

**ARMEC Corporation**  
1000 Alvin Weinberg Drive  
Oak Ridge, TN 37830  
Phone (865) 483-9969

**A. SUPPLIER<sup>1</sup> TERMS AND CONDITIONS**

**NOTICE:** Please note the following terms and conditions are for Purchase Orders issued by ARMEC Corporation and are issued to each supplier upon commencement of ARMEC Corporation doing business with that supplier. The terms and conditions may be changed by written notification or in the body of the order.

1. **Acceptance:** The Purchase Order supersedes all communications, representations and agreements, oral and written, between ARMEC and the Supplier. Any of the following shall constitute acceptance of all the Terms and Conditions set out herein: by signing of the Purchase Order, acknowledging the Order, shipping, sending, delivering the articles, or performing the service therein. Acceptance of the Purchase Order must be in strict accordance with its terms, including these terms and conditions. No changes in, modifications of, or revision to the Purchase order shall be valid unless in writing and signed by the ARMEC Purchasing Manager.
2. **Delivery:** Time and rate of deliveries or performance of the services therein are of the essence of the Purchase Order. Supplier's failure to deliver at the time and rate specified shall be the basis for rejection, default termination and back billing by ARMEC Corporation. If at any time Supplier cannot meet delivery schedule, Supplier shall notify ARMEC Corporation at the time Supplier determines delivery schedule cannot be met. Supplier will notify ARMEC Corporation as to the cause, of the action being taken to remove such cause and when on-schedule status will be achieved. Anytime delivery times are used, delivery is the item being delivered to ARMEC Corporation's dock or otherwise specified in the Purchase Order, NOT delivery to a carrier.
3. **Inspection and Acceptance:** Inspection and acceptance will be at destination unless otherwise provided. Until delivery and acceptance, and after any rejections, risk of loss will be on the Supplier unless the loss results from negligence of ARMEC Corporation. The Supplier shall perform or have performed the inspections and tests required to substantiate that the supplies, services or construction provided under the Purchase Order conform to the drawings, specifications, and other requirements listed herein.
4. **Termination:** The Purchasing Manager may at any time, by written notice, terminate the Purchase Order in whole or in part, when it is in the best interest of ARMEC Corporation due to default or negligence on behalf of the Supplier. ARMEC Corporation will issue a Supplier Corrective Action Request (SCAR) outlining any problems; failure to respond to the SCAR will result in removing the supplier from ARMEC Corporation's Approved Supplier List.
5. **Default:** Time is of the essence on this contract. In the event of default by the Supplier, the Purchasing Administrator may, by written notice, terminate the Purchase Order or any part thereof. Failure to deliver as specified or failure to comply with any other conditions set forth on the Purchase Order or in these conditions shall constitute default.
6. **General:** The Purchasing Manager reserves the right to correct obvious clerical or typographical errors with no liability. The Supplier may not assign the Purchase Order or any rights there under, including monies due or to become due without the written consent of the Purchasing Manager. The Supplier shall not, without prior written consent of the Purchasing Manager, in any manner advertise or publish the fact that the Purchasing Manager has placed the Purchase Order. Blueprints, models, specifications or any other information supplied by the Purchasing Manager for use on the purchase shall be considered the sole property of ARMEC Corporation. This information will not be disclosed to others, except to the Supplier's subcontractors as necessary for the completion of the Purchase Order. Subcontractors shall have the same obligation of nondisclosure and restriction on use. Its use shall be restricted to the Purchase Order. Its improper use shall constitute default.

