

1. DEFINITIONS. The terms defined in this paragraph shall have the meanings set forth below:

- 1.1 CTAS means CoorsTek Armor Solutions, Inc.
- 1.2 Order means this written Purchase Order between CTAS and Supplier covering the purchase and sale of Goods, attached exhibits, any addenda, and amendments to this Order issued in accordance with Paragraph 7.
- 1.3 Supplier means any vendor or company supplying Goods to CTAS.
- 1.4 Goods mean those goods, supplies, materials, articles, items, parts, components, assemblies, software or services (or when appropriate means any part thereof) to be provided by Supplier under this Order.
- 1.5 FAR means the Federal Acquisition Regulations.
- 1.6 DFAR means the Defense Federal Acquisition Regulations.

2. ACCEPTANCE. This Order is an offer to buy Goods; acceptance of this Order is expressly limited to the terms of this Order. This Order becomes a contract when the Supplier returns a written acknowledgment of this Order to CTAS or when Supplier has begun manufacture or other performance under this Order without CTAS' written consent to any modification of its terms. CTAS hereby notifies Supplier of its objection and express rejection to any additional or different terms contained in Supplier's acknowledgment, invoice, or other written confirmation of this Order. No change or modifications of any terms or conditions of this Order shall be valid or binding unless made in writing and signed by CTAS.

3. TIME IS OF THE ESSENCE. Time is of the essence of this Order and Supplier's timely performance is a critical element of this Order.

4. DELIVERY. Deliveries under this Order shall be strictly in accordance with the specified quantities, schedules and other requirements of this Order. No act of CTAS, including acceptance of late deliveries, shall act as a waiver of this provision. Supplier shall promptly notify CTAS in writing of any anticipated or actual delay in Supplier's strict performance of the terms contained herein. Unless delay is due to causes beyond Supplier's control, premium transportation costs to meet delivery schedules shall be at Supplier's expense. If requested by CTAS, Supplier will send electronic notice of shipment the same day Goods are shipped.

5. PACKING AND SHIPPING. Unless otherwise specified in CTAS' Order, Supplier shall label and pack Goods sold in a commercially reasonable manner. No charges will be allowed for transportation, packaging, packing or returnable containers unless stated in the Order. Supplier shall not procure materials, manufacture in advance of Supplier's normal flow time, or deliver in advance of schedule without CTAS' prior written consent. CTAS may return, at Supplier's expense, any Goods received in advance of the schedule set forth on this Order. TAS shall be entitled to specify the carrier to transport the Goods ordered hereunder.

6. INVOICES AND PAYMENT. Supplier shall issue invoices within thirty (30) days following the delivery of Goods to the address stated on the Order unless otherwise agreed upon in writing. CTAS shall be obligated to pay within forty-five days (45) from receipt of this invoice, or the number of days stated on the face of this Order if so stated, which shall commence following CTAS' receipt of a correct invoice or CTAS' acceptance of the Goods, whichever is later. CTAS is not required to pay invoiced amounts in dispute until such dispute is resolved. CTAS shall notify Supplier promptly of any such dispute. Once the dispute is resolved, the invoice shall be paid within thirty (30) days following such resolution. CTAS shall be responsible for any sales, use, rental, personal property and any other taxes for Goods provided hereunder. If the Supplier is required to collect certain taxes, then such taxes will be included on the invoice; otherwise it will be the responsibility of the CTAS to pay these taxes directly. Supplier shall be liable for all taxes on all income it receives from CTAS under this Order.

7. CHANGES AND ADJUSTMENTS. CTAS may, at any time, by written order and without notice, make changes in the quantities, drawings, designs, specifications, delivery schedule, method of shipment or packing of the Goods, or any combination of the foregoing. If any such change results in an increase or decrease in the cost or time required for performance of this Order, Supplier shall notify CTAS in writing within thirty (30) days of receipt of the changed order. Nothing contained herein shall excuse Supplier from proceeding without delay in the performance of this Order as changed. Supplier shall not substitute any products or materials ordered hereunder without the prior written approval of CTAS.

8. SURCHARGES. Unless agreed to otherwise in writing CTAS shall not be responsible for any surcharges associated with this Order. This relates to additional charges incurred for fuel and/or raw materials associated with the Goods and/or services ordered hereunder. Charges for tooling and/or expedited services do not fall under this restriction, but must have been included in the original price quote, and added as a line item associated with the Order.

9. TERMINATION.

- 9.1 CTAS may, at any time by written notice, suspend or terminate this Order or any part thereof. In the event CTAS terminates this Order, (i) Supplier will cease all work being performed under this Order and after receipt of written notice, destroy or deliver to CTAS all copies of any and all materials and information provided by CTAS to Supplier or created by Supplier hereunder, whether complete or partially complete; (ii) if requested by CTAS, Supplier shall certify to CTAS, in writing, that the foregoing steps have been taken; and (iii) CTAS shall retain all intellectual property rights and Supplier shall be bound by all confidentiality, intellectual property, warranty and indemnity obligations in accordance with the terms and conditions of this Order.
- 9.2 If such termination is for the convenience of CTAS, CTAS, after deducting any amount(s) previously paid, shall reimburse Supplier for the actual, reasonable, substantiated and allowable costs with the total amount to be paid by CTAS being determined by negotiation.
- 9.3 CTAS may, by written notice, terminate this Order for default, in whole or in part, if Supplier (i) fails to comply with any of the terms of this Order; (ii) fails to make progress so as to endanger performance under this Order; or (iii) fails to provide adequate assurance of future performance. Supplier shall have ten (10) days, or such longer time as CTAS may authorize in writing, to cure any such failure after receipt of written notice from CTAS. Default involving delivery schedule delays, bankruptcy or adverse change in financial conditions shall not be subject to this cure provision.

