



Title: Purchase Order Standard Provisions	
Document Number: SLI-15-000-F027	Version: 3.0

**Purchase Order Standard Provisions
TERMS are effective 4/13/2009**

1. INTRODUCTION

Any remedy provided by an express provision of this Order shall not be exclusive, but shall be in addition to all other remedies provided by law or contract. In the event of a breach or default of this Order by the Vendor (hereinafter referred to as "Subcontractor"), then Sierra Lobo, Inc. (hereinafter referred to as "the Company") hereby expressly reserves the right to pursue all rights, remedies, defenses, and counterclaims available to it at law or in equity.

2. COMPLETE AGREEMENT

This Order contains all the agreements between the parties and is complete and accurate as written. The terms and conditions contained in this Order may not be added to, modified, superseded or otherwise altered except by a written modification signed by the Subcontract Manager and delivered by the Company to the Subcontractor. Each deliverable received by the Company from the Subcontractor shall be deemed to be only upon the terms and conditions contained in this Order, notwithstanding any terms and conditions that may be contained in any invoice or other form of the Order, and notwithstanding the Company's act of accepting or paying for any deliverable or similar act of the Company.

3. COMPANY REPRESENTATIVES

a. Notwithstanding any of the other provisions of this Order, the Purchasing Representative is the only individual authorized to direct the effort or in any way to change, amend or modify any of the terms of this Order. Except as expressly provided elsewhere in this Order, where approval is required by Company under the terms of this Order, it shall be construed to mean the approval of the Purchasing Representative. In the event that the Subcontractor effects any change at the direction of any other person, the change will be considered as having been made without authority and an adjustment will not be made in the Order value or delivery schedule as a result thereof. No agreement or understanding will be binding on the Company unless made in writing and signed by the Purchasing Representative. All correspondence and deliverables applicable to this Order shall be addressed to

the Purchasing Representative, unless otherwise directed in the Order.

b. Technical Direction. The technical manager, or designated alternate, has the authority to provide technical direction and determine the acceptability of the Subcontractor's progress and overall technical performance. This authority is limited to technical direction and approval of work specified within the Statement of Work of this Order. The Subcontractor will perform all efforts within the Order as directed by the technical manager providing, however, that the technical manager shall not control or direct the physical conduct of the Subcontractor in the performance of its duties. For all purposes under this Order, Subcontractor shall be an independent contractor and not an agent of Company. In no event shall the technical direction be construed in any manner which will serve to increase the total amount of this Order. The technical manager, or designated alternate, does not have the authority to modify the terms of this Order.

4. PUBLIC DISCLOSURE

a. The Subcontractor shall not make public any information relating to this Order except as authorized in writing by the Subcontract Manager. In the event the release of information is authorized, the Subcontractor agrees that in the release of information relating to this Order such release shall include a statement to the effect that the project or effort depicted was or is sponsored by the Agency set forth in the authorization.

b. Two copies of any information to be released must be submitted to the Subcontract Manager for review and clearance sixty (60) days prior to release.

c. Nothing in the foregoing shall affect compliance with the requirements of any other clause contained herein.

d. The Subcontractor further agrees to include the requirements of this clause in any lower-tier subcontracts awarded as a result of this Order.

5. ASSIGNMENT

Neither this Order nor any interest therein including any claim hereunder shall be assigned or transferred by the Subcontractor to another entity, except as expressly authorized, in writing, in advance, by the Subcontract Manager. The Company

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reserves the exclusive right to assign this Order and all rights and interest therein.

6. ACCEPTANCE

Acceptance shall be made in accordance with the criteria established in the Statement of Work and/or Specifications, and elsewhere in this Order. The Company shall not be held liable to reimburse the Subcontractor for work performed that does not meet the acceptance criteria stated in the Order.

7. PACKAGING AND MARKING

Preservation, packaging, and packing of data deliverables shall be in accordance with standard commercial practice, unless otherwise specified in this Order. The use of asbestos, excelsior, newspaper or shredded paper (all types including waxed paper, computer paper and similar hygroscopia or non-neutral material) is prohibited.

