

TIME AND MATERIAL PURCHASE ORDER TERMS AND CONDITIONS

IT IS UNDERSTOOD AND AGREED that the following Terms and Conditions supplement the Terms and Conditions contained in, and become a part of, the attached "Time and Material" Purchase Order.

(1) DIRECT MATERIALS - Unless otherwise specified in the order Materials are to be invoiced at cost, exclusive of any overhead or profit, limited to raw and/or other materials, including stocked items. Such invoices shall be supported by Requisitions, Purchase Orders, paid invoices and receiving records.

(2) DIRECT LABOR - Hours must not be invoiced at rates exceeding those indicated in this Purchase Order, Billings for Direct Labor are to cover hours worked by employees in the design, manufacture or processing of the product and shall be supported as follows:

(a) Daily time tickets for each employee, indicating actual starting time and stopping time to be posted at the time work begins and stops on a given job.

(1) Estimated or allocated time posted at day's end is not permissible.

(2) Corrections shall be made by drawing a line through the error, inserting correction and obtaining employee's supervisor's signature. Erasures are not permissible.

(b) Each employee charging time shall ring a clock card, or otherwise maintain an attendance record acceptable to Purchaser, which must be reconciled to his time tickets.

(c) The following time-keeping and payroll records shall be made available to the Purchaser.

(1) Time tickets and Clock Cards.

(2) Job Summaries.

(3) Actual Labor Rates.

(4) Labor Classifications and Employment Records.

(5) Payroll Registers and Evidence of Payment.

(3) SUBLET PURCHASE ORDERS - Seller expressly agrees not to issue any orders for materials or services other than those for raw materials, processing (protective finishes and heat treating), and catalog shelf items, required in the performance of this Purchase Order without the prior written approval of Buyer, and in the absence of such prior approval, Buyer, will not reimburse Seller therefor. Sublet "Time and Material" Purchase Orders shall be subject to audit as provided in letter of approval.

(4) TOOLS - If a separate charge for new tools or reworking of tools is to be made, such charge must be agreed to and authorized by Buyer in writing. Separate invoices shall be issued for these tools which shall become the property of the Purchaser.

(5) COMPENSATION - It is understood and agreed that the Direct Materials and Direct Labor charges resulting from this Purchase Order shall constitute full compensation to Seller for the performance of this Purchase Order and shall be in lieu of any and all other charges whatsoever.

(6) RECORDS - Seller agrees to maintain and make available to the Purchaser all records supporting the charges being made, including the following:

(a) Separate job numbers shall be assigned for each order, release, or part number where applicable, as required for billing purposes.

(b) Records of shipment, delivery or pick-up to Buyer.

(c) Time-keeping and payroll records as outlined in Paragraph 2C. of this Supplement.

(d) Any other charges authorized by this Purchase Order shall be supported by source documents, paid bills, expense reports, etc.

(7) AUDIT - Seller understands and agrees that amounts invoiced under this Purchase Order shall be subject to audit and that Buyer shall have access to and the right to examine, from time to time, any of Seller's books, documents and records pertaining to or supporting amounts invoiced. Buyer shall have no obligation to pay and shall have the right to a refund of any amounts paid exceeding that determined by such audit or audits to be due Seller in accordance with this Purchase Order.

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