AMERICAN CERTIFICATE, FORM PNM101-300-5 (SEE REPRODUCIBLE FORM SECTION OF PNM101) WITH THE OFFEROR'S QUOTATION AS REQUIRED BY FAR 52-225-1.