8. DELIVERY OR PERFORMANCE SCHEDULE

a. Time is of the essence in the Subcontractor's performance. The Subcontractor shall take adequate measures to accomplish all elements of work required within time limits which are set forth in the schedule, if any, and if no schedule is included, within such time limits for meeting the specified shipping date(s) or performance period(s). If the Subcontractor becomes aware of difficulty in performing the work, which could result in any actual or potential delay the Subcontractor shall provide immediate written notice to the Company with details. Failure to maintain scheduled completion shall be considered a breach of the Subcontractor's obligations. If required by the Company, the Subcontractor shall furnish progress reports as directed. The Subcontractor shall also provide the Company's expediting representatives such information as they may request concerning the Subcontractor's program and schedule. If the Subcontractor demonstrates the potential inability or desire to perform, anticipatory breach may be declared by the Company.

b. Company reserves the right to direct Subcontractor to schedule, re-schedule, or re-sequence the delivery of goods, material, or equipment. Neither party shall be in default for any delay or failure to perform any of its obligations under this

Order due to causes beyond its control and without its fault or negligence such as an Act of God, Force Majeure, war, riots, civil insurrection, acts of the public enemy, and acts of civil or military authority. Such a delay shall be excused, and the period of such delay shall be added to the Schedule. Subcontractor shall notify Company in writing within five business days of the occurrence of any such cause that will or may delay Subcontractor's performance. Whether a delay is an excusable delay or not, Subcontractor shall, at no cost to Company, exercise due diligence to mitigate all delays. Subcontractor shall keep Company continually informed as to the delay and the Subcontractor's mitigation efforts. Subcontractor shall not be liable to Company for excusable delays.

c. No interruption, interference, inefficiency, suspension or delay in the commencement or progress of the work under this Subcontract, from any cause whatsoever, including those for which Company may be responsible in whole or in part, shall give rise to any right to damages of any kind or nature from Company. Subcontractor expressly acknowledges and agrees that it shall receive no damages for delay. Subcontractor's sole remedy against Company for delay shall be the right to seek an extension in the Schedule. Granting of any such time extension shall not be a condition precedent to this no-damages-for-delay provision. This no-damages-for-delay provision shall apply to claims for early completion, as well as claims based on late completion. It is expressly acknowledged and agreed to by Subcontractor that a material inducement to Company to enter into this Order is this no-damages-for-delay provision.

d. Subcontractor acknowledges and agrees that Company will suffer damages and losses if the Subcontractor's work is not completed in strict accordance with the Schedule. Such damages may include but are not limited to: costs incurred directly by Company; and, claims by Subcontractors for interruption, inefficiency or delay. Subcontractor acknowledges that such damages are reasonable, foreseeable, and would be proximately caused by Supplier's failure to complete its Work on schedule.

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9. SHIPPING INSTRUCTIONS/RISK OF LOSS

a. Shipping charges for goods sold F.O.B. Destination are included in the prices contained in the Pricing Schedule unless separately specified. If the Subcontractor selected the method or shipper used to transport the goods to the Company, the Subcontractor shall bear risk of loss or damage to goods rejected by the Company or for which acceptance has been revoked.

b. Until delivery of conforming goods, title and risk of loss to items, regardless of cause, remains with Subcontractor and shall not pass to the Company until acceptance by the Company.

10. INSPECTION, ACCEPTANCE, REJECTION, AND REMEDIES

a. The Subcontractor shall provide and maintain an inspection system and perform such inspections as will ensure that the work performed under this Order conforms to the Order requirements. The Subcontractor shall maintain complete inspection records and make them available to the Company. All work shall be subject to inspection by the Company at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of this Order. Inspections and tests are for the sole benefit of the Company and do not relieve the Subcontractor of responsibility for providing adequate quality control measures or relieve the Subcontractor of responsibility for damage to or loss of material or equipment prior to acceptance, or constitute or imply acceptance, or affect the continuing rights of the Company.

b. The Subcontractor shall promptly furnish at no increase in the Order price, all facilities, labor, and material reasonably needed for performing such safe and convenient inspections and tests as may be required by the Company. The Company may charge the Subcontractor any additional cost of inspection or test when work is not ready at the time specified by the Subcontractor for inspection or test, or when prior rejection makes re-inspection or retest necessary. The Company shall perform all inspections and tests in a manner that will not unnecessarily delay the work.

c. The Subcontractor shall, without charge, replace or correct work found by the Company not to conform to Order requirements, unless the Company in writing

consents to accept the work with an appropriate adjustment in Order price. The Subcontractor shall promptly segregate and remove rejected materials from the premises.

d. For fixed-price Orders, if after notice is received, the Subcontractor fails to begin remedial work within three (3) days, or to continue and complete its work within a reasonable time, the Company may: (1) require the Subcontractor to re-perform for no additional cost, (2) cancel the Order and the Subcontractor shall promptly refund all amounts paid, or (3) take over the work and engage the services of others at the Subcontractor's expense, to re-perform or correct defective or non-conforming work, or to complete unfinished work.