9.3.1 Following a termination for default of this Order, Supplier shall be compensated only for Goods actually delivered and accepted. CTAS may require Supplier to deliver any supplies and materials, manufacturing materials or drawings that Supplier has specifically produced or acquired for the terminated portion of this Order. CTAS and Supplier shall agree on the amount of payment for these other deliverables.

- 9.4 If Supplier fails to comply with any of the provisions of this Order, or if Supplier becomes the subject of a proceeding under state or federal law for bankruptcy or other relief of creditors, or if Supplier makes an assignment for the benefit of creditors, CTAS shall have the right to hold Supplier in default and cancel this Order in whole or in part without any further liability.
- 9.5 In the event of a termination for default, Supplier shall be liable to CTAS for cover costs, in addition to any other rights and remedies available at law or in equity.
- 9.6 Supplier shall continue all work not terminated.
- 9.7 In the event Supplier discontinues the Goods purchased hereunder, Supplier shall provide CTAS with at least twelve (12) months written notice and offer CTAS the right to purchase products during this twelve month period.

10. INSPECTION AND QUALITY.

10.1 All Goods ordered hereunder will be subject to inspection and tests by CTAS, its assigns and customers, including the Government, to the extent practicable, at all times and places, including the period of manufacture and prior to acceptance. Supplier agrees to permit access to its facilities at all reasonable times for inspection of Goods by CTAS representatives and will provide all tools, facilities and assistance reasonably necessary for such inspection at no cost to CTAS. Such Goods will be subject to final inspection and acceptance by CTAS after delivery. Goods not conforming to specifications or the requirements of this Order will be held for further instruction at Supplier's risk; all returns will be at Supplier's expense. If inspection discloses that any part of the Goods received do not conform to specifications or the requirements of this Order, CTAS shall have the right to cancel any unshipped or incomplete portion of this Order. It is expressly agreed that inspections and payments prior to delivery will not constitute final acceptance.

10.2 Supplier shall maintain a quality control system to an industry recognized quality standard and in compliance with any other specific quality requirements. Records of all quality control inspection work by Supplier shall be kept complete and available to CTAS and its customer. The Goods to be delivered hereunder shall consist of new materials as defined by FAR 52.211-5, not used, or reconditioned, remanufactured, or of such age as to impair its usefulness or safety.

11. WARRANTIES AND REMEDIES.

11.1 In addition to all other express or implied warranties provided by law, Supplier warrants that all Goods furnished hereunder will, for a period of eighteen (18) months from acceptance, be free of defects in material and workmanship, and will conform to applicable drawings, specifications, and other data. If not of CTAS' design, such Goods shall be merchantable, free of design defects, and fit for the purposes expressed in, or reasonably to be inferred from this Order. All warranties shall survive acceptance and payment and shall run to CTAS and its customers. CTAS shall not be required to obtain Supplier's permission to return any Goods to Supplier that, in CTAS' reasonable business judgment, are not in conformity with this warranty. Articles not manufactured in conformity herewith, at CTAS' option (i) may be retained at an equitable adjustment in price; (ii) may be corrected in place at an equitable adjustment in price; or (iii) may be returned for replacement correction, credit or refund. These provisions are in addition to remedies provided by law. In the event a legal or administrative action is necessary to enforce these warranties and/or remedies against Supplier, and CTAS prevails, CTAS shall be entitled to recover its attorney fees and all costs.

11.2 Exceptions to, or reservations from this warranty by the Supplier shall be identified by separate written notification to CTAS, which shall be signed by Supplier's Vice President or other duly authorized representative. Supplier hereby assumes full responsibility and liability resulting from its failure to satisfy these warranty obligations, specifically or in general.

12. FORCE MAJEURE. Neither party shall be liable for failure to perform when such failure is caused by unforeseeable force majeure circumstances. If such circumstances occur, the party injured by the other's inability to perform may elect to (i) terminate this Order immediately; and/or (ii) suspend this Order for the duration of the force majeure circumstances, and then resume performance under this Order. The party experiencing the force majeure circumstances shall cooperate with and assist the other party in all reasonable ways to minimize the impact of such circumstances on the other party, including assisting in locating and arranging for substitute Goods.