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<sup>1</sup> The term "Supplier" encompasses any entity that provides materials or services directly to ARMEC Corporation.  
F-740-002 Rev D Supplier Terms and Conditions

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## **B. SUSPECT/COUNTERFEIT ITEMS**

Notwithstanding any other provisions of this agreement, the Supplier warrants that all items provided to the Company shall be genuine, new and unused unless otherwise specified in writing by the Company. Supplier further warrants that all items used by the Supplier during the performance of work for the Company, include all genuine, original, and new components, or are otherwise suitable for the intended purpose. Furthermore, the Supplier shall indemnify the Company, its agents, and third parties for any financial loss, injury, or property damage resulting directly or indirectly from material, component, or parts that are not genuine, original, and unused, or not otherwise suitable for the intended purpose. This includes, but is not limited to, materials that are defective, suspect, or counterfeit; materials that have been provided under false pretenses; and materials or items that are materially altered, damaged, deteriorated, degraded, or result in product failure.

Types of material, parts, and components known to have been misrepresented include (but are not limited to) fasteners; hoisting, rigging, and lifting equipment; cranes; hoists; valves; pipe and fittings; electrical equipment and devices; plate, bar, shapes, channel members, and other heat-treated materials and structural items; welding rod and electrodes; and computer memory modules. The Supplier's warranty also extends to labels and/or trademarks or logos affixed, or designed to be affixed, to items supplied or delivered to the Company. In addition, because falsification of information or documentation may constitute criminal conduct, the Company may reject and retain such information or items, at no cost, and identify, segregate and report such information or activities to cognizant US government officials.

Accordingly, the Supplier certifies that equipment provided to the Company has been inspected and does not contain suspect/counterfeit parts.

If suspect/counterfeit fasteners are discovered in equipment prior to its being put into service, the fasteners will be marked and/or tagged by the Company. The Company will evaluate the application of each suspect/counterfeit fastener to determine if the fastener is in a critical application. If it is determined that a suspect/counterfeit fastener is in a critical application, the Supplier will be notified, and use of the equipment will not be allowed until the suspect/counterfeit fastener has been replaced with an acceptable fastener. Replacement of the suspect/counterfeit fastener will be at the expense of the Supplier.

If suspect/counterfeit fasteners are discovered while the equipment is in use, the fasteners will be marked and/or tagged by the Company. Continued use of the equipment will not be allowed until the Company evaluates the application of each suspect/counterfeit fastener to determine if it is in a critical application. If it is determined that the suspect/counterfeit fastener is in a critical application, the Supplier will be notified, and use of the equipment will be terminated. The Supplier will be notified and asked to repair or replace the offending item(s). Any adverse impact on Task Release cost, schedule or work methods resulting from the discovery of the suspect/counterfeit fasteners, either prior to or during use of the equipment, will be documented and all such costs will be charged to the Supplier.

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**C. ADDITIONAL TERMS AND CONDITIONS**

Notice: The following terms and conditions are an addendum to ARMEC Corporation's standard terms and conditions and are issued to each Supplier upon commencement of ARMEC Corporation doing business with that Supplier. This applies to each Purchase Order issued to a Supplier.

1. ARMEC Corporation requires Suppliers to maintain the current revision of applicable specifications.
2. Supplier shall notify ARMEC Corporation of any change in its quality program that may affect the way we do business together.
3. ARMEC Corporation requires Suppliers to perform a Quality Inspection on all items prior to shipment. All work must meet the requirements specified in the Purchase Order as well as prints, Mil Specs or other specifications for the process applicable to the Purchase Order. If inspection is not performed, ARMEC Corporation reserves the right to return items to Supplier, at Supplier's expense, for fulfillment of inspection or ARMEC cancels the Purchase Order. If ARMEC cancels the Purchase Order due to nonconformance by Supplier, then Supplier must return items to an "as before" condition and ship items to a location specified by ARMEC. If Supplier incorrectly processes items or damages items in shipment and items cannot be returned to an "as before" condition, Supplier shall be liable for ARMEC's replacement costs of the items. ARMEC may request evidence of corrective actions taken to fix process and/or inspection problems.
4. Supplier shall ensure that all packing and packaging will guarantee the receipt of items in an acceptable condition at the destination specified by ARMEC Corporation. Supplier shall be liable for any damage occurring during shipping as a result of poor packaging.
5. Supplier shall be liable for handling charges, return shipment costs and Quality Control inspection costs for all items rejected by our Quality Control department.