e. For cost-reimbursement, labor hour, or time and materials Orders, if after notice is received, the Subcontractor fails to begin remedial work within three (3) days, or to continue and complete its work within a reasonable time, the Company may: (1) require the Subcontractor to re-perform for no additional fee, (2) cancel the Order and the Subcontractor shall promptly refund all amounts paid, or (3) take over the work and engage the services of others at the Subcontractor's expense, to re-perform or correct defective or non-conforming work, or to complete unfinished work. If the Company incurs additional costs in its exercise of any of the preceding remedies, any fee due the Subcontractor may be reduced commensurate with the increased costs incurred. If the fees due the Subcontractor do not cover the additional costs incurred by Company, the Subcontractor is liable to the Company for the balance of those additional costs.

f. If before acceptance of the entire work, the Company decides to examine already completed work by removing it or tearing it out, the Subcontractor, on request, shall promptly furnish all necessary facilities, labor, and material. If the work is found to be defective or nonconforming in any material respect due to the fault of the Subcontractor or its Subcontractors, the Subcontractor shall defray the expense of the examination and of satisfactory reconstruction. However, if the work is found to meet Order requirements, the Company shall make an equitable adjustment for the additional services involved in the examination and reconstruction,

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including, if completion of the work is thereby delayed, an extension of time.

g. Unless otherwise specified, the Company shall accept, as promptly as practicable after completion and inspection, all work required by the Order or that portion of the work the Company determines can be accepted separately. Acceptance shall be final and conclusive except for latent defects, fraud, gross mistakes amounting to fraud, or the Company's rights under any warranty or guarantee.

h. In addition to the Subcontractor inspection records requirement and the right of inspection by the Company as outlined in paragraph 10(a), the Company reserves the right of access by the Company, the Company's customer, and regulatory authorities to all facilities involved in the order and to all applicable records.

11. OTHER QUALITY REQUIREMENTS

a. The subcontractor shall notify the Company of changes in product and/or process definition and, where required, obtain Company approval.

b. The Subcontractor shall flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics.

c. When it is determined that a sub-tier supplier is the root cause of a quality problem, the Subcontractor shall flow down the Company's corrective action requirements to the supplier. This is in addition to the basic corrective action requirement stated in 10(c).

d. The subcontractor shall prevent the use of counterfeit parts.

NOTE: Counterfeit part prevention processes should consider:

- training of appropriate persons in the awareness and prevention of counterfeit parts;
- application of a parts obsolescence monitoring program;
- controls for acquiring externally provided product from original or authorized manufacturers,
- authorized distributors, or other approved sources;
- requirements for assuring traceability of parts and components to their original or authorized
- manufacturers;

- verification and test methodologies to detect counterfeit parts;
- monitoring of counterfeit parts reporting from external sources;
- quarantine and reporting of suspect or detected counterfeit parts.

12. PAYMENT

Unless otherwise provided in the Order, the terms of payment for all valid invoices presented by the Subcontractor shall be net thirty (30) days from the latest of the following: (i) receipt of the Subcontractor's proper invoice; (ii) scheduled delivery date of the Work; or (iii) actual delivery of the work. Payments shall be subject to reduction to the extent of amounts found by the Company not to have been properly payable and shall also be subject to reduction for overpayments. Payments shall be deemed to have been made as of the date of mailing Purchaser's payment or the date of electronic funds transfer. The Company shall have the right to set-off any amount owing at any time from the Subcontractor to the Company or any of its affiliates against any amount payable at any time by the Company whether or not in connection with this Order.

13. HEALTH AND SAFETY

The Subcontractor shall comply and provide reporting for all Health and Safety requirements identified in this Order. Non-compliance with any Health and Safety requirement may be grounds for Order termination.

The Subcontractor shall plan, implement and control the processes needed to assure product safety and ensure that persons are aware of their contributions to product safety.

NOTE: Examples of these processes include:


- Assessment of hazards and management of associated risks;
- Management of safety critical items;
- Analysis and reporting of occurred events affecting safety;
- Communication of these events and training of persons.