13. INDEMNITY. Supplier shall indemnify and hold harmless CTAS, its owners, parents, affiliates, subsidiaries, agents, directors, employees, CTAS and all persons claiming under CTAS from any Liabilities arising from and in connection with Supplier's performance under this Order including (i) the acts or omissions of Supplier, its agents and employees and others under Supplier's direction or control except to the extent such Liabilities are caused by or are the result of the gross negligence or willful misconduct of CTAS; (ii) assertions under Workers' Compensation or similar employee benefit acts made by Supplier or any of Supplier's employees, agents, subcontractors, or subcontractors' employees or agents; (iii) any other claim which may be asserted by any of Supplier's employees, agents, subcontractors or subcontractor's employees or agents against CTAS except to the extent such claim is proven to have been the direct result of the gross negligence or willful misconduct of CTAS; or (iv) all claims that may be brought against CTAS by reason of Supplier's failure to comply with any applicable international, federal, state, county, and local laws, ordinances, regulations and codes. "Liabilities" shall mean all judgments, orders, awards, claims, damages, losses, costs and expenses, including, but not limited to, court costs and reasonable attorneys' fees. Liabilities shall also include, but not be limited to, those that are attributable to personal injury, sickness, disease or death; and/or result from injury to or destruction of real or personal property including loss of use thereof, theft, misuse or misappropriation.

14. PATENT, TRADEMARK, COPYRIGHT OR TRADE SECRET INDEMNIFICATION. Supplier shall indemnify and hold harmless CTAS, its owners, shareholders, parents, affiliates, subsidiaries, agents, directors, employees,

CTAS and all persons claiming under CTAS from and against all Liabilities that may result by reason of any infringement or claim of infringement of any patent, trademark, copyright, trade secret or other proprietary right relating to Goods and/or the use thereof to the extent such claim does not directly arise from Supplier's adherence to CTAS' specifications. Supplier will defend and/or settle at its own expense any action brought against CTAS to the extent that it is based on a claim that the Goods and/or the use thereof, infringe any patent, trademark, copyright, trade secret or other proprietary right. CTAS shall have the right to take any steps necessary to protect its interests in any matter or action brought against it. Supplier shall, at its expense and option and without any effect or waiver of any right CTAS may possess at either law or equity, either: (i) procure for CTAS the right to continue using such Goods; or (ii) replace or modify the Goods so that it becomes non-infringing but only if the modification or replacement does not adversely affect CTAS' rights or ability to use the Goods. If neither of those options is reasonably possible, Supplier shall refund to CTAS all amounts paid to Supplier for the infringing Goods(s) or service(s) pursuant to this Order and reimburse CTAS for reasonable expenses of removal and replacement.

**15. CONFIDENTIALITY OF PROPRIETARY INFORMATION.**

**15.1. INFORMATION OF CTAS.** Supplier shall not reproduce or disclose any information, knowledge or data of CTAS that Supplier may receive from CTAS or have access to, including proprietary or confidential information of CTAS or of others when in possession of CTAS ("CTAS Information"), without the prior written consent of CTAS. CTAS Information includes, but is not limited to, business plans, marketing information, cost estimates, forecasts, bid and proposal data, financial data, formulae, compositions, products, processes, procedures, inventions, systems, or designs. Supplier agrees not to use any CTAS Information for any purpose except to perform the requirements under this Order. Supplier shall maintain a data protection process sufficient to enable Supplier to comply with this Section. CTAS Information shall remain the property of CTAS. Within thirty (30) days of expiration or termination of this Order, or upon the written request of CTAS, Supplier shall return or certify the destruction of all CTAS Information and any reproductions, and the Supplier shall surrender all information or proprietary data developed by Supplier in performance of this Order, unless its retention is authorized in writing by CTAS. The provisions of this Section are in addition to any non-disclosure agreement between the parties.

**15.2. INFORMATION OF SUPPLIER.** Unless otherwise agreed to in writing by CTAS, any information disclosed by Supplier to CTAS in connection with this Order herein shall not be deemed confidential or proprietary information, and shall be acquired without any restrictions (other than a claim for patent infringement) as part of the consideration for this Order.

**16. PATENT RIGHTS AND USE OF OTHER TECHNICAL INFORMATION.** Any specifications, drawings or technical information furnished by CTAS to Supplier shall remain CTAS' property, shall be kept confidential, and shall be returned at CTAS' request. Such documents shall be used in filling this Order and may not be used for other purposes unless agreed to by CTAS in writing. CTAS' providing information to Supplier shall not constitute any grant, option, or license to Supplier under any patent, trade secrets or other rights now or hereafter held by CTAS. Furthermore, CTAS reserves patent rights embodied in designs, tools, patterns, drawings, information and equipment supplied by CTAS under this Order and exclusive rights for the use and reproduction thereof. Any invention or intellectual property first made or conceived by Supplier in the performance of this Order which is derived from or based on the use of information supplied by CTAS, shall be the property of CTAS and Supplier shall execute such documents necessary to perfect CTAS' title thereto.

**17. SPECIAL EQUIPMENT.** If the price as stated on the face of this Order includes jigs, dies, fixtures, tools, patterns, drawings, specifications or other special equipment and manufacturing aids used in the manufacture of the Goods herein, such item(s) shall become the property of CTAS upon acquisition by Supplier. Such items shall not be used in the production, manufacture or design of any goods for any customer of Supplier other than CTAS, except with the written permission of CTAS.

**18. CTAS PROPERTY.** Unless otherwise agreed to in writing, property of every description including all tools, equipment, and material furnished or made available to Supplier, title to which is in CTAS' name, and any replacement thereof shall be and remain the property of CTAS, and Supplier shall indemnify and save harmless CTAS from all liens and claims upon said property arising from any cause. Such property while in Supplier's possession or control shall be kept in good condition, shall be held at Supplier's risk, and shall be kept insured by Supplier, at its expense, in an amount equal to the replacement cost with loss payable to CTAS.

**19. COMMUNICATION WITH CTAS CUSTOMERS.** CTAS shall be solely responsible for all liaison and coordination with the CTAS Customer as it affects the applicable prime contract, this Order and any related contract.

**20. EXPORT COMPLIANCE.** Supplier shall comply with the applicable import and export laws and regulations of the United States and with all applicable export licenses and their provisos. This Order may involve information or items that are subject to the International Traffic in Arms Regulations (ITAR) or Export Administration Regulations (EAR) and that may not be released to Foreign Persons inside or outside the United States without the proper export authority. The importer/exporter of record has obtained or will obtain and properly use U.S. Government import/export authorization to furnish to CTAS any defense articles, technical data, defense services, software, and/or other controlled items, which are necessary for CTAS to perform this Order and which require such authorization. If Supplier is a signatory under a CTAS export license or export agreement (e.g. TAA, MLA) Supplier shall provide notification to a CTAS representative in the event of a changed circumstance, including, but not limited to, ineligibility, a violation or potential violation of the ITAR, and the initiation or existence of a U.S. Government investigation, that could affect Supplier's performance under this Order.

**21. CONTRACTS UNDER A GOVERNMENT PRIME CONTRACT.** If this Order indicates that it is placed under a Government contract, all federal laws and regulations relating to such contract shall be in effect, including such portions of the Federal Acquisition Regulations (FAR) or applicable supplement as may be relevant to this particular Order. In the event of CTAS' termination of this Order under FAR or applicable supplement subcontract termination provisions, Supplier's claims shall be submitted not later than 60 days from the effective date of termination.

**22. ASSIGNMENT.** The Supplier may not assign this Order or any rights there under, including monies due or become due, without the written approval of CTAS. CTAS reserves the right to assign this Order to any parent, subsidiary of parent, subsidiary, affiliate, successor or related company of CTAS.

**23. RISK OF LOSS.** Title and risk of loss on Goods shall pass upon delivery to CTAS, except that Supplier shall bear the risk of loss on rejected Goods after receipt of notice from CTAS of such rejection unless otherwise agreed to in writing.

**24. SUBCONTRACTS.** Supplier shall make no subcontracts, or make changes to any previously approved subcontract, with any other party for furnishing any of the Goods hereunder in completed or substantially completed form without the prior written approval of CTAS. The requirements of this paragraph shall not apply to Supplier's purchases of incidental, standard commercial supplies or raw materials.

**25. RESERVATION OF RIGHTS.** Either party's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege, or either party's waiver of any breach hereunder shall not be construed to be a waiver, or waive any other terms, conditions, or privileges, whether of the same or similar type.

**26. GRATUITIES.** Supplier warrants that neither it nor any of its employees, agents or representatives have offered or given any gratuities to CTAS' employees, agents or representatives in order to secure this Order or secure favorable treatment with respect thereto.

**27. ADVERTISING; PUBLICITY.** No references to CTAS or references to CTAS' names, marks, codes, drawings or specifications will be used in any of Supplier's advertising, promotional efforts or any publicity of any kind without CTAS' prior written permission.

**28. SETOFF.** All claims for money due or to become due from CTAS shall be subject to deduction or setoff by CTAS by reason of any counterclaim arising out of this or any other transaction with Supplier.

**29. AUDIT.** Supplier's records, including, but not limited to, accounting records, time sheets, written policies and procedures, test results, reports, correspondence, memoranda and any other documentation relating to the performance of all work subject to this Order, shall be open to inspection and subject to audit and/or reproduction, during normal working hours, by CTAS or its authorized third-party representative to the extent necessary to adequately evaluate claims submitted by Supplier, required by governmental authorities or for any other valid business purpose. For the purpose of such audits, inspections, examinations and evaluations, CTAS or its authorized representative shall have access to records associated with this Order dating from the effective date of this Order and continuing for a period of five (5) years after the completion of all work subject to this Order. Any request for an audit pursuant to this Section shall be in writing providing reasonable notice.

**30. INDEPENDENT CONTRACTOR.** Supplier hereby declares and agrees that it is engaged in an independent business and will perform its obligations under this Order as an independent contractor and not as the agent or employee of CTAS; that the persons performing services hereunder are not agents or employees of CTAS; that Supplier has and hereby retains the right to exercise full control of and supervision over the performance of supplier's obligations hereunder and full control over the employment, direction, compensation and discharge of all employees assisting in the performance of such obligations; that Supplier will be solely responsible for all matters relating to payment of such employees, including compliance with Workers' Compensation, unemployment, disability insurance, social security withholding, and all other federal, state and local laws, rules and regulations governing such matters; and that Supplier will be responsible for Supplier's own acts and those of Supplier's agents, employees and subcontractors during the performance of Supplier's obligations under this Order. Supplier and its employees are not entitled to unemployment insurance benefits as a result of performing under this Order. Supplier is responsible for and shall pay all assessable federal and state income tax on amounts paid under this Order.