14. SPECIAL REQUIREMENTS

The Subcontractor shall:

a. Be responsible for obtaining any necessary licenses and permits, and shall comply with any applicable local laws, statutes, ordinances, codes, rules and regulations

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(hereinafter “Laws”) in connection with prosecuting the work (all fees, taxes and charges in connection with the Subcontractor’s compliance shall be paid by the Subcontractor). In the event the Subcontractor violates any Laws, the Subcontractor shall pay all fines, penalties and other expenses, including attorney’s fees, imposed upon or incurred by the Subcontractor or the Company for the nonconformance;

b. Reduce to writing every subcontract an/or Order it awards for work under this Order, unless this requirement is waived in writing by the Subcontract Manager, and ensure that (i) each subcontract and/or Order contains a statement that the subcontract and/or Order is assignable to the Company; (ii) each of these subcontracts and/or Orders are in the Subcontractor’s own name; and (iii) none of these subcontracts and/or Orders bind or purport to bind the Company or any of the Company’s employees;

c. Furnish sufficient technical, supervisory, and administrative personnel for the work in accordance with the progress schedule approved by the Subcontract Manager; and

d. Cause all work under this Order to be performed in a skillful and workmanlike manner. The Subcontract Manager may require, in writing, that the Subcontractor remove from the work any employee the Subcontract Manager deems incompetent, unprofessional, careless, or otherwise objectionable.

15. RELATIONSHIP

It is understood and agreed that Subcontractor and/or its employees engaged in the performance of this Order, are not employees of Company and are not entitled to Company employee benefits or privileges or any payment from Company (other than as expressly provided for in this Order) and the Subcontractor shall pay the salaries or expenses, applicable taxes, including Social Security and unemployment of said employees. The Subcontractor is and shall be deemed to be an Independent Contractor at all times during its performance of the work specified in this Order.

16. SEVERABILITY, NON-WAIVER

The waiver by the Company of any term, condition or provision shall not be construed to be a waiver of any other term, condition or provision, nor shall it be deemed a waiver of any provision in any subsequent Order. If any

provision of this Order is or becomes void or unenforceable, the remainder shall be deemed valid and enforceable.

17. AUDIT

a. As used in this provision, records includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

b. The Subcontractor shall maintain and the Company, or an authorized representative of the Company, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred (including the accuracy, completeness, and currency of any cost or pricing data) and any of the Subcontractor’s directly pertinent records involving transactions related to this Order or a lower-tier subcontract hereunder.

c. This right of examination shall include inspection at all reasonable times of the Subcontractor’s plants, or parts of them, engaged in performance of the Order.

18. CONFIDENTIALITY

a. All plans, drawings, and/or specifications involved in this order contain valuable property rights of the Company and are confidential. No unauthorized use or reproduction is permitted.

b. The Subcontractor shall keep the terms of and the making of this Order confidential. The Subcontractor shall not publicize its involvement with the performance of this Order without obtaining prior written consent of the Company and upon completion of this Order, shall return all material given the Subcontractor hereunder. The obligations under this clause shall survive the cancellation, termination or completion of this Order.

19. INSURANCE

(The requirements of this provision do not apply to subcontracts for supplies where no on-site work is performed. “On-site work” does not include normal delivery of supplies to the site.)

a. With respect to any goods supplied or services provided hereunder, the Subcontractor shall carry **commercial general liability insurance** including, but not limited to, product hazard and contractual

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liability insurance against bodily injury and property damage claims, demands, losses, costs, expenses, damages, recoveries, deficiencies, judgments, penalties, costs and expenses, including interest, court costs and attorney's fees ("CLAIMS") alleging the liability of the Company, the Company's client and/or the Subcontractor with aggregate limits of \$5,000,000. The Subcontractor's insurance shall be primary as to any and all insurance or self-insurance available to the Company and shall specifically cover the indemnity obligations of this Purchase Order. In the event the Subcontractor's services hereunder involve work on the Company or the Company's client's property, the Subcontractor shall also comply with the following: (a) the Subcontractor further agrees to obtain and maintain the following insurance acceptable to the Company which includes a severability of interest clause (cross liability) and which names the Company and its client as an additional insured, which additional insured endorsement shall not exclude or restrict coverage based upon the actual or alleged negligence of the additional insured; (i) **Commercial General Liability Insurance**, on an occurrence basis, covering the Subcontractor's Contingent Liability, Premises Operations, Completed Operations and Product Liability, Blanket Contractual Liability and, if requested by the Company, liability arising from explosion, collapse or underground property damage, all with a minimum combined single limit of \$5,000,000 each occurrence for bodily injury and property damage; (ii) **Comprehensive Automobile Liability Insurance** or Business Auto Policy covering all owned, hired or otherwise operated non-owned vehicles with a minimum limit of \$1,000,000 per occurrence for bodily injury and property damage; (iii) **Worker's Compensation** insurance as required by law, covering all states of operation, and employer's liability insurance with a minimum limit of \$1,000,000 per occurrence;

b. With respect to work performed onsite of the Company or the Company's client, the Subcontractor shall furnish the Company with certificates of insurance acceptable to the Company evidencing the above-referenced insurance coverage and providing for 30 days advance notice to the Company of

cancellation or modification of insurance. The Subcontractor shall waive subrogation against the Company and its client. Insurance coverage does not limit the Subcontractor's liability hereunder.

c. Provisions substantially similar to this Provision shall be incorporated into each lower-tier subcontract entered into by Subcontractor.

If this box is marked, insurance liability limits stated above are replaced with the limits indicated on Subcontractor's insurance certificate contained in the Purchase Order file.

20. INDEMNITY


The Subcontractor shall indemnify and hold harmless the Company, its officers, agents and employees from and against all liability, demands, claims, losses, costs, damages and expenses, including but not limited to attorneys' fees and other costs of litigation, by reason or on account of property damage, death and personal injury of whatsoever nature or kind arising out of, as a result of, or in connection with the performance of this Order that is occasioned by the actions or omissions of the Subcontractor, its employees, or agents or subcontractors of any tier, whether on Company's property or otherwise.

21. WARRANTY

Subcontractor warrants that all equipment and materials furnished or installed by Subcontractor will be new and free from defects (latent or otherwise) in material, workmanship, installation, or design furnished, and fit for the purpose intended, that the work will be free from defects and fit for the purpose intended, and that the work will conform with the requirements of the Order Documents, for a period of no less than 12 months following final acceptance by Company or such longer period as may be prescribed in the Order documents. Subcontractor agrees, at its own cost, to remove, repair or replace and reinstall any equipment, material, workmanship, or design furnished which shall have proved defective within the warranty period and to be responsible and hold Company harmless for any and all damages caused by such defective work.

In the event conforming products and/or services are not furnished, within five (5) days after the nonconforming product is returned to

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Subcontractor or notice is given to Subcontractor of a nonconforming product or service, Subcontractor shall repair or replace such nonconforming products and/or correct such nonconforming services. The failure of Subcontractor to repair or replace and redeliver such nonconforming products and/or to correct such nonconforming services within such five (5) day period shall entitle the Company, at its election and in addition to any other rights or remedies it may have a law or in equity, to have such nonconforming products repaired or replaced or such nonconforming services corrected at Subcontractor's expense. This warranty shall be in addition to and not in limitation of any other warranty or remedy required by law or by the Order documents. Work not conforming to the requirements of the Order documents, including substitutions not properly approved and authorized, may be considered defective.

22. CHANGES

The Company may, at any time, by a written change order, make changes in any one or more of the following: (i) drawings, designs, specifications, where the items to be furnished are to be specially manufactured for the Company in accordance therewith; (ii) method of shipment or packing; (iii) place or time of performance, inspection, delivery, or acceptance; (iv) the statement of work, description, quantity and/or type to services ordered, (v) the work or service schedules, and (vi) the amount of any Company-furnished or client-furnished property or facilities. If any such change causes an increase or decrease in the cost of or time required for performance of this Order, whether or not changed by the Order, an equitable adjustment shall be made in the price or delivery schedule or both and this Order shall be modified accordingly. No claim by Subcontractor for adjustment hereunder shall be allowed unless made in writing for a specified amount within twenty (20) days from the date notice of any such change is received by Subcontractor. If Subcontractor considers that the conduct, statement or direction of any of Company's employees constitutes a change hereunder, Subcontractor shall notify the Purchasing Representative and take no action on the perceived change pending written approval of the Purchasing Representative. The Purchasing Representative is the only individual authorized to approve a change. Any change

made by Subcontractor without such written approval shall be deemed voluntary by Subcontractor and not compensable in the cost of or time required for performance. Nothing in this article shall excuse Subcontractor from proceeding with performance of this order as changed. Notwithstanding the above or any other provision of this order, the Subcontractor hereby agrees that no changes to the Work that may be required in order to meet the specified performance requirements of this Order shall entitle the Subcontractor to any adjustment in either price or delivery. If this Order is placed under a Government Prime Contract, the pricing of any equitable adjustment hereunder, or of any other adjustment under this Order, shall be in accordance with the cost principles enunciated in Part 31 of the Federal Acquisition Regulation in effect on the date of this Order.