**31. INSURANCE.**

**31.1.** Supplier shall carry and maintain in force, from the date of commencement of any work subject to this Order, insurance of the type and minimum coverage amounts as follows: (i) Workers' Compensation and Employers' Liability Insurance as required by the statutes of the state where the work is being performed; (ii) Comprehensive General Liability Insurance with minimum limits of \$1,000,000 combined bodily injury and property damage per occurrence and aggregate. Policy should include coverage for premises and completed operations, broad form property damage, personal injury liability, and contractual liability; (iii) Comprehensive Automobile Liability Insurance in amounts not less than \$1,000,000 combined single limit bodily injury and property damage per occurrence and aggregate for owned and hired-owned automobiles; (iv) Aircraft liability with minimum limits of \$10 million for owned and non-owned aircraft as applicable.

**31.2.** All insurance policies shall contain an endorsement waiving all subrogation rights against CTAS. Certificates of insurance evidencing the coverage required above shall be filed with CTAS PRIOR to the commencement of any work subject to this Order. Such certificates shall provide that the insurer must give CTAS not less than thirty (30) days advance notice of any change in or cancellation of coverage and shall name CTAS as an additional insured, as applicable. Neither the failure of Supplier to comply with any or all of the insurance provisions of this Order, nor the failure to secure endorsements on the policies as may be necessary to carry out the terms and provisions of this Order shall be construed to limit or relieve Supplier from any of its obligations under this Order, including this insurance provision. Supplier's failure to obtain or maintain the insurance required hereunder shall not relieve Supplier of its obligations for any and all Liabilities associated therewith.

**32. ENVIRONMENTAL HEALTH AND SAFETY (EHS).** Should the Supplier supply services at CTAS' place of business under the terms of this Agreement, Supplier must first contact the site's EHS coordinator.

**33. SEVERABILITY.** In the event any provision of this Order is determined to be invalid, such invalidity shall not affect the validity of remaining portions of this Order, and the parties shall substitute for the invalid provision a provision that most closely approximates the intent and economic effect of the invalid provision.

**34. SEVERAL LIABILITY.** The term CTAS as used herein may be applicable to one or more entities and the singular shall include the plural. If more than one entity is referred to as CTAS herein, then their obligations

and liabilities shall be several, not joint. Notwithstanding the foregoing, any and all applicable discounts and/or credits shall be based upon the combined forecasts and/or purchases made by all related CTAS entities under this Order.

35. **NONEXCLUSIVE ORDER.** It is expressly understood and agreed that this Order does not grant to Supplier any exclusive privileges or rights and CTAS may contract with other suppliers for Goods. CTAS makes no guarantee or commitment for any minimum or maximum amount of Goods to be purchased hereunder.

36. **REMEDIES CUMULATIVE.** The remedies provided herein shall be cumulative and in addition to any other remedies provided by law or equity.

37. **SURVIVAL.** The provisions of this Order that, by their sense and context, are intended to survive performance by either or both parties shall also survive the completion, expiration, termination or cancellation of this Order. The provisions of this Order, and any terms and conditions within CTAS's prime contract, shall be flowed down in its entirety to any subcontractor or supplier providing goods or services hereunder.

38. **LIMITATION OF LIABILITIES.** Except for violation by Supplier of Sections 10-15, 20 and 21 herein, neither party shall be liable to the other for special, indirect, consequential or incidental losses or damages of any kind or nature whatsoever, including but not limited to lost profits, lost records or data, lost savings, loss of use of facility or equipment, loss by reason of facility shut-down or non-operations or increased expense of operations, or other costs, charges, penalties, or liquidated damages, regardless of whether arising from breach of contract, warranty, tort, strict liability or otherwise, even if advised of the possibility of such loss or damage or if such loss or damage could have been reasonably foreseen.

39. **APPLICABLE LAW/COMPLIANCE WITH LAWS.**

39.1 This Order shall be governed by and construed in accordance with the laws of the State from which this Order is issued by CTAS, without regard to its conflicts of laws provisions, except that any provision in this Order that is (i) incorporated in full text or by reference from the Federal Acquisition Regulation (FAR); or (ii) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR or; (iii) that is substantially based on any such agency regulation or FAR provision, shall be construed and interpreted according to the federal common law of government contracts as enunciated and applied by federal judicial bodies, boards of contract appeals, and quasi-judicial agencies of the federal Government.

39.1.1 All disputes under this Order that are not disposed of by mutual agreement may be decided by recourse to an action at law or in equity. Until final resolution of any dispute, both parties shall diligently proceed with the performance under this Order.

39.2 Supplier, in the performance of this Order, agrees to comply with all applicable local, state, and federal laws, orders, rules, regulations, and ordinances. Supplier shall procure all licenses/permits, pay all fees, and other required charges, and shall comply with all applicable guidelines and directives of any local, state, and/or federal governmental authority. If: (i) CTAS' Order price or fee is reduced; (ii) CTAS' costs are determined to be unallowable; (iii) any fines, penalties, or interest are assessed on CTAS; or (iv) CTAS incurs any other costs or damages; as a result of any violation of applicable laws, orders, rules, regulations, or ordinances by Supplier, its officers, employees, agents, suppliers, or subcontractors at any tier, CTAS may proceed as provided for in 39.3 below.