23. DISPUTES/ CHOICE OF LAW

If any dispute arises under this Order, Company and the Subcontractor will attempt to resolve the dispute through discussion and negotiation. If the parties are unable to resolve their dispute through discussion and mediation, then either may institute an action against the other in a court of competent jurisdiction in Cleveland, Ohio. The construction, interpretation and performance hereof and all transactions hereunder shall be governed by the laws of the State of Ohio without regard to its conflict of law principles, except that any provision of this order that is (i) incorporated in full text or by referenced from the Federal Acquisition Regulations (FAR) or the Department of Defense Federal Acquisition Regulations (DFAR) or (ii) that is substantially based on any such provision shall be construed and interpreted according to the federal common law of U.S. Government contracts enunciated and applied by federal judicial boards, boards of contract appeals, and quasi-judicial agencies of the U.S. Government. Venue and jurisdiction shall be proper only in the state and federal courts of Cleveland, Ohio. Until final resolution of any dispute hereunder, the Subcontractor shall diligently proceed with the performance of this Order as directed by the Company.

24. TERMINATION

a. Termination for Convenience. This Order may terminated by the Company in whole or in part at any time by a change order directing termination. With respect to material(s) normally stocked by the Subcontractor, the

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Company shall have no liability for any termination fees. With respect to specially produced material(s), Subcontractor shall immediately stop all work except for work specifically required for complying with the instructions in the termination notice. The Subcontractor shall also discontinue placing additional subcontracts and cancel work, both in the Subcontractor's and in any lower-tier Subcontractor's possession. Payment shall be mutually agreed upon based on the percentage of the work satisfactorily performed, including costs required to preserve materials, services and work in process, and may include an adjustment for reasonable overhead and profit. The Subcontractor shall not recover any prospective profits or damages due to cancellation. In no event shall the amount paid to the Subcontractor exceed the purchase price of any terminated material(s). Except as expressly set forth in this section, Company shall not be liable for any damages as a result of any termination, including, without limitation, anticipated or lost profits, or special, incidental consequential, punitive, exemplary or treble damages, or unabsorbed indirect costs or overhead, or for any amount in excess of the purchase price. The Subcontractor shall continue performance of the Order to the extent it is not terminated and shall include this provision in any subcontracts or Orders placed in fulfillment of this Order.

b. Termination for Default. If the Subcontractor defaults in performance, breaches its obligations, becomes insolvent through a court or bankruptcy proceeding, or makes an assignment for the benefit of creditors, the Company may cancel this Order in whole or in part, with no liability to the Subcontractor, and all amounts paid shall be promptly refunded. The Company may pay the Subcontractor's actual direct costs incurred up to the date of cancellation, in which case the goods/services or uncompleted portion of the Order shall become the property of the Company, and the Subcontractor shall hold the same for a reasonable time awaiting receipt of the Company's instructions. To the extent the Order is not terminated, the Subcontractor shall continue performance.

25. DRUG AND ALCOHOL POLICY

a. Subcontractor agrees to advise its employees and the employees of its Subcontractors and agents that it is the policy

of the Company that (1) the manufacture, dispensation, or sale, offer for sale, purchase, use, transfer, or possession of illegal drugs on Company premises is prohibited; (2) employees, while on the Company's premises, are prohibited from being under the influence of alcohol ("Under the influence" means that the employee is affected by alcohol in any detectable manner); (3) entry onto the Company's premises constitutes consent to an inspection of the employee and his or her vehicle as personal effects while entering, on, or leaving premises; (4) any employee who is found in violation of this policy or who refuses to permit an inspection may be removed or barred from the Company's premises at the discretion of the Company. As used herein, "Company's premises" means the Company's property, leased or otherwise and Company owned or rented vehicles and/or equipment.

b. Regarding employees that work on Company premises, the Subcontractor agrees to implement a Drug and Alcohol Policy no less stringent than the Company policy. Except where prohibited by law, the Subcontractor will require employees who are involved in a workplace incident which results or could have resulted in an injury to a person (other than first aid) and/or property damage, to submit to a post-incident test for drugs and/or alcohol as part of the investigation of such incident.

c. Subcontractor shall defend and hold the Company harmless from any suits or claims by its employees relating to enforcement of this provision.

d. Subcontractor shall include this clause, including this paragraph d, in any lower-tier subcontracts awarded that requires on-site work.

26. ETHICAL BEHAVIOR

The subcontractor shall ensure that persons are aware of the importance of ethical behavior.

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