39.3 Upon the occurrence of any of the circumstances, other than withholdings, identified in paragraph 39.2 above, CTAS may make a reduction of corresponding amounts in the price of this Order or any other contract with Supplier, and/or may demand payment of the corresponding amounts. Supplier shall promptly pay amounts so demanded. In the case of withholding(s), CTAS may withhold the same amount from Supplier under this Order.

39.4 Supplier represents that each chemical substance constituting or contained in Goods sold or otherwise transferred to CTAS hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (15 U.S.C. Sec. 2601 et seq.) as amended.

39.5 Supplier shall provide to CTAS with each delivery any Material Safety Data Sheet applicable to the Goods in conformance with and containing such information as required by the Occupational Safety and Health Act of 1970 and regulations promulgated there under, or its state approved counterpart.

39.6 Supplier shall not offer or give a kickback or gratuity for the purpose of obtaining or rewarding favorable treatment as a CTAS supplier. By accepting this Order, Supplier certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52.203-7 or the Anti-Kickback Act of 1986 (41 U.S.C. Sec. 51-58) both of which are incorporated herein, except that paragraph (c)(1) of 52.203-7 shall not apply.

39.7 Supplier shall be responsible for compliance with all requirements and obligations relating to its employees under all local, state, and federal statutes, ordinances, rules, and obligations including, but not limited to, employer's obligations under laws relating to: income tax withholding and reporting; civil rights; equal employment opportunity; discrimination on the basis of age, sex, race, color, religion, disability, national origin, or veteran status; overtime; minimum wage; social security contribution and withholding; unemployment insurance; employer's liability insurance; worker's compensation; veteran's rights; and all other employment, labor, or benefits related laws.

40. **PRIORITY RATING.** If so identified, this Order is a "rated order" certified for national defense use, and the Supplier shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 C.F.R. Part 700).

41. **ENTIRE ORDER.** This Order, together with all referenced attachments shall constitute the entire Order between the parties with respect to the subject matter of this Order. This Order supersedes all prior oral and written communications, Orders and understandings of the parties with respect to the subject of this Order.

42. **PRECEDENCE.** Any inconsistencies in this Order shall be resolved in accordance with the following descending order of precedence: (1) face of the CTAS Purchase Order, release document or schedule as applicable; (2) these Terms and Conditions of Purchase for Commercial Items; and (3) the Statement of Work

## SECTION II - FAR FLOWDOWN PROVISIONS

A. **INCORPORATION OF FAR CLAUSES.** The Federal Acquisition Regulation (FAR) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Order. If the date or substance of any of the clauses listed below is different from the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead. The Contracts Disputes Act shall have no application to this Order. Any reference to a "Disputes" clause shall mean Section 39 of this Order.

### B. GOVERNMENT SUBCONTRACT

(a) This Contract is entered into by the parties in support of a U.S. Government contract.

(b) As used in the FAR clauses referenced below and otherwise in this Contract:

1. "Commercial Item" means a commercial item as defined in FAR 2.101.
2. "Contract" means this Order.
3. "Contracting Officer" shall mean the U.S. Government Contracting Officer for CTAS' government prime contract or CTAS' customer's government prime contract under which this Order is entered.
4. "Contractor" and "Offeror" means the Supplier, which is the party identified on the face of the Order with whom CTAS is contracting, acting as the immediate subcontractor to CTAS.
5. "Prime Contract" means the contract between CTAS and the U.S. Government or between CTAS and its higher-tier contractor who has a contract with the U.S. Government.
6. "Subcontract" means any contract placed by the Contractor or lower-tier subcontractors under this Contract.

### C. NOTES

1. Substitute "CTAS" for "Government" or "United States" throughout this clause.
2. Substitute "CTAS Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.
3. Insert "CTAS' customer and CTAS" after "Government" throughout this clause.
4. Insert "or CTAS' customer or CTAS" after "Government" throughout this clause.
5. Communication/notification required under this clause from/to the Contractor to/from the Contracting Officer shall be through CTAS.
6. Insert "and CTAS" after "Contracting Officer", throughout the clause.
7. Insert "or CTAS Representative" after "Contracting Officer", throughout the clause.

D. **AMENDMENTS REQUIRED BY PRIME CONTRACT.** Supplier agrees that upon the request of CTAS it will negotiate in good faith with CTAS relative to amendments to this Order to incorporate additional provisions herein or to change provisions hereof, as CTAS may reasonably deem necessary in order to comply with the provisions of the applicable Prime Contract or with the provisions of amendments to such Prime Contract. If any such amendment to this Order causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under this Order, an equitable adjustment shall be made pursuant to the "Changes and Adjustments" clause of this Order. This Subsection D shall apply to Section III as well.

E. **PRESERVATION OF THE GOVERNMENT'S RIGHTS.** If CTAS furnishes designs, drawings, special tooling, equipment, engineering data, or other technical or proprietary information ("Furnished Items") which the U. S. Government owns or has the right to authorize the use of, nothing herein shall be construed to mean that CTAS, acting on its own behalf, may modify or limit any rights the Government may have to authorize the Contractor's use of such Furnished Items in support of other U. S. Government prime contracts. This Subsection E shall apply to Section III as well.

### F. PROVISIONS OF THE FEDERAL ACQUISITION REGULATION

1. The following FAR clauses apply to this Order unless otherwise self-deleting:

- (a) FAR 52.215-20 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (OCT 1997)(Note 2 applies).
- (b) FAR 52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA - MODIFICATIONS (OCT 1997) (Note 2 applies).
- (c) FAR 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (MAY 2004).
- (d) FAR 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999).
- (e) FAR 52.222-26 EQUAL OPPORTUNITY (MAR 2007) (Only subparagraphs (b) (1)-(11) apply).
- (f) FAR 52.222-50 COMBATING TRAFFICKING IN PERSONS (AUG 2007) (Note 2 applies. In paragraph (e) Note 3 applies).
- (g) FAR 52.225-13 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (FEB 2006).
- (h) FAR 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS (MAR 2007).
- (i) FAR 52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S. FLAG COMMERCIAL VESSELS (FEB 2006).

2. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$10,000:

- (a) FAR 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998).

3. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$100,000:

- (a) FAR 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (SEP 2007).
- (b) FAR 52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (DEC 2001).
- (c) FAR 52.222-39 NOTIFICATION OF EMPLOYEE RIGHTS CONCERNING PAYMENT OF UNION DUES OR FEES (DEC 2004).

4. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$550,000:

- (a) FAR 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (NOV 2007) (Applicable if the Contractor is

not a small business. Note 2 is applicable to paragraph (c) only. The Contractor's subcontracting plan is incorporated herein by reference).

5. The following FAR clauses apply to this Order as indicated:

- (a) FAR 52.204-2 SECURITY REQUIREMENTS (AUG 1996) (Applies if the Order requires access to classified information).
- (b) FAR 52.204-9 PERSONAL IDENTITY VERIFICATION OF CONTRACTOR PERSONNEL (SEP 2007) (Applicable where the Contractor will have physical access to a federally-controlled facility or access to a Federal information system).
- (c) FAR 52.222-41 SERVICE CONTRACT ACT (NOV 2007) (Applicable if this Order is subject to the Service Contract Act. The clause does not apply if this Order has been administratively exempted by the Secretary of Labor or exempted by 41 U.S.C. 356, as interpreted in Subpart C of 29 CFR Part 4).
- (d) FAR 52.223-11 OZONE-DEPLETING SUBSTANCES (MAY 2001) (Applicable if the Goods were manufactured with or contains ozone-depleting substances).
- (e) FAR 52.225-1 BUY AMERICAN ACT - SUPPLIES (JUN 2003) (Applicable; if the Order contains other than domestic components. Note 2 applies to the first time "Contracting Officer" is mentioned in paragraph (c)).
- (f) FAR 52.225-5 TRADE AGREEMENTS (AUG 2007) (Applicable if the Goods contain other than U.S. made or designated country end products as specified in the clause).
- (g) FAR 52.227-19 COMMERCIAL COMPUTER SOFTWARE-RESTRICTED RIGHTS (DEC 2007) (Applicable only if existing computer software is to be delivered under this Order).
- (h) FAR 52.245-1 GOVERNMENT PROPERTY (JUN 2007) "Contracting Officer" means "CTAS" except in the definition of Property Administrator and in paragraphs (h)(1)(iii) and where it is unchanged, and in paragraphs (c) and (h)(4) where it includes CTAS. "Government" is unchanged in the phrases "Government property" and "Government furnished property" and where elsewhere used except in paragraph (d)(1) where it means "CTAS" and except in paragraphs (d)(2) and (g) where the term includes CTAS. The following is added as paragraph (n) "Seller shall provide to CTAS immediate notice of any disapproval, withdrawal of approval, or nonacceptance by the Government of a property control system."

G. CERTIFICATIONS AND REPRESENTATIONS. Contractor acknowledges that CTAS will rely upon Contractor certifications and representations contained in this clause and in any written offer, proposal or quote, or company profile submission, which results in award of a contract to Contractor. By entering into such contract, Contractor republishes the certifications and representations submitted with its written offer, including company profile information, and oral offers/quotations made at the request of CTAS, and Contractor makes those certifications and representations set forth below. Contractor shall immediately notify CTAS of any change of status regarding any certification or representation.

1. FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (Applicable to solicitations and contracts exceeding \$100,000):

- (a) Definitions. As used in this provision-- "Lobbying contact" has the meaning provided at 2 U.S.C. 1602(8). The terms "agency," "influencing or attempting to influence," "officer or employee of an agency," "person," "reasonable compensation," and "regularly employed" are defined in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12).
- (b) Prohibition. The prohibition and exceptions contained in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12) are hereby incorporated by reference in this provision.
- (c) Certification. Contractor hereby certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this Order.
- (d) Disclosure. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this Order, Contractor shall complete and submit, with its offer, to CTAS OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. Contractor need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.
- (e) Penalty. Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by 31 U.S.C. 1352. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure required to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

2. FAR 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters:

- (a) Contractor certifies that, to the best of its knowledge and belief, that CONTRACTOR and/or any of its Principals, (as defined in FAR 52.209-5,) are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency.
- (b) Contractor shall provide immediate written notice to CTAS if, any time prior to award of any contract, it learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

3. FAR 52.222-22 Previous Contracts and Compliance Reports:

Contractor represents that if Contractor has participated in a previous contract or subcontract subject to the Equal Opportunity clause (FAR 52.222-26):

- (a) Contractor has filed all required compliance reports and (b) that representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

4. FAR 52.222-25 Affirmative Action Compliance: Contractor represents: (a) that Contractor has developed and has on file at each establishment, Affirmative Action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or (b) that in the event such a program does not presently exist, Contractor will develop and place in operation such a written Affirmative Action Compliance Program within one-hundred twenty (120) days from the award of this Contract.

5. FAR 52.203-13 Contractor Code of Business Ethics and Conduct: This clause is applicable if the Order is expected to exceed \$5,000,000.00, the performance period is 120 days or more and the work is performed inside the United States of America.

6. FAR 52.203-14 Display of Hotline Poster(s): Contractor shall display all required hotline posters as required.

SECTION III - DFAR FLOWDOWN PROVISIONS

A. INCORPORATION OF DFARS CLAUSES. The Defense Federal Acquisition Regulation Supplement (DFARS) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Order. If the date or substance of any of the clauses listed below is different from the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead. The Contracts Disputes Act shall have no application to this Contract. Any reference to a "Disputes" clause shall mean Section 39 herein. The same definitions and notes as set forth in Section II B and C shall be applicable under this Section III.

B. PROVISIONS OF THE DEPARTMENT OF DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS)

1. The following DFARS clauses apply to this Contract as indicated:

- (a) DFARS 252.211-7003 ITEM IDENTIFICATION AND VALUATION (JUN 2005) (Applicable if this Contract requires the Goods to contain unique item identification. In (c)(3)(i), (c)(4)(i), (d), (e), and (f) "Contractor" shall mean "Subcontractor;" all reports required to be submitted under this clause shall be submitted to CTAS at a location to be provided; delete paragraph (g) and insert the following in lieu thereof: (g) Lower-Tier Subcontracts. Supplier shall include this clause, including this paragraph (g), in all lower tier subcontracts issued under this Subcontract for the acquisition of components identified herein as requiring UID).
- (b) DFARS 252.211-7007 ITEM UNIQUE IDENTIFICATION OF GOVERNMENT PROPERTY (SEP 2007) (Applicable if this Contract requires Government property in Supplier's possession to contain unique item identification).
- (c) DFARS 252.219-7003 SMALL BUSINESS SUBCONTRACTING PLAN (DoD CONTRACTS) (APR 2007) (Applicable if FAR 52.219-9 applies to this Contract. Delete paragraph (g)).
- (d) DFARS 252.223-7001 HAZARD WARNING LABELS (DEC 1991) (Applicable if this Contract requires the delivery of hazardous materials).
- (e) DFARS 252.225-7001 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (JUN 2005) (Applicable if the Goods contain other than domestic components. Applicable in lieu of FAR 52.225-1).
- (f) DFARS 252.225-7007 PROHIBITION ON ACQUISITION OF UNITED STATES MUNITIONS LIST ITEMS FROM COMMUNIST CHINESE MILITARY COMPANIES (SEP 2006) (Applicable if Supplier is supplying items on the U.S. Munitions list).
- (g) DFARS 252.225-7014 PREFERENCE FOR DOMESTIC SPECIALTY METALS (JUN 2005) and ALT I (JUN 2005) (Applicable if the Goods to be furnished contain specialty metals).
- (h) DFARS 252.225-7021 TRADE AGREEMENTS (MAR 2007) (Applicable if the Goods contain other than U.S.-made, qualifying country, or designated country end products. Applicable in lieu of FAR 52.225-5).
- (i) DFARS 252.226-7001 UTILIZATION OF INDIAN ORGANIZATIONS, INDIAN-OWNED ECONOMIC ENTERPRISES AND NATIVE HAWAIIAN SMALL BUSINESS CONCERNS (SEP 2004) (This clause is applicable only when included in CTAS' Prime Contract and if this Contract is more than \$500,000. In f (1), "Contractor" shall mean "CTAS." Note 2 applies to (c) the first time "Contracting Officer" appears).
- (j) DFARS 252.227-7015 TECHNICAL DATA - COMMERCIAL ITEMS (NOV 1995) (Applicable in lieu of FAR 52.227-14).
- (k) DFARS 252.246-7003 NOTIFICATION OF POTENTIAL SAFETY ISSUES (JAN 2007) (Applicable if this Contract is for (i) parts identified as critical safety items; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; or (iii) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system. Contractor shall provide notifications to CTAS and the contracting officer identified to Contractor).
- (l) DFARS 252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (MAY 2002) (Applicable in lieu of FAR 52.247-64 in all Contracts for ocean transportation of supplies. In the first sentence of paragraph (g), insert a period after "Contractor" and delete the balance of the sentence. Paragraph (f) and (g) shall not apply if this Contract is at or below \$100,000. Notes 1 and 2 apply to paragraph (g)).
- (m) DFARS 252.247-7024 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA (MAR 2000) (Applicable if this Contract meets the criteria set forth in paragraph (b) (2) (ii) of the clause. Notes 1 and 2 apply).
- (n) DFARS 252.249-7002 NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (DEC 1996) (Note 2 applies. Delete paragraph (d) (1) and the first five words of paragraph (d) (2)).